

AGENDA
FINANCE/AUDIT COMMITTEE
UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

September 4, 2014

1. REPORT ON THE VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND

Neil Heppler, Principal with Fourth Street Performance Partners and the investment advisor for the VEBA trust, will present a report on the VEBA Trust Fund. (Attachment A)

2. APPROVAL OF RECOMMENDATION FOR 2015-2016 HOUSING RATES

Approval of a recommendation to the Board of Trustees for approval of the following 2015-2016 housing rates is recommended.

<u>FALL OR SPRING SEMESTER</u>	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
<u>McDONALD or O'DANIEL APARTMENT</u>			
Two Bedroom: Two students per bedroom	\$2,070	\$2,132	7-01-15
One student per bedroom	3,699	3,810	7-01-15
One Bedroom: Two students	2,497	2,572	7-01-15
One student	4,639	4,778	7-01-15
<u>GOVERNORS, NEWMAN, O'BANNON, or RUSTON HALL</u>			
One and Two Bedroom: Two students per bedroom	\$2,070	\$2,132	7-01-15

Students who live in housing will have \$50 in Munch Money added to the proposed housing rates above for use in any dining venue on campus.

SUMMER SESSIONS

Summer session rates are pro-rated to fall and spring semester rates.

3. APPROVAL OF RECOMMENDATION FOR 2015-2016 MEAL PLAN RATES

Students who live in the residence halls (Governors, Newman, O'Bannon, and Ruston) are required to purchase a resident meal plan. Three plans (Red, White, and Blue Eagle) offer different combinations of meals in The Loft and discretionary spending at other dining venues on campus. The proposed rate allows for normal increases in food and labor costs.

<u>FALL OR SPRING SEMESTER</u>	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
Red, White, or Blue Eagle Meal Plan	\$1,894	\$1,956	7-01-15

Approval of the proposed meal plan rates for 2015-2016 is recommended.

4. REVIEW OF COMPLETED AUDIT AND APPROVAL OF THE ANNUAL AUDIT PLAN

A summary of audits and other activities conducted by the Internal Audit Department during 2014 (Attachment B) will be reviewed.

5. RECOMMENDATION TO APPROVE REQUEST FOR GENERAL REPAIR AND REHABILITATION FUNDS

The Indiana General Assembly appropriated \$683,000 for fiscal year 2014-2015 repair and rehabilitation of campus facilities in its last session. Board approval of the projects will allow the University to access and draw down the fiscal year 2014-2015 appropriation. Attachment C is a list of proposed projects totaling \$683,000.

Approval of a recommendation to the Board of Trustees to approve the request regarding funds for Repair and Rehabilitation of campus facilities is recommended.

6. REVIEW OF CONSTRUCTION CHANGE ORDERS APPROVED BY VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

The construction change orders approved by the vice president for Finance and Administration (Attachment D) will be reviewed

UNIVERSITY OF SOUTHERN INDIANA VEBA TRUST INVESTMENT POLICY

Summary of Significant Changes to Investment Policy – September, 2014

Page 1, Investment Philosophy – New language to indicate that beginning in fiscal year 2014-2015 distributions from the VEBA Trust will be necessary.

Page 2, Distribution Rate – Added new section to the investment policy to reference the targeted distribution rate (4.5%) but provided significant flexibility for increased or decreased distributions based upon needs.

Page 3, Allocation – Clarified that University management would work with an investment consultant to keep asset allocation within policy ranges.

Page 3, Equity Asset Class Diversification – Reduction to international equity and increase to small/mid cap equities had been made by the Finance Committee in 2005, but never formally indicated in investment policy.

Page 3, Use of Mutual Funds – Deleted this section as it was useful in the beginning stages of funding the VEBA Trust, but now considered unnecessary.

Page 3, Performance Objectives – Made objectives more uniform for each class and sub-asset class and added performance objectives for intermediate fixed income manager.

Page 4, Investment Consultant Responsibilities – Added this section to reflect the use of an investment consulting firm.

Page 4, Investment Manager Responsibilities – Modified this section to update language concerning prudent investors and to specifically indicate that meeting the investment performance objectives are a responsibility of the investment managers.

UNIVERSITY OF SOUTHERN INDIANA VEBA TRUST INVESTMENT POLICY

INVESTMENT POLICY - GENERAL

The purpose of the investment policy is to define the attitudes, philosophy, and goals of the Finance Committee of the University of Southern Indiana Board of Trustees for investing the VEBA (Voluntary Employees' Benefit Association) Trust Fund. In addition, the policy defines the investment guidelines that will be provided to the investment managers. These guidelines address the structure necessary to achieve a diversified portfolio, including asset classes, allocation targets, and management styles. This portfolio should be capable of achieving significant long-term returns while maintaining acceptable levels of risk. The policy will further define the measurable industry standards that will be used to monitor and evaluate the performance attained by investment managers. While this policy defines the current guidelines for managing the fund investments, it is intended that it will be reviewed regularly and modified to meet the evolving financial environment.

INVESTMENT PHILOSOPHY

The VEBA Trust Fund was established with the intent of providing a revenue stream that will be utilized to partially fund future costs of the University's post-retirement health benefit plan. Since inception, the assets in the VEBA Trust Fund have been allowed to grow through additional investments, reinvestment of current income from the asset base, and capital appreciation of the asset base. During this time no distributions were taken from the VEBA Trust Fund. Beginning in fiscal year 2014-15, distributions are expected to begin to fund a portion of the University's post-retirement health benefits. The investment philosophy for this fund will be based upon the goal of maintaining the purchasing power of the fund into the future by exceeding the rate of inflation by the amount of the distribution rate of the fund .

Investment decisions for this fund will be based upon the continuing belief in a free enterprise society supported by publicly owned businesses; therefore, the fund's assets should be invested in high quality equity and debt securities of these businesses. It also is recognized that in any economy or over any appreciable time period there will probably be an inflationary loss of purchasing power of the fund's assets. Historically, over the extended periods of time, equity investments generally have grown through dividends and appreciation at a faster pace than inflation, and it is expected that such a trend will continue. Consequently, over the long run, equity investments generally provide the best hedge against inflation and a deterioration of the asset base.

The investment objectives of the fund call for a disciplined and consistent management philosophy that accommodates the occurrence of those events that might be considered reasonable and probable. They do not call for a philosophy that represents extreme positions or opportunistic styles of investing.

The investment portfolio will be diversified as to both fixed income and equity holdings. The purpose of diversification is to provide reasonable assurance that no single investment or class of investments will have a disproportionate or significant impact on the total portfolio. The purpose of fixed income investments is to provide a highly predictable and dependable source of income, to reduce the volatility of the total portfolio market value, and, when appropriate, to provide a source of funds for other investments. The purpose of equity investments is to provide current income, growth of income, and appreciation of principal with the recognition that this requires the assumption of greater market volatility and risk of loss.

The fund will not be directly or internally managed by the Board of Trustees, the Finance Committee, or University officials. One or more investment managers will be retained by the fund to manage the assets to (1) provide greater diversification of investment judgment, investment opportunity, and risk

exposure, and (2) create a positive influence on performance through independent monitoring of each manager.

Investment managers will be selected from strongly established and financially sound organizations that have a proven and demonstrable record in managing funds with characteristics similar to those of this fund. Selection will depend upon factors established by the Finance Committee from time to time. These factors will include the competitive structure of the investment manager's custodial and management fee schedules.

DISTRIBUTION RATE

Effective July 1, 2014, the University eliminated the post-retirement health care benefit for all new hires and for existing benefits-eligible employees whose age plus years of service as of July 1, 2014, is less than 57 points and whose benefits-eligible service as of July 1, 2014, is less than 10 years. Since the cost of the post-retirement health care benefit will cease to exist in the future, it is not the intent of the University to maintain the VEBA Trust Fund in perpetuity. As funding needs require, especially as the benefit ceases, the corpus of the VEBA Trust Fund may be completely spent on post-retirement health care benefits.

For the near-term, University management has determined that an annual target distribution rate of 4.5% from the VEBA Trust Fund is a reasonable and prudent use of the investment proceeds to partially fund the University's post-retirement health benefits costs. The distribution rate may vary from year to year depending on the University's funding need. Each year University management will review the funding need for the post-retirement health benefits cost and determine the amount of drawdown needed from the VEBA Trust Fund. Setting a target distribution rate of 4.5%, does not preclude University management from exceeding this rate if warranted. University management will report the distribution rate or distribution amount to the Finance Committee and will review the financial status of the VEBA Trust Fund annually with the Committee.

FUND INVESTMENT OBJECTIVES

The long-term investment objectives of the VEBA Trust Fund are:

- (1) To exceed the general rate of inflation by the amount of the distribution rate;
- (2) To establish a diversified investment portfolio between fixed and equity securities;
- (3) To establish further diversification among various asset classes within the fixed and equity pools; and
- (4) To maximize total return utilizing prudent levels of risk.

ASSET ALLOCATION MIX

Historical performance results and future expectations suggest that equities will provide higher total investment returns than fixed-income securities over a long-term investment horizon. Investments in equities also carry with them increased exposure to market volatility and risk of loss of principal. Based upon the time horizon and current distribution rate for future distributions of the VEBA Trust Fund, the investment goals of the fund, and prudent risk tolerances, the following asset allocation guidelines are deemed appropriate for the investment of fund assets.

ALLOCATION

<u>Investment Type</u>	<u>Target</u>	<u>Range</u>
Equities	70%	65% - 75%
Fixed Income & Cash	30%	25% - 35%

Investments should not exceed the minimum and/or maximum levels for more than 30 days without the written authorization of the Finance Committee. University management, in consultation with the investment consultant, has discretion to move within the ranges as an expression of University management and the investment consultant's confidence or concern for the securities markets.

EQUITY ASSET CLASS DIVERSIFICATION

Within the equity portion of the portfolio, the fund seeks to further diversify among different equity investment approaches based upon market capitalization, geographic domicile and investment style. These investment approaches and their target allocations are presented below.

<u>Asset Class/Style</u>	<u>Target</u>
<u>Equities</u>	
U.S. Large Capitalization	40%
International	10%
U.S. Small/Mid Capitalization	<u>20%</u>
 Total Equities	 70%

These target allocations are intended to be general guidelines. Movement among the various asset classes from time to time will be considered normal. The asset class target mix percentages are long-term in nature. The Finance Committee does not believe that short-term market timing will add value to the portfolio over the long run.

INVESTMENT RESTRICTIONS

Any investment manager is specifically prohibited from investing trust assets in the following securities and transactions:

- (1) Short sales or purchases on margin
- (2) Purchase of options
- (3) Direct investments in commodities or real estate
- (4) Letter stock or other unregistered securities
- (5) Private placements
- (6) Bonds rated less than "A"
- (7) Foreign debt issues
- (8) Derivatives for speculative purposes
- (9) Other investments which would appear to violate the fiduciary responsibility of the fund

PERFORMANCE OBJECTIVES

The Finance Committee will periodically review the performance of the investment managers based upon the performance objectives detailed below. It is generally expected that the performance objectives will be achieved over rolling five (5) year periods.

U.S. Large Capitalization Equity

The annualized total return of large capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Standard & Poor's 500 Stock Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment managers or funds utilizing a similar investment style.

International Equity

The annualized total return of international equity portfolios should equal or exceed the annualized total return generated by the Morgan Stanley Capital International Europe, Australia, Far East (EAFE) Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of international equity mutual funds utilizing a similar investment style.

U.S. Small/Mid Capitalization

The annualized total return of small/mid capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Russell 2000 Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

U.S. Intermediate Fixed Income

The annualized total return of domestic intermediate fixed income portfolios should equal or exceed the annualized total return generated by the Barclays Intermediate Government/Credit Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

INVESTMENT CONSULTANT RESPONSIBILITIES

An investment consultant will be utilized to act as a fiduciary in providing information, analysis, and recommendations to University management and the Finance Committee on various aspects of the VEBA Trust Fund's investment program including the following:

- Strategic and tactical asset and sub-asset class allocation guidance to support the VEBA Trust Fund's investment portfolio objectives.
- Selection and monitoring of investment managers.
- Reporting of portfolio and investment manager performance relative to agreed upon benchmarks and timeframes. This includes preparation of performance evaluation reports for University management and the Finance Committee.
- Monitoring the investment managers relative to their organizational structure, investment style, and compliance with this investment policy.

INVESTMENT MANAGER RESPONSIBILITIES

It is expected that the investment managers will assume the following responsibilities in managing the VEBA Trust Fund assets:

- Comply with the provisions of the Investment Advisors Act of 1940.
- Invest the assets with the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities.
- Communicate in writing with the Finance Committee the performance results and current holdings in the portfolio.
- Manage the assets under its care, custody, and/or control in accordance with the investment policy's performance objectives and guidelines set forth herein.

ROLE OF THE FINANCE COMMITTEE

The responsibility of the Finance Committee of the Board of Trustees is to provide direction for the investment of the financial assets of the University of Southern Indiana VEBA Trust Fund. The specific responsibilities are as follows:

- To establish and maintain policies and guidelines for the investments of the fund assets
- To determine the appropriate allocation ranges among classes of investments
- To engage and terminate the services of investment consultants and managers
- To monitor investment returns and review the performances of investment managers
- To report to the Board of Trustees

MONITORING OF INVESTMENT MANAGERS

The Finance Committee of the Board of Trustees is responsible for monitoring of the stewardship of the investment managers. From time to time, the Finance Committee may meet individually with the investment consultant and/or investment managers. During these meetings, the Committee will focus on reports about:

- Managers' compliance with the investment policies developed by the Committee
- The most recent economic environment and projected future changes in that environment
- Significant changes in the manager's organization, investment philosophy, and/or key personnel
- Comparisons of the investment manager's results with the appropriate benchmark standards as outlined in the investment policy

Pending approval by USI Board of Trustees on 9/3/14



FOURTH STREET PERFORMANCE PARTNERS



USI VEBA Trust
Investment Performance Analysis
June 30, 2014

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USI VEBA Trust

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Quarterly Market Review

Second Quarter 2014

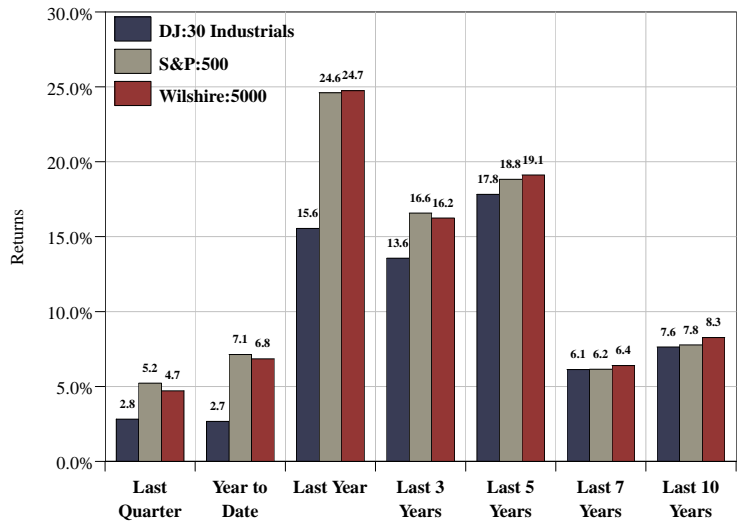
The second quarter of 2014 continued the positive market trends from the first quarter after a brief pullback in January. Both stocks and bonds were able to advance despite a negative first quarter GDP revision and growing geopolitical instability. Instead, equity investors focused on strengthening job creation and rising expectations about second quarter economic and earnings growth. In the U.S. over 200,000 new jobs were created in each of the past five months, and the unemployment rate has fallen to a post-recovery low of 6.1%. The S&P 500 posted positive returns for all three months this quarter to finish with a gain of 5.2%, setting sixteen record highs along the way. Developed international equities were also able to post a strong positive gain of 4.1% for the quarter; however, much like 2013 and the first quarter of 2014, the MSCI EAFE Index trailed US stocks.

Bonds also had a strong second quarter, with the Barclays Aggregate Index gaining 2.0%. The yield curve flattened as interest rates fell in the long and intermediate area of the curve; however, on the shorter end, the 2 year yield increased by 4 bps. The Federal Reserve continued to taper its bond buying program, reinforcing the consensus that this current round of QE will be fully wound down by the end of the year. However, the Fed does appear to be committed to maintaining the size of its current \$4.5 trillion balance sheet via reinvestment of principal and interest even after tapering is completed.

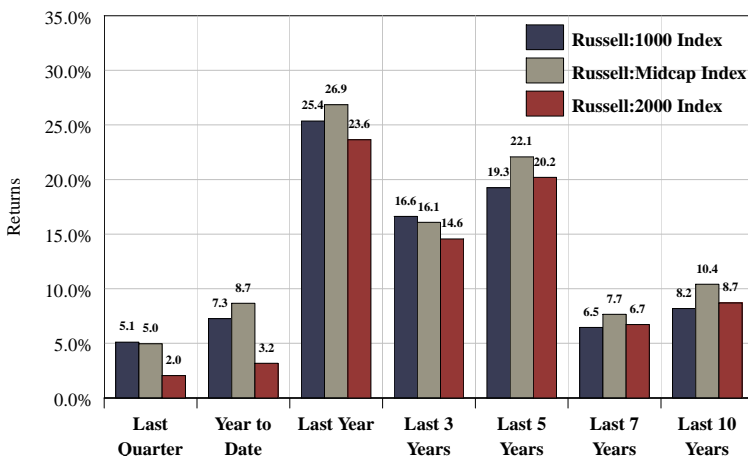
	Last Quarter	Year to Date
S&P 500	5.2	7.1
MSCI EAFE	4.1	4.8
BC Aggregate	2.0	3.9
Cash	0.0	0.0

Domestic Equity Market

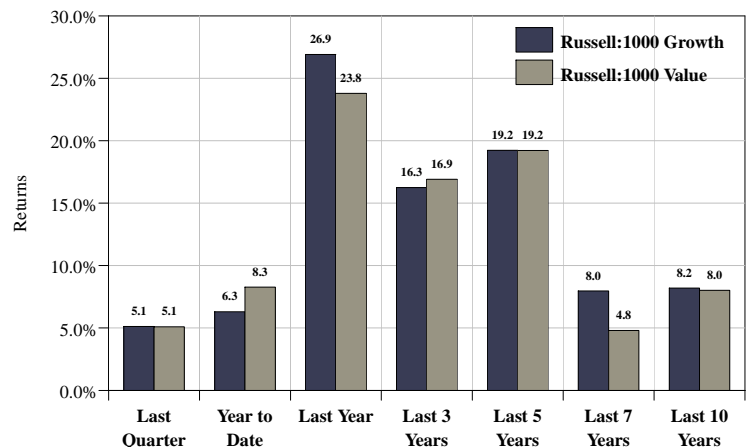
- Large cap stocks were the best performers in the second quarter, with the S&P 500 gaining 5.2%. Small-cap stocks lagged and gained just 2.0% amidst higher volatility in the quarter.
- Value and growth equities moved in stride together with the Russell 1000 Growth and the Russell 1000 Value both gaining 5.1%. This compares to an almost 200 bps outperformance of Value over Growth in the previous quarter.
- Low quality stocks (+6.8%) once again outperformed higher quality (+4.1%), continuing the low quality trend that has been present in equity markets in recent years.
- Valuations on the S&P 500 continued to creep upward. The P/E ratio based on forward operating earnings increased to 15.6x, while the Shiller cyclically adjusted P/E model reached 25.6x.
- The final reading of First Quarter GDP was revised sharply downward to an annualized decrease of 2.9% from an initial estimate of a 0.1% annual increase. This prompted both the Fed and the IMF to lower their expectations of US growth for the year.
- Inflation crept up modestly, with headline CPI now at an annualized rate of 2.1%.



Large-cap vs. Small-cap
Returns Ending June 30, 2014



Growth vs. Value
Returns Ending June 30, 2014

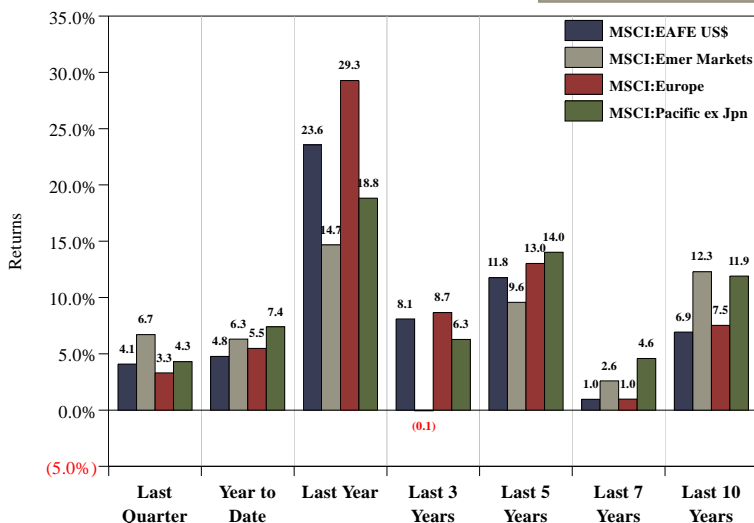


Sectors of the Market

	Financials	Technology	Health Care	Industrials	Energy	Cons. Discr.	Cons. Staples	Telecom	Utilities	Materials
S&P Weight	16.1%	18.8%	13.3%	10.5%	10.9%	11.8%	9.5%	2.4%	3.2%	3.5%
Russell Growth Weight	5.2%	27.7%	12.8%	12.3%	6.4%	18.4%	10.5%	2.3%	0.1%	4.3%
Russell Value Weight	28.5%	8.9%	13.1%	10.5%	13.9%	6.3%	6.9%	2.3%	6.3%	3.4%
2nd Qtr. 2014 Return	2.3%	6.5%	4.5%	3.9%	12.1%	3.5%	4.7%	3.8%	7.8%	5.6%
YTD 2014 Return	5.0%	8.9%	10.6%	4.0%	13.0%	0.6%	5.2%	4.3%	18.7%	8.6%

- The best performing sectors of the market in the second quarter were Energy (+12.1%) and Utilities (+7.8%). Energy stocks rallied after a slow first quarter due to a strong increase in oil prices that stemmed from global economic growth as well as geopolitical instability. Utilities continued to perform well due to the current favorable interest rate environment. Other sectors that outperformed in the second quarter were Technology (+6.5%) and Materials (+5.6%).
- The rest of the market lagged slightly behind for the quarter with Financials (+2.3%) having the worst performance. Sectors that have outperformed for the first half of the year include Utilities (+18.7%), Energy (+13.0%), Health Care (+10.6%), Technology (+8.9%), and Materials (+8.6%). Consumer Discretionary (+0.6%) has the lowest year-to-date return of any of the sectors.
- The Bloomberg Commodity Index (formerly known as the DJ Commodity Index) had weak results due to agricultural commodities (+0.1%) while the Goldman Sachs Commodity index was lifted by oil returns (+2.7%). REITs and MLPs continue to outperform in 2014 and were up 7.0% and 14.2%, respectively, for the second quarter. Gold was slightly higher with a return of 3.0%.

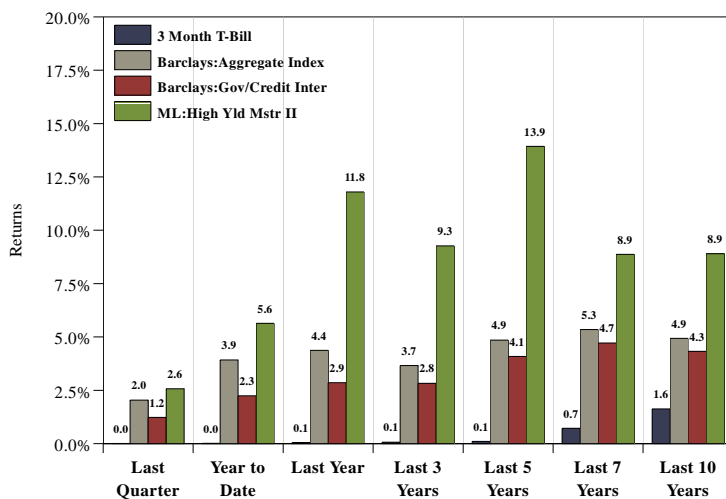
International Markets



- Developed equity markets had a solid gain of 4.1%, but still lagged behind U.S. equity returns. The currency impact was a modest tailwind to U.S. investors as the pound and yen made gains vs. the dollar.
- Europe, particularly France (+2.4%) and Germany (+2.3%), underperformed developed markets in the quarter. The European Central Bank (ECB) took unprecedented action in its fight against deflation and pushed its deposit rate into negative territory (-0.1%).
- Japan outperformed (+6.7%) for the quarter and inflation jumped to around 3.5%, far above the Bank of Japan's 2.0% target. This was most likely influenced by a 3% increase in sales tax in April.
- Emerging markets (+6.7%) outperformed much of the developed world in the second quarter. Much of this success had to do with large rebounds from India (+12.7%), Russia (+10.8%), and Brazil (+7.7%).
- The Chinese market had a solid return of 5.7% for the quarter after experiencing a negative return of 1.7% for the prior five quarters.

Fixed Income Markets

- Fixed income had a strong second quarter, as interest rates fell across the intermediate and long ends of the yield curve. The curve flattened during the quarter, with spreads between 2 and 30-year Treasuries declining to 290 bps.
- The yield on the 10-year US Treasury declined by 20 bps and finished the second quarter at 2.53%. The 10-year yield began the year above 3%.
- Mortgages (+2.4%) and corporates (+2.7%) were the best performing sectors in the Aggregate Index. Municipal bonds also did well (+2.6%), outperforming the Barclays US Treasury Index (+1.3%). High yield bonds (+2.6%) showed strong gains while bank loans did not benefit as much from declining rates (+1.4%).
- Emerging market debt continued to rebound from 2013 and posted strong gains of 4.8% in the second quarter.
- Federal Reserve Chair Janet Yellen announced a reduction of QE purchases to \$35 billion per month beginning in July, reinforcing the consensus that QE will be wound down by year end.





