



Risk Assessment  
& Draft Internal Audit Plan - 2016/2017

**OREGON TECH  
RISK ASSESSMENT AND DRAFT INTERNAL AUDIT PLAN – 2016/2017**

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# **OREGON TECH**

## **Risk Assessment and Draft Internal Audit Plan – 2016/2017**

### **Executive Summary**

This document provides the results of the annual risk assessment for Oregon Tech (the Institution) and fiscal year 2016/2017 internal audit plan. The development of the internal audit plan was based on the results of an Institution-wide risk assessment which was performed in September and October of 2016. The objective of the risk assessment was to identify the departments, offices, areas, units, or processes that pose the greatest risk to the Institution and then to align internal audit resources, where appropriate, to best help the Institution achieve its objectives. The internal audit plan contains key information on the planned audit activity for fiscal year 2016/2017 and was based on the results of the annual risk assessment process. All internal audit services are provided by Kernutt Stokes LLP (IA).

IA's objectives for fiscal year 2016/2017:

- Administer a questionnaire of the Institution's key management,
- From the questionnaire, identify major themes for the Oregon Tech Board of Trustees (the Board) and Institution management to consider,
- Utilizing questionnaire results and discussions with management, provide an analysis of the top 10 audit units and the associated risks attributable to those units,
- From the identified potential risks associated with top 10 audit units, identify the Top 20 risks by determining the impact, likelihood, and velocity of the risks to the Institution,
- Review the top 20 risks identified with management and, considering timing and budgetary restraints, select two audits that could be performed in the current fiscal year,
- Provide the Institution with value added recommendations to improve controls, mitigate identified risks, and increase efficiency of its operations,
- Monitor the Institution's Fraud, Waste, and Abuse Ethics Hotline.

The Institution is currently going through a significant transition in leadership. With the search for a new President underway, an interim-President has hired several key individuals including a new Human Resources Director, VP of Finance and Administration, Director of Emergency Preparedness, Director of Title IX and a search for a new Athletic Director and Provost is currently in process as a result. It should be noted that some of the questionnaire responses identified in the risk assessment were a direct result of the previous administration and because new leadership hasn't had time to establish their own reputation, the concerns related to the previous administration were brought forward. While the hiring of new leadership doesn't eliminate certain risks, it does show that progress is being made to specifically address them by the interim President. The effects of these changes in leadership have not been specifically evaluated.

**Risk Assessment Methodology**

The objective of a risk assessment is to align internal audit resources to those processes that pose the highest risk to the Institution’s ability to achieve its objectives. Additionally, it is designed to give the Board a comprehensive risk profile of the Institution which could aid in strategic decision making and allocation of resources. A well-developed risk assessment model will provide an efficient procedure to:

- Determine the audit units of the Institution
- Measure the risk of each audit unit and identify high risk activities
- Rank the audit units according to risk
- Rank the major activities within audit units according to risk
- Estimate the time necessary to complete potential audits
- Determine the best allocation of resources to perform the audit options
- Develop annual and long-term strategic audit plans

The risk assessment process was a highly collaborative process facilitated by IA, designed to cast a wide net to understand the Institution’s risk profile. Heavy reliance was placed on audit unit heads to provide input into the risks that are present in their respective units. Additionally, IA reviewed risk assessment models and processes used by peer institutions and utilized their experience and knowledge of Institution operations to ensure relevancy in the risk assessment model.

To focus on appropriate areas, IA considered the strategic plans and initiatives of the Institution. IA identified the audit units (a distinct, department, office, area, unit, process, etc. that contains activities structured to obtain common objectives) within the Institution and changes or situations impacting each of these audit units. IA sent out a Department Risk Questionnaire to fifty-eight individuals representing forty-three potential audit units. Fifty-four questionnaires were completed and returned. Additionally, IA performed follow up interviews with twenty four questionnaire respondents, including four Vice-Presidents, the Interim President, a member of the Board, and the Institution’s external auditors. Questionnaires were summarized and assigned a preliminary risk score based on a weighting of each response to questions asked. Scores were adjusted, as appropriate, for short-answer responses provided. For high risk audit units, a list of identified risks was developed and evaluated across various risk categories summarized below.

The following risk categories were considered in the development of the risk assessment and internal audit plan:

- Strategic Risk            Impairment to implementation of the strategic mission of the Institution.
- Operational Risk        Impairment of the ability to carry out the operations of the Institution.
- Compliance Risk        Failure to comply with laws, regulations, and policies of the Institution.
- Financial Risk            Loss of financial resources, assets, or opportunities.
- Reputational Risk        Risk that public image or reputation is damaged by actions of an audit unit or individual connected to the Institution.

