WEDNESDAY, MAY 17, 2023
LEGAL, AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING

Elizabeth P. Kessler, chair
Michael Kiggin, vice chair
Alan A. Stockmeister
Jeff M.S. Kaplan
Elizabeth A. Harsh
John Jose Perez
Taylor A. Schwein
Amy Chronis
Hiroyuki Fujita *(ex officio)*

Location: Sanders Grand Lounge, Longaberger Alumni House
2200 Olentangy River Road, Columbus, Ohio 43210

Time: 12:00-2:00pm

Public Session

ITEMS FOR DISCUSSION

1. *External Audit Update – Mr. David Gagnon* 12:00-12:05pm
2. *Office of University Compliance & Integrity Update: Public Records, Conflicts of Interest, & Process Improvements – Mr. Gates Garrity-Rokous* 12:05-12:25pm
3. *Title IX Regulations Update – Ms. Keesha Mitchell, Ms. Amy Golian* 12:25-12:30pm

ITEMS FOR ACTION

4. Approval of February 2023 Committee Meeting Minutes – Ms. Elizabeth Kessler 12:30-12:35pm

Executive Session 12:35- 2:00pm

The Ohio State University Discussion with the Legal, Audit, Risk and Compliance Committee

Prepared on: April 19, 2023

Presented on: May 17, 2023

Summary of Uniform Guidance audit results for June 30, 2022

Total expenditures of federal awards for the University for the year ended June 30, 2022 were $1.15 billion.

Based on the audit procedures performed, the Summary of Results/Findings in the Single Audit Report reported the following:

- Type of reports issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified opinions**
- Internal control deficiencies over financial reporting disclosed by the audit of the financial statements (previously communicated in November 2022 during the audit of the financial statements):
  - Material weaknesses: **No**
  - Significant deficiencies: **Yes**
- Noncompliance material to the financial statements: **No**
- Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- Type of report issued on compliance for major programs: **Unmodified**
- Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- Dollar threshold used to distinguish between Type A and Type B programs: **$3,457,290**
- Auditee qualify as low-risk auditee: **Yes**

Our letter of required communications regarding our Single Audit is included in Appendix II.

The single audit reporting package was filed with the Federal Audit Clearinghouse by the University on March 31, 2023.

Fiscal 2023 Single Audit – overview and scope

The Single Audit in accordance with the Uniform Guidance (UG) is required annually by federal regulation and is focused on compliance and internal control over compliance for programs that are federally funded. For auditees such as the University, programs audited must cover at least 20% of federal funds expended during the fiscal year.

Major programs are selected for audit based on quantitative and qualitative risk considerations prescribed by federal regulations. Larger programs ("Type A," which for the University are over $3 million, or more depending on total federal expenditures) must be audited as major programs at least once every three years; however, certain Type A programs may be required to be audited more frequently based on agency directives that they are "higher risk".

While risk assessments are still in progress, below is a summary of major programs recently audited for the University and the planned fiscal 2023 major programs:

FY21 Major programs – audited	FY22 Major programs – audited	FY23 Major programs – planned
— R&D Cluster (R&D) — Student Financial Assistance Cluster (SFA) — Education Stabilization Fund (ESF) — Coronavirus Relief Fund (CRF) — Provider Relief Fund (PRF) — HRSA COVID-19 Uninsured Program — Cooperative Extension Cluster — Supplemental Nutritional Assistance Program Cluster — Highway Planning and Construction Cluster — Disaster Grants – Public Assistance	— R&D — SFA — ESF — PRF — Medicaid Cluster — Shuttered Venue Operators Grant — Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	— R&D — SFA — PRF — Head Start Cluster — Smith-Lever Funding

Finalization of major program determination is dependent upon the final supplementary schedule of expenditures of federal awards, risk assessment procedures, and requirements of the 2023 Compliance Supplement (expected to be issued over the next several weeks). Major program compliance test work over direct and material compliance requirements is planned based upon reliance on internal control over compliance. While we may test and report on internal control over compliance, we do not express an opinion on the effectiveness of internal control over compliance.

Appendix

Appendix I - Engagement Letter

KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Telephone +1 614 249 2300
Fax +1 614 249 2348
kpmg.com

April 28, 2023

The Ohio State University
108 Bricker Hall
190 North Oval Mall
Columbus, OH 43210

Attention: Michael Papadakis, *Senior Vice President of Business and Finance and Chief Financial Officer*

This letter amends our engagement letter dated April 7, 2022, confirming our understanding to provide professional audit services to The Ohio State University (the University) by substituting the attached Appendix I for the Appendix I originally attached to our engagement letter and amending its terms as noted below.

Annual Report

The auditing standards require us to read the other information in the University's annual report and consider whether a material inconsistency exists between the other information and the financial statements. Management has identified the following document(s) comprising the annual report:

- Message from the CFO
- Supplementary information on the Long-Term Investment Pool

Management will provide final versions of these documents to us in a timely manner, and *if possible,* before the date of our auditors' report. If some or all of the documents are not available until after that date, management will provide written representations that the final documents will be provided when available and prior to issuance by the University.

Other Matters

For the purpose of complying with the AICPA Code of Professional Conduct 1.200, the University agrees to provide to KPMG, at least annually, a complete and accurate legal entity listing and a listing of other affiliated entities not included on the legal entity listing (e.g., entities under common control, equity method investments, and others). The University further agrees to provide a listing of the University's officers and trustees and individuals in key positions with respect to the preparation or oversight of the financial statements. The University also agrees to provide information to KPMG about acquisitions, investments or other transactions that may result in changes to the legal entity listing or the listing of other affiliated entities, not included on the legal entity listing, prior to the effective date of the acquisition, investment, or other transaction.

The attached Appendix I lists the services to be rendered and related fees to provide each specified service for the identified time period. Except as specified in this letter and in the Appendix I attached to this letter, all provisions of the aforementioned engagement letter remain in effect until either those charged with governance or we terminate this agreement or mutually agree to the modification of its terms.

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We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign in the space provided and return the copy to us.

Very truly yours,

KPMG LLP

David R. Gagnon
Partner

ACCEPTED

The Ohio State University

Michael Papadakis
Senior Vice President of Business and Finance and Chief Financial Officer

5/2/23
Date

Appendix I

Reports, Services and Associated Fees

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of the financial statements and related notes to the financial statements of The Ohio State University, a component unit of the State of Ohio, as of and for the year ending June 30, 2023	$1,190,592
Audit of the financial statements and related notes to the financial statements of The Ohio State University Foundation, a component unit of The Ohio State University, as of and for the year ending June 30, 2023	$ 85,440
Audit of the financial statements and related notes to the financial statements of Campus Partners for Community Urban Redevelopment and Subsidiaries, a component unit of The Ohio State University, as of and for the year ending June 30, 2023	$ 122,880
Audit of the financial statements and related notes to the financial statements of Ohio State University Physicians, Inc., a component unit of The Ohio State University, as of and for the year ending June 30, 2023	$ 299,520
Audit of the financial statements and related notes to the financial statements of Transportation Research Center, Inc., a component unit of The Ohio State University, as of and for the year ending June 30, 2023	$ 119,040
Audit of the financial statements and related notes to the financial statements of The Ohio State University Wexner Medical Center Health System, a series of departments of The Ohio State University, as of and for the year ending June 30, 2023	$ 369,600

Other Reports:

The other reports that we will issue as part of and upon completion of this engagement are as follows:

Single Audit
Reports issued in connection with the Uniform Guidance (included in University audit fee above)

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Expenses for items such as travel, telephone and postage are estimated at $0. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Professional standards prohibit us from performing services for audit clients where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services.

Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our audit report and associated consent, if applicable.

Where KPMG is reimbursed for expenses, KPMG will bill the University for the amount it paid and will not add any markup to the expense. After such expenses are incurred, KPMG may receive rebates or incentive payments based on its aggregate purchases, which may include expenses reimbursed by the University in addition to other clients. Such rebates are not credited back to the University but are used to reduce KPMG's overhead.

All fees, charges, and other amounts payable to KPMG under the engagement letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be the University's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

March 30, 2023

The Legal, Audit, Risk, and Compliance Committee of the Board of Trustees
The Ohio State University
Columbus, Ohio

Ladies and Gentlemen:

We have audited The Ohio State University (the University's) compliance with the types of compliance requirements described in the OMB Compliance Supplement (the Supplement) that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022, and have issued our report thereon under date of March 30, 2023. A single audit encompasses an audit of the financial statements and a compliance audit of federal awards. Under our professional standards, we are providing you with the accompanying information related to the conduct of our compliance audit. We have previously provided you with the information related to the audit of the consolidated financial statements in a presentation dated November 17, 2022.

Our Responsibility under Professional Standards

We are responsible for forming and expressing an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. The University's major federal programs are identified in the schedule of findings and questioned costs. We have a responsibility to perform our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that instances of material noncompliance are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that noncompliance, whether caused by error or fraud, that is not direct and material to a major federal program are detected. Our audit does not relieve management or the audit of their responsibilities.

In addition, in planning and performing our audit of compliance, we considered internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

We also have a responsibility to communicate significant matters related to the audit of compliance that are, in our professional judgment, relevant to the responsibilities of the Legal, Audit, Risk, and Compliance Committee of the Board of Trustees (the Committee) in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Student Financial Assistance

As indicated in the schedule of findings and questioned costs, we audited the Student Financial Assistance (SFA) cluster as a major program. We audited compliance with the types of compliance requirements described in the Supplement that could have a direct and material effect on the SFA cluster. These requirements included the Gramm-Leach-Bliley Act (GLBA) - Student Information Security special test. The three suggested audit procedures included in the Supplement for this special test are to (1) verify that the institution designated an individual to coordinate the information security program; (2) verify that the institution performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b); and (3) verify that the institution documented a safeguard for each risk identified from step 2.

Our procedures over the GLBA were limited to inquiry of management and obtaining and reading management's documentation related to these three items. Our procedures did not include an analysis of the overall adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.

Disagreements with Management

There were no disagreements with management on compliance matters that would have caused a modification of our auditors' reports on compliance for each major federal program or on internal control over compliance.

Significant Issues Discussed, or Subject to Correspondence, with Management

Material Written Communication

Attached to this letter please find a copy of the following material written communication between management and us:

1. Management representation letter

Confirmation of Audit Independence

We hereby confirm that as of March 30, 2023, we are independent accountants with respect to the University under relevant professional and regulatory standards.

****

This letter to the Committee is intended solely for the information and use of the Committee, the Board of Trustees, and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Single Audit Required Communications

THE OHIO STATE UNIVERSITY

Office of Business and Finance

Mr. Michael Papadakis
Senior Vice President
Chief Financial Officer
Bricker Hall Suite 108
190 North Oval Mall
Columbus, OH 43210

Phone: (614) 292-8520
Fax: (614) 292-2820
E-mail: Papadakis.6@osu.edu

March 30, 2023

KPMG LLP
200 East Randolph Street Suite 5500
Chicago, Illinois 60601

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of The Ohio State University (the University) as of and for the year ended June 30, 2022, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles (U.S. GAAP). We are also providing this letter to confirm our understanding that the purpose of your testing of transactions and records from the University's federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), was to obtain reasonable assurance the University complied, in all material aspects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. You were previously provided with a letter of representations under the date of November 17, 2022. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

We confirm, to the best of our knowledge and belief:

1. No events have occurred subsequent to November 17, 2022 and through the date of this letter that would require adjustment to or disclosure in the financial statements;
2. No information has come to our attention about conditions that existed as of June 30, 2022 that would have a material effect on the effectiveness of internal control over financial reporting as of June 30, 2022, or management's assertions thereon.
3. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of March 30, 2023, the following representations made to you during your single audit:

4. The University has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs, except as identified in the schedule of findings and questioned costs.
5. We have accurately completed the appropriate sections of the data collection form.
6. The reporting packages does not contain protected personally identifiable information.

THE OHIO STATE UNIVERSITY

Very truly yours,
The Ohio State University

DocuSigned by:
Mike Papadakis 3/29/2023
Michael Papadakis
Senior Vice President and Chief Financial Officer

DocuSigned by:
Kris Devine 3/29/2023
Kristine Devine
Vice President of Operations and Deputy Chief Financial Officer

DocuSigned by:
Lisa Plaga 3/29/2023
Lisa Plaga
Controller and Senior Director of Shared Services

Single Audit Required Communications

THE OHIO STATE UNIVERSITY

Office of Business and Finance

Mr. Michael Papadakis
Senior Vice President
Chief Financial Officer
Bricker Hall Suite 108
190 North Oval Mall
Columbus, OH 43210

Phone: (614) 292-8520
Fax: (614) 292-2820
E-mail: Papadakis.6@osu.edu

March 30, 2023

KPMG LLP
200 East Randolph Street Suite 5500
Chicago, Illinois 60601

To whom it may concern:

I am providing this letter in connection with your audit of the financial statements of the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of The Ohio State University (the University) as of and for the year ended June 30, 2022, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles (U.S. GAAP). I am also providing this letter to confirm our understanding that the purpose of your testing of transactions and records from the University's federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), was to obtain reasonable assurance the University complied, in all material aspects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. You were previously provided with a letter from me under the date of November 17, 2022. No information has come to my attention that would cause us to believe that any of those previous representations should be modified. Additionally, I have reviewed the attached signed representation letter dated March 30, 2023 and I am not aware of information that would make the representations included therein inaccurate or incomplete.

Very truly yours,

The Ohio State University

DocuSigned by:
Kristina Johnson
563364EBE9084B9...

3/29/2023

Kristina M. Johnson, PhD
President

KPMG

2023 higher education industry update

For The Ohio State University

May 2023

Topics

- Higher education audit committee and internal audit focus areas in 2023
- Commonfund Higher Education Price Index – 2022 Update
- The state of cybersecurity in higher education
- Recent changes to the Gramm-Leach Bliley Act Safeguards Rule

Higher education audit committee and internal audit focus areas in 2023

Higher education audit committee focus areas in 2023

The risk agendas of college and university audit committees continue to expand. Beyond its core responsibilities regarding oversight of financial reporting and internal controls, the audit committee is dealing with long-standing and emerging industry risks, as well as risks specific to the institution. Accordingly, prioritizing the risk agenda in will be important. We've highlighted several potential areas of focus in 2023.