Comparative Market Returns
Average Annual Compound Returns (%)
for Periods Ended June 30, 2014

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 4 Years	Last 5 Years	Last 6 Years	Last 7 Years	Last 8 Years	Last 9 Years	Last 10 Years	Last 15 Years
<u>Large Cap Equity</u>													
DJ:30 Industrials	2.83	2.68	15.56	17.21	13.57	17.55	17.83	9.77	6.13	8.11	8.44	7.63	5.33
NASDAQ	5.31	6.18	31.17	24.32	18.28	21.76	20.59	12.82	9.03	10.43	9.98	9.06	4.18
Russell:3000 Index	4.87	6.94	25.22	23.33	16.46	20.24	19.33	10.05	6.47	8.08	8.25	8.23	5.03
S&P:500	5.23	7.14	24.61	22.59	16.58	19.96	18.83	9.76	6.16	7.86	7.95	7.78	4.35
S&P:500 Growth	5.82	7.30	27.13	21.84	16.96	20.90	19.19	10.60	8.09	9.44	8.92	8.16	3.59
S&P:500 Value	4.60	6.96	21.98	23.50	16.25	19.06	18.52	8.91	4.17	6.22	6.92	7.34	4.88
Russell:1000 Index	5.12	7.27	25.35	23.28	16.63	20.28	19.25	9.96	6.46	8.11	8.22	8.19	4.80
Russell:1000 Growth	5.13	6.31	26.92	21.89	16.26	20.69	19.24	10.49	7.98	9.30	8.94	8.20	3.07
Russell:1000 Value	5.10	8.28	23.81	24.56	16.92	19.81	19.23	9.35	4.80	6.80	7.38	8.03	5.93
<u>Mid Cap Equity</u>													
S&P:400 Mid Cap	4.33	7.50	25.24	25.21	15.26	20.87	21.67	11.48	8.57	9.77	10.12	10.50	10.02
S&P:400 Growth	2.90	5.10	23.20	23.31	13.56	20.83	21.52	11.13	9.28	10.38	10.48	10.64	9.04
S&P:400 Value	5.82	10.04	27.38	27.20	17.06	20.95	21.86	11.82	7.87	9.13	9.70	10.31	10.97
Russell:2500 Index	3.57	5.95	25.58	25.60	15.51	21.04	21.63	11.78	7.62	8.95	9.45	9.78	9.34
Russell:2500 Growth	2.90	3.97	26.26	25.14	14.88	21.70	21.65	11.65	8.40	9.68	10.21	9.94	7.22
Russell:2500 Value	4.20	7.87	24.94	25.91	16.02	20.40	21.58	11.87	6.65	8.06	8.54	9.40	10.24
<u>Small Cap Equity</u>													
S&P:600 Small Cap	2.07	3.22	25.54	25.36	16.81	21.57	21.98	12.40	8.06	9.03	9.56	9.95	10.19
S&P:600 Growth	1.83	1.91	25.60	23.82	15.76	21.97	22.34	12.33	8.86	9.72	10.10	10.36	9.71
S&P:600 Value	2.28	4.46	25.41	26.93	17.90	21.21	21.67	12.41	7.26	8.33	9.00	9.51	10.10
Russell:2000 Index	2.05	3.19	23.64	23.92	14.57	19.89	20.21	11.12	6.73	7.90	8.62	8.70	8.01
Russell:2000 Growth	1.72	2.22	24.73	24.20	14.49	21.14	20.50	11.38	7.90	8.97	9.58	9.04	5.78
Russell:2000 Value	2.38	4.20	22.54	23.65	14.65	18.61	19.88	10.80	5.46	6.73	7.57	8.24	9.74
<u>Global Equity</u>													
MSCI:EAFE US\$	4.09	4.78	23.57	21.07	8.10	13.28	11.77	3.05	0.97	3.91	6.21	6.93	4.59
MSCI EAFE Growth	3.45	3.56	20.33	19.50	7.68	13.15	12.22	2.81	1.74	4.42	6.62	7.09	3.51
MSCI EAFE Value	4.73	6.01	26.86	22.64	8.46	13.35	11.24	3.24	0.14	3.32	5.73	6.71	5.53
MSCI:Europe	3.30	5.48	29.28	23.96	8.67	14.94	13.03	3.20	0.98	4.47	6.55	7.54	5.07
MSCI:Pacific	5.77	3.12	13.10	15.74	7.10	10.39	9.58	2.98	1.18	2.90	5.69	5.79	3.64
MSCI:World US\$	4.86	6.18	24.05	21.28	11.81	16.22	14.99	5.98	3.43	5.75	6.94	7.25	4.18
MSCI:EAFE ex Jpn	3.45	5.86	27.57	22.49	8.23	14.51	13.07	3.47	1.39	4.94	6.91	8.01	5.48
MSCI:Emer Markets	6.71	6.32	14.68	8.81	(0.06)	6.36	9.58	2.21	2.59	7.17	10.03	12.30	9.21
<u>U.S Fixed Income</u>													
Barclays:Gov/Credit Inter	1.23	2.25	2.86	1.56	2.83	3.07	4.09	4.29	4.72	4.85	4.28	4.33	5.13
Barclays:Gov/Credit Bond	1.92	3.94	4.28	1.80	4.08	3.98	5.09	5.12	5.42	5.49	4.69	4.94	5.66
Barclays:Gov/Credit Long	4.93	11.81	10.77	2.75	9.57	7.94	9.60	8.88	8.57	8.37	6.61	7.60	7.79
Barclays:Aggregate Index	2.04	3.93	4.37	1.81	3.66	3.72	4.85	5.05	5.35	5.44	4.73	4.93	5.60
Barclays:Muni Bond 10 Yr	2.49	5.69	6.34	3.17	5.50	5.24	6.10	6.01	5.82	5.69	5.06	5.31	5.58
ML:High Yield CP Idx	2.49	5.56	11.71	10.57	9.24	10.72	13.81	10.69	8.78	9.13	8.62	8.82	7.67
ML:Treas 1-3	0.28	0.27	0.62	0.47	0.58	0.77	1.15	1.68	2.47	2.79	2.68	2.60	3.43
3 Month T-Bill	0.01	0.02	0.05	0.08	0.07	0.10	0.11	0.25	0.72	1.27	1.57	1.63	2.18
US DOL:CPI-W	1.05	2.54	2.17	1.96	1.83	2.39	2.18	1.48	2.05	2.13	2.38	2.40	2.48

USI VEBA Trust
 Performance Summary Table (Net of Fees)
 for Periods Ending June 30, 2014
 (Investment Returns are Shown Net of Fees)

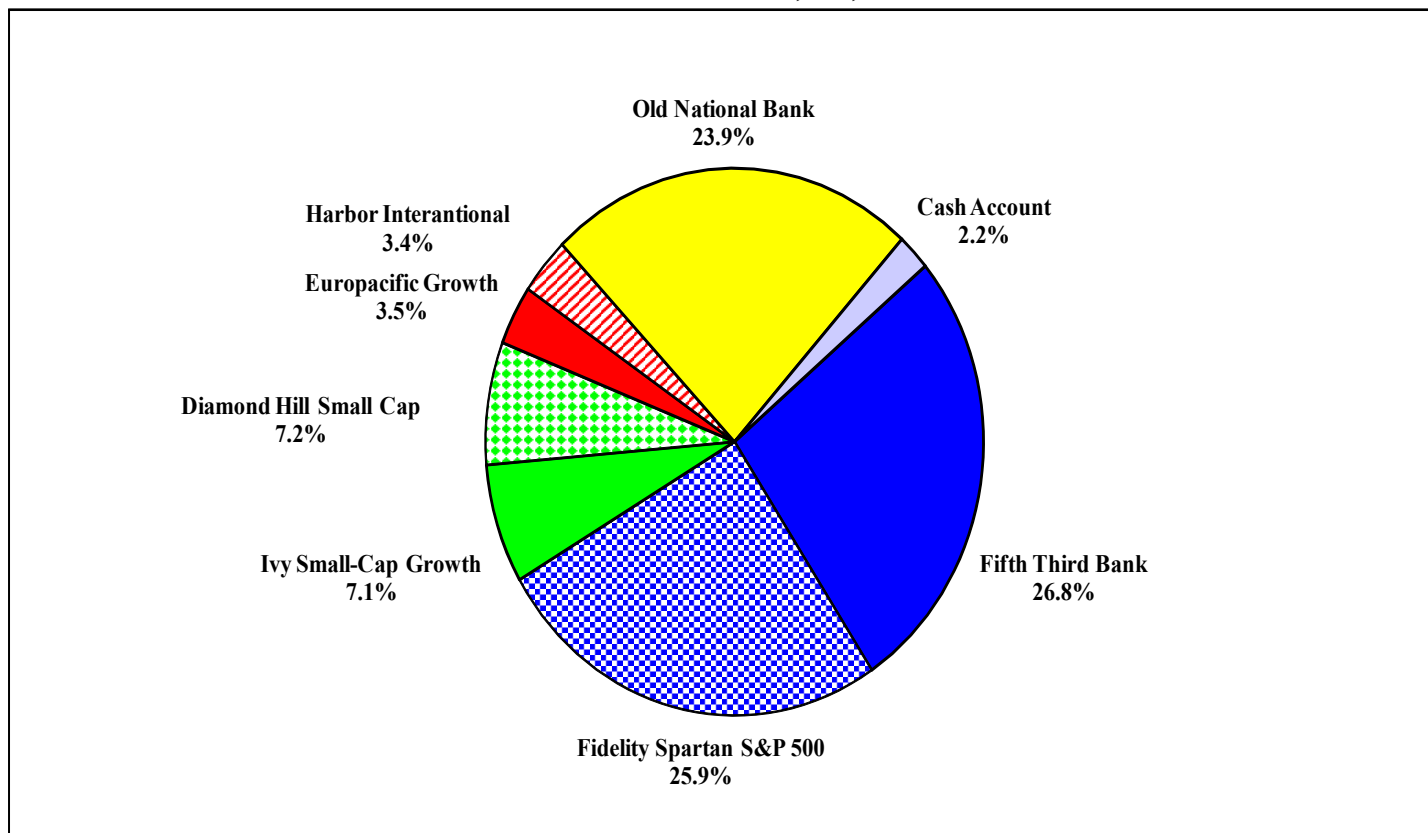
	<u>QTR</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YR</u>	<u>5 YR</u>	<u>10 YR</u>	<u>15 YR</u>	<u>Inception</u>	<u>Date</u>
USI VEBA Trust Composite	4.0	5.2	17.5	9.8	12.5	7.4	6.3	6.0	Dec-95
<i>Balanced Index</i> ¹	4.0	5.7	17.8	12.5	14.4	7.0	5.5	5.5	Dec-95
<i>Diversified Balanced Index</i> ²	3.5	4.9	17.6	10.9	13.4	7.0	5.8	5.8	Dec-95
<i>US DOL:CPI All Urban Cons</i>	0.9	2.3	2.1	1.8	2.0	2.3	2.4	2.4	Dec-95
<i>Domestic Equity</i>									
Fifth Third Bank	6.4	6.8	22.7	11.7	16.1	8.2	--	7.1	Dec-00
Fidelity Spartan S&P 500	5.2	7.1	24.5	16.5	18.8	--	--	6.7	Jun-07
<i>S&P:500</i>	5.2	7.1	24.6	16.6	18.8	7.8	4.3	5.0	Dec-00
Ivy Small Cap Growth	0.8	1.8	22.8	12.5	21.5	10.4	--	7.0	Dec-00
<i>Russell:2000 Index</i>	2.0	3.2	23.6	14.6	20.2	8.7	8.0	8.3	Dec-00
<i>Russell:2000 Growth</i>	1.7	2.2	24.7	14.5	20.5	9.0	5.8	6.6	Dec-00
Diamond Hill Small Cap	6.2	8.3	25.7	15.4	19.5	--	--	17.2	Nov-09
<i>Russell:2000 Index</i>	2.0	3.2	23.6	14.6	20.2	8.7	8.0	18.6	Nov-09
<i>Russell:2000 Value</i>	2.4	4.2	22.5	14.6	19.9	8.2	9.7	17.5	Nov-09
<i>International Equity</i>									
American Funds EuroPac	2.9	3.6	22.2	7.3	11.9	--	--	8.4	Mar-10
<i>MSCI:EAFE US\$</i>	4.1	4.8	23.6	8.1	11.8	6.9	4.6	8.5	Mar-10
Harbor International	3.4	4.4	21.6	6.9	13.6	10.0	8.5	9.1	Nov-09
<i>MSCI:EAFE US\$</i>	4.1	4.8	23.6	8.1	11.8	6.9	4.6	8.4	Nov-09
<i>Fixed Income</i>									
Old National Bank	1.2	2.6	2.9	2.7	3.4	4.2	4.4	4.5	Dec-95
<i>Barclays:Gov/Credit Inter</i>	1.2	2.3	2.9	2.8	4.1	4.3	5.1	5.2	Dec-95

¹ The Balanced Index is comprised of 100% BC Intermediate Govt//Corp Index from 1/1/1996 through 12/31/2000 and 30% BC Intermediate Govt//Corp Index and 70% S&P 500 Stock Index from 1/1/2001 forward.

² The Diversified Balanced Index is comprised of 100% BC Intermediate Govt//Corp Index from 1/1/1996 through 12/31/2000 and 30% BC Intermediate Govt//Corp Index, 42% S&P 500 Stock Index, 18% MSCI EAFE Index, and 10% Russell 2000 Index from 1/1/2001 forward.

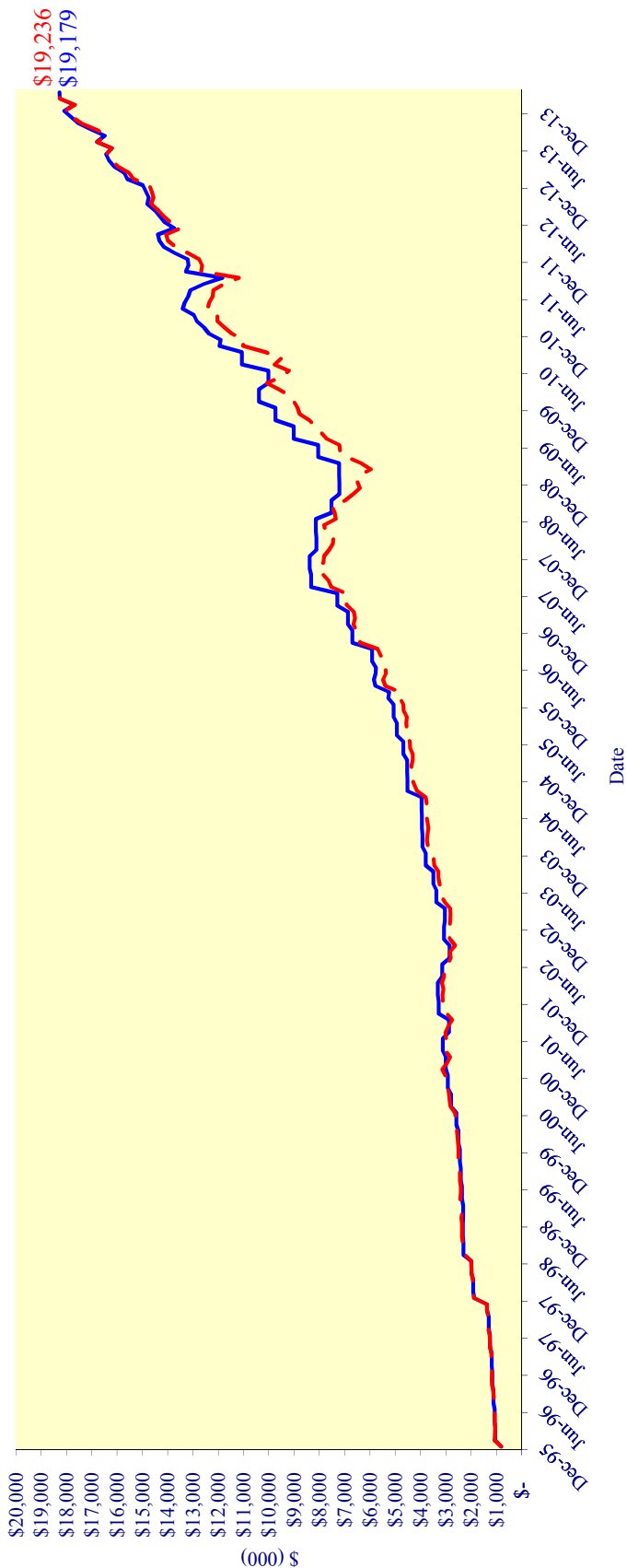
USI VEBA Trust
 Asset Mix
 Periods Ending June 30, 2014

Total Assets: \$19,178,789



	<u>Domestic</u> <u>Large-Cap</u>	<u>Domestic</u> <u>Mid-Cap</u>	<u>Domestic</u> <u>Small-Cap</u>	<u>International</u> <u>Equity</u>	<u>Fixed Income</u>	<u>Cash</u>	<u>Total</u>
Fifth Third Bank	\$3,623,310	\$941,186	-	\$578,598	-	-	\$5,143,094
Fidelity Spartan 500 Index	\$4,964,107	-	-	-	-	-	\$4,964,107
Ivy Small-Cap Growth	-	\$389,210	\$965,507	-	-	-	\$1,354,718
Diamond Hill Small Cap	-	\$662,668	\$727,739	-	-	-	\$1,390,407
Europacific Growth Fund	-	-	-	\$678,233	-	-	\$678,233
Harbor International	-	-	-	\$648,522	-	-	\$648,522
Old National Bank	-	-	-	-	\$4,586,273	-	\$4,586,273
Cash Account	-	-	-	-	-	\$413,436	\$413,436
Total	\$8,587,417	\$1,993,065	\$1,693,247	\$1,905,353	\$4,586,273	\$413,436	\$19,178,789
% of Total	45%	10%	9%	10%	24%	2%	100%
Target	40%	10%	10%	10%	30%	0%	

USI VEBA Trust
Sources of Growth
 Market Values from December 31, 1995 through June 30, 2014

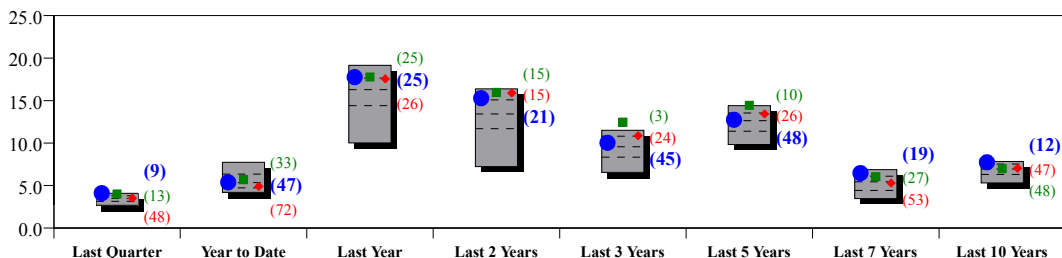


	— USI VEBA Trust	- - - Balanced Index	
	<u>Net Cash Flow</u>	<u>Gain/Loss</u>	<u>Incremental Gain/Loss Relative to:</u>
Past Quarter	\$150,000	\$751,099	<u>Balanced Index</u>
Year-to-Date	\$150,000	\$942,893	\$7,314
Past Year	\$150,000	\$2,824,220	(\$91,710)
Past 3 Years	\$1,293,690	\$4,702,831	(\$64,220)
Past 5 Years	\$3,221,602	\$7,906,166	(\$1,026,834)
Since Inception	\$9,274,420	\$9,098,253	(\$899,080)
			(\$57,069)

USI VEBA Trust

Composite: VEBA Trust Composite

for Periods Ending June 30, 2014
Group: CAI Corp Funds - Small (<100 MM)



CAI:Corp Funds Sm DB

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
25th Percentile	3.82	6.36	17.66	15.08	10.81	13.55	6.11	7.54
Median	3.50	5.35	16.31	13.44	9.57	12.64	5.44	6.95
75th Percentile	3.15	4.74	14.41	11.69	8.35	11.41	4.42	6.32
USI VEBA Trust Composite (Gross)	4.12	5.38	17.76	15.28	10.04	12.75	6.47	7.75
Balanced Index	4.03	5.70	17.78	15.97	12.47	14.45	6.05	6.99
Diversified Balanced Index	3.52	4.90	17.56	15.89	10.86	13.43	5.29	7.05

Calendar Year Returns	2005	2006	2007	2008	2009	2010	2011	2012	2013
USI VEBA Trust	9.20	8.63	12.64	(22.34)	21.28	12.37	0.05	10.70	20.22
Balanced Index	3.98	12.19	6.19	(26.03)	20.22	12.70	3.46	12.37	21.54
USI VEBA Trust	7	93	4	34	50	56	54	78	13

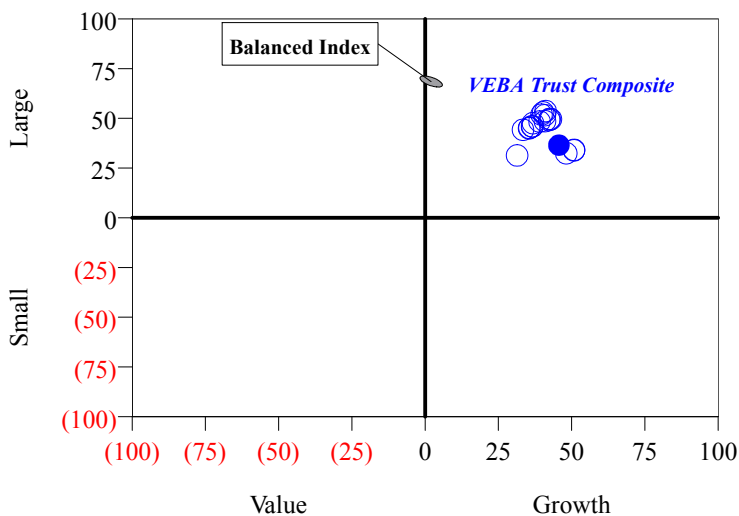
3 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
USI VEBA Trust	10.53	(2.31)	1.01	0.97
Balanced Index	10.28	0.00	1.00	1.00
CAI:Corp Funds Sm DB	9.05	(1.04)	0.84	0.90

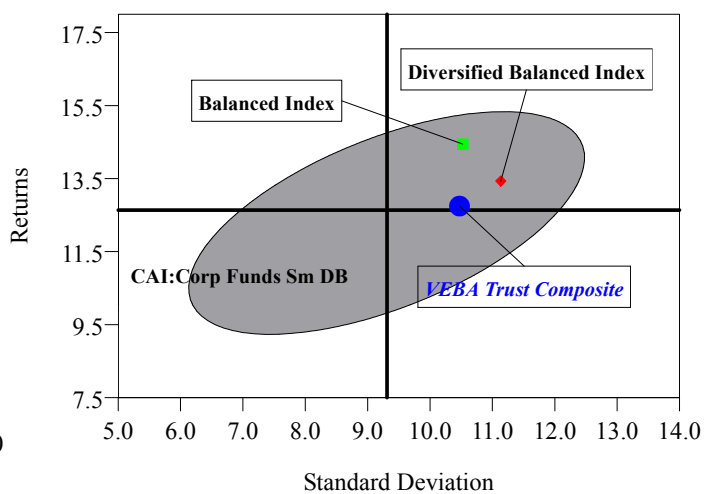
5 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
USI VEBA Trust	10.47	(1.29)	0.98	0.97
Balanced Index	10.53	0.00	1.00	1.00
CAI:Corp Funds Sm DB	9.31	(0.05)	0.85	0.92

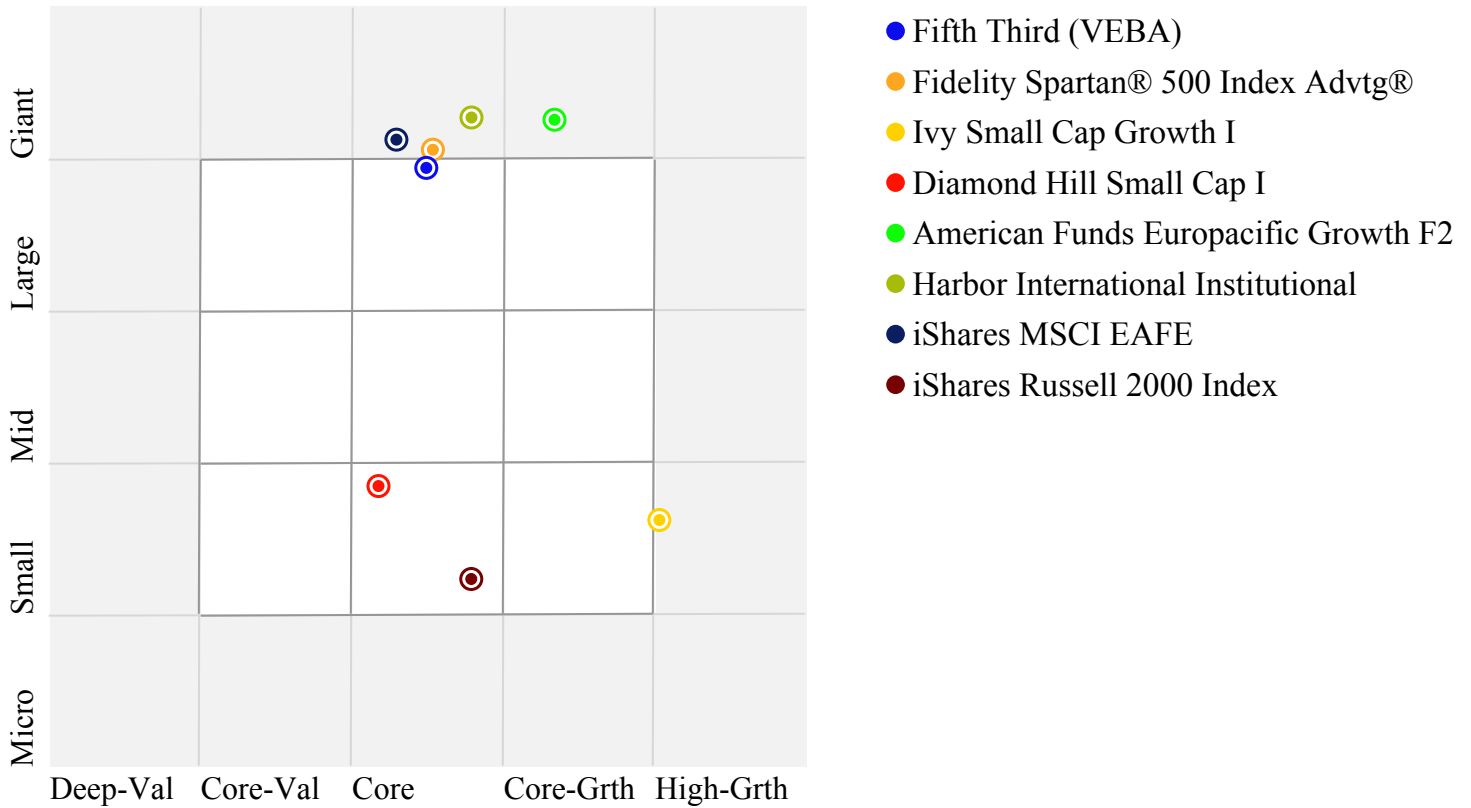
Style Map for Rolling 5 Years Ended 6/30/14



Risk vs. Return for 5 Years Ending June 30, 2014



USI VEBA Trust Equity Style Map Equity Summary Statistics



Asset Allocation

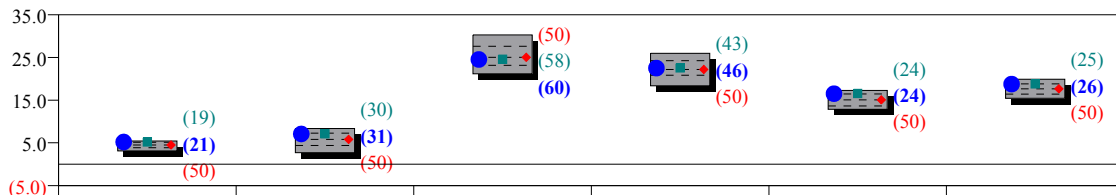
Portfolio Date: 6/30/2014

	Equity Style Value %	Equity Style Core %	Equity Style Growth %
Fifth Third (VEBA)	36.69	35.80	27.51
Fidelity Spartan® 500 Index Advtg®	34.01	36.19	29.80
Ivy Small Cap Growth I	3.62	24.20	72.18
Diamond Hill Small Cap I	36.53	44.01	19.47
American Funds Europacific Growth F2	22.71	26.24	51.05
Harbor International Institutional	22.91	34.74	42.35
iShares MSCI EAFE	35.29	35.76	28.96
iShares Russell 2000 Index	28.40	34.04	37.56

USI VEBA Trust

Large Cap Equity: Fidelity S&P 500 Index

for Periods Ending June 30, 2014
 Group: CAI MF - Large Cap Broad Style

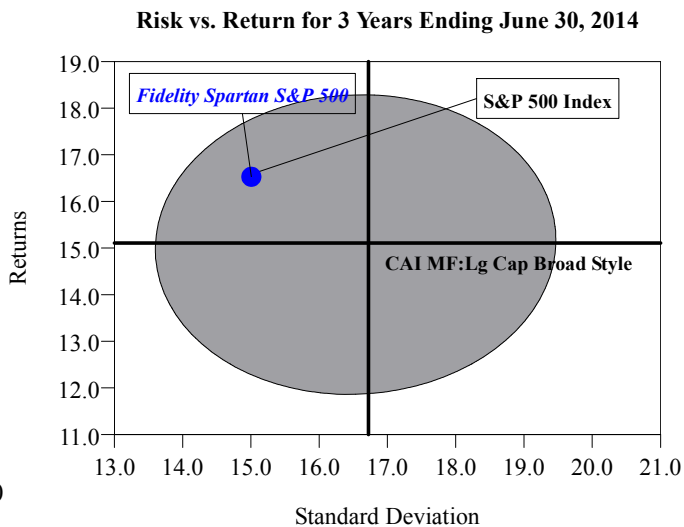
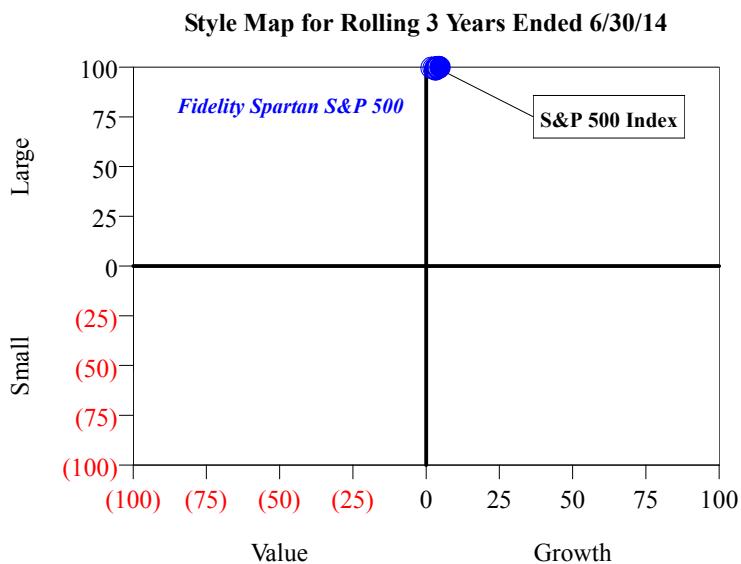


