

Internal Audit Report

March 7, 2019

NCAA Grant-in-Aid

Audit Objectives:	<i>RISK MITIGATION</i>			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate written policies and procedures for compliance with NCAA Bylaws				
Assess grant-in-aid awards for compliance with NCAA Bylaws, including recipient eligibility and award terms and conditions				
Determine whether athletic aid is properly identified, included in aid limit calculations, and compliant with NCAA individual and team limits				

NCAA Grant-in-Aid Control Issues and Responses

- **Issue 1:** Grant-in-aid forms associated with the renewal of athletic aid are reviewed and signed by financial aid personnel after the student-athlete has signed and returned the form
- **Response:** Effective for 2019-2020 grant-in-aid renewals, athletic department personnel will route the grant-in-aid forms to financial aid for signature prior to delivery to student-athletes

Federal Student Aid Compliance

Audit Objectives	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Compliance with Institutional Eligibility Requirements				
Compliance with Federal Student Financial Assistance General Eligibility Requirements				
Compliance with Federal PELL Grant Requirements				
Compliance with Federal Campus-Based Program Requirements				
Compliance with Federal Direct Loan and PLUS Loan Requirements				
Fiscal Operations Report and Application to Participate (FISAP) Completed Accurately and Submitted Timely				
Policies, Procedures and Other Issues				

Other Audit and Advisory Activities

- Facilitation of external audit of federal student aid
 - State Board of Accounts outsourced the audit to a CPA firm, RSM
 - New auditors required significantly more IA time
- Facilitation of new agreed upon procedures for state aid required by the Indiana Commission for Higher Education
- Continued analysis of scholarship and discount changes on enrollment, retention, and net student revenue contribution
- Monitoring and advising on IT security initiatives

Audit Recommendation Matrices

- Rating definitions
 - Low – Minor issue; characterized by insignificant financial impact or minimal impact on ability to meet goals and objectives
 - Moderate – Medium-priority internal control or risk management issue; characterized by modest financial losses, reputation damage, or delayed achievement of goals and objectives
 - High – Significant internal control or risk management issue; characterized by high susceptibility to fraud or misappropriation, material financial impact, considerable damage to reputation, or inability to achieve goals and objectives

Audit Recommendation Matrices

- 2014 Recommendations
 - One high priority item remaining – IT security monitoring
 - Managed Security Service Provider implementation by March 31, 2019
- 2015 Recommendations
 - Two high priority items related to operation of Community Health Centers
 - Issues closed: Operation of centers transitioned to Deaconess Hospital
- 2017 Recommendations
 - 27 recommendations issued on audits completed in 2017
 - 20 have been completed
 - Of the 7 items remaining, 1 is high priority and 6 are moderate priority
- 2018 Recommendations
 - 2 Moderate and 3 Low priority items

2019 Internal Audit Plan

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2019	OMB Uniform Guidance	Assess University procurement processes for compliance with federal procurement standards	150
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	100
	Auxiliary Enterprises	Physical inventory observations (New Harmony Museum Shop and Campus Store)	45
April 2019	Human Resources	Review controls over payroll and employee benefit elections and withholdings	285
	University Risk Management Committee	Facilitation of University Risk Management Committee Activities	60
	Athletics Recruiting	NCAA Division II compliance review	250
	Food Services	Review food services agreement and revenue	120
	Facility Operations Storeroom	Physical inventory observation	50
July 2019	Public Safety	Clery Act reporting compliance	200
	Federal Student Financial Aid	Grants and scholarships	250
	IT Security Initiatives	Monitoring progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	220
October 2019	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	120
	Tax-Exempt Bonds Payable	Review for compliance with private business use restrictions	220
	Travel Expense Reporting	Review Chrome River travel expense routing, approval processing, and reporting system	220
	Title IX	Review policies and procedures for compliance with revised regulations	150

Total Hours	<u>2,440</u>
Hours Available	2,467
Hours available for unscheduled audits	27