- Maintain a sharp focus on leadership and talent in finance and other key functions as the institution refines its business model amid continued staffing shortages.
- Keep a watchful eye on the institution's cybersecurity and data governance programs in relation to developing risks and regulations.
- Understand how the institution is managing and reporting on environmental, social, and governance (ESG) risks amid evolving stakeholder expectations.
- Understand the potential environmental, monetization, and compliance ramifications on the institution of the clean energy tax incentives available under the Inflation Reduction Act of 2022.
- Monitor protocols to ensure research compliance and integrity, including as to grant administration, conflicts of interest and commitment, undue foreign influence, and misconduct.
- Ask about management's processes to ensure integrity and consistency of data provided or available to creditors, ranking and rating agencies, grantors, and other third parties.
- As they relate to fundraising, investing, and other activities, understand the institution's posture, policies, and exposures regarding cryptocurrency.
- Consider how recent changes to Name, Image, Likeness (NIL) rules, as applicable, are affecting the institution's athletic enterprise in terms of operational, compliance, and reputational risks.
- Sharpen the institution's focus on ethics, compliance, and culture.
- Understand risks and changes to the scope of the institution's international activities and alliances.
- Help internal audit focus on the institution's most critical risks while adding value to the institution.
- Take a fresh look at the audit committee's agenda, workload, and capabilities.

Higher education internal audit focus areas in 2023

The opportunity for internal audit (IA) to maximize its influence within the institution and help respond to risk is ever-increasing. College and university IA functions can challenge the status quo to reduce risk, improve controls, and identify efficiencies and cost benefits across the institution. We've highlighted several risks and other focus areas to help maximize IA's value to the institution in 2023.

- Cybersecurity, data governance, and distributed enterprise threats amid hybrid working, learning, and patient care environments.
- Sufficiency of management's compliance with evolving cybersecurity and data governance requirements, including recent changes to the Safeguards Rule of the Gramm-Leach Bliley Act (GLBA).
- Adequacy of safeguards to ensure proper migration of data and systems to the cloud.
- Continuing changes to workforce modes as well as talent shortages, both of which could impact internal controls and fraud risks.
- How digitization–including routines and dashboards used by IA for risk assessment and real-time auditing–can help mitigate IA's workload and improve efficiency.
- Integrity and consistency of data used for environmental, social, and governance (ESG), rankings, and other external disclosures.
- Adequacy of key performance indicators to measure institution-wide compliance, training, and other imperatives.
- Appropriateness of and compliance with gift acceptance policies–including as to cryptocurrency–and processes for complying with donor restrictions.
- Given their significance to donor compliance and liquidity, effectiveness of policies and procedures in endowment and treasury management.
- Strength of protocols around research compliance and integrity, including as it pertains to grant administration (particularly appropriateness of sponsored charges and monitoring of higher risk subrecipients) and identification and disclosure of potential conflicts of interest and commitment, foreign influence, and misconduct.
- Management, monitoring, and verification of construction costs for major capital projects.
- As to significant NCAA programs, adequacy of Name, Image, Likeness (NIL) policies and procedures.
- Ways to elevate internal audit's profile as a valued advisor to the board, senior administration, and other departments.

Commonfund Higher Education Price Index (HEPI) – 2022 Update

HEPI - 2022 Update

Overview

The Commonfund Higher Education Price Index (HEPI) - 2022 Update was issued in late 2022. The HEPI is an inflation index designed specifically for use by colleges and universities.

The report shows that costs for higher education institutions rose 5.2% for the year ended June 30, 2022, compared with 2.7% in FY2021 and 1.9% in FY2020. Since FY2000, the HEPI has increased at a higher annual rate than the Consumer Price Index (CPI) 83% of the time. However, for the first time since FY2013, the HEPI lagged the CPI, which was 7.2% over the same period. Still, year over year, costs rose in all eight components tracked by the HEPI.

Highlights

- The 5.2% HEPI increase for FY2022 is the highest since the 6.0% rise for FY2001. The most pronounced cost increases were in three categories: utilities, which rose 43.1%; supplies and materials, which rose 21.5%; and service employee costs, which rose 8.6% (the largest increase in 20 years).
- The category with the smallest increase (2.1%) was faculty salaries which, while modest by historical standards, was more than twice the 1% rise in FY2021.
- The report also provides HEPI data by region and by institution-type. For example, in FY2022, the HEPI increase was highest at private baccalaureate institutions (5.7%), while doctoral institutions experienced the largest increase in faculty salaries (3.8%) and New England experienced the highest HEPI increase overall (6.0%).

Additional takeaway

Although the HEPI cost category labeled “miscellaneous services” grew by 4.3% in FY2022, in FY2021 the same category showed the lowest rate of increase at only 2.0%. Anecdotally, we have observed that sector costs for professional services, such as insurance, consulting, legal, and accounting, grew at higher rates than this broader category statistic would suggest.

KPMG

The state of cybersecurity in higher education

The state of cybersecurity in higher education

Recent industry reports on cybersecurity include, among others, *Higher education is on high alert for cyber attacks* (KPMG Audit Insights, May 2022), *The State of Ransomware in Education 2022* (A Sophos Whitepaper, July 2022), and *Cyber Risk in a New Era: U.S. Colleges and Universities Go Back to School on Cyber Security Preparedness* (S&P Global Ratings, September 2022). While these reports touch on various aspects of cybersecurity in higher education, they coalesce around a common theme: Colleges and universities are high-value targets for cyber attackers due to the vast amount of sensitive data they process, yet they often lack sufficient cyber defenses in light of the broad stakeholder groups they serve and are more susceptible to attacks (which are increasing in every sector). The S&P and Sophos reports gathered and commented on survey data around several cybersecurity topics, including frequency of attacks, data recovery, other impacts and costs, third-party providers, and cyber insurance, and suggest preparedness and vigilance remain keys to risk mitigation.

Frequency of cyber attacks

S&P noted that education and research entities experienced, on average, about **1,600** weekly cyber attacks in 2021.The increase in attacks compared to 2020 was among the **highest** of any industry.

That said, S&P also noted that **most** of its approximately 450 rated college and university issuers indicated they have **not** experienced a serious data breach.

Sophos surveyed over 400 higher education institutions and indicated that ransomware attacks have increased, with **64%** being hit by ransomware in the last year. Respondents also reported increases in the complexity and impact of such attacks.

Sophos noted that adversaries' data encryption success rate for ransomware attacks in higher education was **74%** – the **highest** of any sector surveyed.

Data recovery

Sophos noted that while **98%** of institutions that had data encrypted by attackers got some encrypted data back, nearly half of these utilized multiple restoration methods, including paying ransoms, using backups, or other means.

Although **70%** used backups to restore data in ransomware attacks in which the institution's data was encrypted, **50%** actually paid ransoms and **34%** used other means.