CAI MF:Lg Cap Broad Style

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
25th Percentile	5.14	7.31	27.65	24.27	16.49	18.85
Median	4.54	5.83	25.04	22.20	15.11	17.69
75th Percentile	3.90	4.42	23.19	20.85	13.68	16.45
Fidelity Spartan S&P 500	5.22	7.10	24.54	22.53	16.53	18.78
S&P:500	5.23	7.14	24.61	22.59	16.58	18.83
CAI MF:Lg Cap Broad Style	4.54	5.83	25.04	22.20	15.11	17.69

Calendar Year Returns	2006	2007	2008	2009	2010	2011	2012	2013
Fidelity Spartan S&P 500	15.76	5.47	(37.02)	26.55	15.01	2.06	15.97	32.33
S&P:500	15.79	5.49	(37.00)	26.47	15.06	2.11	16.00	32.39
Fidelity Spartan S&P 500	35	62	41	49	30	18	41	61

3 YEARS RISK STATISTICS					5 YEARS RISK STATISTICS				
	Standard Deviation	Alpha	Beta	R-Squared		Standard Deviation	Alpha	Beta	R-Squared
Fidelity Spartan S&P 500	15.01	(0.05)	1.00	1.00	Fidelity Sp 500 Idx;Adv	15.26	(0.05)	1.00	1.00
S&P:500	15.00	0.00	1.00	1.00	S&P:500	15.26	0.00	1.00	1.00
CAI MF:Lg Cap Broad Style	16.72	(2.09)	1.08	0.95	CAI MF:Lg Cap Broad Style	16.67	(1.42)	1.06	0.96



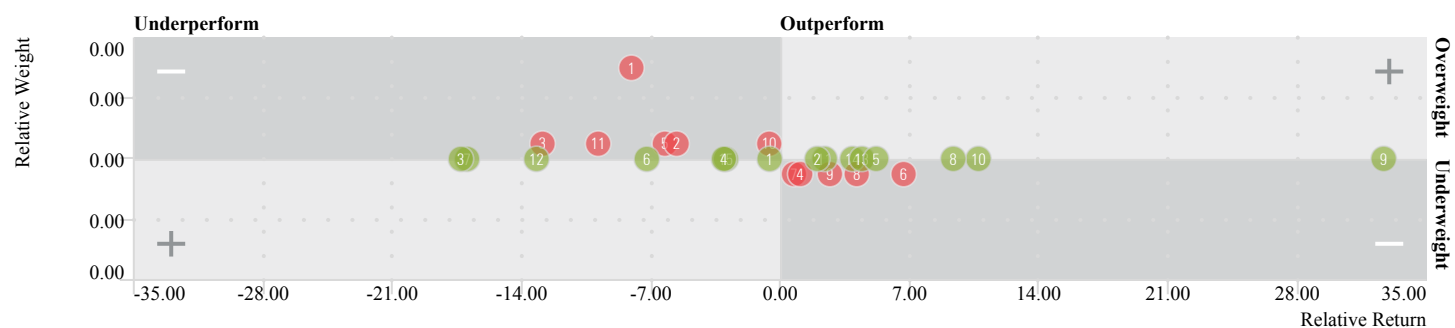
Fidelity S&P 500
Equity Summary Statistics

Equity Portfolio Characteristics			Top Ten Holdings		
	Fidelity	S&P 500	Calculation Benchmark: SPDR S&P 500 Portfolio Date: 6/30/2014		
# of Holdings (Long)	507	501		Portfolio Weighting %	Benchmark Weighting %
Average Market Cap (mil) (Long)	68,354	67,872	Apple Inc	3.13	3.20
Equity Style Factor Div Yld (Long)	2.29	2.34	Exxon Mobil Corporation	2.41	2.47
P/E Ratio (TTM) (Long)	18.59	18.20	Microsoft Corp	1.75	1.79
P/B Ratio (TTM) (Long)	2.66	2.61	Johnson & Johnson	1.65	1.69
Debt to Capital % (trailing) (Long)	35.72	35.80	General Electric Co	1.47	1.50
Net Margin % (trailing) (Long)	14.16	14.26	S&P 500 Index Future Sept14	1.42	
ROA % (TTM) (Long)	8.04	8.11	Wells Fargo & Co	1.41	1.44
ROE % (TTM)	20.56	20.75	Chevron Corp	1.39	1.42
			Berkshire Hathaway Inc Class B	1.27	1.30
			JPMorgan Chase & Co	1.22	1.25

Ten Highest Contributors By Position				Ten Lowest Contributors By Position			
Time Period: 4/1/2014 to 6/30/2014				Time Period: 4/1/2014 to 6/30/2014			
	Rescaled Weight	Return	Contribution		Rescaled Weight	Return	Contribution
Apple Inc	3.10	21.87	0.63	Bank of America Corporation	0.99	-10.58	-0.12
Schlumberger NV	0.78	21.44	0.16	Pfizer Inc	1.17	-6.77	-0.08
Intel Corp	0.78	20.73	0.16	JPMorgan Chase & Co	1.29	-4.49	-0.06
Chevron Corp	1.38	10.74	0.15	International Business Machines Corp	1.11	-5.28	-0.06
Johnson & Johnson	1.68	7.24	0.12	eBay Inc	0.36	-9.38	-0.04
ConocoPhillips	0.54	22.93	0.12	TJX Companies	0.24	-12.11	-0.03
Gilead Sciences Inc	0.70	17.01	0.11	Bristol-Myers Squibb Company	0.49	-5.97	-0.03
Exxon Mobil Corporation	2.57	3.77	0.10	Express Scripts	0.33	-7.67	-0.03
Wells Fargo & Co	1.42	6.42	0.09	Whole Foods Market Inc	0.10	-23.64	-0.03
Coca-Cola Co	0.90	10.40	0.09	Amazon.com Inc	0.70	-3.44	-0.03

Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Xcel Energy Inc	Utilities	0.00	-0.58	0.00	1 Washington Prime ...	Financials	0.00	-8.06	0.00
2 Allstate Corp	Financials	0.00	2.01	0.00	2 Western Digital Corp	Information Techno...	0.00	-5.61	0.00
3 Valero Energy Corp	Energy	0.00	-17.29	0.00	3 CF Industries Holdi...	Materials	0.00	-12.87	0.00
4 Transocean Ltd	Energy	0.00	-3.05	0.00	4 Mylan Inc	Health Care	0.00	1.08	0.00
5 QEP Resources Inc	Energy	0.00	5.19	0.00	5 Thermo Fisher Scie...	Health Care	0.00	-6.25	0.00
6 Range Resources C...	Energy	0.00	-7.23	0.00	6 Estee Lauder Cos L...	Consumer Staples	0.00	6.68	0.00
7 Rowan Companies ...	Energy	0.00	-16.96	0.00	7 Newell Rubbermaid...	Consumer Discretio...	0.00	0.74	0.00
8 Schlumberger NV	Energy	0.00	9.37	0.00	8 Wells Fargo & Co	Financials	0.00	4.14	0.00
9 Williams Companie...	Energy	0.00	32.68	0.00	9 Legg Mason Inc	Financials	0.00	2.69	0.00
10 Pioneer Natural Res...	Energy	0.00	10.73	0.00	10 Home Depot Inc	Consumer Discretio...	0.00	-0.60	0.00
11 ACE Ltd	Financials	0.00	2.41	0.00	11 Raytheon Co	Industrials	0.00	-9.86	0.00
12 Southwestern Energ...	Energy	0.00	-13.20	0.00					
13 Tesoro Corp	Energy	0.00	4.42	0.00					
14 Spectra Energy Corp	Energy	0.00	3.91	0.00					
15 Aflac Inc	Financials	0.00	-2.94	0.00					

Fidelity S&P 500
 Equity Sector Attribution

Attribution/Contribution

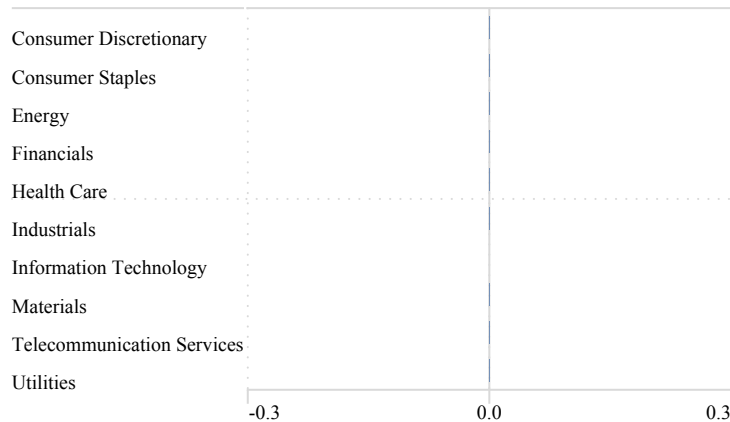
Time Period: 4/1/2014 to 6/30/2014

Portfolio: Fidelity Spartan® 500 Index Advtg® Calculation Benchmark: S&P 500 TR USD

	Portfolio Weights	Benchmark Weights	Portfolio Rescaled Weights	Benchmark Rescaled Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	11.67	11.93	11.93	11.93	3.51	3.51	0.00	0.00	0.00
Consumer Staples	9.54	9.75	9.73	9.73	4.65	4.65	0.00	0.00	0.00
Energy	10.19	10.41	10.42	10.42	12.07	12.07	0.00	0.00	0.00
Financials	15.82	16.17	16.18	16.18	2.28	2.28	0.00	0.00	0.00
Health Care	12.99	13.28	13.28	13.28	4.51	4.51	0.00	0.00	0.00
Industrials	10.47	10.70	10.70	10.70	3.85	3.85	0.00	0.00	0.00
Information Technology	18.27	18.67	18.67	18.67	6.57	6.57	0.00	0.00	0.00
Materials	3.44	3.52	3.52	3.52	5.53	5.53	0.00	0.00	0.00
Telecommunication Services	2.40	2.46	2.46	2.46	3.78	3.78	0.00	0.00	0.00
Utilities	3.04	3.10	3.10	3.10	7.78	7.78	0.00	0.00	0.00
Attribution Total	97.82	100.00	100.00	100.00	5.23	5.23	0.00	0.00	0.00
Cash	0.94	0.00							
Bond	0.07	0.00							
Other	1.17	0.00							
Total	100.00	100.00							
Reported Total					5.22	5.23			
Expense Ratio					0.01	0.00			
Residual(Reported - Attribution + Expense)					0.00	0.00			

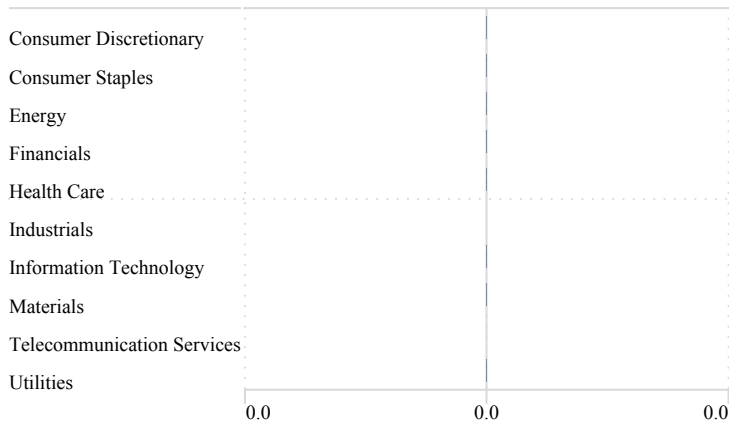
Relative Rescaled Weight

Time Period: 4/1/2014 to 6/30/2014



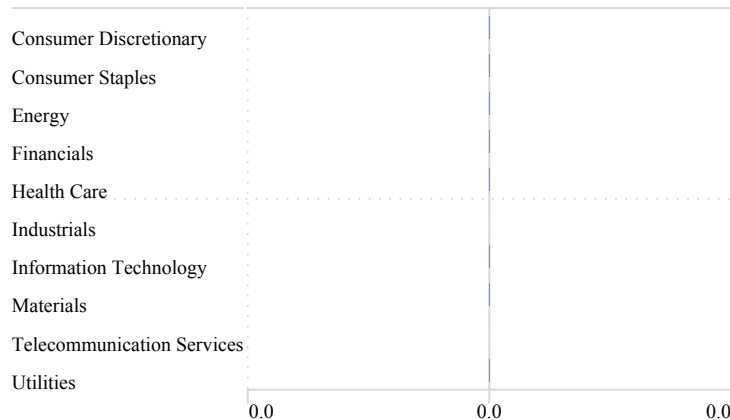
Selection Effect

Time Period: 4/1/2014 to 6/30/2014



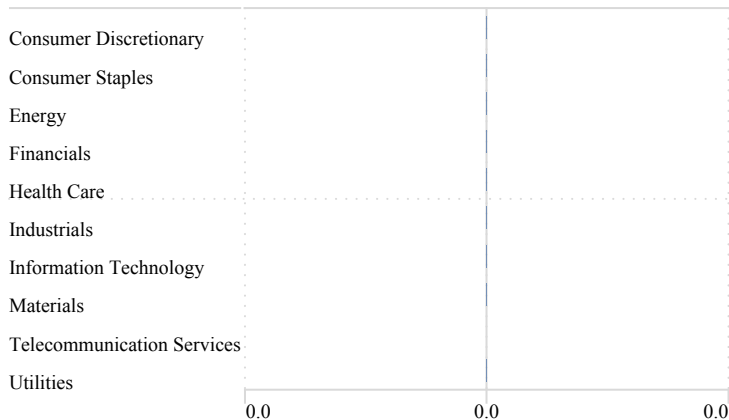
Allocation Effect

Time Period: 4/1/2014 to 6/30/2014



Active Return

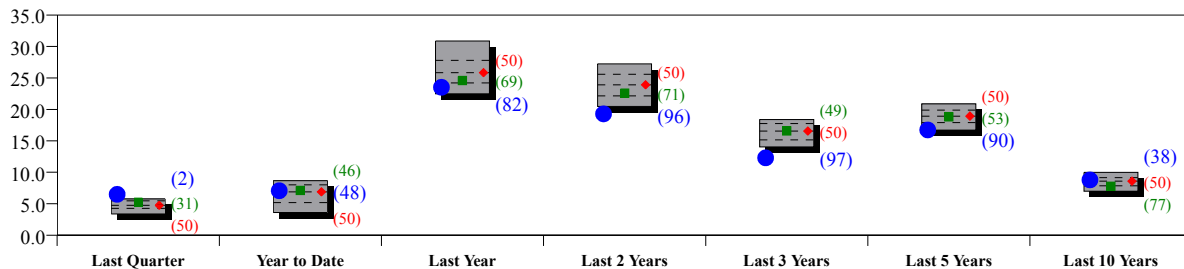
Time Period: 4/1/2014 to 6/30/2014



USI VEBA Trust

Large Cap Equity: Fifth Third Bank

for Periods Ending June 30, 2014
 Group: CAI Large Capitalization Style



CAI:Lg Cap Broad Style

25th Percentile	5.46	8.02	27.81	25.60	17.75	19.90	9.16
Median	4.76	6.89	25.86	23.90	16.56	18.95	8.60
75th Percentile	4.27	5.20	24.20	22.17	15.16	17.91	7.87
Fifth Third Bank (Gross)	6.52	7.08	23.52	19.31	12.31	16.74	8.81
S&P:500	5.23	7.14	24.61	22.59	16.58	18.83	7.78
CAI:Lg Cap Broad Style	4.76	6.89	25.86	23.90	16.56	18.95	8.60

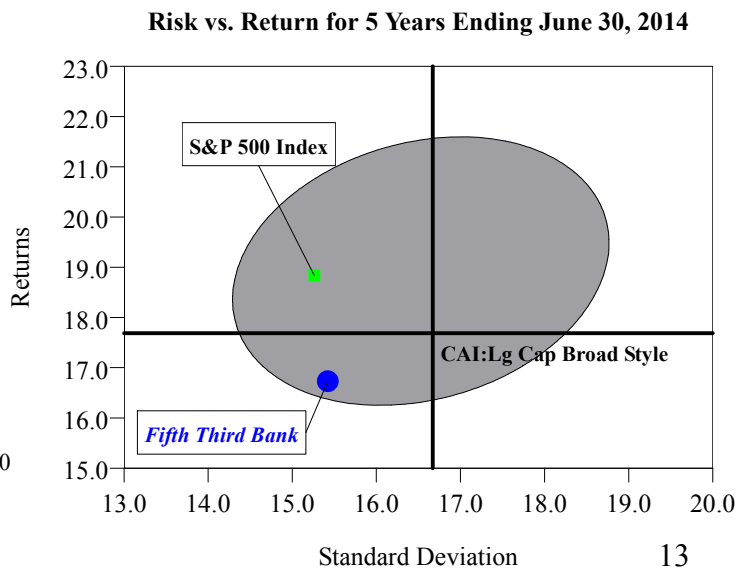
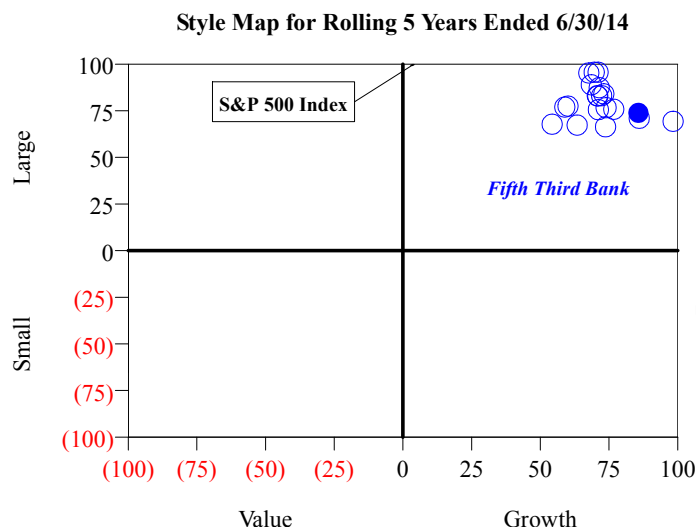
Calendar Year Returns	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fifth Third Bank	11.25	7.15	17.69	(31.41)	30.97	15.01	0.63	11.90	25.95
S&P:500	4.91	15.79	5.49	(37.00)	26.47	15.06	2.11	16.00	32.39
Fifth Third Bank	10	80	16	8	34	30	31	86	96

3 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Fifth Third Bank	14.67	(3.22)	0.96	0.97
S&P:500	15.00	0.00	1.00	1.00
CAI:Lg Cap Broad Style	16.56	(0.92)	1.08	0.96

5 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Fifth Third Bank	15.42	(1.59)	0.99	0.96
S&P:500	15.26	0.00	1.00	1.00
CAI:Lg Cap Broad Style	16.46	(0.69)	1.05	0.96



Fifth Third Bank Equity Summary Statistics

Equity Portfolio Characteristics

	Fifth Third	S&P 500
# of Holdings (Long)	56	501
Average Market Cap (mil) (Long)	52,322	67,872
Equity Style Factor Div Yld (Long)	2.51	2.34
P/E Ratio (TTM) (Long)	17.97	18.20
P/B Ratio (TTM) (Long)	2.71	2.61
Debt to Capital % (trailing) (Long)	38.02	35.80
Net Margin % (trailing) (Long)	13.79	14.26
ROA % (TTM) (Long)	7.59	8.11
ROE % (TTM)	21.20	20.75

Top Ten Holdings

Calculation Benchmark: SPDR S&P 500 Portfolio Date: 6/30/2014

	Portfolio Weighting %	Benchmark Weighting %
WisdomTree DEFA Equity Income ETF	5.80	
Deere & Co	5.65	0.19
Freeport-McMoRan Inc	4.80	0.22
Duke Energy Corporation	3.32	0.30
Celgene Corp	3.09	0.39
Vanguard Div Appreciation ETF	3.09	
U.S. Bancorp	2.98	0.45
Novartis AG ADR	2.63	
Danaher Corp	2.59	0.27
McKesson Corp	2.51	0.25

Ten Highest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Gilead Sciences Inc	6.14	17.01	0.98
Celgene Corp	3.83	23.04	0.86
Apple Inc	2.55	21.87	0.52
National Oilwell Varco Inc	2.09	18.05	0.38
Dover Corp	3.19	11.73	0.37
SBA Communications Corp	2.58	12.47	0.32
WisdomTree DEFA Equity Income	6.81	4.56	0.31
ConocoPhillips	1.23	22.93	0.27
Alliant Energy Corp	3.03	8.07	0.24
Windstream Holdings, Inc.	0.98	23.95	0.22

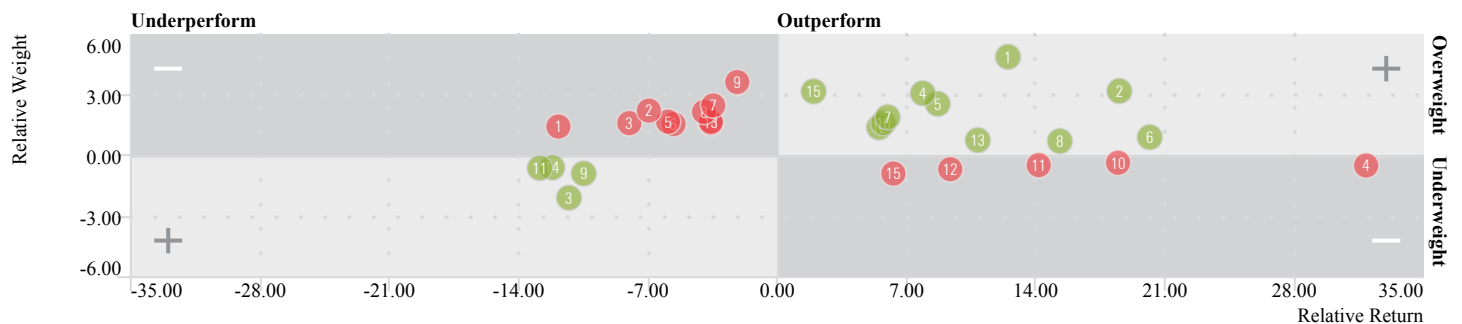
Ten Lowest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
International Business Machines Corp	2.10	-5.28	-0.11
East West Bancorp Inc	1.69	-3.64	-0.07
Amgen Inc	2.54	-3.50	-0.10
Amazon.com Inc	2.54	-3.44	-0.09
Thermo Fisher Scientific Inc	0.87	-1.74	-0.02
United Technologies Corp	0.64	-0.69	0.00
Emerson Electric Co	1.32	-0.02	0.00
Deere & Co	2.72	0.39	0.01
Qualcomm Inc	2.04	0.96	0.02
CVS Caremark Corp	1.92	1.06	0.02

Stock Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Gilead Sciences Inc	Health Care	4.90	12.50	0.58	1 International Busin...	Information Techno...	1.45	-11.85	-0.17
2 Celgene Corp	Health Care	3.21	18.53	0.57	2 Amazon.com Inc	Consumer Discretio...	2.24	-6.95	-0.17
3 Pfizer Inc	Health Care	-2.07	-11.28	0.25	3 Amgen Inc	Health Care	1.62	-8.01	-0.14
4 Dover Corp	Industrials	3.10	7.88	0.24	4 Allergan Inc	Health Care	-0.48	31.89	-0.12
5 SBA Communicati...	Telecommunication...	2.58	8.69	0.23	5 East West Bancorp ...	Financials	1.69	-5.91	-0.11
6 Windstream Holdin...	Telecommunication...	0.92	20.17	0.18	6 Qualcomm Inc	Information Techno...	1.57	-5.61	-0.09
7 National Oilwell V...	Energy	1.92	5.98	0.11	7 Deere & Co	Industrials	2.50	-3.47	-0.09
8 Apple Inc	Information Techno...	0.73	15.30	0.10	8 Accenture	Information Techno...	2.18	-3.96	-0.09
9 Bristol-Myers Squi...	Health Care	-0.87	-10.48	0.10	9 Ecolab Inc	Materials	3.65	-2.16	-0.08
10 Coca-Cola Co	Consumer Staples	1.63	5.75	0.09	10 Covidien PLC	Health Care	-0.34	18.46	-0.07
11 Bank of America C...	Financials	-0.60	-12.86	0.09	11 Intel Corp	Information Techno...	-0.46	14.16	-0.06
12 Atmel Corp	Information Techno...	1.41	5.51	0.08	12 Schlumberger NV	Energy	-0.66	9.37	-0.06
13 ConocoPhillips	Energy	0.78	10.86	0.08	13 Occidental Petroleu...	Energy	1.68	-3.59	-0.06
14 Express Scripts	Health Care	-0.58	-12.18	0.07	14 CVS Caremark Corp	Consumer Staples	1.62	-3.59	-0.06
15 Novartis AG ADR	Health Care	3.19	1.97	0.06	15 AbbVie Inc	Health Care	-0.88	6.29	-0.05

Fifth Third Bank Equity Sector Attribution

Attribution/Contribution

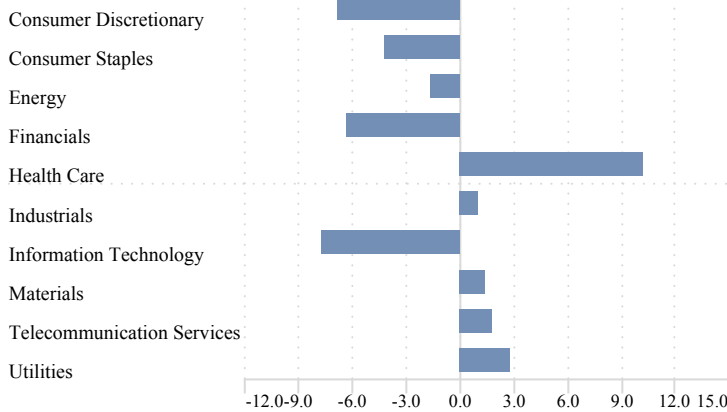
Time Period: 4/1/2014 to 6/30/2014

Portfolio: Fifth Third (VEBA) Calculation Benchmark: S&P 500 TR USD

	Portfolio Weights	Benchmark Weights	Portfolio Rescaled Weights	Benchmark Rescaled Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	4.74	11.93	5.13	11.93	-0.04	3.51	0.12	-0.19	-0.07
Consumer Staples	5.13	9.75	5.55	9.73	5.85	4.65	0.02	0.07	0.09
Energy	8.13	10.41	8.80	10.42	12.33	12.07	-0.10	0.02	-0.08
Financials	9.10	16.17	9.84	16.18	2.49	2.28	0.19	0.02	0.21
Health Care	21.72	13.28	23.49	13.28	9.70	4.51	-0.07	1.21	1.14
Industrials	10.86	10.70	11.75	10.70	5.38	3.85	-0.01	0.18	0.17
Information Technology	10.13	18.67	10.96	18.67	6.24	6.57	-0.10	-0.04	-0.14
Materials	4.58	3.52	4.95	3.52	5.04	5.53	0.00	-0.03	-0.02
Telecommunication Services	3.92	2.46	4.24	2.46	13.29	3.78	-0.03	0.40	0.37
Utilities	5.47	3.10	5.92	3.10	6.54	7.78	0.07	-0.07	0.00
Unclassified	8.66	0.00	9.37	0.00	5.18		0.00	0.00	0.00
Attribution Total	92.43	100.00	100.00	100.00	6.89	5.23	0.08	1.57	1.65
Other	4.25	0.00							
Unidentified	3.32	0.00							
Total	100.00	100.00							
Reported Total						5.23			
Residual(Reported - Attribution Total)									0.00