**Questionnaire Response Themes**

Listed below is a summary of questionnaire response themes consistently encountered by IA while conducting interviews and reviewing responses to questionnaires throughout the risk assessment process. The themes are summarized here to provide Institution management and the Board with responses that were presented as being most pervasive throughout the Institution.

- **Lack of emergency/crisis response, disaster recovery, and business continuity plans**

It is clear from the results of the questionnaires and interviews conducted that the Institution does not have complete, viable, or well communicated plans in place to deal with emergencies, natural disasters, or campus-wide crisis events. Those surveyed and interviewed were either unaware of the Institution’s policies or plans in these scenarios or felt the current policies or plans in place were underdeveloped and insufficient. If an emergency, natural disaster, or campus-wide crisis were to occur, the Institution could be negatively impacted if the current concerns are not addressed with a timely, coordinated, and formal action plan complete with clearly defined roles and responsibilities.

- **Insufficient Institution-wide social media policy and enforcement**

Responses to questions regarding social media policies or actions varied greatly among respondents. While a few respondents knew of a policy in place most did not, or noted that it was not monitored or enforced in any way. Social media outlets are an extension of the Institution’s brand and voice, well beyond the edges of the campus or local community, which can provide both opportunities and risks. Without understanding, addressing, and monitoring risks sufficiently, the Institution is susceptible to having their voice, brand, or reputation misused or damaged. A well established and enforced social media policy unites the Institution with a common goal and voice.

- **Diversity and inclusion**

Several respondents identified a need for the Institution to place more emphasis on diversity and inclusion. Concerns of gender and disability bias were noted as potentially existing in both the Institution administration and in campus classrooms. This is a risk to the Institution both from a Title IX compliance standpoint and to the Institution’s strategic initiatives. Continuing to promote the Institution’s commitment to fostering a safe and welcoming campus for all students, faculty and staff would be prudent.

- **Limited access to accurate Institution data reporting and other metrics**

Respondents noted that currently, the ability for employees to access useful data about the Institution and its programs is lacking. They noted that this was due to inaccurate reports, the inability to obtain reports, and outdated and inadequate information systems. In order for the Board and the administration to make sound strategic, operational, and financial decisions they must be able to rely on and have access to timely, useful, and accurate data.

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### Analysis of Institution Audit Units and Associated Risks

Based on questionnaire results and discussions with executive management, the top 10 Institution audit units are listed alphabetically. The determination of the top 10 audit units was based on the results of the annual risk assessment performed by IA. See Appendix A for a full ranking of all audit units.

<b>Audit Unit</b>
Athletics
Business Affairs
College of Health, Arts and, Sciences
Emergency Management
Facilities Management
Human Resources and Affirmative Action
Information Technology
Office of the President
Title IX
Wilsonville Campus

Having identified the top 10 audit units, each unit was evaluated for individual risks within each respective unit. Risks were determined by the questionnaire and interview process as well as through review of peer institution risk models. The most significant potential risks are summarized in the following table.

<b>Audit Unit</b>	<b>Summary of Potential Risks</b>
Athletics	<ul style="list-style-type: none"><li>• Financial aid/scholarships</li><li>• NAIA compliance</li><li>• Internal control over revenues and expenditures</li><li>• Contract administration</li><li>• Turnover of management</li><li>• Facilities</li><li>• Procurement rules/process</li><li>• Lack of funding</li><li>• Transportation</li><li>• Health and safety procedures</li></ul>

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Audit Unit	Summary of Potential Risks
Business Affairs	<ul style="list-style-type: none"><li>• Contract management</li><li>• Integrity of financial projections</li><li>• Budget process</li><li>• Financial reporting process</li><li>• Corporate credit card issuance and reimbursements</li><li>• Cash receipts</li><li>• Fund classifications</li><li>• Cash management</li><li>• Investment oversight</li></ul>
College of Health, Arts and, Sciences	<ul style="list-style-type: none"><li>• Faculty compensation and contract review</li><li>• Faculty performance and tenure process</li><li>• Federal grant compliance</li><li>• Insurance billing, medical coding, training</li><li>• HIPPA compliance</li><li>• Internal control over revenue and expenditures</li><li>• Malpractice insurance</li><li>• Control and administering of medicine and prescription drugs</li></ul>
Emergency Management	<ul style="list-style-type: none"><li>• Training and education</li><li>• Emergency response plan for both campuses</li><li>• Lack of emergency response plan testing and drills</li><li>• Internal and external communication plan</li><li>• Emergency resources</li><li>• Mutual aid agreements</li></ul>
Facilities Management	<ul style="list-style-type: none"><li>• Capital project management</li><li>• Employee utilization</li><li>• Sufficient funding</li><li>• Grounds maintenance</li><li>• Student employment contracts</li></ul>