Sophos further noted that while paying a ransom almost always results in institutions getting *some* of their data back, the percentage of data restored (**61%**) after paying dropped over the prior year.

In fact, as only **2%** of higher education institutions got *all* their data back after paying a ransom, backups and other restoration methods are critical.

The state of cybersecurity in higher education (continued)

Other impacts and costs of cyber attacks

Sophos noted that **97%** of colleges and universities who experienced a ransomware attack said the attack impacted their ability to operate. Indeed, in terms of loss of business and revenue, private higher education institutions reported the highest impacts among all sectors. However, S&P noted that more private institutions carry cyber insurance than their public university counterparts, who are often more reliant on their state's cyber defenses (and resources to recover from an attack).

Colleges and universities experienced higher overall costs **($1.42 million**) than the global average to remediate a ransomware attack. Loss of revenue and slower-than-average recovery times contributed to this higher cost. However, cyber insurance payout rates to institutions for clean-up costs were **87%**, the highest of any sector.

In fact, Sophos reported that higher education had the slowest recovery across all sectors for entities hit by a ransomware attack. Overall, **40%** in higher education took **over a month** to recover – twice the global average of 20% – with 9% reporting a recovery period of three-to-six months, more than double the global average of 4%. Nearly one-third of higher education respondents took one-to-three months to recover, again about double the global average of 16%.

S&P emphasized that colleges and universities continue to be particularly vulnerable to cyber threats like ransomware due to the significant personal and financial data they use, as well as sensitive data related to research; their diverse user and stakeholder network; their traditional focus on information sharing; and outdated technology.

Third-party providers

S&P noted that rating actions due to cyber attacks have, to date, been limited to revising outlooks to negative. However, just as sector cyber defenses are improving, threats from third-party IT providers are expanding.

S&P noted that many of its rated institutions with cyber insurance who experienced a serious breach cited issues with third-party providers with access to sensitive data as the cause (e.g., the Blackbaud breach in 2020).

As noted in several KPMG publications, the criticality of evaluating third-party vendors (particularly IT providers), to ensure they meet the institution's criteria for adequate safeguards cannot be overstated.

Cyber insurance

S&P noted that **more than 50%** of rated institutions have cyber insurance, with an average coverage limit of **$7.8 million**. Current year-over-year rate increases for such policies were between **40%-60%.** Per Sophos, the growth in ransomware attacks is the single largest driver of claims.

Insurers deem the sector **high-risk** and require increasing levels of risk mitigation by institutions in their underwriting. Sophos noted that **96%** of institutions have improved cyber defenses to obtain insurance, and S&P noted that **only 13%** of rated issuers who have cyber insurance reported a serious breach, suggesting these mitigation efforts are working.

Recent changes to the Gramm-Leach Bliley Act Safeguards Rule

Recent changes to the Gramm-Leach Bliley Act (GLBA) Safeguards Rule

The GLBA regulates the collection, disclosure and protection of consumers' nonpublic information. Higher education institutions are subject to the Safeguards Rule in 16 CFR Part 314, under which the GLBA applies to program participation agreements with the U.S. Department of Education for federal student aid. Accordingly, institutions must have an information security program and policies for handling and protecting data covered by the law. Several key changes to the Safeguards Rule are due to become effective June 9, 2023 (deferred from their original effective date of December 9, 2022) and are discussed below.

Key changes include:

- **Qualified Individual (16 CFR 314.4(a))**: Requires a single "Qualified Individual" be designated to oversee, implement, and enforce the institution's information security program (ISP). This individual would typically be the chief information security officer. However, it may be an affiliate or service provider if the institution retains compliance responsibility, designates a senior officer to oversee the Qualified Individual, and ensures the Qualified Individual's ISP adequately protects the institution.
- **Risk assessment (16 CFR 314.4(b)(1)):** Reinforces the criticality of risk assessment, which is required to be written, in designing an ISP through expanded descriptions, including the requirement to periodically perform additional risk assessments to re-evaluate reasonably foreseeable internal and external security risks.

Recent changes to the Gramm-Leach Bliley Act (GLBA) Safeguards Rule (continued)

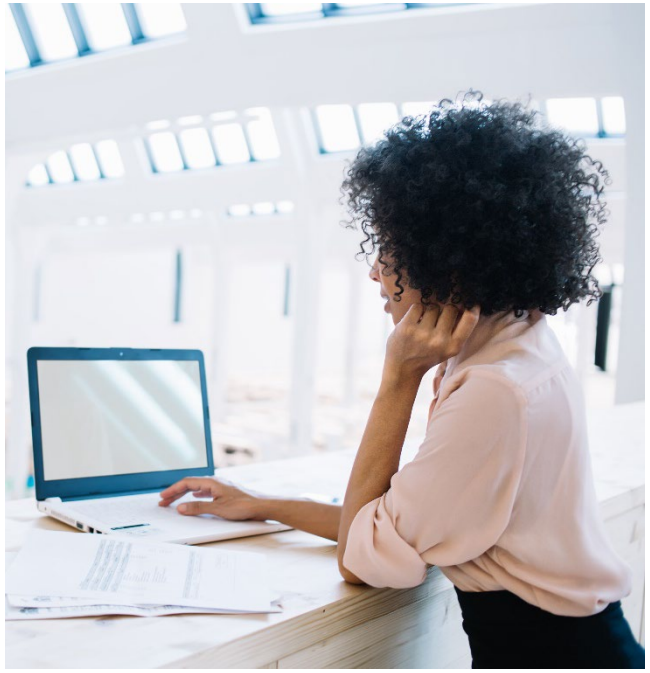
Key changes include (continued):

- **Security controls identified in the risk assessment (16 CFR 314.4(c)(1)-(8)):** In addition to addressing elements of adequate risk assessments, safeguards specified in the CFR include:
  - Logical and physical access controls limiting access to authorized users and to the scope of those users' authorizations.
  - Encryption of customer information, both in transit and at rest.
  - Secure development practices for internally developed applications and security assessments for externally sourced applications.
  - Multi-factor authentication for individuals accessing systems.
  - Secure disposal of customer information no more than two years after the information was last used to provide a product or service.
  - Implementation and review of a data retention policy.
  - Change management procedures.
  - Measures to monitor and log activity of authorized users and detect unauthorized access to, use of, or tampering with customer information.

Recent changes to the Gramm-Leach Bliley Act (GLBA) Safeguards Rule (continued)

Key changes include (continued):

- **Regular control testing and monitoring (16 CFR 314.4(d)(2)):** Absent effective continuous monitoring or other systems to detect, on an ongoing basis, changes in information systems that may create vulnerabilities, the institution must conduct annual penetration testing and vulnerability assessments.
- **Personnel policies and procedures (16 CFR 314.4(e)):** Requires updated and relevant security awareness training for personnel. In addition, qualified information security personnel must manage security risks and oversee ISPs, security updates and training must be provided to such personnel to address relevant risks, and such personnel deemed key must be current on changing threats and countermeasures.
- **Service providers (16 CFR 314.4(f)(3)):** Overseeing service providers must include assessments based on the risk they present and the adequacy of their safeguards.
- **Incident response (16 CFR 314.4(h)):** Requires establishment of a written incident response plan with specified elements to respond to and recover from material security incidents.
- **Reporting to governance (16 CFR 314.4(i)):** The designated Qualified Individual must submit a written report at least annually to the institution's governing body on the overall status of and material matters related to the institution's ISP.



Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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kpmg.com/socialmedia

Meeting of the Legal, Audit, Risk and Compliance Committee (LARC), May 17, 2023

Following are highlights of our more detailed read-ahead materials

- **Results of fiscal 2022 Single Audit:**
  - Unmodified opinions on seven major programs
  - Type A program threshold: $3,457,290
  - No noncompliance or internal control findings regarding major programs
  - Filing, including Data Collection Form, submitted to Federal Clearinghouse in March 2023
- **Fiscal 2023 Single Audit plan:**
  - Identification and selection of major programs underway
  - Five major programs identified to date (three of these were audited in fiscal 2022)
  - Significant interim testing planned
- **Update on fiscal 2023 overall audit plan**
- **Industry update:**
  - Higher education audit committee and internal audit focus areas
  - Higher Education Price Index
  - Cybersecurity and data privacy emerging matters

Public Records: Update

Scott Hainer, Director of Public Records

Ohio Public Records Law

Overview

History and intent

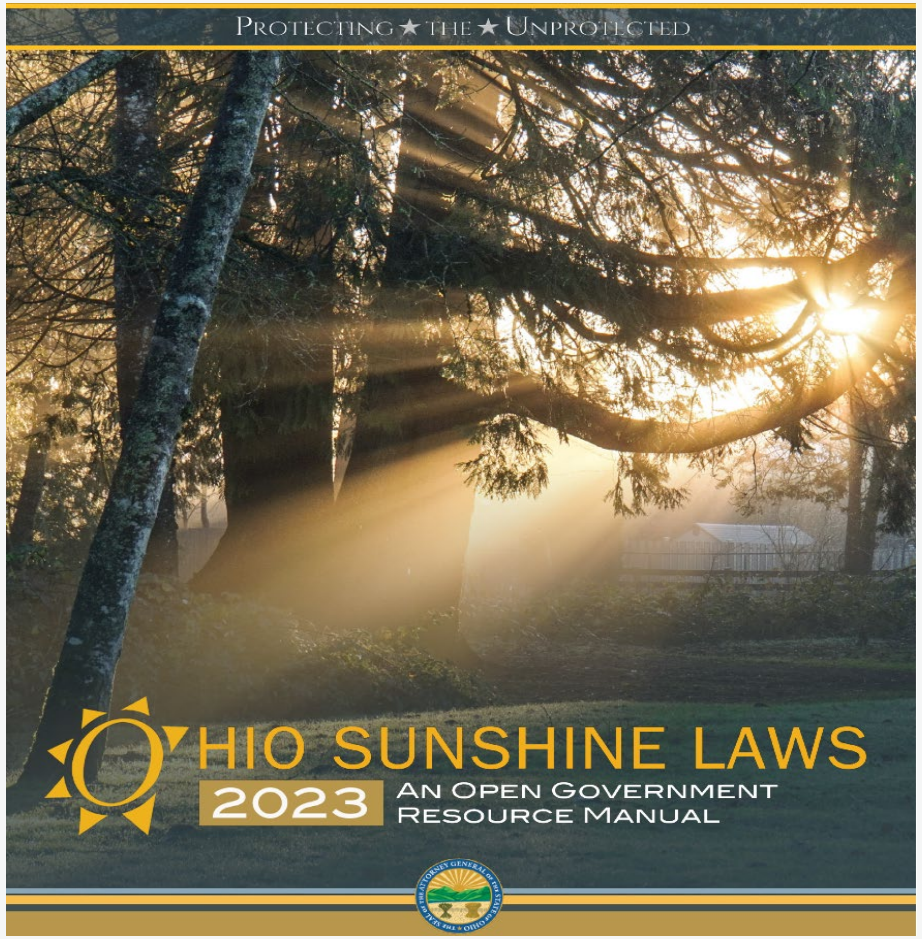
- **Enacted in 1963** for state government
- **Foundation:** government records are "the people's records"
- **Requires** that records be maintained, and access facilitated
- **Exemptions** must also be protected

Aligns with University values

- **Advancing Integrity and Respect:** Building trust through transparency, authentic engagement, and public access

Balancing transparency and privacy

- **Increasingly challenging** across diverse University operations



Requirements

Definition of “Records"

- Any document, device, or item created or received by or under the jurisdiction of the University
- Documents the organization, functions, policies, decisions, procedures, operations, or other activities of Ohio State
- Can be in any medium or format – does not matter where the documents are if they are “records” under Ohio law

“Public Records" can include:

- Personnel files and related records (e.g., salary and compensation information); meeting minutes and agendas
- Documents exchanged or between the University and third-parties
- Correspondence (including emails) detailing University operations
- Records must already exist – the creation of records or provision of information is not required

Process

Key Exemptions

- **Federal:** student records (FERPA); health care records (HIPAA); other privacy restrictions on financial and personal information
- **Ohio:** intellectual property, trade secrets

Reliance on Key University Partners

- **University Libraries:** sets records retention schedules; coordinates retention of unit-specific records; assists in analyzing evolving types of records created by the University
- **Office of Legal Affairs:** Ohio Public Records Law interpretations; contract review; application of exemptions; gathering of records
- **Office of Marketing and Communications:** coordination of responses to media requests and communications to leadership; creation of websites; gathering of records

