

KERNUTTSTOKES

Risk Assessment and Draft Internal Audit Plan Fiscal Year 2018/2019

November 15, 2018

Internal Audit Agenda

- Internal Audit Charter
- Fraud, Waste, and Abuse Ethics Hotline Update
- Update on 2017/2018 Audit Reports
 - Integrated Student Health Center
 - Faculty Workload Management
- Annual Risk Assessment
- 2018/2019 Internal Audit Plan

Internal Audit Charter

- **Independence and Objectivity**

- IA has no direct operational responsibility or authority.
- IA will exhibit professional objectivity and make unbiased and balanced assessments.

- **Professionalism**

- IA will adhere to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards).

- **Authority**

- IA reports administratively to Management and functionally to the Board.
- IA is authorized full, free, and unrestricted access to any and all of Oregon Tech's record and to the Board.
- Management is responsible for risk management and internal control.

- **Responsibility**

- Examination and evaluation of the adequacy and effectiveness of governance, risk management, and internal controls. As well as the quality of performance to achieve stated goals and objectives.

- **Internal Audit Plan**

- Presented and approved by the Board at least annually.

- **Reporting and Monitoring**

- Written report following conclusion of each internal audit engagement.
- Results will be communicated to the board.

Fraud, Waste, and Abuse Ethics Hotline Update

- Status Update
 - IA reporting to General Council
 - 8 cases opened through hotline in 2018
 - 3 resolved and closed
 - 5 open and being reviewed/investigated

2017/2018 Audit Reports

- Expense Reimbursements – Finalized
- Accounts Payable – Finalized
- Integrated Student Health Center – Finalized
(included in packet)
- Faculty Workload Management – Audit complete
(included in packet); awaiting management responses

2017/2018 Audit Reports

- Integrated Student Health Center
 - IA Reviewed:
 - Student Services and Accounts
 - Revenues and Expenditures
 - Patient Satisfaction Surveys
 - License and Education Requirements
 - HIPPA Compliance
 - Audit report including management responses finalized

Findings	Observations	Process Improvement Recommendations
3	3	6

2017/2018 Audit Reports

- Faculty Workload Management
 - IA Reviewed:
 - Workload
 - Overload Pay
 - Release Time
 - Course Offerings
 - Accrued Leave
 - Audit report finalized; management responses anticipated at January meeting.

Findings	Observations	Process Improvement Recommendations
10	6	6

Annual Risk Assessment

Update for 2018-2019:

- Interviews with key members of management (President, Vice Presidents, General Council, etc.): 12
- Refined and refreshed for current year changes to risk profile
- Identified potential audits based on risks
- Risk assessment to be utilized to direct audit plan for multiple years

■ Annual Risk Assessment

Interview Response Themes:

- Cultural & administrative growth
- Policies and procedures
- Information Technology
- Deferred maintenance of buildings and grounds
- Campus safety
- Sexual harassment

Annual Risk Assessment

Top 10 Audit Units

- Athletics
- Business Affairs
- Campus Security
- Emergency Management
- Facilities Management
- Human Resources and Affirmative Action
- Information Technology
- Office of the Provost and Academic Affairs
- Online Education
- Procurement, Contracts, & Risk Management