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Audit Unit	Summary of Potential Risks
Human Resources and Affirmative Action	<ul style="list-style-type: none"><li>• Grievance procedures</li><li>• Human capital strategy/planning</li><li>• Paper information processing (personnel files, grievances, etc.)</li><li>• Salary and benefits discrepancies and perceived abuses</li><li>• Recruitment, selection, and hiring</li><li>• Information security</li><li>• Termination procedures</li><li>• Affirmative action/non-discrimination practices</li><li>• Background checks</li><li>• Affordable care act compliance</li></ul>
Information Technology	<ul style="list-style-type: none"><li>• Accuracy of data provided to other departments</li><li>• Outdated IT systems/hardware</li><li>• Competent and sufficient staffing and support</li><li>• Protection of confidential information</li><li>• Back-up procedures</li><li>• Disaster recovery plan</li><li>• Network integrity</li><li>• System capacity</li><li>• Cyber liability</li><li>• Turnover of key IT personnel</li></ul>
Office of the President	<ul style="list-style-type: none"><li>• Tone at the top of the organization</li><li>• Executive succession planning</li><li>• President turnover</li><li>• On-boarding process of new management</li><li>• Compensation and contract review</li><li>• Conflict of interest policies and procedures</li></ul>

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<b>Audit Unit</b>	<b>Summary of Potential Risks</b>
Title IX	<ul style="list-style-type: none"><li>• Sufficient policies and procedures to educate and respond</li><li>• Staff and faculty compliance and awareness training</li><li>• Complaints process</li><li>• Reporting requirements</li><li>• Investigation documentation and retention</li><li>• Internal and external incident communication</li><li>• Victim care and protection</li><li>• Reputational damage</li><li>• Loss of federal funding</li><li>• Lawsuits</li></ul>
Wilsonville Campus	<ul style="list-style-type: none"><li>• Business continuity in wake of natural disaster</li><li>• Potentially inadequate campus security</li><li>• Lack of maintenance reserve</li><li>• Limited physical capacity for growth</li><li>• Lack of operational agility limiting efficiency and growth</li><li>• Low adjunct and full-time faculty salaries limiting ability to hire against prevailing market wages</li><li>• Faculty overload</li><li>• Enrollment bubble</li></ul>

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### Identification of Top 20 Institutional Risks

The significant Institution risks, identified previously, were evaluated based on the impact, likelihood, and velocity that each risk would have based on standard internal audit practices. The top 20 Institution risks were then plotted on a heat map (see page 11). Below is the criteria used to make those evaluations:

Likelihood: The chance that a risk could occur and have a material impact on the Institution. Likelihood is represented by the vertical axis of the heat map. Likelihood is determined and evaluated based on the following factors:

<b>Descriptor</b>	<b>Frequency</b>		<b>Probability</b>
Almost Certain	Immediate	Very often or expected	90% chance
Likely	<= 3 months	Often or multiple times per year	60%-90% chance
Possible	12 months	Periodically or annually	30%-60% chance
Unlikely	24 months	Occasionally or bi-annually	10%-30% chance
Rare	60 months	Rarely or remote possibility	<10% chance

Velocity: The speed at which a risk can occur and have a material impact on the Institution. Velocity is represented by the size of the point plotted on the heat map such that the larger the point, the faster the potential onset of the risk. Velocity is determined and evaluated based on the following factors:

<b>Descriptor</b>	<b>Speed</b>	<b>Time Period</b>
Fast	Rapid or instantaneous onset with little or no warning	Occurs within hours or a few days
Moderate	Quick onset with some warning requiring a response	Occurs in a matter of a couple of weeks or months
Slow	Slow onset with enough warning to attempt remedy	Occurs over many months or years

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Impact: The extent of the consequences a risk could have on the Institution. Impact is plotted on the horizontal axis of the heat map. Impact is determined and evaluated based on the following factors:

