AGENDA

FINANCE/AUDIT COMMITTEE

UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

March 5, 2020

1. **APPROVAL OF INVESTMENT MANAGERS FOR UNIVERSITY INVESTMENTS**

A tabulation of responses to a recent Request for Proposal (RFP) for investment managers will be reviewed. A staff recommendation will be presented to the Board.

Approval of a recommendation of investment managers for the University Investments is recommended.

2. **REVIEW OF COMPLETED AUDITS AND APPROVAL OF THE ANNUAL AUDIT PLAN**

A summary of audits and other activities conducted by the Internal Audit Department during 2019 will be reviewed and the proposed 2020 Annual Audit Plan will be presented (Attachment A).

Approval of the proposed 2020 Annual Audit Plan in Attachment A is recommended.

3. **APPROVAL OF CONSTRUCTION CHANGE ORDER**

A construction change order requiring approval of the Board of Trustees is summarized in Attachment B.

Approval of the change order in Attachment B is recommended.

4. **REPORT OF CONSTRUCTION CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION**

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

UNIVERSITY OF SOUTHERN INDIANA

Internal Audit Annual Report

Prepared by

Bradley V. Will, CPA
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

Report No. USIA19-3
October 17, 2019

Audit Report
Food Services
Management Agreement and Profit-Sharing

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 and compliance with the financial terms and conditions of the food services management agreement		🟦		
Review the reconciliation of meal plans billed to student accounts compared to plans loaded to student Eagle Access cards and amounts billed to USI		🟦		
Review food service revenue and expense analyses for accuracy, completeness, and correlation to profit-sharing amounts	🟩			

Introduction

Our report of the internal audit of food services management agreement and revenue sharing is presented below. We would like to thank Becky Ball, Kim Turner, Jeff Sickman, Steve Bridges, Colistia Tyler, Ryan Ewers, and Lamar Patterson who contributed positively to our results.

Background Information

The University of Southern Indiana outsources the operation and management of food services on its main campus to Sodexo Services pursuant to a management agreement dated March 26, 2010, and subsequent annual amendments. According to the agreement, Sodexo provides food service to students, USI employees, and guests through the operation of the resident dining program, several branded retail food venues, catering services for events on campus, and operation of concessions. The University owns all premises and equipment required for the food service operations and charges Sodexo rent for the use of the designated food service and concession space. Sodexo also operates the Eagle Card Office and is responsible for loading credit for meal plan purchases on student cards. Sodexo invoices the University for meal plans sold and provides monthly financial reporting on the food service venues. The agreement includes a profit-sharing arrangement whereby the parties share in any excess or deficit of revenue to operating expenses.

Report No. USIA19-3
October 17, 2019

This report is based on a review of the food services arrangement between USI and Sodexo for the 2018-2019 fiscal year. The audit approach included reviewing the Management Agreement and the associated amendments to the agreement; interviews with USI and Sodexo personnel familiar with and responsible for performance under the agreement; reviewing reconciliations of meal plan data billed to students, posted to student Eagle Access cards, and billed to the University; and reviewing food service revenue and expense analyses, as well as profit sharing calculations and disbursements for the 2018-2019 fiscal year. Internal audit relied on the financial reports provided by Sodexo based on the understanding that controls over financial reporting are reviewed by external auditors in conjunction with the completion of independent annual financial statement audits.

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

- Evaluate the adequacy of and compliance with the financial terms and conditions of the food services management agreement
- Review the reconciliation of meal plans billed to student accounts compared to plans loaded to student Eagle Access cards and amounts billed to USI
- Review food service revenue and expense analyses for accuracy, completeness, and correlation to profit sharing amounts

<div align="center">Conclusion</div>

We noted **opportunity for minor improvement** with respect to the adequacy of and compliance with the financial terms and conditions of the food services management agreement, as well as with respect to the reconciliation of meal plans. We noted **adequate controls and practices** with respect to food service revenue and expense analyses performed by USI finance and administration.

Management will take or has taken the following actions:

- Updating the management agreement between USI and Sodexo to correct inconsistencies due to changes in the services not fully captured in amendments
- Establishing a prepaid account for recording amounts pre-billed by Sodexo for meal plans
- Implementing a daily upload from Blackboard Transact to Banner for meal plan transactions that need to be posted to student accounts

No additional action or response is required.