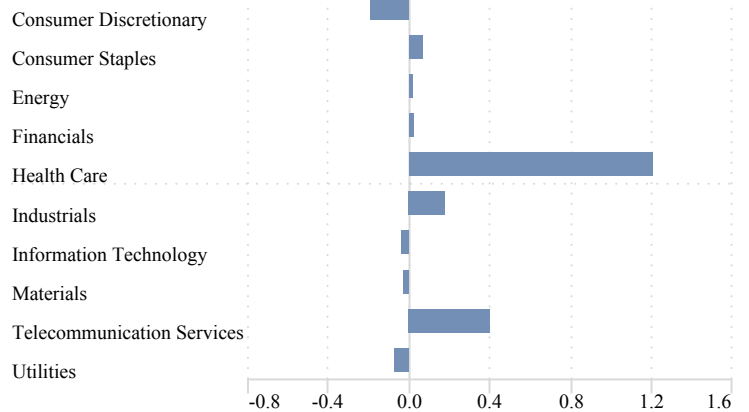
Relative Rescaled Weight

Time Period: 4/1/2014 to 6/30/2014



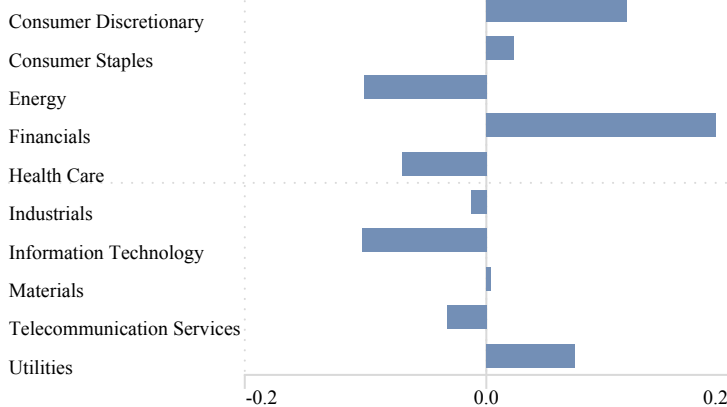
Selection Effect

Time Period: 4/1/2014 to 6/30/2014



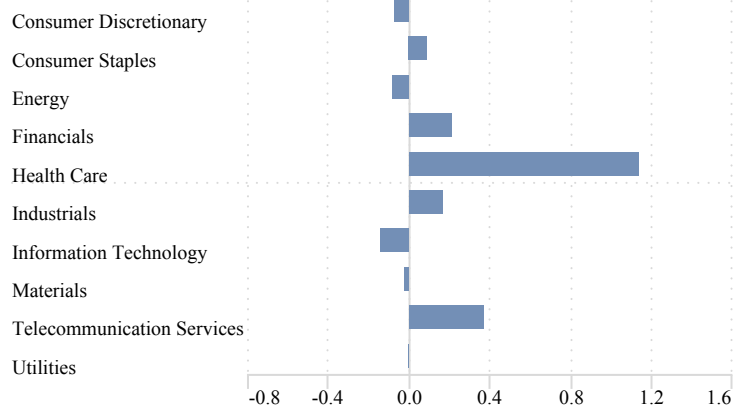
Allocation Effect

Time Period: 4/1/2014 to 6/30/2014



Active Return

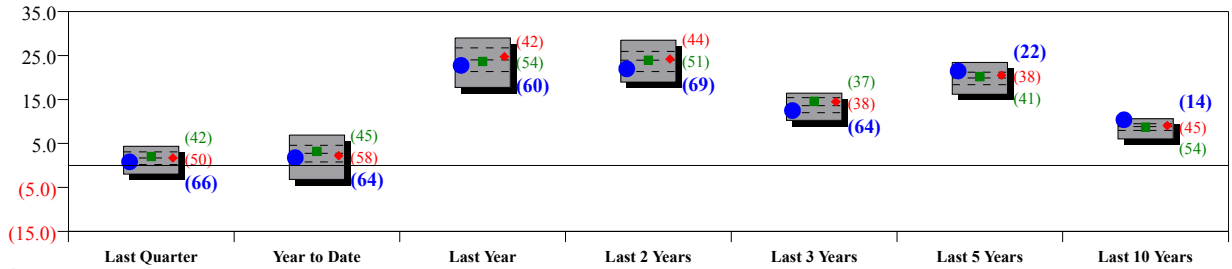
Time Period: 4/1/2014 to 6/30/2014



USI VEBA Trust

Small Cap Equity: Ivy Small-Cap Growth

for Periods Ending June 30, 2014
 Group: CAI MF - Small Cap Broad Style



CAI MF:Sm Cap Broad Style

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
25th Percentile	3.10	4.58	26.76	25.95	15.40	21.22	9.50
Median	1.71	2.75	24.00	23.94	13.59	19.91	8.83
75th Percentile	0.21	0.78	21.34	21.34	12.02	18.38	7.99
Ivy Small Cap Growth	0.81	1.77	22.76	21.97	12.48	21.48	10.40
Russell:2000 Index	2.05	3.19	23.64	23.92	14.57	20.21	8.70
Russell:2000 Growth	1.72	2.22	24.73	24.20	14.49	20.50	9.04

Calendar Year Returns	2005	2006	2007	2008	2009	2010	2011	2012	2013
Ivy Small Cap Growth	12.77	6.50	7.95	(37.61)	43.23	35.77	(4.97)	15.31	41.03
Russell:2000 Index	4.55	18.37	(1.57)	(33.79)	27.17	26.85	(4.18)	16.35	38.82
Ivy Small Cap Growth	14	89	31	42	30	4	63	42	44

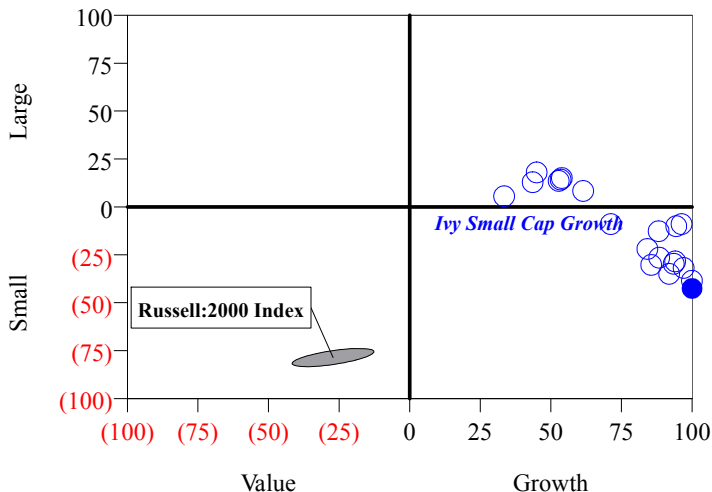
3 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Ivy Small Cap Growth	19.78	(1.51)	0.98	0.95
Russell:2000 Index	19.80	0.00	1.00	1.00
CAI MF:Sm Cap Growth Style	21.75	(1.53)	1.07	0.94

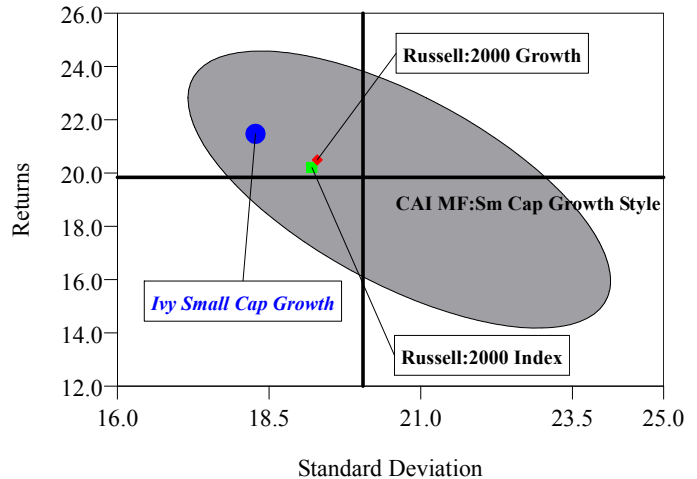
5 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Ivy Small Cap Growth	18.28	2.57	0.92	0.94
Russell:2000 Index	19.21	0.00	1.00	1.00
CAI MF:Sm Cap Growth Style	20.05	(0.33)	1.02	0.93

Style Map for Rolling 5 Years Ended 6/30/14



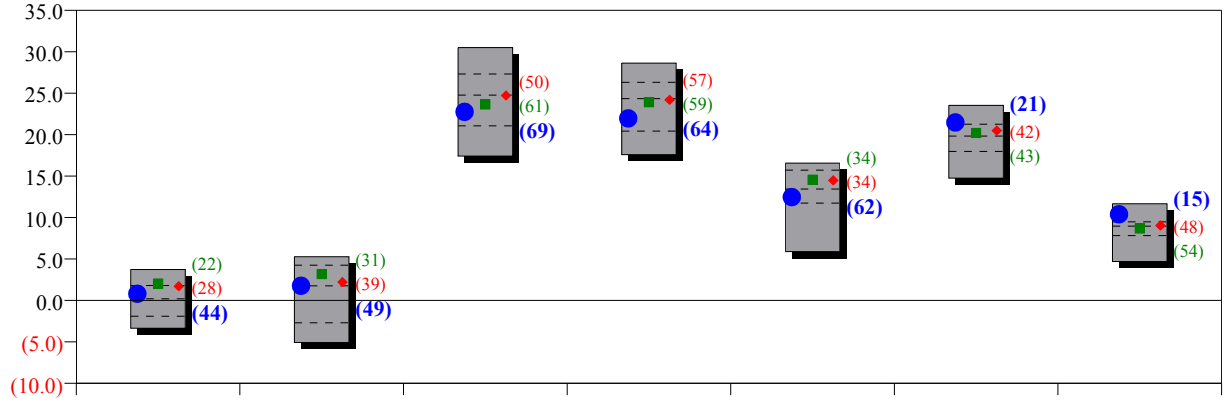
Risk vs. Return for 5 Years Ending June 30, 2014



USI VEBA Trust

Small Cap Equity: Ivy Small-Cap Growth (Cont.)

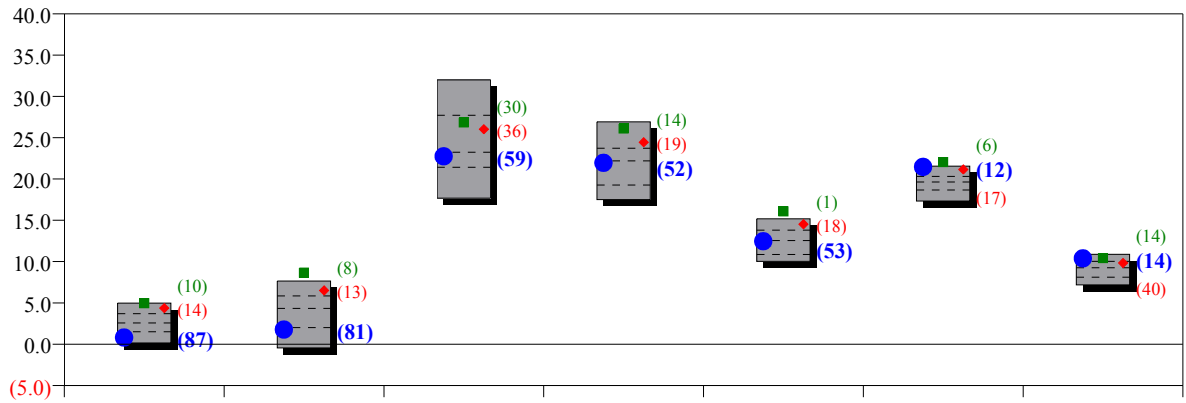
for Periods Ending June 30, 2014
 Group: CAI MF- Small Cap Growth Style



CAI MF:Sm Cap Growth Style

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
25th Percentile	1.82	4.27	27.32	26.33	15.73	21.26	9.48
Median	0.21	1.76	24.77	24.36	13.44	19.84	8.96
75th Percentile	(1.90)	(2.69)	21.06	20.43	11.75	17.98	7.83
<i>Ivy Small Cap Growth</i>	0.81	1.77	22.76	21.97	12.48	21.48	10.40
Russell:2000 Index	2.05	3.19	23.64	23.92	14.57	20.21	8.70
Russell:2000 Growth	1.72	2.22	24.73	24.20	14.49	20.50	9.04

for Periods Ending June 30, 2014
 Group: CAI MF - Mid Cap Growth Style



CAI MF:Mid Cap Growth Style

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
25th Percentile	3.70	5.85	27.73	23.74	13.81	20.32	10.03
Median	2.59	4.34	23.25	22.21	12.56	19.64	9.26
75th Percentile	1.51	2.02	21.43	19.28	10.86	18.68	8.12
<i>Ivy Small Cap Growth</i>	0.81	1.77	22.76	21.97	12.48	21.48	10.40
Russell:Midcap Index	4.97	8.67	26.85	26.13	16.09	22.07	10.43
Russell:Midcap Growth	4.37	6.51	26.04	24.45	14.54	21.16	9.83

Ivy Small Cap Equity Summary Statistics

Equity Portfolio Characteristics

	Ivy Small Cap	Russell 2000 Growth
# of Holdings (Long)	90	1,163
Average Market Cap (mil) (Long)	2,152	1,512
Equity Style Factor Div Yld (Long)	0.40	0.60
P/E Ratio (TTM) (Long)	28.02	24.76
P/B Ratio (TTM) (Long)	3.88	3.85
Debt to Capital % (trailing) (Long)	29.04	36.26
Net Margin % (trailing) (Long)	5.73	4.89
ROA % (TTM) (Long)	3.90	1.22
ROE % (TTM)	10.08	9.11

Ten Highest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Lithia Motors Inc Class A	1.80	41.86	0.65
Micros Systems Inc	1.44	28.28	0.39
Asbury Automotive Group Inc	1.83	24.28	0.39
Hub Group Inc Class A	1.69	26.03	0.38
EPAM Systems Inc	1.21	32.98	0.36
OpenTable Inc	0.75	34.67	0.27
Vail Resorts Inc	2.34	11.33	0.25
Demandware Inc	2.33	8.29	0.20
Westinghouse Air Brake Technologies Corp	2.78	6.62	0.18
Diamondback Energy Inc	0.57	31.93	0.16

Top Ten Holdings

Calculation Benchmark: iShares Russell 2000 Growth Portfolio Date: 6/30/2014

	Portfolio Weighting %	Benchmark Weighting %
SVB Financial Group	2.97	
Demandware Inc	2.58	0.24
Ultimate Software Group Inc	2.58	0.45
Vail Resorts Inc	2.41	0.32
Portfolio Recovery Associates Inc	2.37	0.34
Matrix Service Co	2.32	0.10
Bank of the Ozarks Inc	2.21	0.30
Cepheid	2.16	0.38
Lithia Motors Inc Class A	2.14	0.24
Jack Henry & Associates, Inc	2.10	

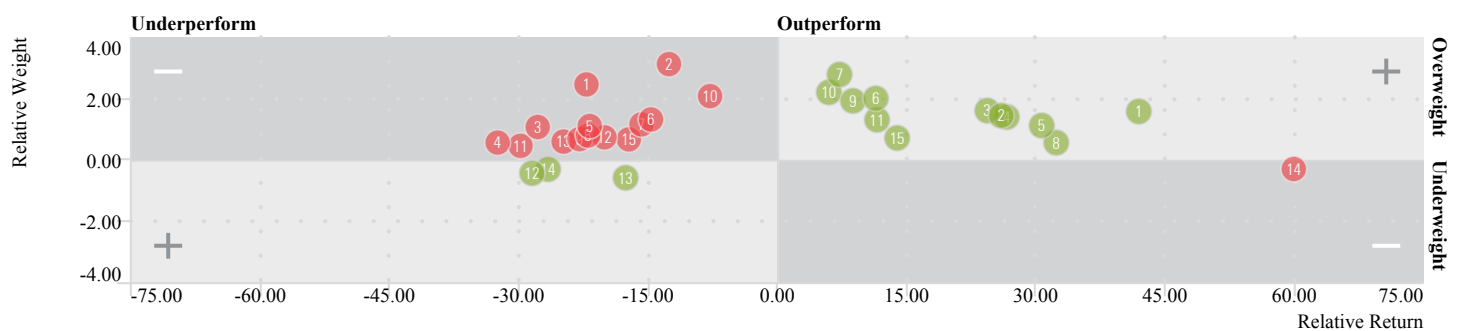
Ten Lowest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
SVB Financial Group	3.12	-9.44	-0.32
Finisar Corp	1.07	-25.50	-0.27
Medidata Solutions Inc	0.93	-21.22	-0.24
ChannelAdvisor Corp	0.58	-30.15	-0.23
Chuy's Holdings Inc	1.24	-15.86	-0.22
Power Integrations Inc	1.51	-12.35	-0.22
Stage Stores Inc	0.67	-23.04	-0.18
Cepheid	2.26	-7.06	-0.17
Rocket Fuel Inc	0.47	-27.50	-0.16
Qlik Technologies Inc	0.91	-14.93	-0.15

Stock Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Lithia Motors Inc C...	Consumer Discretio...	1.58	41.96	0.59	1 Matrix Service Co	Energy	2.46	-22.14	-0.53
2 Micros Systems Inc	Information Techno...	1.44	25.99	0.36	2 SVB Financial Group	Financials	3.12	-12.56	-0.44
3 Asbury Automotive...	Consumer Discretio...	1.60	24.38	0.35	3 Finisar Corp	Information Techno...	1.07	-27.79	-0.30
4 Hub Group Inc Clas...	Industrials	1.40	26.64	0.34	4 ChannelAdvisor Corp	Information Techno...	0.56	-32.44	-0.23
5 EPAM Systems Inc	Information Techno...	1.12	30.69	0.30	5 DriI-Quip Inc	Energy	1.10	-21.76	-0.23
6 Vail Resorts Inc	Consumer Discretio...	2.00	11.43	0.22	6 Power Integrations ...	Information Techno...	1.31	-14.64	-0.21
7 Westinghouse Air ...	Industrials	2.78	7.23	0.20	7 Chuy's Holdings Inc	Consumer Discretio...	1.15	-15.76	-0.21
8 OpenTable Inc	Information Techno...	0.56	32.38	0.19	8 Medidata Solutions ...	Health Care	0.79	-21.96	-0.20
9 Landstar System Inc	Industrials	1.92	8.78	0.16	9 Stage Stores Inc	Consumer Discretio...	0.67	-22.94	-0.18
10 Demandware Inc	Information Techno...	2.20	6.00	0.15	10 Cepheid	Health Care	2.08	-7.79	-0.17
11 Waste Connections ...	Industrials	1.30	11.58	0.15	11 Rocket Fuel Inc	Information Techno...	0.45	-29.79	-0.16
12 MasTec Inc	Industrials	-0.44	-28.45	0.14	12 Texas Capital Banc...	Financials	0.73	-20.04	-0.16
13 CoStar Group Inc	Information Techno...	-0.59	-17.59	0.11	13 Rubicon Technolog...	Information Techno...	0.59	-24.79	-0.16
14 CommVault Syste...	Information Techno...	-0.31	-26.59	0.10	14 Zillow Inc	Information Techno...	-0.30	59.95	-0.15
15 Zumiez Inc	Consumer Discretio...	0.71	13.92	0.09	15 Qlik Technologies L...	Information Techno...	0.66	-17.22	-0.12

Ivy Small Cap Equity Sector Attribution

Attribution/Contribution

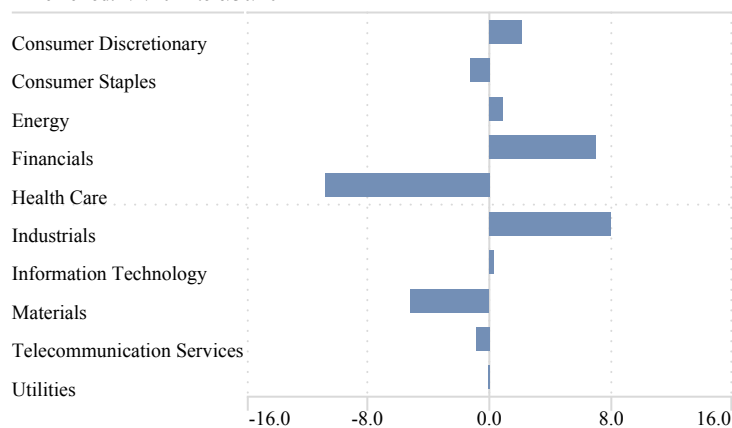
Time Period: 4/1/2014 to 6/30/2014

Portfolio: Ivy Small Cap Growth I Calculation Benchmark: iShares Russell 2000 Growth

	Portfolio Weights	Benchmark Weights	Portfolio Rescaled Weights	Benchmark Rescaled Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	16.70	15.55	17.75	15.58	3.57	-0.10	-0.05	0.65	0.60
Consumer Staples	3.52	5.02	3.75	5.04	-2.56	1.60	0.00	-0.15	-0.16
Energy	4.57	3.98	4.85	3.98	3.22	19.21	0.16	-0.74	-0.58
Financials	13.59	7.42	14.45	7.44	-2.39	3.12	0.12	-0.86	-0.73
Health Care	9.86	21.32	10.48	21.31	-6.09	0.74	0.10	-0.74	-0.64
Industrials	22.53	15.89	23.94	15.93	4.80	-0.61	-0.23	1.29	1.06
Information Technology	23.31	24.45	24.78	24.51	1.03	2.29	-0.02	-0.29	-0.31
Materials	0.00	5.21	0.00	5.21		3.97	-0.11	0.00	-0.11
Telecommunication Services	0.00	0.88	0.00	0.89		-3.71	0.05	0.00	0.05
Utilities	0.00	0.12	0.00	0.12		4.31	0.00	0.00	0.00
Attribution Total	94.08	99.85	100.00	100.00	1.01	1.83	0.01	-0.83	-0.82
Cash	1.25	0.00							
Bond	0.03	0.00							
Other	4.64	0.15							
Missing Performance	0.00	0.01							
Total	100.00	100.00							
Reported Total					0.81	1.73			
Expense Ratio					0.27	0.06			
Residual(Reported - Attribution + Expense)					0.07	-0.04			

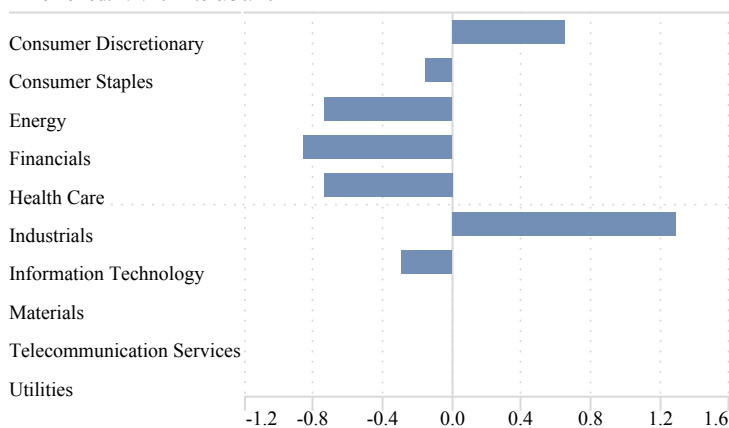
Relative Rescaled Weight

Time Period: 4/1/2014 to 6/30/2014



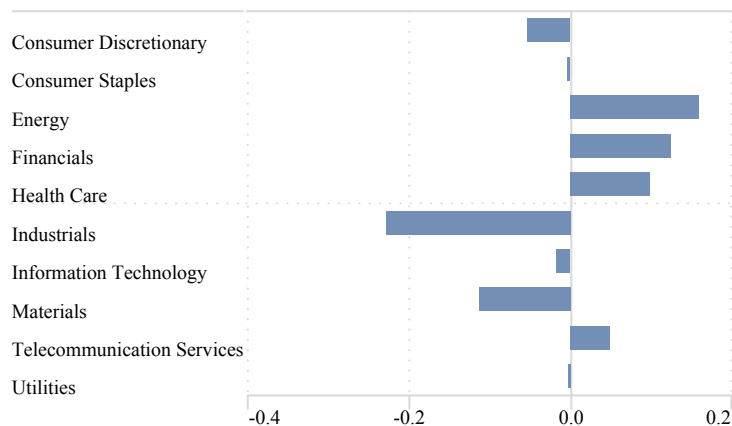
Selection Effect

Time Period: 4/1/2014 to 6/30/2014



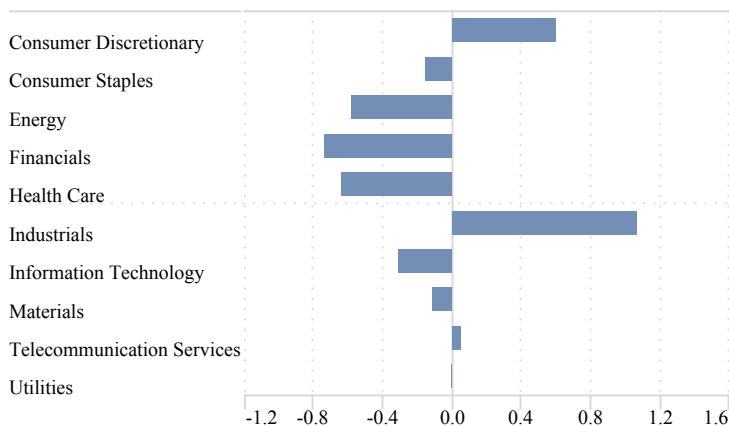
Allocation Effect

Time Period: 4/1/2014 to 6/30/2014



Active Return

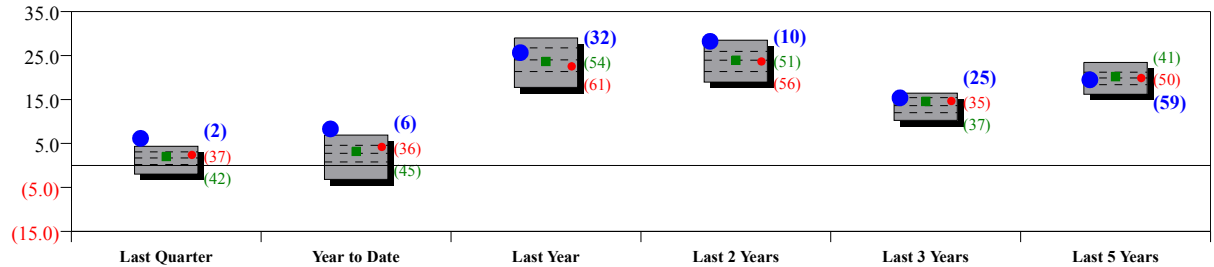
Time Period: 4/1/2014 to 6/30/2014



USI VEBA Trust

Small Cap Equity: Diamond Hill

for Periods Ending June 30, 2014
 Group: CAI MF - Small Cap Broad Style



CAI MF:Sm Cap Broad Style

	Last Quarter	Year to Date	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
25th Percentile	3.10	4.58	26.76	25.95	15.40	21.22
Median	1.71	2.75	24.00	23.94	13.59	19.91
75th Percentile	0.21	0.78	21.34	21.34	12.02	18.38
Diamond Hill Small Cap	6.16	8.31	25.65	28.23	15.39	19.48
Russell:2000 Index	2.05	3.19	23.64	23.92	14.57	20.21
Russell:2000 Value	2.38	4.20	22.54	23.65	14.65	19.88

Calendar Year Returns	2006	2007	2008	2009	2010	2011	2012	2013
Diamond Hill Small Cap	7.48	(3.41)	(25.69)	29.43	23.39	(6.91)	13.17	40.08
Russell:2000 Index	18.37	(1.57)	(33.79)	27.17	26.85	(4.18)	16.35	38.82
Diamond Hill Small Cap	84	73	3	70	70	70	61	48