<b>Descriptor</b>	<b>Strategic</b>	<b>Operational</b>	<b>Compliance</b>	<b>Financial</b>	<b>Reputational</b>	<b>Safety</b>
Extreme	Loss of confidence by all stakeholder groups. Potential closing of Institution.	Enterprise wide. Inability to continue normal operations across entire Institution. Multiple board members or senior leaders leave.	Board and/or management indictments. Significant prosecution and fines. Large scale legal action. Regulatory sanctions.	Financial cost or lost opportunity greater than \$5M	Significant and long-term national negative media coverage. Major loss of market share.	Loss of life
Major	Loss of confidence by two or more stakeholder groups. Multiple changes in senior leadership. Significant changes to Institution's strategic plan. Potential closing of multiple Institution branches or services.	Significant interruptions to Institution operations. Some senior leaders leave. High turnover of experienced staff. Not perceived as an employer of choice.	Management challenges. Large legal liabilities. Reports to regulators requiring major corrective action. Regulatory fines.	Financial cost or lost opportunity between \$1M - \$5M	Substantial state-wide media coverage. Potentially temporary or remediable situation. Significant loss of market share.	Permanent or significant injury
Moderate	Loss of confidence by more than one stakeholder group. Changes in senior leadership or staffing. Significant changes to Institution's execution of strategic plan.	Moderate interruptions to Institution operations. Widespread staff morale problems and high turnover.	Review of management decisions. Legal action considered or reserved for. Report of breach to regulator with immediate corrective action implemented. Regulatory investigation.	Financial cost or lost opportunity between \$100K - \$1M	Minor local media coverage. Likely temporary and remediable. Potential harm to market share.	Minor injury
Minor	Loss of confidence by one stakeholder group. Refinements or adjustments to Institution's strategic plan and/or execution.	Minor interruptions to Institution operations. General staff morale problems and increasing turnover.	Management unaffected. Minimal liabilities. Reportable incident to regulator with no follow-up required. Increased regulatory attention.	Financial cost or lost opportunity between \$25K - \$100K	Local media coverage easily remedied. No harm to market share.	Chance of injury and perception of danger
Incidental	Minor concern by 1 or more stakeholder groups. Minimal or no changes to Institution plans.	Minimal or no interruption to Institution operations. Isolated staff dissatisfaction.	Minimal or no liabilities. Not reportable to regulator. No regulatory impact.	Financial cost or lost opportunity less than \$25K	No impact	No injuries, perception of safety

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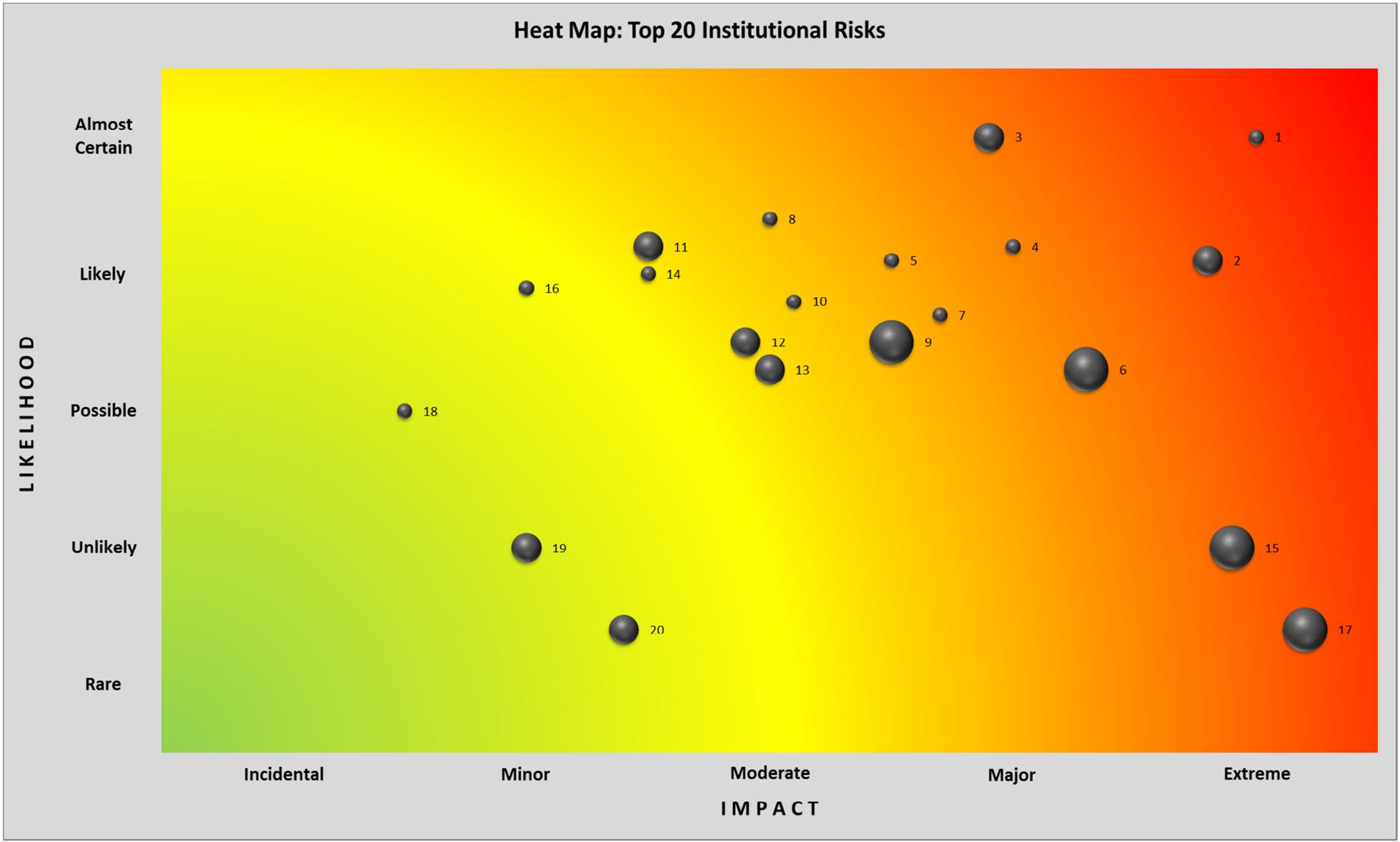
## Risk Assessment and Draft Internal Audit Plan – 2016/2017