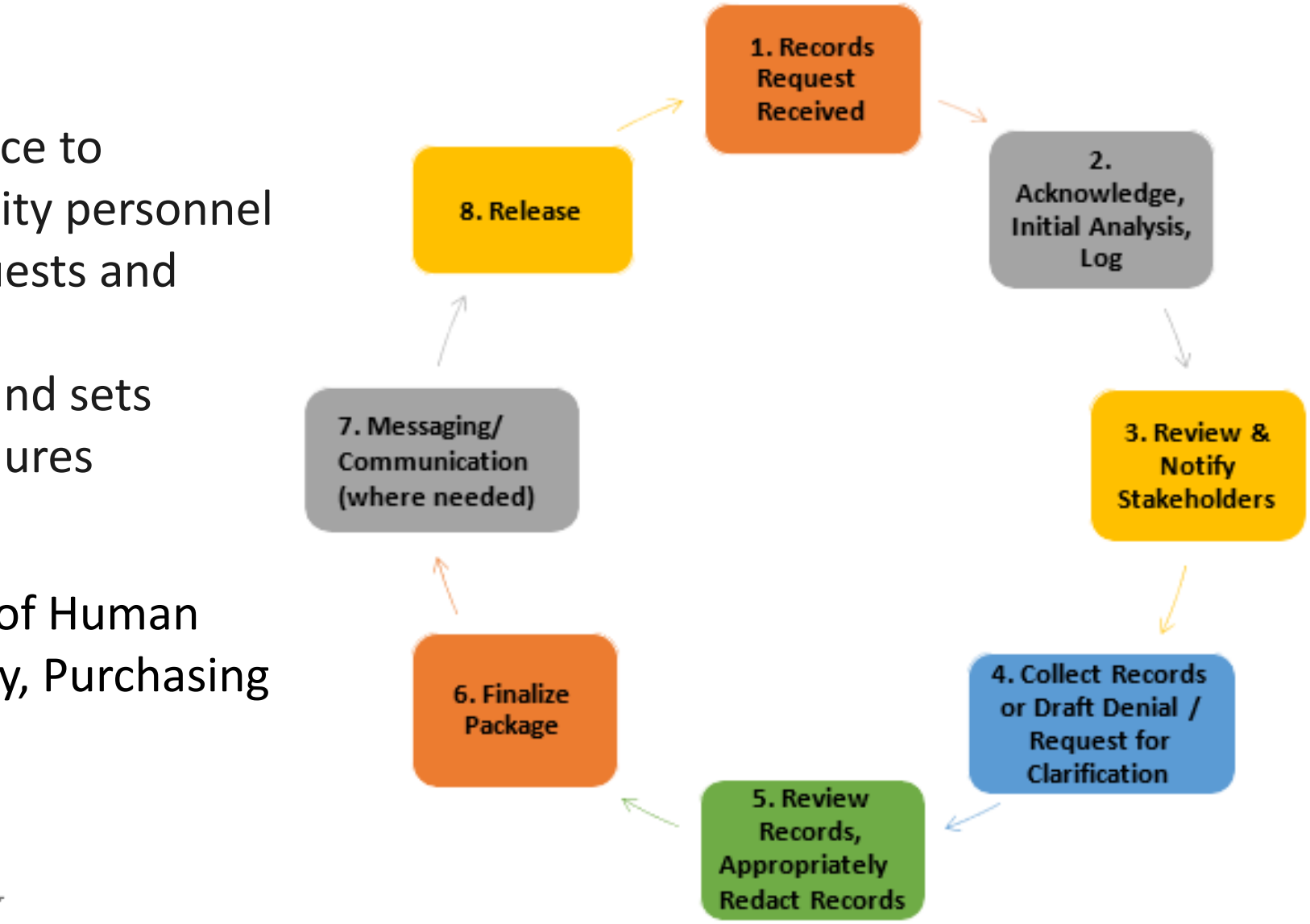
Ohio State's Public Records Office

Overview

- Established in 2013
- Provides central resource to requesters and University personnel
- Manages complex requests and reviews
- Coordinates key units and sets University-wide procedures

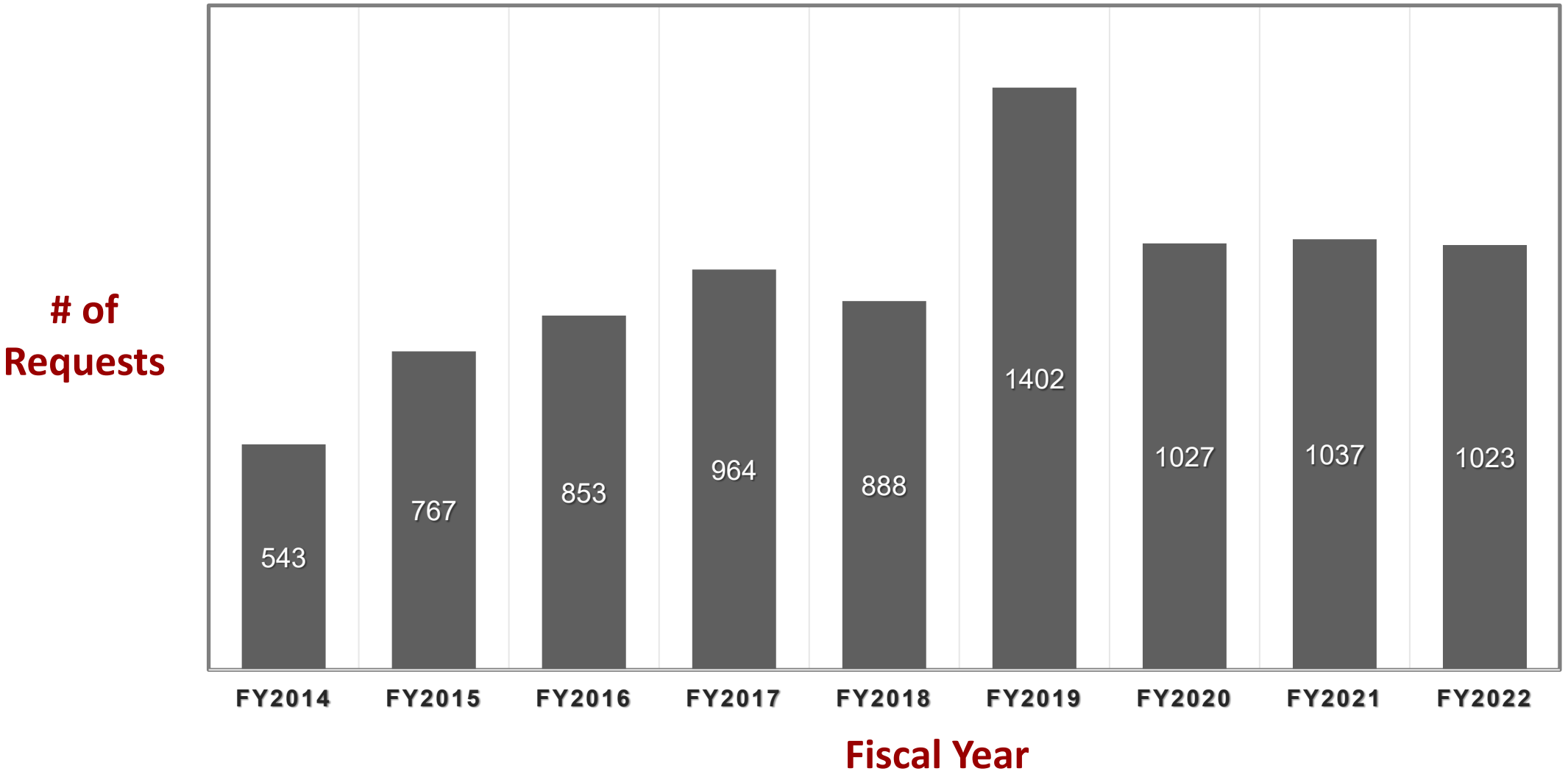
Key Units

- Medical Center, Office of Human Resources, Public Safety, Purchasing
- Training to key units



THE OHIO STATE UNIVERSITY

Key Metrics


# of Requests
543
767
853
964
888
1402
1027
1037
1023
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022
Fiscal Year

Overall Trends

Expected Increases:

- Complexity of University operations and external partnerships
- Number, complexity, and expansiveness of requests
- Complexity of legal analysis
- Expectations of privacy
- Anonymous requests, attorney requests