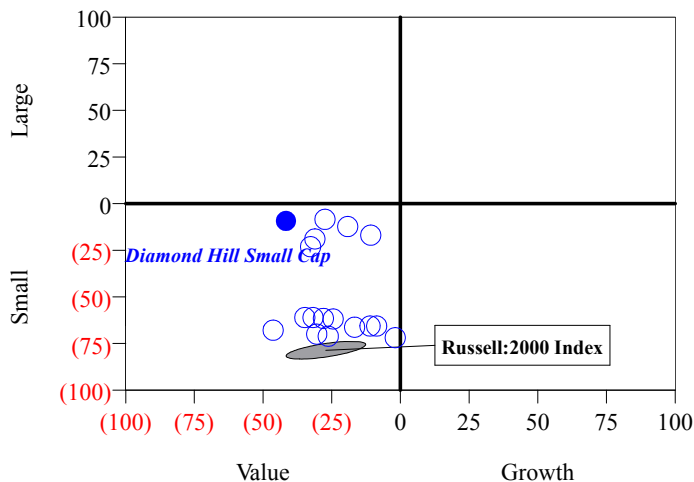
3 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Diamond Hill Small Cap	17.75	2.56	0.86	0.92
Russell:2000 Index	19.80	0.00	1.00	1.00
CAI MF:Sm Cap Broad Style	20.31	(0.65)	1.01	0.96

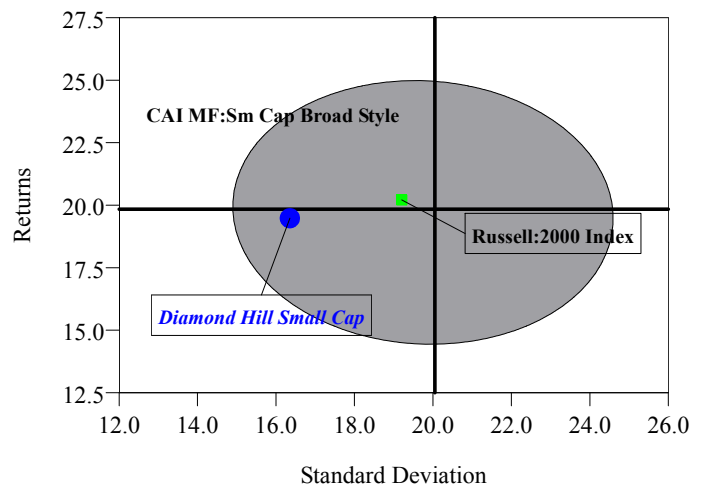
5 YEARS RISK STATISTICS

	Standard Deviation	Alpha	Beta	R-Squared
Diamond Hill Small Cap	16.35	2.54	0.82	0.93
Russell:2000 Index	19.21	0.00	1.00	1.00
CAI MF:Sm Cap Broad Style	19.41	0.07	0.98	0.95

Style Map for Rolling 5 Years Ended 6/30/14



Risk vs. Return for 5 Years Ending June 30, 2014



Diamond Hill Small Cap Equity Summary Statistics

Equity Portfolio Characteristics

	Diamond Hill	Russell 2000 Value
# of Holdings (Long)	70	1,321
Average Market Cap (mil) (Long)	2,874	1,242
Equity Style Factor Div Yld (Long)	1.48	2.06
P/E Ratio (TTM) (Long)	16.21	17.44
P/B Ratio (TTM) (Long)	1.83	1.44
Debt to Capital % (trailing) (Long)	39.19	34.39
Net Margin % (trailing) (Long)	11.09	8.93
ROA % (TTM) (Long)	4.08	1.69
ROE % (TTM)	12.09	5.93

Top Ten Holdings

Calculation Benchmark: iShares Russell 2000 Value Portfolio Date: 6/30/2014

	Portfolio Weighting %	Benchmark Weighting %
Avis Budget Group Inc	4.40	
Rosetta Resources Inc	3.01	0.33
iStar Financial Inc	2.71	0.14
Navigators Group	2.61	0.08
HCC Insurance Holdings Inc	2.52	
Cimarex Energy Co	2.45	
Popular Inc	2.42	
Trinity Industries Inc	2.24	
Steiner Leisure Ltd	2.23	0.07
DST Systems, Inc.	2.21	

Ten Highest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Avis Budget Group Inc	5.27	22.57	1.11
Rosetta Resources Inc	3.39	17.75	0.61
Cimarex Energy Co	2.74	20.59	0.56
Trinity Industries Inc	2.62	21.60	0.53
Hub Group Inc Class A	1.95	26.03	0.47
Energizer Holdings Inc	1.74	21.67	0.40
Whiting Petroleum Corp	2.50	15.65	0.38
Winthrop Realty Trust Inc	1.20	33.85	0.36
Carrizo Oil & Gas Inc	1.21	29.55	0.35
Aaron's Inc	1.84	17.93	0.32

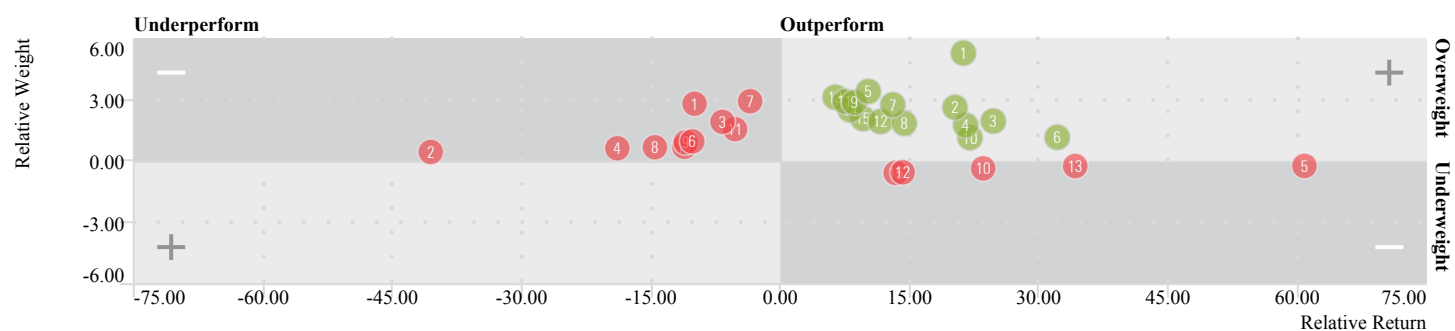
Ten Lowest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Liquidity Service Inc	0.44	-39.50	-0.23
Steiner Leisure Ltd	2.86	-6.40	-0.18
Hyster-Yale Materials Handling Inc Class A	0.96	-8.90	-0.09
Contango Oil & Gas Co	0.73	-11.37	-0.08
Carter's Inc	0.67	-11.00	-0.08
DST Systems, Inc.	2.92	-2.44	-0.07
Callaway Golf Co	0.31	-18.49	-0.07
Global Sources Ltd	0.71	-7.59	-0.06
Endurance Specialty Holdings Ltd	1.55	-3.53	-0.06
Natus Medical Inc	1.97	-2.56	-0.05

Stock Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Avis Budget Group ...	Industrials	5.27	21.26	1.08	1 Steiner Leisure Ltd	Consumer Discretio...	2.80	-9.94	-0.30
2 Trinity Industries Inc	Industrials	2.62	20.29	0.50	2 Liquidity Service Inc	Information Techno...	0.44	-40.55	-0.24
3 Hub Group Inc Clas...	Industrials	1.95	24.72	0.45	3 Natus Medical Inc	Health Care	1.91	-6.70	-0.13
4 Energizer Holdings ...	Consumer Staples	1.74	21.52	0.43	4 Contango Oil & Ga...	Energy	0.62	-18.91	-0.12
5 Rosetta Resources I...	Energy	3.39	10.22	0.34	5 Halcon Resources ...	Energy	-0.25	60.83	-0.12
6 Winthrop Realty Tr...	Financials	1.16	32.14	0.34	6 Hyster-Yale Materi...	Industrials	0.96	-10.21	-0.11
7 Cimarex Energy Co	Energy	2.74	13.06	0.34	7 DST Systems, Inc.	Information Techno...	2.92	-3.49	-0.10
8 Aaron's Inc	Consumer Discretio...	1.84	14.39	0.26	8 Carter's Inc	Consumer Discretio...	0.67	-14.54	-0.10
9 Popular Inc	Financials	2.85	8.59	0.25	9 ITC Holdings Corp	Utilities	0.91	-10.97	-0.10
10 Carrizo Oil & Gas I...	Energy	1.14	22.02	0.24	10 JetBlue Airways Co...	Industrials	-0.37	23.55	-0.09
11 Navigators Group	Financials	2.91	7.51	0.23	11 Endurance Specialt...	Financials	1.55	-5.23	-0.08
12 Broadridge Financi...	Information Techno...	1.93	11.64	0.22	12 Rite Aid Corp	Consumer Staples	-0.56	14.21	-0.08
13 HCC Insurance Hol...	Financials	3.12	6.38	0.20	13 Office Depot Inc	Consumer Discretio...	-0.25	34.23	-0.08
14 Whiting Petroleum ...	Energy	2.50	8.12	0.20	14 Global Sources Ltd	Consumer Discretio...	0.69	-11.13	-0.08
15 Tenneco Inc	Consumer Discretio...	2.07	9.60	0.19	15 WellCare Health Pl...	Health Care	-0.59	13.40	-0.07

Diamond Hill Small Cap Equity Sector Attribution

Attribution/Contribution

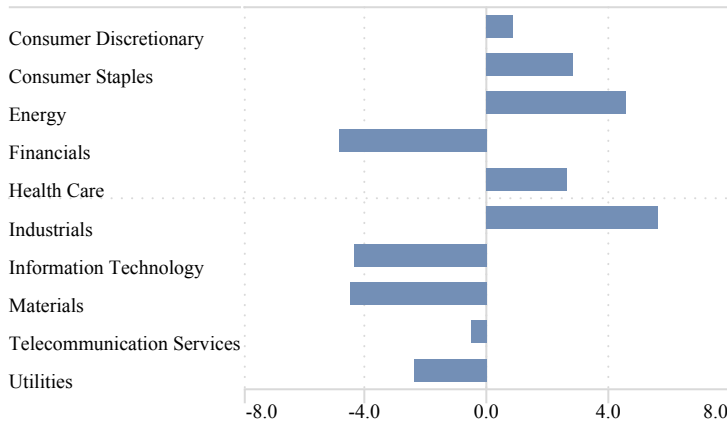
Time Period: 4/1/2014 to 6/30/2014

Portfolio: Diamond Hill Small Cap I Calculation Benchmark: iShares Russell 2000 Value

	Portfolio Weights	Benchmark Weights	Portfolio Rescaled Weights	Benchmark Rescaled Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	8.83	10.04	10.89	10.00	4.65	3.54	0.01	0.12	0.13
Consumer Staples	4.35	2.49	5.36	2.51	10.35	0.14	-0.05	0.59	0.54
Energy	10.00	7.73	12.33	7.74	15.65	7.53	0.24	0.97	1.21
Financials	28.37	39.66	34.97	39.83	5.04	1.71	0.05	1.18	1.22
Health Care	5.99	4.69	7.38	4.71	6.68	4.14	0.04	0.18	0.23
Industrials	15.42	13.29	19.01	13.36	12.78	1.31	-0.08	2.15	2.08
Information Technology	4.85	10.37	5.98	10.36	-0.93	1.05	0.07	-0.12	-0.05
Materials	0.00	4.52	0.00	4.51		-0.65	0.15	0.00	0.15
Telecommunication Services	0.00	0.51	0.00	0.52		-1.93	0.02	0.00	0.02
Utilities	3.31	6.43	4.08	6.46	10.42	9.03	-0.15	0.06	-0.10
Attribution Total	81.13	99.74	100.00	100.00	8.05	2.61	0.31	5.13	5.44
Cash	18.65	0.11							
Other	0.00	0.00							
Missing Performance	0.22	0.14							
Total	100.00	100.00							
Reported Total					6.16				
Expense Ratio					0.28	0.00			
Residual(Reported - Attribution + Expense)					-1.61				

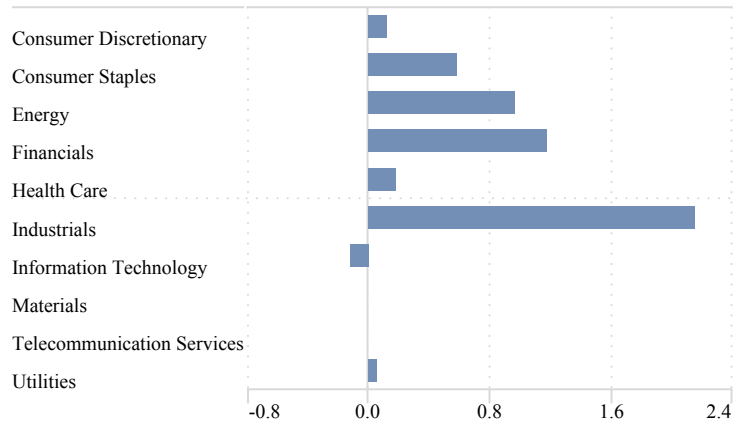
Relative Rescaled Weight

Time Period: 4/1/2014 to 6/30/2014



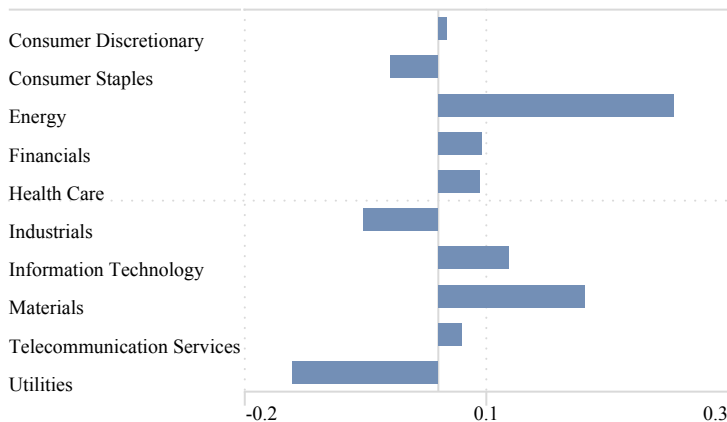
Selection Effect

Time Period: 4/1/2014 to 6/30/2014



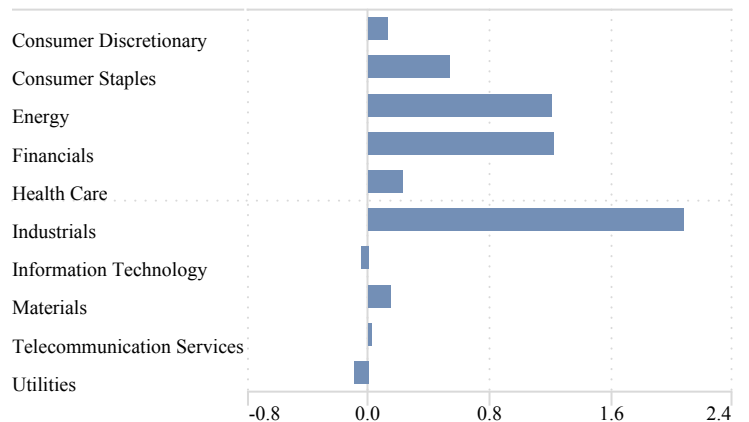
Allocation Effect

Time Period: 4/1/2014 to 6/30/2014



Active Return

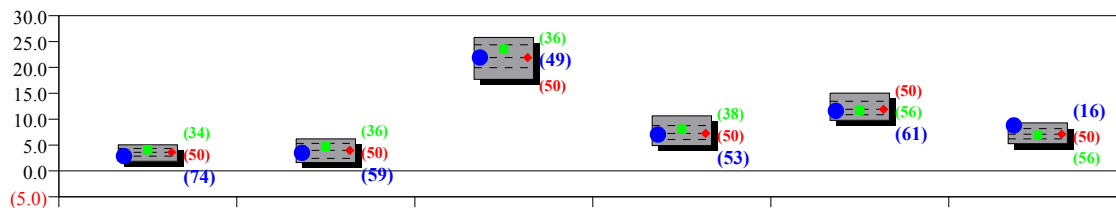
Time Period: 4/1/2014 to 6/30/2014



USI VEBA Trust

International Equity: Europacific Growth Fund

for Periods Ended June 30, 2014
 Group: CAI MF - Non-US Equity Style



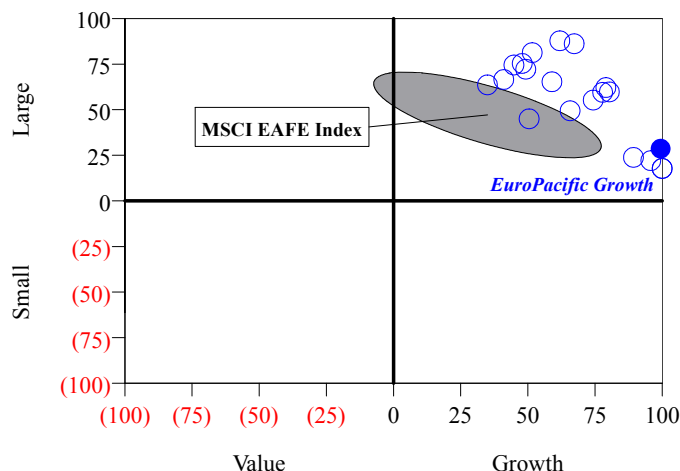
CAI MF: Intl Eq Non US Style

	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
25th Percentile	4.32	5.33	24.39	8.77	13.47	8.17
Median	3.61	3.97	21.90	7.25	11.91	7.10
75th Percentile	2.88	2.42	19.96	6.06	10.85	6.20
<i>American Funds EuPc;A</i>	● 2.88	3.51	21.94	7.03	11.61	8.80
<i>MSCI:EAFE US\$</i>	■ 4.09	4.78	23.57	8.10	11.77	6.93
<i>CAI MF: Intl Eq Non US Style</i>	◆ 3.61	3.97	21.90	7.25	11.91	7.10

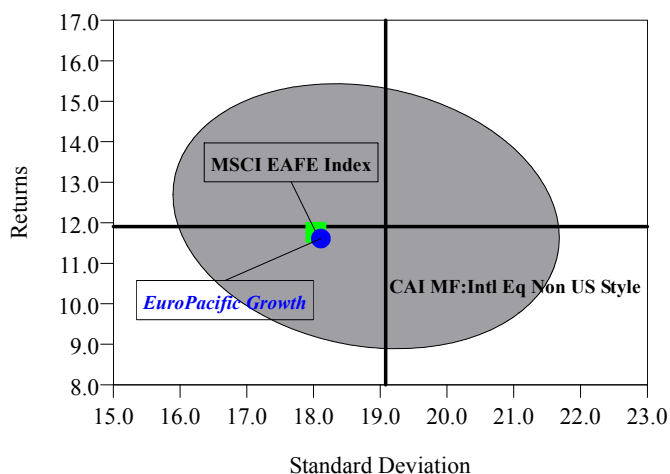
Calendar Year Returns	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>American Funds EuPc;A</i>	21.12	21.87	18.95	(40.53)	39.10	9.40	(13.58)	19.21	20.15
<i>MSCI:EAFE US\$</i>	13.54	26.34	11.17	(43.38)	31.78	7.75	(12.14)	17.32	22.78
<i>American Funds EuPc;A</i>	10	81	14	18	23	60	48	47	60

3 YEARS RISK STATISTICS					5 YEARS RISK STATISTICS				
	Standard Deviation	Alpha	Beta	R-Squared		Standard Deviation	Alpha	Beta	R-Squared
<i>Europacific Growth</i>	17.49	(1.10)	1.03	0.97	<i>Europacific Growth</i>	18.11	(0.05)	0.99	0.98
<i>MSCI:EAFE US\$</i>	16.83	0.00	1.00	1.00	<i>MSCI:EAFE US\$</i>	18.04	0.00	1.00	1.00
<i>CAI MF: Int'l Non-US</i>	18.32	(1.21)	1.06	0.97	<i>CAI MF: Int'l Non-US</i>	19.08	(0.09)	1.03	0.97

Style Map for Rolling 5 Years Ended 6/30/14



Risk vs. Return for 5 Years Ending June 30, 2014



American Funds EuroPacific Growth Equity Summary Statistics

Equity Portfolio Characteristics

	EuroPacific	MSCI EAFE Index
# of Holdings (Long)	414	924
Average Market Cap (mil) (Long)	40,098	37,580
Equity Style Factor Div Yld (Long)	1.71	2.88
P/E Ratio (TTM) (Long)	17.27	16.24
P/B Ratio (TTM) (Long)	1.95	1.59
Debt to Capital % (trailing) (Long)	31.84	33.32
Net Margin % (trailing) (Long)	17.31	12.92
ROA % (TTM) (Long)	9.09	5.87
ROE % (TTM)	19.06	15.26

Top Ten Holdings

Calculation Benchmark: iShares MSCI EAFE Portfolio Date: 6/30/2014

	Portfolio Weighting %	Benchmark Weighting %
Novo Nordisk A/S	4.73	0.65
Bayer AG	2.51	0.82
SOFTBANK Corp	2.20	0.50
Novartis AG	2.07	1.47
Prudential PLC	1.81	0.41
Samsung Electronics Co Ltd	1.70	
Associated Brit Foods	1.68	
Barclays PLC	1.65	0.42
Baidu Inc ADR	1.26	
British American Tobacco PLC	1.26	0.79

Ten Highest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Baidu Inc ADR	1.25	22.68	0.28
Axis Bank Ltd	0.61	31.98	0.18
Prudential PLC	2.07	8.42	0.17
Power Grid Corp Of India Ltd	0.54	31.64	0.16
Novartis AG	2.45	6.65	0.16
Tencent Holdings Ltd.	1.40	9.88	0.14
NAVER Corp	0.94	13.49	0.13
Bayer AG	2.93	4.37	0.12
Ctrip.com International Ltd ADR	0.42	27.01	0.11
Taiwan Semiconductor Manufacturing Co Ltd	1.17	8.88	0.10

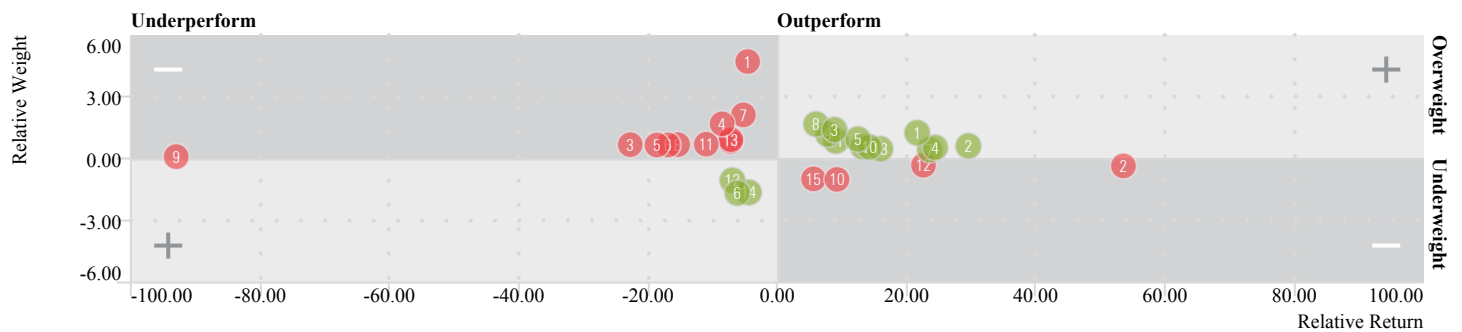
Ten Lowest Contributors By Position

Time Period: 4/1/2014 to 6/30/2014

	Rescaled Weight	Return	Contribution
Bank of Ireland (Governor & Co of)	0.74	-20.33	-0.16
Societe Generale SA	0.98	-12.99	-0.13
Barclays PLC	2.13	-6.12	-0.12
Deutsche Lufthansa AG	0.70	-16.55	-0.12
Deutsche Bank AG	0.52	-19.95	-0.11
Commerzbank AG	0.66	-14.48	-0.10
Sberbank Of Russia GDR	0.10	-90.58	-0.10
International Consolidated Airlines Group SA	0.74	-8.92	-0.07
Credit Suisse Group	0.63	-10.10	-0.07
UniCredit SpA	0.73	-8.38	-0.06

Stock Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Baidu Inc ADR	Information Techno...	1.25	21.66	0.26	1 Novo Nordisk A/S	Health Care	4.71	-4.57	-0.22
2 Axis Bank Ltd	Financials	0.61	29.58	0.17	2 Shire PLC	Health Care	-0.36	53.57	-0.17
3 Tencent Holdings L...	Information Techno...	1.40	8.86	0.13	3 Bank of Ireland (Go...	Financials	0.68	-22.74	-0.17
4 Power Grid Corp O...	Utilities	0.54	24.44	0.12	4 Barclays PLC	Financials	1.69	-8.53	-0.14
5 NAVER Corp	Information Techno...	0.94	12.47	0.12	5 Deutsche Lufthansa...	Industrials	0.66	-18.61	-0.12
6 Roche Holding AG	Health Care	-1.67	-6.16	0.11	6 Commerzbank AG	Financials	0.66	-16.89	-0.12
7 Ctrip.com Internati...	Consumer Discretio...	0.42	23.59	0.10	7 SOFTBANK Corp	Telecommunication...	2.12	-5.23	-0.12
8 Prudential PLC	Financials	1.67	6.02	0.10	8 Societe Generale SA	Financials	0.68	-15.40	-0.11
9 Taiwan Semicondu...	Information Techno...	1.17	7.86	0.09	9 Sberbank Of Russia...	Financials	0.10	-92.99	-0.10
10 ICICI Bank Ltd	Financials	0.55	14.27	0.08	10 AstraZeneca PLC	Health Care	-1.01	9.25	-0.09
11 Housing Developm...	Financials	0.85	9.10	0.08	11 International Conso...	Industrials	0.70	-10.98	-0.08
12 LM Ericsson Telep...	Information Techno...	-1.06	-6.93	0.08	12 Fujitsu Ltd	Information Techno...	-0.33	22.63	-0.07
13 NetEase Inc ADR	Information Techno...	0.47	15.95	0.07	13 Ryanair Holdings P...	Industrials	0.92	-7.17	-0.07
14 Sap AG	Information Techno...	-1.64	-4.38	0.07	14 Airbus Group NV	Industrials	0.82	-7.21	-0.06
15 First Quantum Min...	Materials	0.57	13.26	0.07	15 Canon Inc	Information Techno...	-0.99	5.61	-0.05

American Funds EuroPacific Growth Equity Summary Statistics

Sector Attribution/Contribution

Time Period: 4/1/2014 to 6/30/2014

Portfolio: American Funds EuroPacific Gr F2 Calculation Benchmark: iShares MSCI EAFE

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	12.81	11.48	1.80	3.43	-0.02	-0.23	-0.25
Consumer Staples	7.45	10.83	5.92	6.54	-0.07	-0.05	-0.12
Energy	1.97	7.03	10.69	11.39	-0.35	-0.01	-0.37
Financials	20.85	24.72	1.53	2.41	0.03	-0.20	-0.17
Health Care	13.87	10.31	2.90	5.59	0.07	-0.42	-0.35
Industrials	9.38	12.67	-2.10	2.06	0.05	-0.45	-0.40
Information Technology	13.45	4.08	5.18	1.02	-0.34	0.64	0.30
Materials	3.52	7.96	7.16	3.03	0.04	0.16	0.21
Telecommunication Services	3.99	4.89	-0.29	3.54	0.00	-0.18	-0.17
Utilities	1.38	3.61	15.84	7.21	-0.06	0.13	0.07
Unclassified	0.00	0.00		26.89	0.00	0.00	0.00
Attribution Total	88.66	97.57	2.87	4.13	-0.65	-0.61	-1.26
Cash	2.21	0.47					
Bond	6.01	0.00					
Other	0.38	0.91					
Missing Performance	2.74	1.04					
Total	100.00	100.00					
Reported Total			2.92				
Expense Ratio			0.15	0.00			
Residual(Reported - Attribution + Expense)			0.21				