The chart below represents the top 20 highest risks to the Institution. They are ranked from highest risk to lowest based on the results of the risk assessment performed by IA.

<b>Risk Rank</b>	<b>Audit Unit(s)</b>	<b>Description of Risk</b>	<b>Risk Area</b>
1	Information Technology	Outdated IT systems/hardware	Operational
2	Facilities Management	Capital project management	Financial Operational
3	Business Affairs	Integrity of financial projections	Strategic
4	Information Technology	Accuracy of data provided to other departments	Operational Strategic Compliance
5	Budgeting and Resource Planning	Accuracy and effectiveness of policies and procedures related to annual budget process	Operational Strategic
6	Title IX	Sufficient policies and procedures to respond, educate and train	Compliance Reputational
7	Human Resources and Affirmative Action	Human capital strategy & planning	Strategic
8	Human Resources and Affirmative Action	Paper information processing (personnel files, grievances, etc.)	Operational Compliance
9	Campus Safety	Lack of sufficient staffing, training, and equipping of security guards	Operational Compliance Reputational
10	Human Resources and Affirmative Action	Pay and benefits inequity/classification inconsistencies/eligibility	Financial Reputational
11	Facilities Management	Employee utilization	Operational
12	Business Affairs	Contract management	Compliance Financial
13	Auxiliaries	Internal controls over revenues and expenditures	Financial
14	Human Resources and Affirmative Action	Grievance procedure	Compliance Reputational
15	Campus Safety	Crisis prevention plan is outdated or insufficient	Operational Compliance
16	Human Resources and Affirmative Action	Recruitment, selection, and hiring	Operational
17	Emergency Management	Emergency response and business continuity plan/replac	Operational
18	Athletics	Financial aid/scholarships	Financial Compliance
19	Office of the President	Executive succession planning	Operational
20	Emergency management	Training, education, testing, and drills	Operational

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## **Risk Assessment and Draft Internal Audit Plan – 2016/2017**

### **Internal Audit Plan**

The internal audit plan covers the period beginning July 1, 2016 through June 30, 2017. This plan includes internal audits selected based on the results of the risk assessment performed by IA, input from various stakeholders and managers throughout the Institution, and input and approval from the Board. The internal audit plan is designed to provide IA resources in an effective and efficient manner.

We use a one year risk assessment model to prioritize audit coverage and ensure timely reviews of high exposure areas. Fiscal year 2016/2017 is the first year IA has been engaged to perform this risk assessment and provide internal audit services to the Institution.