Annual Risk Assessment

Analysis of Audit Units and Associated Risks

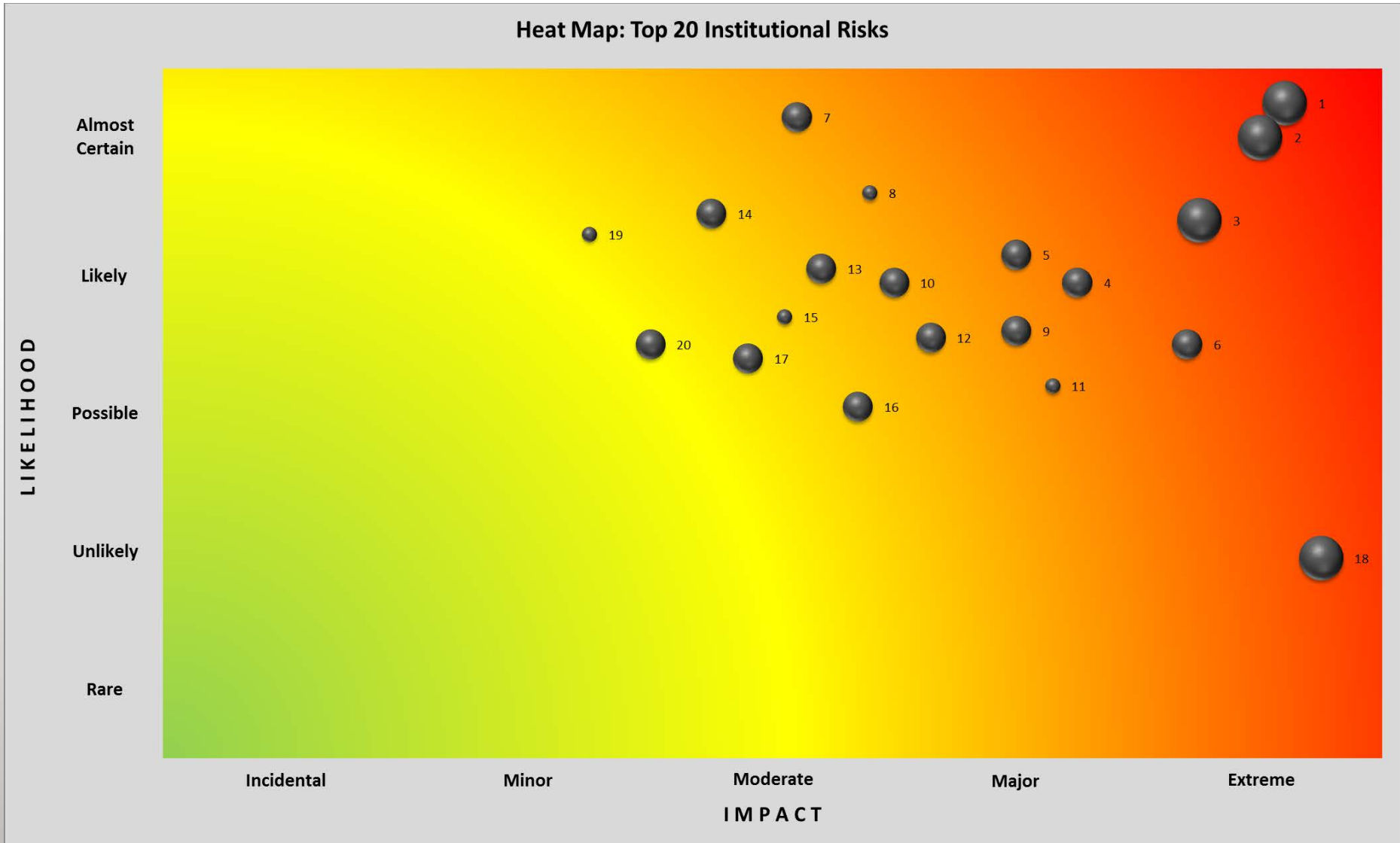
- Significant risks identified for each unit through questionnaires, interviews, and peer institution risk models.
- Risks are evaluated based on the following and plotted on a heat map:
 - **Likelihood:** The chance that a risk could occur and have a material impact on the Institution. Vertical axis on heat map.
 - **Velocity:** The speed at which a risk can occur and have a material impact on the Institution. Size of point on heat map.
 - **Impact:** The extent of the consequences a risk could have on the institution. Horizontal axis on heat map.

Annual Risk Assessment

Top 20 Risks:

1. **Information Technology** – Cybersecurity
2. **Information Technology** – Business email compromise: policies and response plan
3. **Information Technology** – Protection of confidential information/ compliance with EITA standards
4. **Oregon Manufacturing Innovation Center (OMIC)** – Use of state bond funds, economic development agency spending, approval authority and thresholds
5. **Procurement, Contracts, & Risk Management** – Vendor selection, evaluation, and review
6. **Human Resources and Affirmative Action/Campus Security** – Sexual assault and harassment – prevention, transparency, training
7. **Office of the Provost and Academic Affairs** – Workload management
8. **Facilities Management** – Capital project management – new major projects
9. **Facilities Management** – Deferred maintenance of buildings and grounds
10. **Athletics/Business Affairs/Procurement, Contracts, & Risk Management** – Contract procurement, administration, and review
11. **Business Affairs/Campus Security/Emergency Management/Human Resources and Affirmative Action** – Insufficient training for staff, faculty, and students
12. **Athletics/Title IX** – NAIA and Title IX compliance
13. **Sponsored Projects and Grant Administration** – Payroll and effort certification, allowable costs, cost transfers, program income, and subrecipient monitoring
14. **Online Education** – Management of online program – employment agreements, tracking and reporting, accountability
15. **Business Affairs/Human Resources and Affirmative Action/Information Technology/Procurement, Contracts, & Risk Management** – Outdated, inadequate, or inefficient policies and manual or non-routine procedures
16. **Campus Security** – Out of service phones, insufficient lighting and signage on campus
17. **Athletics/Business Affairs/Auxiliaries** – Internal controls over cash, revenues, and expenditures
18. **Campus Security/Emergency Management** – Campus violence or threat - response planning and training
19. **Academic Agreements** – Registration process, departmental duties
20. **Human Resources and Affirmative Action** – Time keeping and payroll

Annual Risk Assessment



Internal Audit Plan

Types of audits performed by IA:

- **Performance Audit**
 - Examines use of resources to evaluate whether they are being used in the most effective and efficient manner to fulfill the organization's missions and objectives.
- **Financial Audits**
 - Focuses on accounting and reporting of financial transactions. Verifies that there are sufficient controls over assets and adequate process controls over resources.
- **Compliance Audits**
 - Reviews adherence to laws, regulations, policies, and procedures.

Internal Audit Plan

Audit Plan – 2018/2019

- **Annual Risk Assessment** – 180 Hours
 - Update Institution-wide risk assessment.
- **Monitor Fraud, Waste, and Abuse Ethics Hotline** – 20 Hours
 - Monitor reports made to hotline as well as items reported directly to IA.
 - Coordinate with General Council for appropriate follow-up.
- **OMIC** – 330 Hours
 - Review policies and procedures for use of state bond funds, economic development agency spending, approval authority and thresholds.
- **Athletics** – 120 Hours
 - Fiscal review. Controls over cash and revenues, proper execution of contracts and agreements, cost reimbursement review, budget management.
- **Prior Audit Follow-up** – 50 Hours



Questions?