Region Attribution/Contribution

Time Period: 4/1/2014 to 6/30/2014

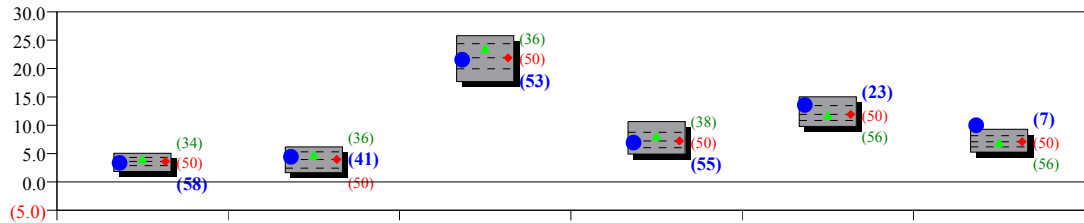
Portfolio: American Funds EuroPacific Gr F2 Calculation Benchmark: iShares MSCI EAFE

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Africa	1.47	0.00	2.80		-0.02	0.00	-0.02
Asia - Developed	10.55	4.06	5.30	7.72	0.27	-0.28	-0.01
Asia - Emerging	9.88	0.13	13.81	2.18	-0.22	1.29	1.08
Australasia	0.85	7.87	1.86	2.67	0.10	-0.01	0.09
Canada	2.43	0.00	9.35		0.14	0.00	0.14
Europe - Emerging	1.20	0.00	2.62		-0.02	0.00	-0.02
Europe - ex Euro	13.93	14.18	1.85	1.75	-0.03	0.01	-0.02
Eurozone	24.98	30.46	-2.36	2.29	0.06	-1.34	-1.28
Japan	10.88	19.16	3.10	6.44	-0.18	-0.40	-0.59
Latin America	0.58	0.00	1.43		-0.02	0.00	-0.02
Middle East	0.77	0.51	0.48	5.19	0.01	-0.04	-0.04
United Kingdom	10.81	21.10	2.88	6.08	-0.18	-0.38	-0.57
United States	0.34	0.10	-0.23	1.66	-0.01	-0.01	-0.01
Unclassified	0.00	0.00		20.94	0.00	0.00	0.00
Attribution Total	88.66	97.57	2.87	4.13	-0.10	-1.16	-1.26
Cash	2.21	0.47					
Bond	6.01	0.00					
Other	0.38	0.91					
Missing Performance	2.74	1.04					
Total	100.00	100.00					
Reported Total			2.92				
Expense Ratio			0.15	0.00			
Residual(Reported - Attribution + Expense)			0.21				

USI VEBA Trust

International Equity: Harbor International

for Periods Ended June 30, 2014
 Group: CAI MF - Non-US Equity Style



CAI MF: Intl Eq Non US Style

	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
25th Percentile	4.32	5.33	24.39	8.77	13.47	8.17
Median	3.61	3.97	21.90	7.25	11.91	7.10
75th Percentile	2.88	2.42	19.96	6.06	10.85	6.20
Harbor International	3.37	4.44	21.57	6.94	13.58	10.01
MSCI:EAFE US\$	4.09	4.78	23.57	8.10	11.77	6.93
CAI MF: Intl Eq Non US Style	3.61	3.97	21.90	7.25	11.91	7.10

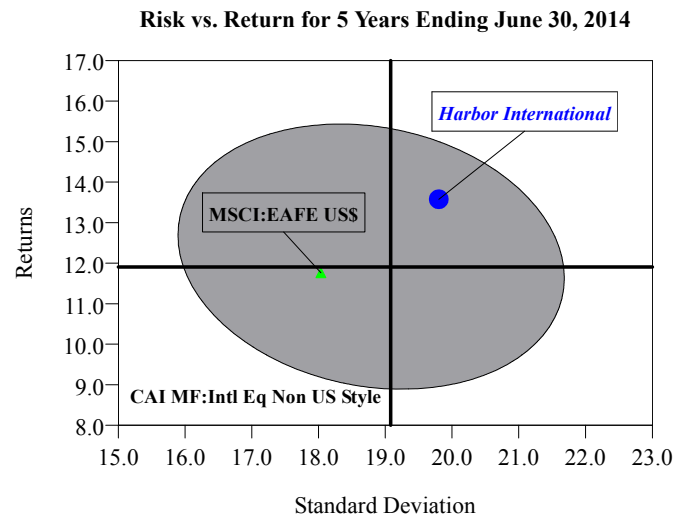
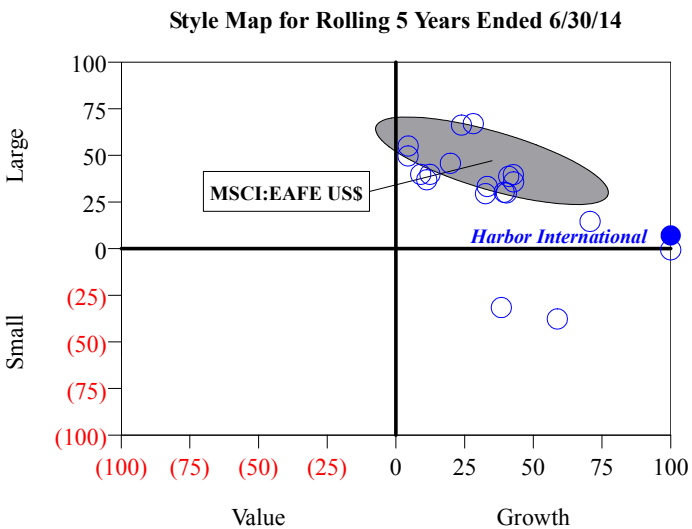
Calendar Year Returns	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Harbor International	20.84	32.69	21.81	(42.66)	38.56	11.98	(11.13)	20.87	16.84
MSCI:EAFE US\$	13.54	26.34	11.17	(43.38)	31.78	7.75	(12.14)	17.32	22.78
Harbor International	11	5	7	38	26	41	24	29	83

3 YEARS RISK STATISTICS

	<u>Standard Deviation</u>	<u>Alpha</u>	<u>Beta</u>	<u>R-Squared</u>
Harbor International	19.37	(1.76)	1.13	0.96
MSCI:EAFE US\$	16.83	0.00	1.00	1.00
CAI MF: Intl Eq Non US Style	18.32	(1.21)	1.06	0.97

5 YEARS RISK STATISTICS

	<u>Standard Deviation</u>	<u>Alpha</u>	<u>Beta</u>	<u>R-Squared</u>
Harbor International	19.80	1.02	1.08	0.96
MSCI:EAFE US\$	18.04	0.00	1.00	1.00
CAI MF: Intl Eq Non US Style	19.08	(0.09)	1.03	0.97



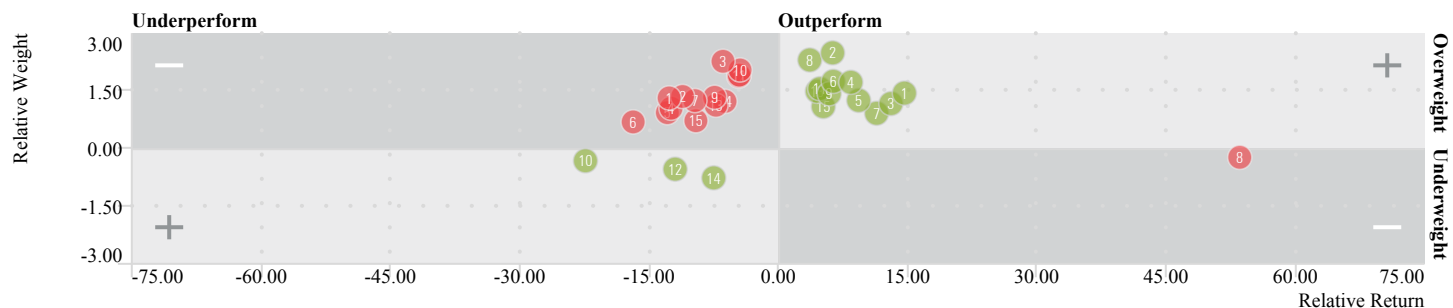
Harbor International Equity Summary Statistics

Equity Portfolio Characteristics			Top Ten Holdings		
	Harbor Int'l	MSCI EAFE	Calculation Benchmark: iShares MSCI EAFE Portfolio Date: 6/30/2014		
# of Holdings (Long)	112	924		Portfolio Weighting %	Benchmark Weighting %
Average Market Cap (mil) (Long)	53,068	37,596	Schneider Electric SE	2.92	0.35
Equity Style Factor Div Yld (Long)	2.40	2.87	Banco Bilbao Vizcaya Argentaria SA	2.80	0.53
P/E Ratio (TTM) (Long)	17.21	16.25	Roche Holding AG	2.61	1.48
P/B Ratio (TTM) (Long)	1.77	1.59	Anheuser-Busch Inbev SA	2.48	0.65
Debt to Capital % (trailing) (Long)	31.19	33.34	Novo Nordisk A/S	2.48	0.65
Net Margin % (trailing) (Long)	14.53	12.93	Rolls-Royce Holdings PLC	2.45	0.24
ROA % (TTM) (Long)	6.43	5.87	Novartis AG	2.30	1.47
ROE % (TTM)	14.52	15.27	AXA SA	2.26	0.31
			Lloyds Banking Group PLC	2.26	0.51
			SAP SE	2.24	0.50

Ten Highest Contributors By Position				Ten Lowest Contributors By Position			
Time Period: 4/1/2014 to 6/30/2014				Time Period: 4/1/2014 to 6/30/2014			
	Rescaled Weight	Return	Contribution		Rescaled Weight	Return	Contribution
BG Group PLC	2.00	14.30	0.27	ABB Ltd	1.53	-10.79	-0.18
Unibail-Rodamco SE	1.63	17.06	0.27	Volvo Group	1.57	-10.58	-0.17
Anheuser-Busch Inbev SA	2.40	11.06	0.26	UBS AG	1.60	-10.02	-0.16
Japan Tobacco Inc	1.63	15.87	0.25	CRH PLC	1.58	-8.09	-0.13
Schneider Electric	3.05	8.39	0.25	Intesa Sanpaolo	1.53	-7.25	-0.11
Cheung Kong Holdings Ltd	1.37	15.50	0.20	AXA SA	2.60	-3.99	-0.11
CIE FINANCIERE RICHEMONT SA	2.12	9.82	0.20	JC Decaux SA	0.70	-13.40	-0.10
Freeport-McMoRan Copper & Gold	1.72	11.43	0.19	Compagnie de Saint-Gobain	1.60	-5.30	-0.09
Heineken NV	1.59	12.45	0.19	Sap AG	2.47	-3.36	-0.09
Banco Bilbao Vizcaya Argentaria SA	2.84	6.07	0.17	Erste Bank der oesterreichischen Sparkassen AG	1.19	-4.81	-0.06

Stock Selection Effects

Time Period: 4/1/2014 to 6/30/2014



Best Selections	GICS Sector	Weight +/-	Return +/-	Effect	Worst Selections	GICS Sector	Weight +/-	Return +/-	Effect
1 Unibail-Rodamco SE	Financials	1.44	14.64	0.20	1 Volvo Group	Industrials	1.31	-12.66	-0.17
2 Schneider Electric	Industrials	2.49	6.31	0.15	2 CRH PLC	Materials	1.35	-11.10	-0.15
3 Cheung Kong Hold...	Financials	1.16	13.08	0.15	3 AXA SA	Financials	2.26	-6.41	-0.15
4 Freeport-McMoRan...	Materials	1.72	8.42	0.14	4 UBS AG	Financials	1.04	-12.44	-0.13
5 Japan Tobacco Inc	Consumer Staples	1.25	9.34	0.11	5 ABB Ltd	Industrials	0.93	-12.87	-0.13
6 CIE FINANCIERE ...	Consumer Discretio...	1.74	6.38	0.11	6 JC Decaux SA	Consumer Discretio...	0.69	-16.83	-0.12
7 Pearson PLC	Consumer Discretio...	0.91	11.42	0.10	7 Intesa Sanpaolo	Financials	1.24	-9.67	-0.12
8 Banco Bilbao Vizca...	Financials	2.30	3.66	0.08	8 Shire PLC	Health Care	-0.24	53.55	-0.12
9 Heineken NV	Consumer Staples	1.42	5.91	0.08	9 Compagnie de Sain...	Industrials	1.33	-7.38	-0.10
10 Deutsche Bank AG	Financials	-0.33	-22.37	0.08	10 Sap AG	Information Techno...	2.04	-4.43	-0.09
11 Linde AG	Materials	1.55	4.82	0.07	11 Fanuc Corp	Industrials	1.90	-4.53	-0.09
12 BNP Paribas	Financials	-0.55	-11.96	0.07	12 Novo Nordisk A/S	Health Care	1.88	-4.58	-0.09
13 Anheuser-Busch In...	Consumer Staples	1.48	4.53	0.07	13 Erste Bank der oest...	Financials	1.12	-7.22	-0.08
14 Rio Tinto PLC	Materials	-0.77	-7.48	0.06	14 Roche Holding AG	Health Care	1.22	-6.18	-0.08
15 United Overseas Ba...	Financials	1.09	5.23	0.06	15 Fresenius SE & Co ...	Health Care	0.72	-9.55	-0.07

Harbor International Equity Summary Statistics

Sector Attribution/Contribution

Time Period: 4/1/2014 to 6/30/2014

Portfolio: Harbor International Institutional Calculation Benchmark: iShares MSCI EAFE

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Consumer Discretionary	10.79	11.48	4.98	3.44	0.01	0.17	0.17
Consumer Staples	14.94	10.83	7.81	6.54	0.10	0.19	0.29
Energy	3.23	7.03	14.39	11.39	-0.27	0.09	-0.18
Financials	24.01	24.72	3.41	2.42	0.00	0.25	0.25
Health Care	10.01	10.31	1.85	5.60	0.00	-0.39	-0.39
Industrials	18.64	12.67	0.09	2.08	-0.13	-0.39	-0.52
Information Technology	3.17	4.08	-0.88	1.07	0.03	-0.07	-0.04
Materials	11.76	7.96	4.15	3.01	-0.05	0.14	0.09
Telecommunication Services	0.00	4.89		3.64	0.03	0.00	0.03
Utilities	0.00	3.61		7.22	-0.11	0.00	-0.11
Unclassified	0.00	0.00		26.89	0.00	0.00	0.00
Attribution Total	96.55	97.57	3.73	4.14	-0.41	0.00	-0.41
Cash	3.34	0.47					
Other	0.00	0.91					
Missing Performance	0.11	1.04					
Total	100.00	100.00					
Reported Total			3.37	4.11			
Expense Ratio			0.19	0.09			
Residual(Reported - Attribution + Expense)			-0.17	0.06			

Region Attribution/Contribution

Time Period: 4/1/2014 to 6/30/2014

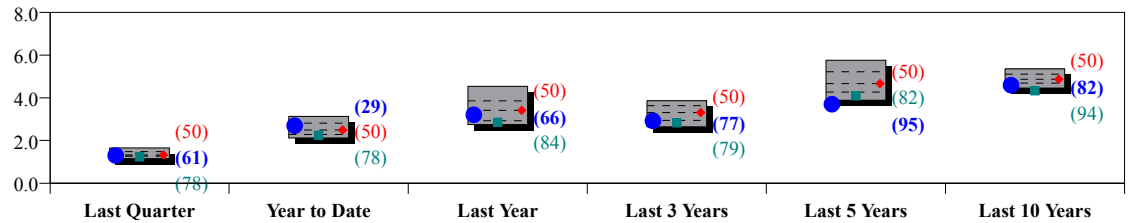
Portfolio: Harbor International Institutional Calculation Benchmark: iShares MSCI EAFE

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Allocation Effect	Selection Effect	Active Return
Asia - Developed	3.81	4.06	10.27	7.72	-0.01	0.10	0.09
Asia - Emerging	1.10	0.13	3.05	2.18	-0.02	0.01	-0.01
Australasia	0.00	7.87		2.67	0.12	0.00	0.12
Canada	1.28	0.00	5.34		0.02	0.00	0.02
Europe - ex Euro	22.90	14.18	0.90	1.74	-0.22	-0.20	-0.42
Eurozone	41.23	30.46	2.98	2.29	-0.22	0.30	0.08
Japan	8.76	19.16	5.03	6.54	-0.27	-0.14	-0.41
Latin America	1.97	0.00	6.24		0.04	0.00	0.04
Middle East	0.00	0.51		5.19	-0.01	0.00	-0.01
United Kingdom	13.85	21.10	6.74	6.05	-0.13	0.10	-0.03
United States	1.66	0.10	11.43	1.66	-0.04	0.16	0.13
Unclassified	0.00	0.00		20.94	0.00	0.00	0.00
Attribution Total	96.55	97.57	3.73	4.14	-0.74	0.33	-0.41
Cash	3.34	0.47					
Other	0.00	0.91					
Missing Performance	0.11	1.04					
Total	100.00	100.00					
Reported Total			3.37	4.11			
Expense Ratio			0.19	0.09			
Residual(Reported - Attribution + Expense)			-0.17	0.06			

USI VEBA Trust

Fixed Income: Old National Bank

for Periods Ending June 30, 2014
 Group: CAI Intermediate Fixed-Inc Style



CAI:Intermediate Style

25th Percentile	1.49	2.82	3.86	3.64	5.22	5.11
Median	1.33	2.50	3.42	3.32	4.67	4.88
75th Percentile	1.27	2.29	2.93	2.95	4.27	4.69

Old National Bank (Gross)	●	1.30	2.70	3.21	2.93	3.70	4.60
Barclays:Gov/Credit Inter	■	1.23	2.25	2.86	2.83	4.09	4.33
CAI:Intermediate Style	◆	1.33	2.50	3.42	3.32	4.67	4.88

<u>Calendar Year Returns</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Old National Bank	2.23	5.23	8.71	6.25	4.26	5.22	5.09	4.03	(0.75)
Barclays:Gov/Credit Inter	1.58	4.08	7.39	5.08	5.24	5.89	5.80	3.89	(0.86)
Old National Bank	29	3	1	18	92	96	79	80	64

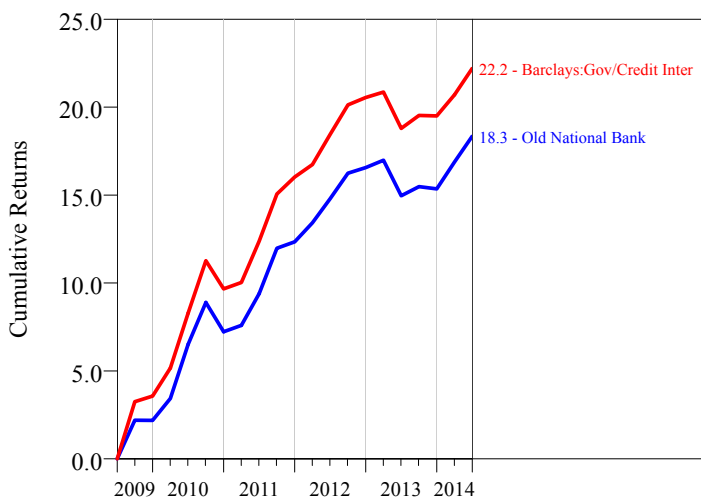
3 YEARS RISK STATISTICS

	<u>Standard Deviation</u>	<u>Alpha</u>	<u>Beta</u>	<u>R-Squared</u>
Old National Bank	2.00	0.17	0.97	0.95
Barclays:Gov/Credit Inter	2.00	0.00	1.00	1.00
CAI:Intermediate Style	2.08	0.62	0.97	0.91

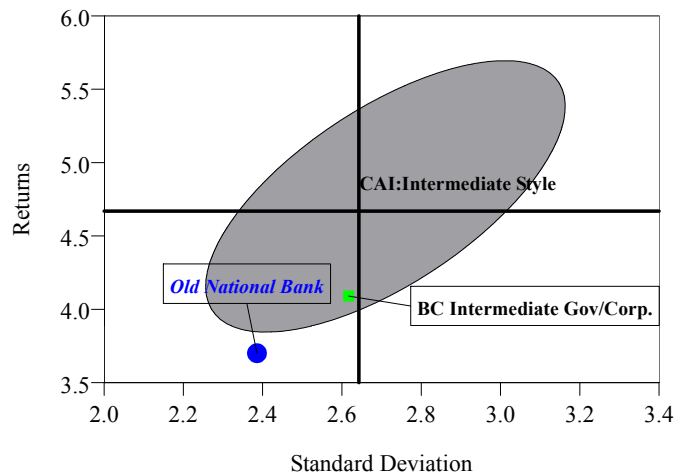
5 YEARS RISK STATISTICS

	<u>Standard Deviation</u>	<u>Alpha</u>	<u>Beta</u>	<u>R-Squared</u>
Old National Bank	2.39	0.06	0.89	0.94
Barclays:Gov/Credit Inter	2.62	0.00	1.00	1.00
CAI:Intermediate Style	2.64	0.82	0.97	0.94

Cumulative Returns for 5 Years Ended June 30, 2014



Risk vs. Return for 5 Years Ending June 30, 2014

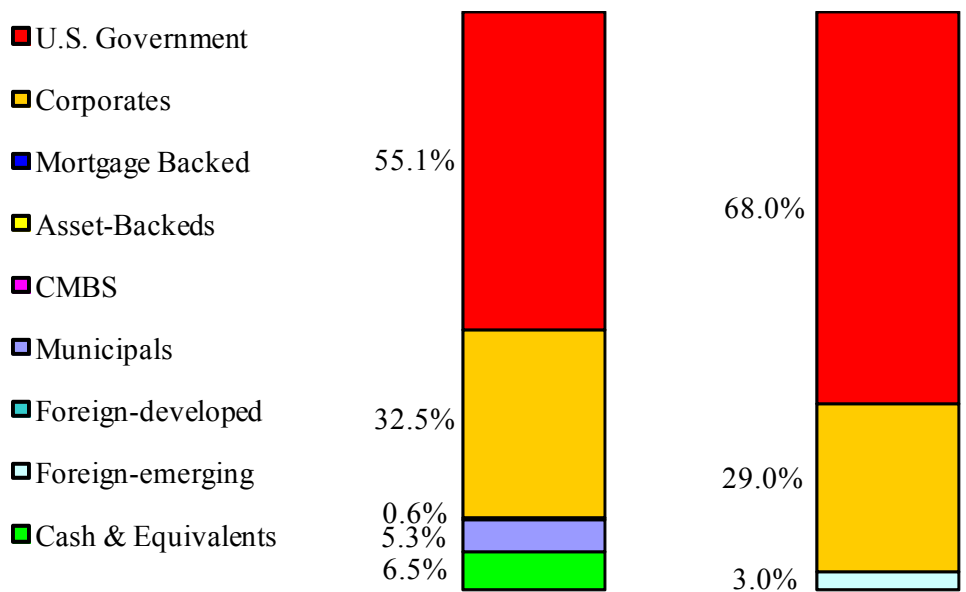


USI VEBA Trust
Fixed Income Summary Statistics
Old National Bank
Quarter Ending June 30, 2014

	ONB	BC Int. Gov/Corp.
Total Number of Securities	47	4,834
Yield to Maturity	1.73	1.49
Current Coupon	2.79	2.57
Average Credit Quality	Aa2	AA
Effective Duration	3.94	3.89

Sector Attribution

Sector	Quarterly	<i>Sector Allocation</i>	
	Return	ONB	BC Int. Gov/Corp.
U.S. Govt/Agency	1.3%	59.6%	70.0%
Corporates	2.7%	34.4%	30.0%
Mortgage Backed	2.4%	0.6%	0.0%
Asset-Backed	0.8%	0.0%	0.0%
High Yield	2.4%	0.0%	0.0%
Municipals	2.6%	5.4%	0.0%
Foreign-developed	2.7%	0.0%	0.0%
Foreign-emerging	5.8%	0.0%	0.0%
Cash	0.0%	<u>0.0%</u>	<u>0.0%</u>
		100.0%	100.0%



Statement of Disclosures and Disclaimer

Privacy Disclosure Notice

While information is a very important aspect of our ability to provide superior service and advice, the foundation of our firm is our clients and the trust that they place in us. As a commitment to this foundation, keeping our client's information secure and using it only as our clients need us to are top priorities at Fourth Street Performance Partners, Inc. ("FSPP").

Types of Information We Collect

We collect only the information necessary to consistently deliver responsive, high quality services and advice to our clients and to fulfill legal and regulatory requirements. In order to fulfill these obligations, we may collect nonpublic personal information about our clients from sources such as:

- Information regarding our clients' financial position, tax identification numbers, home, business or e-mail addresses of senior executive personnel, trustees, board members or other information provided on contracts, financial statements, or applications or other means of communication provided by our clients to us;
- Information regarding our clients' assets or transactions with other investment advisors, custodial banks, FSPP, or other organizations.

Parties to Whom we Disclose Information

Access to client or former client information is strictly limited. FSPP shares nonpublic information solely to service our clients. We do not disclose any nonpublic, personal information about our clients or former clients to anyone, except as permitted by law.

We restrict access to nonpublic personal information about our clients to our employees who need to know that information in order to provide services to them. We further maintain physical, electronic, and procedure safeguards to guard our clients' personal information.

Information Safeguarding

FSPP will internally safeguard our clients' nonpublic personal information by restricting access to only those employees who provide advice or services to our clients or to those who need access to our clients' nonpublic personal information to service your relationship with us. In addition, we will maintain physical, electronic, and procedural safeguards that meet federal and/or state standards to guard our clients' nonpublic personal information.

Disclosure of Notice of Availability of Form ADV- Part II

Form ADV- Part II is a legal disclosure document that provides information about business practices, fees, and conflicts of interest an advisor may have with its clients. According to SEC Rule 204-3 of the Advisors Act, we are obligated to offer this document to all clients at least annually. If you wish to obtain a copy of FSPP's Form ADV – Part II, please do not hesitate to contact our office at 211 Garrard Street, Covington, KY 41011.

Disclaimer

The information contained in this analysis has been prepared by FSPP and is believed to be accurate based on the asset and transaction data reported to us by trustees, custodians, and/or investment managers retained by the client. Calculations are subject to the accuracy of the source data provided and are not warranted to be accurate or complete. This analysis may contain returns and valuations for prior periods provided by other service providers of the client. FSPP assumes no responsibility for the accuracy of these valuations or return methodologies.





UNIVERSITY OF SOUTHERN INDIANA
Internal Audit Report

Prepared by

Bradley V. Will, CPA
Director of Internal Audit

J. Robert Howell, CPA, CIA, CICA
Internal Audit Manager

**University of Southern Indiana
 Annual Audit Plan
 Calendar Year 2014**

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2014	Privacy Legislation	Review compliance with Family Educational Rights and Privacy Act and Gramm-Leach-Bliley Act safeguards rule	200
	New Harmony Key Box Controls and Museum Shop Inventory	New Harmony - Museum Shop physical inventory count and key box controls follow-up	25
	Campus Store	Physical inventory observation	40
	Payment Card Industry Compliance	Compliance with debit and credit card data security requirements	140
	Construction Change Orders	Review Teaching Theatre construction change orders	100
	Procurement Services	Review controls over bid process, requisition, and purchase orders	250
April 2014	International Travel	Review policies and procedures associated with University-sponsored international travel	200
	Library Services	Assessment, recording, waiver, and collection of library fees and fines	200
	Physical Plant Inventory Controls	Review controls over parts inventory	120
	IT Network Architecture and Data Security	Outsourced IT security risk assessment and consulting engagement	60
July 2014	Student Financial Aid	Grants and scholarships	220
	Non-financial aid grant fund(s)	Compliance with grantor regulations	220
	Athletics Eligibility	NCAA Division II compliance review	200
October 2014	Grounds Center	Fuel pump access and accountability	180
	Residence Life	Review controls over billing and occupancy, card/key security, security of student data, and residence contracts	250
	Athletics Business Operations	Review controls over cash, ticket sales, and other revenue	220

Total Hours	<u>2625</u>
Hours Available	2656
Hours Available for Unscheduled Audits	31

Report No. USIA14-1
 March 4, 2014

Audit Report Teaching Theatre Construction Change Orders

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Construction change orders adhere to change order pricing guidelines				
Construction change orders are properly authorized and approved				

Introduction

Our report of the internal audit of Teaching Theatre construction change orders is presented below. We would like to thank Steve Helfrich and Gary Burgdorf who contributed positively to our results.