IA performs three primary activities – audits, management advisory services, and investigations. Our focus is to actively work within the Institution to assist management in addressing strategic, financial, operational, reputational, and compliance risks and exposures. IA focuses on both Institution-wide and department level processes and control systems. In order to focus audit resources, the work completed by other audit professionals and compliance officers across the Institution were considered in setting the overall audit plan and in planning the work conducted on any specific project. Additionally audits may be performed at the express request or instruction of the Board or Institution management regardless of where that risk may rank in the annual risk assessment.

The types of audits that can be performed by IA are as follows:

- Performance Audits - Examines the use of resources to evaluate whether they are being used in the most effective and efficient manner to fulfill the organization's mission and objectives. Performance audits may include some elements of the other audit techniques listed below.
- Financial Audits - Focuses on accounting and reporting of financial transactions, including commitments, authorizations, receipt, and disbursement of funds. This type of audit verifies that there are sufficient controls over cash and other assets, and that there are adequate process controls over the acquisition and use of resources.
- Compliance Audits - Reviews adherence to laws, regulations, policies, and procedures. Examples include federal and state law, Trustee policies, organizational, or departmental directives. Recommendations based on findings or observations typically call for improvements in processes and controls intended to ensure compliance with the regulations noted.

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*Audit Plan for Fiscal Year 2016/2017:*

<b>Audit Unit</b>	<b>Audit Focus</b>	<b>Budget*</b>	<b>Timeframe</b>	<b>Covered Risks</b>
Annual Risk Assessment	Perform Institution-wide risk assessment as required by internal audit professional standards to aid in selection of annual audit work.	325 hours	September 2016 – October 2016	N/A
Monitor Fraud, Waste, and Abuse Ethics Hotline	Monitor reports made to the Fraud, Waste, and Abuse Ethics Hotline, as well as items reported directly to IA during the annual risk assessment process or throughout the year. Coordinate with Institution management and the Board for appropriate follow-up.	85 hours	September 2016 – July 2017	N/A
Financial Aid	Tuition Remissions: process for establishing student eligibility, process to ensure that remissions are awarded to eligible students and that decisions are made on an objective basis using identifiable and, where possible, quantifiable criteria, information verification procedures.	175 hours	April 2016 – May 2017	4, 18
Auxiliaries (select one)	Fiscal review: proper execution of contracts and agreements, cost reimbursement review, budget management.	115 hours	December 2016 – January 2017	13
	<b>Total Budget</b>	<b>700 hours</b>		

\* See Appendix B for a detailed allocation of internal audit resources for the 2016/2017 fiscal year. Additionally, Budgeted hours are approximate and may change depending on project scope to be determined by IA, Institution management, and the Board. Hours shown are provided for discussion and planning purposes.

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### *Future Audit Projects*

The following table depicts identified audit projects to be performed subsequent to the 2016/2017 year and going forward. To help identify potential projects, internal audits have been broken into two categories, Tier 1 and Tier 2. Tier 1 audits are larger projects based on areas identified as having high risk in the annual risk assessment, or areas specifically requested for audit by the Board or Institution management. Tier 2 audits are smaller projects that can be either one-off or of a recurring nature. IA recommends a mixture of Tier 1 and Tier 2 audits each year to provide optimum levels of coverage and focus on Institution risks.

<b>Audit Unit</b>	<b>Audit Focus</b>	<b>Budget*</b>	<b>Timeframe**</b>	<b>Covered Risks</b>
<b>Annual Activities:</b>				
Risk Assessment	Perform Institution-wide risk assessment as required by internal audit professional standards to aid in selection of annual audit work.	120-150 hours	Annually	N/A
Prior Audit Follow-up	Look back at audits performed in prior years to review progress and/or continued areas for improvement.	20-40 hours	Annually	N/A
Monitor Fraud, Waste, and Abuse Ethics Hotline	Monitor reports made to the Fraud, Waste, and Abuse Ethics Hotline, as well as items reported directly to IA during the annual risk assessment process or throughout the year. Coordinate with Institution management and the Board for appropriate follow-up.	15-20 hours	Annually	N/A
<b>Tier 1 Audits:</b>				
Facilities Management	Capital project management: policies and procedures for determining project management team; solicitation and selection of subcontractors, management of project costs.	150-225 hours	TBD	2, 3, 4, 11, 12
Emergency Management	Emergency Response Plan: internal, administrative, compliance and operational controls review over the campus-wide emergency operations plan and related management activities including training and drills.	150-225 hours	TBD	9, 15, 17, 20