Conflicts of Interest

Jessica Tobias, Ethics Director and Compliance Investigator

Overview

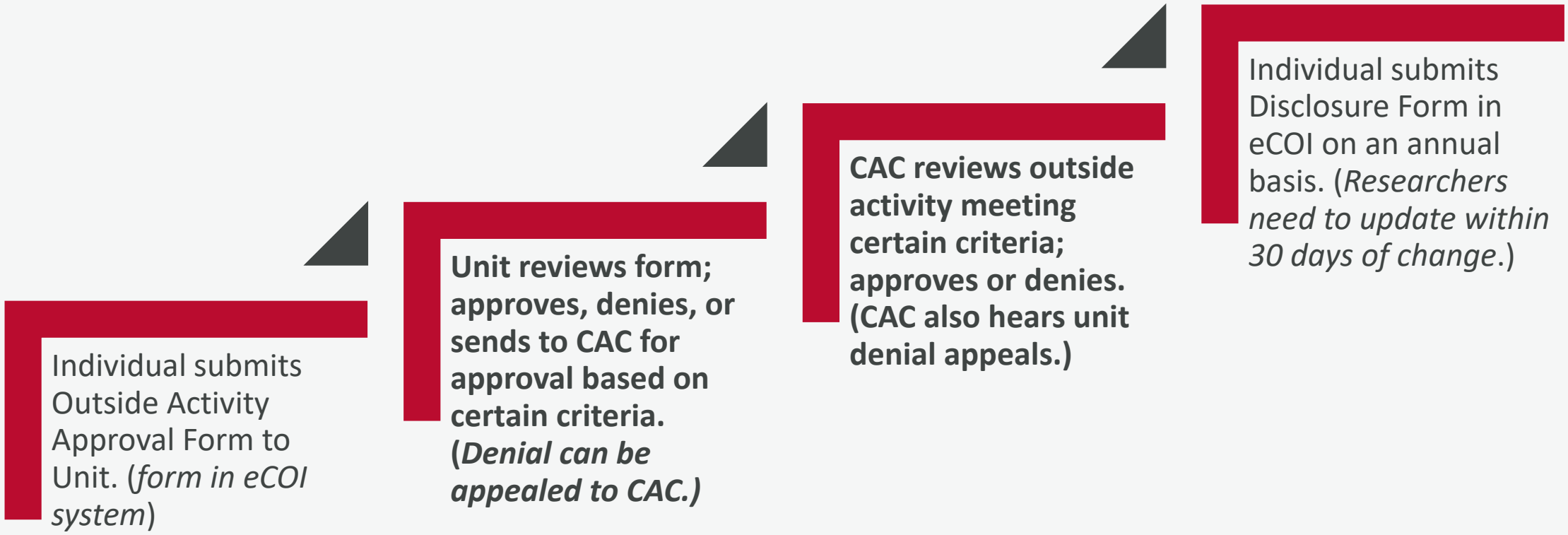
- ✓ Background
- ✓ Outside Activities and Conflicts Policy
- ✓ University Technology Commercialization Company (UTCC) Rule

Background: Regulatory Overview

Laws and Regulations	Ohio Ethics Law O.R.C. 102 & 2921	Federal Research	Ohio Technology Commercialization O.R.C. 3345	CMS Open Payments
Purpose	Ensure public employees maintain high ethical standards	Manage potential conflicts of interest in research	Allow university inventors to own interest in technology	Monitor physician/manufacturer and
The Ohio State University Rules, Policies, & Requirements	3335-13-03 University Facilities Nepotism Policy Financial Code of Ethics Medical Center Vendor Interaction Policy Conflict of Interest and Work Outside the University Policy Faculty Financial Conflict of Interest Policy Faculty Paid External Consulting Policy Faculty Conflict of Commitment Policy OSU BOT Protocol		3335-13-07 Technology Commercialization 3335-13-06 Rights to and Interests in Intellectual Intellectual Property Policy	Medical Center Conflict of Interest Protocol/Process
Individuals covered by law/regulation	~40,000	~15,000	Varies (faculty with intellectual property)	~1600 physicians and others
Current disclosure process	Electronic Conflict of Interest Disclosure (eCOI) Form (not all employees are required to disclose)		CEO Invention Disclosure	Open payments data reviewed against eCOI Form
Manager/reviewer	OUCI/Med Center Compliance	Office of Research Integrity/Dean/Chair	Corporate Engagement Office (CEO)	Med Center Compliance

Outside Activities and Conflicts Policy

Consolidated policy supports expedited review and consistent determinations



Metrics: Outside Activities Approval Process

Monitoring since September 1

- Number of Requests
- Average Approval Time
- Mode
- Percent completed within 7 days

University Faculty Rule 3335-13-07:

University Technology Commercialization Company (UTCC)

Rule Purpose:

- Provide faculty, staff, and students the opportunity to hold personal financial interests in UTCCs while protecting the integrity of the university's teaching, research, and creative expression.
- Provide an employee or student who acquires a financial interest in or a fiduciary role with a UTCC with exceptions from potentially applicable provisions of the Ohio ethics laws.

2022 Amendments:

- **Add provisions that better mirror Ohio Law and other Ohio universities' rules;** OSU's rule was more restrictive
- **Expand the definition of a UTCC;** OSU's rule only applied to start-ups in limited circumstances.
- **Extend potentially applicable exception to additional provisions of the Ohio Ethics Law;** OSU's rule only provided an exception to one public contract provisions. Now, the rule provides exceptions to Revised Code sections 102.03, 102.04, 2921.42 and 2921.43.
- **Clarifies participants' responsibilities to the university;** outlines COI management standards

Compliance Process Improvement

Gates Garrity-Rokous, Vice President & Chief Compliance Officer
Robert Moormann, Compliance Testing, Monitoring, and Transparency Director

Additional Efficiency Initiatives

Specific Examples

- **Business Information Security Review service (Digital Security & Trust):** assists units in evaluate risks and removing inefficiencies; focuses resources on value-added activities
- **DIRT Process Enhancement (Digital Security & Trust):** revision of incident response process to streamline decisions
- **Key Risk Indicators (KRIs) (Digital Security & Trust):** identifies risk to departments/units using metrics from university tools with data in Splunk to increase overall awareness on risk posture; enabled users to determine and understand risks in their own systems

- **Case Assessment; Educational Conversations (Office of Institutional Equity):** systematic review of reports to assess priority; process for structured conversations with complainants and respondents to ensure prompt response
- **Clery Program Review (OUCI):** completed program review to confirm prior improvements and identify additional efficiencies for cross-university reporting process
- **Youth Research Observation Program and Research Contributors (COMOR-C):** developed system for minors and others who wish to participate in research activities, while ensuring compliance with policies and regulations regarding research participation