Background Information

Construction of the University's new Teaching Theatre began in the fall of 2012. As with most major construction projects initiated by the University, management entered into lump-sum contracts with the lowest and best bidders for completion of the construction.

Given the fixed-price structure of the construction contracts, the risk of cost overrun borne by the University is limited to changes in the scope of the project. As a result, a strong control environment over project scope changes, including the review and approval of construction change orders is critical to ensure that the project is managed on time and within budget.

This report is based on a review of a sample of approved change orders associated with the construction of the Teaching Theatre processed from February through December 2013, and a sample of unapproved change orders as of February 2014. The audit approach included reviewing the change order details for compliance with contractual pricing guidelines, verifying the mathematical accuracy of the change order details, and examining change order documentation for the required approvals.

The **objectives** of the audit were to:

- Obtain reasonable assurance that change orders adhere to the "Change Order Pricing Guidelines" outlined in Exhibit B to the Owner-Contractor Contract
- Obtain reasonable assurance that change orders are properly authorized and approved

Report No. USIA14-1
March 4, 2014

Conclusion

In general, the results of our audit procedures indicate **opportunities for minor improvement** with respect to ensuring that **change orders adhere to contractual pricing guidelines**, while **adequate controls and practices** exist with respect to **change order authorization and approval**.

Management will take or has taken the following actions:

- Updating the construction change order worksheet

No additional action or response is required.

Bradley V. Will
Director of Internal Audit

J. Robert Howell
Internal Audit Manager

Distribution: Steve Helfrich
Mark Rozewski
Dr. Linda L. M. Bennett

Report No. USIA14-1
March 4, 2014

Construction Project Management Audit Report

Control Issues and Responses

Updating the construction change order worksheet

Issue: Based on reviews of approved change orders for the Teaching Theatre and Exhibit B of the Owner-Contractor Contract, some contractors assessed profit and overhead mark-ups on items for which a mark-up is not allowed. In addition, the change order worksheet includes references to a section that has been deleted from Exhibit B.

Risk: The University may incur unnecessary costs on change orders if profit and overhead rates are applied to items identified in the contract as ineligible for a profit and overhead mark-up. In addition, inaccurate references to the change order pricing guidelines in the worksheet may result in contractors including items in the pricing which are not eligible for reimbursement under the contract.

Response: On March 4, 2014, with assistance from Internal Audit, Facility Operations updated the change order worksheet by removing the reference to the deleted section of Exhibit B and adding a statement that items included in the "Miscellaneous" section of the worksheet are not eligible for a profit and overhead mark-up.

Report No. USIA14-2
 May 9, 2014

Audit Report Procurement Services

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Purchases are properly authorized and evaluated for purpose and value				
Bids for public works projects are solicited and processed pursuant to Indiana code				
Standing purchase orders (POs) are reviewed and evaluated before renewal				
Verify timeliness and accuracy of reports summarizing utilization of vendors owned by women and minorities				

Introduction

Our report of the internal audit of Procurement Services is presented below. We would like to thank Dan Martens, Debbie Weigand, and other procurement personnel who contributed positively to our results.

Background Information

The University of Southern Indiana has established the Procurement Services department as the central purchasing agency of the University. Procurement Services is charged with the responsibility of obtaining maximum value for each dollar spent on supplies, equipment, goods, and services, while ensuring equal consideration and opportunity to all qualified and competitive vendors. With annual volumes of nearly 2,000 POs, the total value of which exceeds \$40 million, an effective procurement function is critical for day-to-day operations and achievement of University objectives.

This report is based on a review of purchasing activity which occurred during the 2013 fiscal year and 2014 fiscal year through March. The audit approach included reviewing purchasing policies and procedures; interviewing Procurement Services personnel; reviewing samples of invoices meeting various purchasing policy thresholds to evaluate compliance with policy for the initiation of purchase requisitions, creation of POs, and solicitation of competitive quotes or bids; reviewing a sample of public works projects for which bids were solicited during the audit period; and reviewing reports submitted to the state regarding purchases from vendors owned by women and minorities.

Report No. USIA14-2
May 9, 2014

The **objectives** of the audit were to:

- Obtain reasonable assurance that purchases are properly authorized and evaluated for purpose and value
- Evaluate bid processes for public works projects for compliance with Indiana code
- Assess the adequacy of controls in place to review and evaluate standing POs for renewal
- Verify the timeliness and accuracy of reports to the state summarizing purchases from vendors owned by women and minorities

Conclusion

In general, the results of our audit procedures indicate **opportunities for minor improvement** with respect to **purchase authorization and evaluation**, while **adequate controls and practices** exist with respect to **bidding public works projects pursuant to Indiana code, renewal of standing POs, and reporting of purchases from vendors owned by women or minorities.**

Management will take or has taken the following actions:

- Documenting dollar thresholds for formal bid openings, bid bonds, performance and payment bonds, and legal contracts for public works
- Creating and reviewing a report of purchases made on standing orders which require the procurement director's approval

No additional action or response is required.

Bradley V. Will
Director of Internal Audit

J. Robert Howell
Internal Audit Manager

Distribution: Dan Martens
Steve Bridges
Mark Rozewski
Dr. Linda L. M. Bennett

Report No. USIA14-2
May 9, 2014

Procurement Services Audit Report

Control Issues and Responses

Documenting dollar thresholds for formal bid openings, bid bonds, performance and payment bonds, and legal contracts for public works

Issue: The University consistently follows some established dollar thresholds for several key activities associated with the bidding and awarding of public works projects. While these thresholds have become fairly standard, they have not been formally documented in a central location.

Risk: The absence of centralized documentation describing circumstances when more formal bidding and awarding activities are required may lead to inconsistencies as procurement and facility operations personnel retire or leave their current positions.

Response: Procurement has documented and will publish on its webpage the dollar thresholds for the following items by July 1, 2014:

1. Project cost triggering a public bid opening
2. Project cost for which a bid bond is required
3. Projects for which performance and payment bonds are required
4. Project cost for which a legal contract is required (i.e. a PO alone is not sufficient)

Creating and reviewing a report of purchases made on standing orders which require the procurement director's approval

Issue: In an effort to monitor purchase activity applied against standing POs, the standing orders may include a requirement to obtain approval from the director of procurement before making purchases over a certain dollar amount. However, there is currently no mechanism in place to facilitate the identification of purchasers who fail to comply with the approval requirement.

Risk: The absence of reporting on significant purchases applied to material standing orders increases the risk that purchases do not maximize value for the University.

Response: Procurement will work with the Business Office and Information Technology to:

1. Establish an activity code in Banner to be assigned to standing orders for which purchases exceeding \$5,000 (or other threshold determined by Procurement Services) require approval from the director of procurement
2. Create a system generated report of invoices exceeding \$5,000 (or other threshold) which were applied to POs assigned the activity code

Procurement Services personnel will review the report on a weekly basis to detect whether purchases have been made on standing orders without obtaining the required procurement department approval. Procurement personnel will follow up with the purchaser regarding the failure to obtain proper approval and take other actions as appropriate for repeat offenders. The target date for implementation of the activity code, generation of the report, and commencement of report review is August 1, 2014.

Report No. USIA14-3
 May 2, 2014

Audit Report Information Security and Privacy Compliance

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of policies and procedures for compliance with the Family Educational Rights and Privacy Act (FERPA)				
Assess compliance with Gramm-Leach-Bliley Act (GLBA) security provisions				
Compliance with Health Insurance Portability and Accountability Act (HIPAA) privacy standards for health plan sponsors				
Compliance with HIPAA privacy standards as a health care provider				
Assess compliance with HIPAA security standards as a health care provider				

Introduction

Our report of the internal audit of information security and privacy compliance is presented below. We would like to thank Donna Evinger, Sandy Frank, Teresa Grisham, Jayne Tang, Richard Toeniskoetter, and Dr. Ann White who contributed positively to our results.

Background Information

Colleges and universities may collect and use personal information in the performance of a variety of roles, including the roles of educational institution, financial services provider (e.g. student financial assistance), employer, health care provider, research institution, and merchant.

The University of Southern Indiana is no exception as it collects and uses data in the following circumstances:

- Student data collected in association with the delivery of postsecondary education
- Administration of student financial assistance
- Employee data collected to meet employer obligations

Report No. USIA14-3
May 2, 2014

- Health insurance information collected to fulfill responsibilities as the plan sponsor of a group health insurance plan
- Health information of patients receiving services at University-operated health and dental clinics
- Credit card and debit card account information obtained as payment for delivery of products and services to students, alumni, donors, and others

As a result, the University is subject to a number of federal regulations and industry data security standards governing the collection, storage, processing, use, and disclosure of personal information, including:

- **Family Educational Rights and Privacy Act (FERPA)** - provides a postsecondary student the right to inspect his or her education records and to seek amendment of those records, and establishes conditions concerning the disclosure of those records to third parties.
- **Gramm-Leach-Bliley Act (GLBA)** - requires the protection of the privacy, security, and confidentiality of consumer financial information ("Privacy Provisions) and implementation of administrative, technical, and physical safeguards ("Security Provisions") to ensure the security and confidentiality of such data. The Federal Trade Commission (FTC) has ruled that most colleges and universities are subject to GLBA based on the financial relationships they have with students, donors, and others.
- **Health Insurance Portability and Accountability Act (HIPAA)** - requires health care providers and other "covered entities" to protect individually identifiable health information, to implement appropriate safeguards to protect privacy, and sets limits and conditions on the uses and disclosures of such information without patient authorization. HIPAA also gives patients the right to examine and obtain a copy of their health records and to request corrections.
- **Payment Card Industry Data Security Standard (PCI DSS)** - requires companies that process, store, or transmit credit or debit card information to develop a robust data security process designed to prevent, detect, and react to security incidents.

This report is based on a review of compliance with FERPA, GLBA, and HIPAA. PCI DSS compliance was not included in the scope of this review as there is currently an active committee working toward addressing those requirements. The audit approach included identification of the types of data being collected, processed, and stored throughout the University; inquiry of information technology personnel, human resources personnel, the dean of the College of Nursing and Health Professions, and the Office of the Registrar; reviewing policies and procedures in place to comply with the privacy, security, and disclosure requirements; and reviewing the privacy notices required under FERPA and HIPAA.

The **objectives** of the audit were to:

- Evaluate the adequacy of policies and procedures for compliance with FERPA
- Assess compliance with GLBA security provisions
- Evaluate compliance with HIPAA privacy standards for health plan sponsors
- Assess compliance with HIPAA privacy standards as a health care provider
- Assess compliance with HIPAA security standards as a health care provider

Conclusion

In general, the results of our audit procedures indicate **opportunities for significant improvement** with respect to compliance with the **security provisions and security standards of GLBA and HIPAA**, opportunity for **moderate improvement** with respect to **plan sponsor compliance with HIPAA privacy standards**, and opportunities for **minor improvement** with respect to **FERPA related policies and procedures and HIPAA privacy standards for health care providers**.

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Management will take or has taken the following actions:

- Designating an employee or employees to develop, implement, and coordinate the information security program
- Conducting an accurate and thorough risk assessment of potential risks to the security, confidentiality, integrity, and availability of protected data
- Implementing a security awareness training program for all employees
- Implementing intrusion detection systems and file integrity monitoring software to record and examine activity in systems that store or process protected educational, financial, or health information
- Deleting unnecessary individually identifiable health information of employees
- Updating the notice of privacy practices for the community health centers and the dental clinic
- Documenting HIPAA compliance responsibilities for the school based health centers

No additional action or response is required.

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Report No. USIA14-3
May 2, 2014

Information Security and Privacy Compliance Audit Report

Control Issues and Responses

Designating an employee or employees to develop, implement, and coordinate the information security program

Issue: The University has not designated an employee or employees with responsibility for the development, implementation, and coordination of an information security program, as required by the regulations.

Risk: The absence of designated employees with information security responsibilities represents noncompliance with GLBA, HIPAA, and PCI DSS requirements. Furthermore, the lack of an information security role increases the risk that data security issues are not addressed consistently, timely, and adequately.

Recommendation: Internal Audit recommends the University assign information security responsibility to one or more individuals as necessary to address the data security needs of the institution. In order to meet the compliance and security requirements, it would not be sufficient to simply assign this function as an additional responsibility of a current employee. The information security function should be a dedicated function with little or no daily information technology operational responsibilities. In addition to the development, implementation, and coordination of information security policies, the information security personnel should be responsible for the following:

- Information security policy updates
- Development of information security training
- Periodic information security communications and alerts
- Coordinating annual information security risk assessments
- Development and testing of policies and procedures for responding to suspected or known security incidents
- Ongoing evaluation of institutional compliance with information security policies

Management Response: The Information Technology (IT) department recognizes that a designated employee needs to be assigned to develop, implement, and coordinate the University's IT security program. Most larger universities establish either a chief information security officer role or an information security director level position. IT has requested a position such as this as part of the 2013 internal budget hearing process, and again during the 2014 process. Because of limited funding at the University, this position has not been allocated.

IT has been operating with a staff member multi-tasked to include the Information Security role, but this is recognized as insufficient to meet the PCI DSS requirements, and this staff member is unable to provide the dedicated attention this role requires. IT agrees a permanent dedicated Information Security position is needed, and anticipates the University will create this position in the future when budgets are less constrained. As an interim measure, USI intends to hire a consultant to fill this role. We believe a consultant can satisfactorily perform this function for the University. IT intends to issue an RFP for this role no later than October 1, 2014.

Conducting an accurate and thorough information security risk assessment

Issue: While University IT personnel have been formally evaluating information security risks related to credit and debit card payment processing and planning is underway to engage an auditing or consulting firm to perform a network architecture and data security review, a formal and comprehensive information security risk assessment has not been conducted.

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Risk: The periodic completion of a formal, comprehensive information security risk assessment represents a compliance requirement of GLBA, HIPAA, and PCI DSS. The lack of such an assessment increases the risk that information security vulnerabilities and threats have not been identified or adequately mitigated.

Recommendation: Internal Audit recommends the University develop a formal information security risk assessment process to be conducted annually. The process should be led by the individual(s) that is (are) assigned information security responsibilities. The risk assessment should involve appropriate representation to ensure that sensitive data (both electronic and hard copy) and information systems storing and processing such data are adequately identified, evaluated, and protected. In addition, the University should continue to pursue the outsourced network architecture and data security review, the results of which will be complementary to any other risk assessment activities initiated by information security personnel.

Management Response: IT has been developing an information security policies and procedures document which addresses specific assessment steps to be conducted and their frequency of assessment. This includes assessment of storing and processing of sensitive data, hardcopy and electronic. Additionally, IT is recommending an external review of network architecture and data security be performed to provide independent analysis of the USI systems and network.

Finalization of the information security policies and procedures document and implementation of assessments is progressing slowly as staff working on these activities are also tasked with multiple other primary duties. Lacking a dedicated security director position affects this progress.

A request for proposal for the external network architecture and data security analysis is progressing with a target date for performance of this analysis in the fall of 2014. Additionally, once it is in place, the IT security role will coordinate risk assessment execution and follow up.

Implementing an information security awareness training program for all employees

Issue: GLBA, HIPAA, and PCI DSS require organizations to implement administrative, technical, and physical safeguards to ensure the confidentiality, integrity, and availability of sensitive data stored or processed by the organization. While not specifically required by FERPA, these safeguards are inherent to the protection of student education records. One such administrative safeguard is the implementation of a security awareness and training program for all members of the organization's workforce, including the periodic delivery of information security updates, reminders, and alerts. Although the University has developed web-based FERPA training, completion of the training has not been made a requirement. Furthermore, while the executive director of IT has been delivering "IT Advisories" via email to all University personnel in response to potential information security threats, there is no formal information security awareness training program for new or continuing employees, nor is there an established process for delivering periodic security reminders or updates.

Risk: The University is not considered to be compliant with GLBA and HIPAA regulations due to the lack of a formal information security awareness and training program. In addition, the lack of such training increases the risk that employees unwittingly expose the University network and data assets to avoidable information security threats.

Recommendation: Internal Audit recommends the University develop a formal information security awareness and training program for new and continuing employees. The training should be required upon hire and periodically thereafter for continuing employees. An individual should be assigned the responsibility for monitoring successful completion of training and following up with employees and their supervisors who have not completed the training. In addition, periodic (e.g. monthly) information security reminders should be published to all University personnel to help keep information security top of mind across the institution.

Management Response: IT agrees that additional formal training is necessary for all employees to provide security awareness for multiple issues including GLBA, HIPAA, PCI DSS, data export control, and general data and network security concerns for the University. FERPA training, while not currently mandatory, is the initial

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step in building this training. This provides the training platform and framework including reporting and assessing training results. Additional modules can be built as needed for additional training subjects.

To develop additional training modules, IT anticipates an estimated cost of \$5,000 per module. This can vary substantially depending on how much existing content can be leveraged from public sources available on the web, versus creation of new content.

IT recognizes that security awareness training for GLBA, HIPAA, FERPA and PCI DSS are mandatory. IT will develop training modules, execute the training, and provide reporting on compliance. FERPA training is already in place. Other training material for data export control and general data and network security concerns will be developed after initial mandatory trainings are in place. IT reporting on completion of training modules can be handled with existing staff.

Once in place, the IT security role will establish the timeline to complete the training material.

Implementing intrusion detection systems and file integrity monitoring software

Issue: GLBA, HIPAA, and PCI DSS require organizations to implement technical safeguards to record and examine activity in critical information systems to facilitate prevention, detection, and responding to attacks, intrusions, or other system failures. Although the University has implemented a number of technical safeguards, there is currently no process or system in place to proactively monitor network activity logs and alert IT personnel of indications of attack or intrusion.

Risk: The lack of intrusion detection and file integrity monitoring systems to facilitate the discovery of potential network security attacks and intrusions increases the risk that data compromises may go undetected and unmitigated.

Recommendation: Internal Audit recommends the University evaluate intrusion detection and file integrity monitoring solutions and determine the appropriate placement and configuration across the network based upon a comprehensive risk assessment and input from information security auditors or consultants engaged to conduct the network architecture and data security review.

Management Response: IT has begun the process of evaluation of additional tools to solve this need. For the spring 2014 budget hearing cycle, IT submitted a preliminary estimate of \$50,000 to provide for these tools. Specifically, IT expects that the University needs the following systems:

- Intrusion Prevention System (actively scans network traffic to block threats)
- Intrusion Detection System, including File Integrity Monitoring (monitors system files and alerts for unexpected changes)
- Log File Aggregation System (aggregates system log files centrally and provides efficient log file scanning and analysis)

Initial vendor analysis is showing the preliminary estimate of \$50,000 to be low – all Intrusion Prevention Systems reviewed to date exceed this cost. These systems appear to be in the range of \$60,000 - \$120,000.

IT will continue evaluating and pricing systems for each of these needs. IT anticipates having these in place by end of the 2015 fiscal year.

Deleting unnecessary individually identifiable health information of employees

Issue: The University was receiving protected health information (PHI) in conjunction with invoices from Anthem for medical and prescription drug claims incurred. The University was receiving information that included the name of the covered participant, type of claim (medical or prescription), date incurred, and dollar

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amount of the claim. However, the plan documents for the group health plan do not include all the provisions required by HIPAA in order for the group health plan to share PHI with a plan sponsor.

Risk: A group health plan's disclosure of protected health information to the plan sponsor without addressing in the plan documents all the required provisions restricting use and disclosure of PHI constitutes non-compliance with HIPAA.

Recommendation: Internal Audit recommends that the plan documents be amended to include all the provisions required by HIPAA in order for the group health plan to share PHI with the plan sponsor.

Management Response: University personnel has determined that it is not necessary to continue receiving the PHI and the director of human resources and manager of benefits directed Anthem to discontinue the provision of this data effective in April 2014. Business office personnel have deleted the historical data that had been received and stored on the network. As a result, no amendment to the plan documents is required.

Updating the notice of privacy practices for the community health centers and the dental clinic

Issue: The notice of privacy practices for the USI Community Health Centers and the USI Dental Clinic do not include a statement that these entities are required to notify affected individuals following a breach of unsecured protected health information.

Risk: The notices of privacy practices do not meet the requirements of HIPAA to state a health care provider's legal duty to notify affected individuals of such a breach.

Recommendation: Internal Audit recommends the University update the notices of privacy practices to include a statement that the health centers and dental clinic are required to notify affected individuals of a breach of unsecured protected health information.

Management Response: The Notice of Privacy Rights utilized at the USI Dental Clinic and the Notice of Privacy Practices used at the USI Community Health Centers were updated on May 2, 2014, and June 2, 2014, respectively, to include a statement indicating that these entities are required to notify affected individuals following a breach of unsecured protected health information.

Documenting HIPAA compliance responsibilities for the school based health centers

Issue: The school based health centers, operated by the University at various Evansville Vanderburgh School Corporation (EVSC) facilities, are health care providers subject to the privacy and security standards prescribed by the Health Insurance Portability and Accountability Act (HIPAA). In addition to utilizing EVSC facilities for the delivery of health care services, it appears that the health centers may be utilizing some EVSC information technology resources (i.e. network servers) to process and transmit protected health information. While both parties likely play a role in HIPAA compliance for the health centers, there does not appear to be documentation describing each party's role and responsibility with respect to the HIPAA security standards.

Risk: The lack of clearly defined roles and responsibilities for ensuring the security of protected health information increases the risk that such data is not properly protected as each party acts upon assumptions about the other's role.

Recommendation: Internal Audit recommends the University and EVSC perform a joint risk assessment specific to the school based health centers and document the parties' respective responsibilities for ensuring compliance with HIPAA. The risk assessment and assignment of responsibilities should include an evaluation of physical security for the facilities and hard copy documents, as well as technical security of the computer equipment, network devices, and protected health information processed or stored on the equipment.

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Management Response: The USI Community Health Centers have chosen Athena Healthcare as the new vendor for their electronic health record system. The staff is currently undergoing training and the estimated date of implementation is approximately three months (October 2014). USI Community Health Center personnel will schedule a meeting with the EVSC staff to discuss HIPAA compliance and schedule a date to perform the risk assessment when the EVSC staff returns from summer break (August 2014).

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 July 31, 2014

Audit Report International Travel Programs and Study Abroad

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of policies and procedures for the establishment and oversight of international travel and study abroad programs				
International travel and study abroad programs are approved and authorized				
Participant forms address risks, responsibilities, and liability; are required to be completed; and are adequately retained				
International travel orientation for program participants is adequate				

Introduction

Our report of the internal audit of international travel programs and study abroad is presented below. We would like to thank Heidi Gregori-Gahan, Linda Lefler, John Hunt, Susanne Stanley, and Dan Craig who contributed positively to our results.

Background Information

The University of Southern Indiana offers students the opportunity to participate in a variety of study abroad and international travel programs. USI students may enroll in individual study abroad programs offered under contract between USI and third party providers. Students may also participate in short-term faculty-led group study abroad programs or enroll in student exchange programs at a host institution with which USI has a student exchange agreement.

As the number of students and faculty who travel internationally increases, so does the need for processes and procedures to effectively assess and manage the risks associated with these activities. While the primary objective is to promote the safety and security of students and University personnel while traveling abroad, it is also critical that these policies and procedures clearly define roles, responsibilities, and liability exposure for the travelers and the institution.

This report is based on a review of independent study abroad, faculty-led group programs, and student exchange programs which took place during the 2013-2014 academic year. The audit approach included

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reviewing international travel and study abroad policies and procedures; interviewing International Programs and Services (IPS) personnel, Travel Services personnel, and Risk Management personnel; reviewing a sample of international travel and study abroad programs to evaluate compliance with policy for the review and approval of such programs; and reviewing a sample of program participant files for completion and retention of required forms and participation in study abroad orientation sessions.

The **objectives** of the audit were to:

- Evaluate the adequacy of policies and procedures for the establishment and oversight of international travel and study abroad programs
- Determine whether international travel and study abroad programs are approved and authorized
- Ensure participant forms address risks, responsibilities, and liability associated with international programs, are required to be completed, and are properly retained
- Evaluate the adequacy of international travel orientation programs

Conclusion

In general, the results of our audit procedures indicate **opportunity for moderate improvement** with respect to **policies and procedures** for the establishment and oversight of international travel and study abroad programs, **opportunities for minor improvement** with respect to **approval and authorization of study abroad programs** and the adequacy of international travel **orientation programs**. Opportunities for **significant improvement** exist with respect to the **completion and retention of participant forms**.

Management will take or has taken the following actions:

- Reviewing study abroad forms to identify and eliminate potential duplication of data
- Establishing mandatory document completion requirements for study abroad participants
- Requiring faculty led programs to submit documents to IPS for retention and safekeeping
- Establishing an annual meeting of the USI Study Abroad Risk Management Task Force
- Addressing export controls and potential impact on study abroad programs

No additional action or response is required.

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International Travel Programs and Study Abroad Audit Report

Control Issues and Responses

Reviewing study abroad forms to identify and eliminate potential duplication of data

Issue: During our review of a sample of study abroad programs, Internal Audit noted some duplication in data requested from student participants. Specifically, students participating in the Ghana program were requested to complete a Personal Data Form and a Flight Request Form, both of which included fields for health and accident insurance and emergency contact information of the participants. Similarly, students participating in the Hochschule Osnabruck program were requested to include emergency contact information on both the Personal Data Form and the program Application and Non-refundable Deposit form.

Risk: Requiring participants to fulfill similar data requests on multiple forms may create inconsistencies in the data and may lead to participant apathy toward the completion of other data necessary for participation in study abroad programs.

Response: The forms have evolved over time and new forms have been designed as needs arise. IPS will review how it is collecting information from students and streamline the forms/process as much as possible. Furthermore, IPS has requested that USI purchase Terra Dotta software for study abroad and international travel data management. If that request is approved, we hope to implement the software by the beginning of spring semester 2015. This software will help eliminate duplication of data entry (and potential errors). Even if we cannot implement this software in the coming year, IPS will review and revise the forms required for short-term programs abroad by November 1, 2014. This timeline gives us ample time to implement the new forms for 2015 summer programs, and also allows us to align with the implementation process of the Terra Dotta system, if applicable.

Establishing mandatory document completion requirements for study abroad participants

Issue: Based on reviewing participant files for a sample of study abroad programs, Internal Audit noted a number of missing or incomplete participant forms. Of the 58 participant files for programs administered by International Programs and Services, 23 files did not contain a Participation Agreement, 19 files did not contain the Release and Acceptance of Responsibility Form, 25 files did not contain the Authorization of Medical or Surgical Consultation/Treatment form, and 36 files did not contain the Personal Data Form nor the Health Information Self-Assessment Form.

Risk: Failure to require and/or retain critical documents and data increases the University's liability exposure related to issues or events impacting students studying abroad.

Response: These forms have been required and are mandated by our policy. IPS reviews all of this information during the mandatory orientation sessions and includes it in the student pre-departure packets. IPS has set up a checklist on its web-based study abroad website, but finds that the system is outdated and not easily accessible. It takes a great deal of staff time to maintain the information in the current system, including duplication of effort and the potential for error in data entry. However, IPS management thought it was closing the gaps in this regard and was quite surprised by this finding. IPS had hired a graduate assistant this year, and she had been following up consistently with summer program participants throughout April and early May.

IPS has not prohibited students from traveling abroad due to noncompliance and would need to determine a way to enforce such a prohibition in an effective way (particularly for programs which are not administered directly by IPS). This issue will be discussed at the September 8, 2014, meeting of the Study Abroad Risk Management Task Force. The task force will decide upon a course of action which will be implemented in time for the November study abroad orientation (for spring 2015 participants). Additionally, IPS is in the process of

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hiring an Assistant Director of International Programs, whose main focus will be study abroad program development and implementation. IPS expects to have the Assistant Director role filled by late September 2014.