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Audit Unit	Audit Focus	Budget*	Timeframe**	Covered Risks
<b>Tier 1 Audits (continued):</b>				
Business Affairs	Accuracy of forecasted financial data: transactions, systems output and accounting entries are reviewed and approved; accounting and fiscal tasks are prepared timely; forecasts are based on accurate historical performance and documented assumptions.	150-225 hours	TBD	1, 3, 4, 5
Information Technology	Information systems implementation: review of policies and procedures related to new information system purchase or development including testing of outputs, appropriate training and support and authorizations of data access.	150-225 hours	TBD	1, 4
<b>Tier 2 Audits:</b>				
Auxiliaries	Fiscal review: proper execution of contracts and agreements, cost reimbursement review, budget management	60-120 hours	Annual – rotating focus	13
Human Resources	Timekeeping: review compliance with policies and procedures related to timekeeping of student employees.	60-120 hours	TBD	7, 10, 11
Business Affairs	Credit card and procurement card: Administration of the campus procurement and credit card program including documented delegations of authority and current policies and procedures, processes to review and reconcile credit card bank files to campus bank statements, credit card set-up, maintenance and deactivation policies.	60-120 hours	TBD	other
Human Resources	Payroll salary classifications and benefits: pay compliance with salary classifications assigned to staff; benefits provided to eligible employees.	60-120 hours	TBD	8, 10, 16

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<b>Audit Unit</b>	<b>Audit Focus</b>	<b>Budget*</b>	<b>Timeframe**</b>	<b>Covered Risks</b>
<b>Tier 2 Audits (continued):</b>				
Human Resources	Pay equity: review of pay equity study related to faculty and review of internal administrative pay equity study.	60-120 hours	TBD	10
Office of the President	Presidential transition: review of executive travel for compliance with campus travel policies, review of administration of new contracts, conflict of interest.	60-120 hours	TBD	12, 19

\*Budgeted hours are approximate and may change depending on project scope to be determined by IA, Institution management, and the Board. Hours shown are provided for discussion and planning purposes.

\*\*Timeframe is suggested based on a variety of factors. Times shown are provided for discussion and planning purposes and may be altered as goals or objectives change.

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### Appendix A – Ranking of all Audit Units

<b>Audit Unit</b>	<b>Rank</b>
Athletics	1
Wilsonville Campus	2
Human Resources and Affirmative Action	3
Title IX	4
Information Technology	5
Business Affairs	6
Office of the President	7
Emergency Management	8
College of Health, Arts, and Sciences	9
Facilities Management	10
College of Engineering Technology & Management	11
Campus Security	12
Campus Life & Multicultural Inclusion	13
Admissions	14
Institutional Research	15
Academic Agreements	16
Integrated Student Health Center/Student Health Services	17
Housing and Residence Life	18
Registrar's Office	19
Student Services - Wilsonville	20
Student Affairs	21
STEM Program	22
Office of the Vice President for Finance & Administration	23
Online Education	24
Academic Excellence	25
Office of the Provost	26
Seattle at Boeing	27
Marketing & Communication	28
Strategic Partnerships	29
Budget and Resource Planning	30
College Union	31
Retention	32
Student Success Group	33
Procurement, Contracts, & Risk Management	34
Financial Aid	35
Sponsored Projects and Grant Administration	36
Board of Trustees	37
Archives & Records Management	38
Alumni Relations/Oregon Tech Foundation	39
Financial Oversight Advisory Committee (FOAC)	40
Library Services	41
Faculty Senate	42
Oregon Renewable Energy Center (OREC)	43

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### Appendix B – Allocation of Internal Audit Resources

The audit plan for fiscal year 2016/2017 is based on a professional staffing provided by IA. In the initial year of engagement the annual risk assessment process was significantly larger in scope than can typically be expected. This was due to a variety of reasons including:

- The internal audit function at Oregon Tech had been absent for a couple of years and required additional time to be reintroduced.
- This is the first time IA has completed a risk assessment of Oregon Tech thus requiring a deeper dive to become fully familiar with the Institution and its unique risks, strategies, and organizational goals.
- The Fraud, Waste, and Abuse Ethics Hotline had not been utilized for a couple of years, and there was pent-up reportable instances that had not been brought forward. Questionnaire recipients and interviewees utilized the annual risk assessment process to bring these instances to IA's attention.
- Significant risk themes were identified during the risk assessment process, which describe current areas of weakness or risk to the Institution. Some of these themes require change or oversight by Institution management and the Board before additional use of IA resources would be effective in those areas.