Overall Metrics

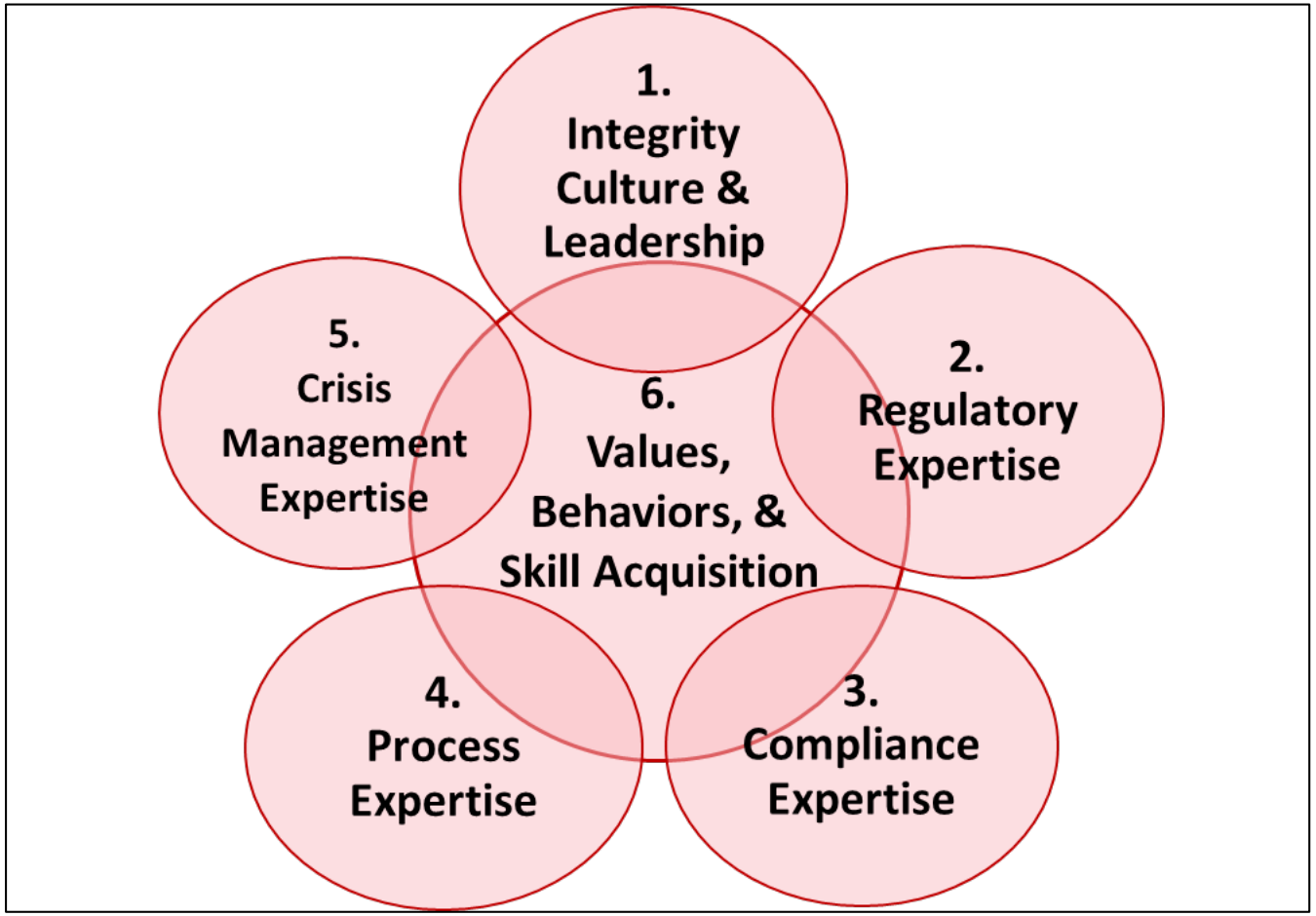
Average efficiencies gained (# per initiative)

- Clarity/simplicity (10)
- Improvement in effectiveness of compliance control (10)
- Make compliance easier for students/faculty/staff (9)
- Save time for students/faculty/staff (9)

Every compliance unit identified subject matter experts;
Developed online toolkit, templates and metrics

Emphasizing Process Expertise Through Compliance Career Framework

Compliance Career Framework



- **Surveyed staff** to provide baseline and identify cross-unit mentoring and peer coaching opportunities
- **Identified subject matter experts** for all areas of process improvement and project management
- **Integrated into annual reviews**, unit and individual goals, and building into position descriptions
- **Improving reporting** and metrics for projects

Title IX Regulations Update

Amy Golian, Keesha Mitchell

Legal, Audit, Risk, and Compliance Committee

May 2023

Title IX Regulations

Updates on the U.S. Department of Education Office for Civil Rights (OCR) activities involving Title IX

TITLE IX RULEMAKING

- Proposed new Title IX regulations published in June 2022
- Received over 238,000 public comments and indicated new rules likely published in May 2023 and go into effect for the 2023-24 academic year
- The university is well positioned to implement if final rules are substantially similar to proposed rules

ATHLETICS-SPECIFIC REGULATIONS

- OCR published a Notice of Proposed Rulemaking on April 6th
- Focus is a student's eligibility for athletic teams
- Impermissible to have a categorical ban on eligibility based on sex
- Public comments accepted on proposed rule through May 15th

THE OHIO STATE UNIVERSITY

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SUMMARY OF ACTIONS TAKEN

February 15, 2023 – Legal, Audit, Risk & Compliance Committee Meeting

Voting Members Present:

Elizabeth P. Kessler
Alan A. Stockmeister
Jeff M.S. Kaplan
Elizabeth A. Harsh
Juan Jose Perez
Taylor A. Schwein
Amy Chronis
Hiroyuki Fujita (ex officio)

Members Present via Zoom: N/A

Members Absent:

Michael Kiggin

The Legal, Audit, Risk & Compliance Committee of The Ohio State University Board of Trustees convened on Wednesday, February 15, 2023, in person at Longaberger Alumni House on the Columbus campus and virtually over Zoom. Committee Chair Elizabeth Kessler called the meeting to order at 11:59 a.m.

PUBLIC SESSION

Items for Discussion:

1. External Audit Update: Mr. Dave Gagnon and Ms. Cathy Baumann from KPMG, the university's external auditor, presented an update on the 2023 external audit plan and strategy.
(See Attachment X for background information, page XX)

2. Information Security Update: Ms. Cindy Leavitt and Mr. Rich Nagle from the Office of Technology and Digital Innovation gave a presentation on the university's information and security program, highlighting the office's Cybersecurity 4 You platform.
(See Attachment X for background information, page XX)

Items for Action:

3. Approval of Minutes: No changes were requested to the November 16, 2022, meeting minutes; therefore, a formal vote was not required, and the minutes were considered approved.

EXECUTIVE SESSION

It was moved by Ms. Kessler, and seconded by Mr. Kaplan, that the committee recess into executive session to consult with legal counsel regarding pending or imminent litigation, to consider business-sensitive trade secrets that are required to be kept confidential by federal and state statutes, and to discuss personnel matters regarding the appointment, employment and compensation of public employees.

A roll call vote was taken, and the committee voted to go into executive session with the following members present and voting: Ms. Kessler, Mr. Stockmeister, Mr. Kaplan, Mrs. Harsh, Mr. Perez, Ms. Schwein, Ms. Chronis, and Dr. Fujita.

The committee entered executive session at 12:21 p.m. and the meeting adjourned at 1:09 p.m.