IPS has requested that USI purchase Terra Dotta software for study abroad and international travel data management. If that request is approved, IPS hopes to implement the software by the beginning of spring semester 2015. This system would enable us to track participants, monitor data, and enforce our requirements much more effectively and efficiently than the current website/database. Students would enter much of their own information, thereby eliminating hours of staff time entering student data and reviewing the current study abroad database (which is very limited in its capabilities). The Terra Dotta system's messaging capability would also save hours of staff time by notifying students automatically of missing documents, make-up orientation sessions, and other vital pre-departure requirements. Faculty and staff program directors will also have access to that information, and reports can easily be generated.

Requiring faculty led programs to submit documents to IPS for retention and safekeeping

Issue: Based on discussions with IPS, some established short-term programs abroad are administered by University faculty with little or no involvement from IPS.

Risk: Allowing some programs to be administered by program directors, with no involvement from IPS increases the liability exposure to the University as a result of inconsistencies in the implementation, collection, and retention of study abroad documentation.

Response: It will be difficult for IPS to monitor paperwork for all programs unless we can implement a software application similar to Terra Dotta for study abroad and international travel. Program directors have historically been responsible for collecting/maintaining the information for their students if they choose to administer a program through their respective department. IPS does not currently have the staff resources to follow up with participants of programs who have not turned in paperwork. The Terra Dotta program would enable IPS to send automatic reminders to travelers who have not submitted all of the required documents. Program directors (and others) would be able to access the information for their respective groups, as well. This system would also cut down on staff time needed to maintain the existing (antiquated) study abroad web-based database. With Terra Dotta, students and other travelers would enter their data directly into the system, which can also integrate with and pull data directly from Banner, thereby eliminating a great deal of staff time and the potential for error.

Establishing an annual meeting of the USI Study Abroad Risk Management Task Force

Issue: Based on discussions with IPS, the Study Abroad Risk Management Task Force has generally not assembled on a regular basis, nor has the task force conducted "table top" exercises to evaluate its emergency action and incident response protocol.

Risk: The absence of a regular meeting of all the members of the task force and periodic "table top" evaluations of emergency action protocol increases the risk that task force members are ill-prepared to fulfill their role in responding to an actual emergency.

Response: An annual meeting of the Study Abroad Risk Management Task Force will be scheduled by the Assistant Provost for International Programs. A meeting request has been sent for September 8, pending everyone's availability.

Addressing export controls and potential impact on study abroad programs

Issue: Export control laws and regulations are not addressed on the IPS website or in the Policies and Procedures for Directors of Short-term Programs Abroad. Any export of technology, including laptop

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computers, cell phones, and other computing and electronic data storage devices, is subject to U.S. export control regulations.

Risk: Although travel to most countries does not require export licensing, the failure to provide faculty and students with information regarding export control requirements increases the risk of inadvertent violations which may result in substantial fines and penalties.

Response: IPS will add information regarding export controls to its website by September 8, 2014, and add this information to the next edition of the Study Abroad Travel Guide which is distributed to all study abroad participants during orientation. The guide will be revised for the November orientation meeting for spring 2015 participants. Furthermore, this issue will be discussed with the Study Abroad Risk Management Task Force at the September 8, 2014, meeting to determine other resources available at USI and any additional actions in this regard.

**University of Southern Indiana
 Updated Audit Recommendations Matrix
 Calendar Year 2011**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
NCAA Grant-in-Aid	6. The University requested the NCAA conduct a Compliance Blueprint Review of the athletic program, which took place in April 2011. In conjunction with the audit of athletic grant-in-aid, Internal Audit reviewed the recommendations and enhancements in the Blueprint Review specific to financial aid. The recommendations and enhancements (including written procedures) had not yet been implemented.	Implement the NCAA Blueprint Compliance Review recommendations and enhancements, develop a timeline for implementation of each recommendation, and provide periodic reports to the University Athletics Council regarding progress.	<p>Athletic department personnel will develop a timeline (project plan) for implementation of each applicable Blueprint recommendation.</p> <p>The timeline will target implementation of all applicable Blueprint recommendations. Athletic department personnel will provide updates to the University Athletics Council during its regularly scheduled meetings regarding progress versus the plan.</p>	<p>Project Plan: January 2, 2012</p> <p>Revised: March 1, 2012</p> <p>Implementation of Blueprint items: TBD based on project plan.</p>	<p>Project Plan developed</p> <p>Implementation in progress: Approximately 93% of items completed</p>
Capital Asset Management and Reporting	2. The "Equipment Transfer/Disposal Request" form used to communicate potential asset disposals does not have a field to record the disposal method for the asset nor the recipient of the asset if sold or donated. Furthermore, the request form is not retained as support for the authorization of the disposal.	Add the disposal method and recipient to the Equipment Transfer/Disposal Request form and retain the request form in the Procurement Department or in the Business Office as evidence that the disposal was authorized and as a record of how and to whom an asset was disposed.	Business Office and Procurement management are reviewing alternatives for procedures and documentation that will provide evidence of the authorization of disposal, method of disposal, and the recipient of disposed assets, when applicable. The target date for determining the procedures and documentation is March 1, 2012, with a subsequent implementation date that will be based upon programming and training requirements.	<p>Procedure review: March 1, 2012</p> <p>Revised: March 1, 2013</p> <p>Implementation date: July 1, 2014</p> <p>Revised: August 31, 2014</p>	Completed

**University of Southern Indiana
 Updated Audit Recommendations Matrix
 Calendar Year 2012**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
Child Protection Policies Risk Assessment					
	1. The University does not have a comprehensive, University-wide policy for the protection and safety of children participating in University-sponsored programs or third-party sponsored programs occurring at University facilities.	Develop a comprehensive policy, with guidance from legal counsel, and submit such policy to the Board of Trustees for review and approval.	A group representing a variety of areas across the University, including Athletics, Children's Learning Center, faculty, Human Resources, Risk Management, Special Events and Scheduling Services, Public Safety, and Residence Life was assembled at the request of the Provost to form a committee charged with the development of a University-wide policy for the protection and safety of children.	January 2, 2013 Revised: March 15, 2013 President's Council Approval and publication of policy to campus community: August 29, 2014	Legal review of policy is complete Online training has been finalized
Employment, Payroll, & Benefits					
	6. During the audit, payroll personnel indicated they have established as an objective to increase the use of technology through the selection and implementation of an electronic time-keeping/time-tracking system. The current payroll processing environment relies heavily on hard-copy documents for tracking and reporting hours worked and employee time off (both paid and unpaid time). The University uses paper time sheets for employees to record their hours. In addition, personnel within the various departments summarize the hours from employee timesheets by recording them on a hard-copy recap document.	Utilize technology solutions to increase efficiency of payroll processing.	The Payroll Manager and HRISM are meeting weekly to explore options of implementing either a Banner-provided or a separate web time-entry system. The managers will make a recommendation and a final decision will be made by March 31, 2013.	Web time plan: Students - Fall 2013 Revised: December 2014 Bi-weekly - Spring 2014 Revised: June 2015 9-month faculty - Fall 2014 Revised: December 2015 Remaining monthly - Fall 2015 Revised: June 2016	
	7. The current payroll processing schedule includes a bi-weekly payroll for support staff and temporary workers, a bi-weekly payroll for student workers, and monthly payroll for full-time faculty, administrative staff members, and adjunct faculty. The bi-weekly payrolls are paid one week in arrears, while the monthly payrolls are paid current.	Consider transitioning the monthly payroll schedule to a bi-weekly payroll schedule.	The HR administrator group will evaluate the web time-entry project and possible changes to the payroll processing schedule and the Payroll Manager and HRISM will recommend their priority order by March 31, 2013. At that time a project plan would be built for the top priority project and subsequent deadlines established.	Prioritization of web time-entry and payroll schedule projects: March 31, 2013 Evaluation of transition from monthly to bi-weekly processing: 9-month faculty - Fall 2014 Remaining monthly - Fall 2015 Revised: June 2016	Web time-entry prioritized first

University of Southern Indiana
 Updated Audit Recommendations Matrix
 Calendar Year 2012

AUDIT NAME		RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
<p>9. A review of liability account reconciliations associated with various elective employee benefits revealed a significant amount of manual effort to complete the reconciliations. For example, the reconciliation process for dental insurance requires the reconciler to compare individual benefit participant details from the invoice to the payroll deduction register and compare participant details from the current month invoice to the prior month to identify changes in elected coverage.</p>		<p>Automate the reconciliation of certain benefit enrollments and payroll withholding.</p>	<p>Dental insurance will be the first elective benefit to be attempted.</p> <p>The proposed timeline for automation of the dental insurance reconciliation follows:</p> <p>Request the development of an exception report to identify the differences between University and vendor records by December 31, 2012. First test reconciliation by March 31, 2012. Implementation of automated process by June 30, 2013.</p> <p>When feasible, other existing elective benefit liability reconciliations will be automated with a target completion date of June 30, 2014.</p>	<p>Automation of dental reconciliation: June 30, 2013</p> <p>Automation of other reconciliations: June 30, 2014</p>	<p>On hold indefinitely due to resource constraints</p> <p>On hold</p>

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2013**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
NCAA Recruiting Compliance	1. Compliance training for coaches and student athletes has historically been conducted primarily on an informal basis. Recently, the Associate Director of Athletics/Senior Women's Administrator has instituted formal compliance education and training including monthly compliance meetings with coaches. A strong compliance education and training program helps establish a case for good institutional control over athletics compliance.	Continue the formalization and documentation of compliance education and training including regularly scheduled training events, mandatory attendance for appropriate personnel, documentation of agenda items, a sign-in process confirming attendance, and evaluations or quizzes as appropriate. Extend formal compliance education to the university's representatives of athletics interests by annually mailing a brochure to the Varsity Club members and placing compliance posters in the Varsity Club room or other locations where they may be frequently viewed by the membership.	Monthly meetings with coaches will continue each month during the academic year. Agenda items will be documented and attendance will be required and confirmed. By July 2013, athletics administration will have a policy in place for any newly hired coaches to get acclimated to the University's policies and if needed, NCAA rules. A compliance education brochure will be completed and included in the August 2013 mailings to Varsity Club members. Posters containing compliance information relevant to boosters and representatives of athletics interests will be placed in the Varsity Club room beginning in September 2013, and updated each month thereafter.	Monthly meetings: Ongoing Compliance training policy for new coaches: July 31, 2013 Compliance brochure: August 31, 2013 Compliance posters: September 30, 2013 Revised: July 31, 2014	Ongoing Completed Completed Posters created
	4. Coaches generally do not maintain logs of recruiting activity.	Require coaches to log key information and dates to document compliance with NCAA regulations. The recruiting data recorded in these logs should be periodically reviewed by the compliance coordinator and a sample of items compared to recruiting related expense reports.	The Associate Director of Athletics/Senior Women's Administrator has inquired of other Great Lakes Valley Conference member institutions regarding methods they use to facilitate coaches reporting and logging recruiting activities. By August 2013, athletics administration will compile the responses and review with the USI coaches to determine the most appropriate method to implement at USI.	August 31, 2013	Implemented log for first contact Off-campus recruiting database for men's and women's basketball implemented and ongoing
Contracting Authority Risk Assessment					
	1. The University does not have a written policy outlining the positions that are authorized to execute contracts obligating the University to deliver goods or services to third parties.	Develop a written policy which clearly defines those positions with authority to execute contracts or delegate such execution authority. Centralize the review of all contracts to facilitate routing, both internally and to outside legal counsel, ensure that appropriate University personnel review the contracts, monitor the contracts for provisions or modifications that have been predetermined as potentially detrimental to the University's interests, and ensure legal counsel is consulted when appropriate.	The Division of Outreach and Engagement, under the direction of the Associate Provost, has established a contract committee (committee) to review the various types of service contracts that the department executes. The committee will complete a draft of the policy, make its determination of feasibility of centralized contract review, and submit the policy to the President's Council for review by September 30, 2013.	September 30, 2013 Revised: "Pilot" policy in Division of Outreach and Engagement: February 28, 2014 Rollout policy to entire campus: January 2015	Completed
	2. The University does not have a standard contract template that is required for all contracts and proposals for delivery of services. Consequently, these agreements generally lack provisions limiting the University's liability and protecting the University from claims associated with the performance of the services.	Develop a standard contract template, which includes the following provisions: a.) Limitation of liability b.) Indemnification clause c.) Force majeure clause d.) Confidentiality clause	The Division of Outreach and Engagement will work with legal counsel to develop standard contract templates containing the suggested provisions, as appropriate for the types of services routinely performed by University personnel.	September 30, 2013 Revised: March 31, 2014 September 30, 2014	In progress

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2013**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
Eagle Access Department Card					
	2. Some card users indicated that they did not have a clear understanding of guidelines for usage of the cards, nor did they connect proper usage of the cards with the institutional hospitality policy.	Develop a policy and procedures to govern the use of Eagle Access department cards that is consistent with the approved University hospitality policy. Training should be provided for all department users and users' acknowledgement of the policy should be documented.	The Business Office will develop a policy and procedures to govern the use of Eagle Access department cards that is consistent with the approved hospitality policy. The policy will be developed by September 30, 2013, and users will receive communication/training on the policy thereafter.	September 30, 2013 Revised: July 1, 2014 December 31, 2014	
	3. Eagle Access department card transactions currently receive no independent (outside the department) review to confirm that card usage is in conformity with University policies and procedures. All other University financial transactions receive some level of review by finance or accounting personnel.	Develop an independent review of Eagle Access department card transactions for conformity with established policies and procedures.	Business Office management is considering the possibility of transitioning the majority of departments currently using Eagle Access cards to the use of a procurement card for hospitality expenses. The Business Office will complete its evaluation of the feasibility of such a transition by June 30, 2014, and take subsequent actions as appropriate.	June 30, 2014 Revised: July 1, 2014 December 31, 2014	
Bank and Investment Account Signature Authority					
	1. Six of fifteen financial institutions with whom the University does business had an outdated authorized signer list in their records containing one or two retired employees.	Request the financial institutions to update their records of authorized signers and provide the University with positive confirmation of the signers of record upon completion of the updates.	Management will contact the institutions again regarding the terminated employees and will require a response from them to confirm the requested changes have been made. This request will be made by January 15, 2014 with a requested completion by January 31, 2014.	January 31, 2014 Revised: June 30, 2014 August 31, 2014	
	2. The majority of the University's financial institution partners verify the legitimacy of wire transfers utilizing a call-back procedure to the individual originating the wire transfer. In addition, insurance coverage in place at the time of the audit included bonding for employees in the amount of \$400,000, regardless of cash management and signatory responsibilities.	Work with the University's financial institution partners to establish a dollar limit for wire transfers above which dual authorization (i.e. independent from the originator) must be obtained prior to the funds being released. Management should also review the bonding for employees with significant cash management responsibilities and consider increasing the bond coverage for these individuals.	Management will request that the financial institutions processing monthly transfers and investment or certificate redemptions utilize dual authorization in the future without being prompted by the originator. The anticipated date of completion will be January 31, 2014. The University began a new insurance broker relationship in October of 2013. The crime policy was increased from \$400,000 to \$2,000,000 which includes computer and funds transfer fraud.	Dual Authorization for monthly transfers and investment or certificate redemptions: January 31, 2014 Revised: June 30, 2014 NA	Completed for institutions processing majority of wire transfers

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2013**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
Student Financial Assistance 2012-2013	1. Tuition and fees reported in the Fiscal Operations Report and Application to Participate (FISAP) excluded approximately \$18,500,000 of tuition and fee revenue recorded in funds 15001 through 15005.	Business Office and Student Financial Assistance (SFA) personnel should jointly review the reporting of tuition and fees in the FISAP report and determine the appropriate future treatment of tuition and fee revenue recorded in funds 15001 through 15005.	Business Office and SFA personnel will form a team to develop and implement a plan by May 31, 2014 to achieve the following: 1) Transition the FISAP completion to SFA with the business office involved in amount validations and the discussion of elements to be included or excluded from reporting. 2) Determine the items to be included in the tuition and fee revenue reported, the impact of any changes, and how to best report a change. 3) Identify someone at the Department of Education to review our logic and facilitate any reporting change. 4) Develop an agreed upon template of data that will be provided by the business office for SFA to submit the FISAP. 5) Implement an annual review of the template to identify any adjustments that could be required due to new fees or programs that could impact the FISAP.	Develop a plan: May 31, 2014 Revised: September 14, 2014 June 30, 2014 Revised: September 14, 2014	Transition in progress Attended webinar hosted by the Assoc. of Financial Aid Professionals
Federal Grant Administration and Compliance	1. During the review of salary allocations for personnel assigned to the three advanced nursing education grants, Internal Audit noted two personnel whose allocations for one academic term during the audit period appeared to be based on the inadvertent continuation of a payroll notification which was completed for the immediately preceding academic term.	Develop a salary allocation report for distribution on a monthly basis. The report should include the fund numbers under the financial manager's control, the personnel ID number, employee name, position number, and the percent of the employee's salary allocated to each fund. The financial managers should use this information to compare to their records regarding salary allocations.	Human Resources is working with Information Technology to develop a salary allocation report for distribution on a monthly basis to each financial manager of funds receiving payroll allocations.	January 31, 2014 Revised date for production and distribution of report: March 31, 2014 Revised: September 15, 2014	Initial draft of report created

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2014**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
Teaching Theatre Construction Change Orders					
	1. Some contractors assessed profit and overhead mark-ups on items for which a mark-up is not allowed. In addition, the change order worksheet includes references to a section that has been deleted from Exhibit B.	Modify the change order worksheet by removing the reference to the deleted section of Exhibit B and adding a statement that items included in the "Miscellaneous" section of the worksheet are not eligible for a profit and overhead mark-up.	On March 4, 2014, with assistance from Internal Audit, Facility Operations updated the change order worksheet as recommended.	NA	Completed
Procurement Services					
	1. The University consistently follows some established dollar thresholds for several key activities associated with the bidding and awarding of public works projects. While these thresholds have become fairly standard, they have not been formally documented in a central location.	Document and publish dollar thresholds for the following items in a location accessible by other University personnel typically involved in the solicitation and awarding of bids: 1. Project cost triggering a public bid opening 2. Project cost for which a bid bond is required 3. Projects for which performance and payment bonds are required 4. Project cost for which a legal contract is required (i.e. a purchase order alone is not sufficient)	Procurement has documented and will publish on its webpage the dollar thresholds for the items listed in the recommendation.	July 1, 2014 Revised: August 31, 2014 and pending legal counsel response on impact of state adoption of revised legislative code	
	2. Standing orders may include a requirement to obtain approval from the director of procurement before making purchases over a certain dollar amount. However, there is currently no mechanism in place to facilitate the identification of purchasers who fail to comply with the approval requirement.	Create and review a report of purchases made on standing orders which require approval from the director of procurement. Procurement personnel should review the report on a regular basis and follow up with the purchaser or take other action as appropriate regarding the failure to obtain proper approval.	Procurement will work with the Business Office and Information Technology to identify the standing orders requiring review and create a report of invoices applied to those orders. Procurement Services personnel will review the report on a weekly basis and follow up with purchasers who fail to obtain proper approval.	August 1, 2014	Completed and ongoing

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2014**

AUDIT NAME	OBSERVATION	RECOMMENDATION	RESPONSE	TARGET	STATUS
Information Security and Privacy Compliance					
	1. The University has not designated an employee or employees with responsibility for the development, implementation, and coordination of an information security program, as required by the Family Educational Rights and Privacy Act (FERPA), Gramm-Leach-Bliley Act (GLBA), Health Insurance Portability and Accountability Act (HIPAA), and Payment Card Industry Data Security Standard (PCI DSS).	Assign information security responsibility to one or more individuals as necessary to address the data security needs of the institution. The information security function should be a dedicated function with little or no daily information technology operational responsibilities.	The Information Technology (IT) department agrees a permanent dedicated Information Security position is needed, and anticipates the University will create this position in the future when budgets are less constrained. As an interim measure, we believe a consultant can satisfactorily perform this function for the University. IT intends to issue a request for proposal (RFP) for this role no later than October 1, 2014.	October 1, 2014	
	2. A formal and comprehensive information security risk assessment has not been conducted by the University.	Develop a formal information security risk assessment process to be conducted annually and continue to pursue the outsourced network architecture and data security review in 2014.	A RFP for the external network architecture and data security analysis is progressing with a target date for performance of this analysis in the fall of 2014. Additionally, once it is in place, the IT security role will coordinate risk assessment execution and follow up.	Fall 2014	
	3. There is no formal information security awareness training program for new or continuing employees, nor is there an established process for delivering periodic security reminders or updates as required by GLBA, HIPAA, and PCI DSS.	Develop a formal information security awareness and training program for new and continuing employees. Training should be required upon hire and periodically thereafter for continuing employees. Publish periodic (e.g. monthly) information security reminders to all University personnel.	IT will develop training modules, execute the training, and provide reporting on compliance. Once in place, the IT security role will establish the timeline to complete the training material.	TBD	
	4. There is currently no process or system in place to proactively monitor network activity logs and alert IT personnel of indications of attack or intrusion.	Evaluate intrusion detection and file integrity monitoring solutions and determine the appropriate placement and configuration across the network based upon a comprehensive risk assessment and input from information security auditors or consultants engaged to conduct the network architecture and data security review.	IT has begun the process of evaluation of additional tools to solve this need. Specifically, IT expects that the University needs the following systems: <ul style="list-style-type: none"> • Intrusion Prevention System • Intrusion Detection System, including File Integrity Monitoring • Log File Aggregation System IT anticipates having these in place by end of the 2014 - 2015 fiscal year.	June 30, 2015	
	5. The University was receiving protected health information (PHI) in conjunction with invoices from Anthem for medical and prescription drug claims incurred. However, the plan documents for the group health plan do not include all the provisions required by HIPAA in order for the group health plan to share PHI with a plan sponsor.	Amend the plan documents to include all the provisions required by HIPAA in order for the group health plan to share PHI with the plan sponsor.	It is not necessary to continue receiving PHI and management directed Anthem to discontinue the provision of this data effective in April 2014. Business office personnel have deleted the historical data that had been received and stored on the network. As a result, no amendment to the plan documents is required.	NA	Completed
	6. The notice of privacy practices for the USI Community Health Centers and the USI Dental Clinic do not include a statement that these entities are required to notify affected individuals following a breach of unsecured protected health information.	Update the notices of privacy practices to include a statement that the health centers and dental clinic are required to notify affected individuals of a breach of unsecured protected health information.	The Notice of Privacy Rights utilized at the USI Dental Clinic and the Notice of Privacy Practices used at the USI Community Health Centers were updated on May 2, 2014, and June 2, 2014, respectively.	NA	Completed
	7. The school based health centers, operated by the University at various Evansville Vanderburgh School Corporation (EVSC) facilities, are health care providers subject to HIPAA. There does not appear to be documentation describing each party's role and responsibility with respect to the HIPAA security standards.	Perform a joint risk assessment (University and EVSC) specific to the school based health centers and document the parties' respective responsibilities for ensuring compliance with HIPAA. Include an evaluation of physical security for the facilities and hard copy documents, as well as technical security of the computer equipment, network devices, and protected health information processed or stored on the equipment.	USI Community Health Center personnel will schedule a meeting with the EVSC staff to discuss HIPAA compliance and schedule a date to perform the risk assessment when the EVSC staff returns from summer break (August 2014).	August 2014	

**University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2014**

AUDIT NAME	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION				
International Travel Programs and Study Abroad				
1. During our review of a sample of study abroad programs, Internal Audit noted some duplication in data requested from participants.	Review the study abroad forms in an effort to identify and eliminate potential duplicate data requests.	IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015. If IPS cannot implement the software, IPS will review and revise the forms required for short-term programs abroad by November 1, 2014.	Form revision: November 1, 2014 Software implementation: Spring 2015	
2. Of 58 participant files for programs administered by International Programs and Services, 23 files did not contain a Participation Agreement, 19 files did not contain the Release and Acceptance of Responsibility Form, 25 files did not contain the Authorization of Medical or Surgical Consultation/Treatment form, and 36 files did not contain the Personal Data Form nor the Health Information Self-Assessment Form.	Establish mandatory document completion requirements for the most critical forms required for study abroad participants.	IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015.	Software implementation: Spring 2015	
3. Some established short-term programs abroad are administered by University faculty with little or no involvement from IPS, which may lead to inconsistencies in the implementation, collection, and retention of study abroad documentation..	Require all study abroad program directors to work with IPS to establish the required forms and documentation for participants. Program directors should collect and submit completed participant forms to IPS prior to departure. IPS should monitor submission of required documents and notify the program director regarding missing items. Participation in the program should be contingent upon the submission of fully completed documents on or before the established due date. IPS should establish a standard retention period for participant documents.	Discuss and implement a strategy for making student travel contingent upon submission of completed documentation. IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015. The features and automation in this software will make collection, tracking, and retention more feasible.	Strategy discussion: September 8, 2014 Strategy implementation: November 2014 Software implementation: Spring 2015	
4. The Study Abroad Risk Management Task Force has generally not assembled on a regular basis, nor has the task force conducted "table top" exercises to evaluate its emergency action and incident response protocol.	The Study Abroad Risk Management Task Force should convene at least annually. The meeting should inform new members of their roles, remind existing members of their roles, and provide a forum to discuss actual recent events that have occurred in various locations abroad and how the University would respond if the events occurred in close proximity to USI students studying abroad.	An annual meeting of the Study Abroad Risk Management Task Force will be scheduled by the Assistant Provost for International Programs. A meeting request has been sent for September 8, pending everyone's availability.	September 8, 2014	
5. Export control laws and regulations are not addressed on the IPS website or in the Policies and Procedures for Directors of Short-term Programs Abroad.	Publish general information regarding export control laws and regulations on the IPS webpage. In addition, IPS should consider pointing faculty directors of study abroad programs to the Bureau of Industry and Security website. IPS should also reference the countries in group E:1 of the Export Administration Regulations Supplement No. 1 to Part 740 [Cuba, Iran, North Korea, Sudan, and Syria (list as of June 5, 2014)], as countries that would potentially require export licensing of computers and similar devices.	IPS will add information regarding export controls to its website and incorporate into its materials as appropriate. This issue will be discussed further with the Study Abroad Risk Management Task Force to determine other resources available at USI and any additional actions	Add information to website and determine additional resources and actions: September 8, 2014	

**University of Southern Indiana
General Repair and Rehabilitation
2013-2015
Project List, Cost Estimates, and Priorities**

2014 - 2015 Fiscal Year

1. Renovate Second Level Classrooms and Corridors in Orr Center	\$ 350,000
2. Modernize Fire Alarm Systems in Science Center, Wright Administration Building, and Orr Center	\$ 120,000
3. Repair/Paint Metal Roof in Orr Center	\$ 50,000
4. Replace Penthouse Roof in Science Center	\$ 80,000
5. Replace Damaged Walkways near Library and Technology Center	<u>\$ 83,000</u>
Total	\$ 683,000

Summary of Construction Change Orders
Authorized by the Vice President for Finance and Administration
September 4, 2014

TEACHING THEATRE PROJECT

Alva Electric

CO-E12	Extend mechanical room devices from the wall to allow for insulation installation	\$	1,657
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Empire Contractors, Inc. - General Contractors

CO-G34	Change order to balance the difference caused by an error in the math on CO G13	\$	(3,878)
CO-G35	Added structure to stabilize and finish curtain wall window	\$	24,671
CO-G36	Widened the control room, knee wall to allow space for conduits and lighting	\$	4,144
CO-G37	Additional track wall changes	\$	2,062
CO-G38	Changes to cable passes and hooks	\$	5,951
CO-G39	Provide aisle railings along Zahner metal wall	\$	12,801
CO-G40	Omit fire rated windows	\$	(18,230)
CO-G41	Provide and install additional grab bars in elevator pit	\$	792
CO-G42	Add light switch boxes and access panels in the Box Office	\$	469
CO-G43	Additional brick necessary at window sill due to increased depth of wall	\$	634
CO-G44	Control room rails had to be removed	\$	1,518
CO-G45	Modifications to Box Office casework	\$	(4,134)
CO-G46	Revised mockup	\$	(2,271)
CO-G47	Catwalk work lights had to be shifted after installation	\$	2,392

Deig Brothers Lumber and Construction Co. - Mechanical Contractors

CO-M14	AHU Warranty	\$	4,186
CO-M15	Relocate temporary FP and FD connection	\$	6,715