Through this process approximately 56% of IA's available resources for the year were utilized in developing the risk assessment and responding and following up to potential reports of fraud, waste, or abuse. The remaining resources are committed to the completion of the planned audit projects described previously. In future years, when a less comprehensive risk assessment may be required significantly greater resources will be directed to additional audit activities throughout the remaining year.

In selecting specific audit projects for inclusion in the audit plan, emphasis was placed on both providing coverage to the Institution's top risks and riskiest audit units, as well as to requests from Institution management and the Board. Additional consideration was given to the most efficient timing to complete audits, particularly in areas currently undergoing a high degree of change.

Some audits may carryover for completion into early 2017/2018 depending on the optimal time for review. The amount of carryover work is in line with a normal audit process where audits begun in the last few months of the year are completed and issued early in the following year.

The remainder of the fiscal year 2016/2017 audit resources are allocated as follows:

- 25% for a review of tuition remissions as identified as an area of risk in the annual risk assessment and as requested by the Interim President, the Board, or other Institution management.
- 16% for a review of auxiliary department control over revenues, expenditures, and contract management as intended as a rotating and recurring annual function of IA.
- 3% for additional monitoring of the Fraud, Waste, and Abuse Ethics Hotline for the remainder of the year.

### Appendix C – Other Information

In addition to the questionnaire response themes outlined, concern was expressed about the following issues. These are intended to be informational for Management and the Board.

- **Project management and execution**

Respondents noted that the Institution spends a lot of time monitoring small and insignificant costs or processes while ignoring larger strategic and operational goals. There was a feeling that staff and management have not been asked or empowered to do higher level work and that a system of accountability needs to be instituted, communicated, and demonstrated in order for the Institution to move forward towards new operational efficiencies and strategic goals.

- **Strategic integration between Klamath Falls, Wilsonville, and online campuses**

Respondents to both the questionnaires and interviews noted that the strategic integration or alignment between the major educational components of Oregon Tech was unclear. There was noted resentment at the Klamath Falls campus about the need for a Wilsonville campus, and confusion at the Wilsonville campus regarding its long-term strategic fit in the Institution as a whole. It was also noted that students were unable to transfer their credits between campuses within their degree program. Perceived inequities in faculty pay and course load between physical and online classes was also noted. Overall a sense of confusion and frustration prevailed regarding the Institution's general strategy and direction. As Wilsonville scales, critical administrative functions may not be effectively managed from Klamath Falls or effectively handed off or delegated from the Klamath Falls campus to Wilsonville.

- **Lack of trust and accountability in leadership**

The Institution faces challenges in recruiting and retaining talented personnel. Additionally, several key positions are currently held by interim personnel. Respondents noted that while the transition in certain positions is very positive, there is a history of a lack of trust and accountability that will need to be overcome. Several examples were noted of times when staff, or students, reported concerns or indiscretions by Institution employees to management and it appeared that the reports were ignored. Additionally people noted that they did not want to report issues through the Fraud, Waste, and Abuse Ethics Hotline or other means as they were not convinced that their report would be anonymous, responded to, result in changes, or were concerned that it would negatively affect their standing with colleagues or management of the Institution. Such a pervasive sense can halt growth and development of an organization, and hinder positive change.

# OREGON TECH

## Risk Assessment and Draft Internal Audit Plan – 2016/2017

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### Appendix D – Internal Audit Timeline (calendar year 2017)

<b>Board Meeting Date</b>	<b>Location</b>	<b>Estimated IA Deliverables</b>
Feb. 23-24	Wilsonville	Update on current IA projects including presentation of findings, if applicable, review of Fraud, Waste, Abuse Ethics hotline log
May 25-26	Klamath Falls	2017/2018 Internal Audit plan review, IA Plan, update on current IA projects including presentation of findings, if applicable, review of Fraud, Waste, Abuse Ethics hotline log
July 20-21	TBD	Risk Assessment Plan, update on current IA projects including presentation of findings, if applicable, review of Fraud, Waste, Abuse Ethics hotline log
October 26-27	Klamath Falls	Presentation of Risk Assessment, update on current IA projects including presentation of findings, if applicable, review of Fraud, Waste, Abuse Ethics hotline log
December 7-8	Wilsonville	Update on current IA projects including presentation of findings, if applicable, review of Fraud, Waste, Abuse Ethics hotline log