Bradley V. Will   Kendra Groeninger
Director of Internal Audit   Internal Audit Manager

Distribution: Jeff Sickman
                  Steve Bridges
                  Dr. Ronald Rochon
                  Lamar Patterson (Sodexo)

Report No. USIA19-3
October 17, 2019

**Food Services
Management Agreement and Profit-Sharing
Audit Report**

Control Issues and Responses

Updating the management agreement between USI and Sodexo to correct inconsistencies due to changes in the services not fully captured in amendments

Issue: The University's agreement with Sodexo for the management of food services was signed in March 2010. The agreement was amended each year thereafter for changes in pricing and details of the services. However, upon reviewing the agreement and the amendments, internal audit noted a few provisions of the agreement that were not updated to reflect the current service arrangement.

1. **Section 6.4 Guest Meals in Resident Dining Facilities** - Lists a guest price for meals. No longer a valid provision given the changes made to Loft dining.
2. **Section 6.5 Seconds Policy** - No longer a valid provision given the changes made to Loft dining.
3. **Section 8.1** states: Invoices shall be due within **thirty (38)** days after the invoice date. There is a discrepancy between the written number and the parenthetical numerals. Section 8.5 also refers to thirty-eight (38) days past due.
4. There are two sections labeled 10.9 in the agreement.
5. The USI contact for notices should be updated to reflect Steve Bridges in the role of vice president for finance and administration.
6. Section on Catastrophe – the University should request some language that describes what Sodexo will do in a catastrophe (i.e. resume operations as soon as possible, implement the Sodexo business continuity plan in place for USI.)

Risk: The presence of outdated contract terms may lead to uncertainty about the intended services and potential conflicts between USI and Sodexo intentions and execution of the services.

Response: University management has submitted these items to Sodexo management for review. Based on discussions, the parties expect to have contract updates completed by January 31, 2020.

Establishing a prepaid account for recording amounts pre-billed by Sodexo for meal plans

Issue: The food services management agreement between the University and Sodexo includes a provision that every other month Sodexo shall invoice and USI shall pay for mandatory resident dining fees for the next two months. Sodexo also provides weekly statements reflecting the application of meals against the pre-payment. Currently the University does not record the advance payments or the weekly offset of meals in a prepaid account.

Risk: The absence of a prepaid account for recording the prepayments and depletion of the prepayment may make it difficult for University accounting or accounts payable personnel to monitor the balance of prepayments to ensure advanced billings or adjustments are appropriate. In fact, in the course of finalizing the past two fiscal years, the vendor processed one invoice adjustment causing the University to be over-assessed and one invoice adjustment causing an under-assessment.

Response: Accounting will investigate ways to use technology to improve the reconciliation process for the pre-billing and depletion of prepaid meal plan expenses and implement new procedures by July 2020 for the fall 2020 semester. As part of the process, Accounting expects to work with the food service vendor on possible improvements to information provided on invoice adjustments. Accounting will also examine the possibility of using a prepaid and/or suspense account as part of the new procedures that will be implemented.

Report No. USIA19-3
October 17, 2019

<u>Implementing a daily upload from Blackboard Transact to Banner for meal plan transactions that need to be posted to student accounts</u>

Issue: Meal plan purchases and meal plan adjustments processed through the card office are entered into the Blackboard Transact card system by card office personnel. Except for one upload at the beginning of each term, if the transaction is to be posted to the student account in Banner, card office staff must also enter the purchase or adjustment into Banner.

Risk: Entering transactions separately into different systems increases the likelihood that errors may occur creating discrepancies between systems that must be researched and reconciled by accounting personnel.

Response: Management agrees that a daily upload from Blackboard to Banner would improve the efficiency of the process as well as accuracy of the data. The Business Office has consulted with IT, and IT believes that the existing process used to upload charges once a semester can be modified to a daily feed process. The Business Office will work with IT and the Eagle Access Card Office to implement daily feeds from Blackboard to Banner for the start of the 2020-2021 academic year.

Audit Report
Federal Student Aid Compliance

Results at a Glance

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	■			

Introduction

Our report of the internal audit of USI federal student aid compliance is presented below. We would like to thank Mary Harper and the Student Financial Assistance (SFA) staff, Angel Nelson and Registrar's Office staff, and Business Office personnel who contributed positively to our results.

Background Information

The federal student aid programs are authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended, and administered by the U.S. Department of Education Federal Student Aid office. They include federal grants, loans, and work-study programs.

SFA is responsible for monitoring the eligibility of prospective financial aid recipients, verifying certain applicant data as required by the Department of Education, determining the best combination of aid to meet each student's financial need, applying federal aid to student accounts within regulatory timeframes, and identifying over-awards and student withdrawals that require the return of federal funds. Business Office personnel are

Report No. USIA19-4
November 18, 2019

responsible for the drawdown, accounting, and return of federal student aid funds to the Department of Education, the administration of credit balances created from the application of federal student aid to student accounts, and preparation of the Fiscal Operations Report and Application to Participate (FISAP). The Registrar's Office is responsible for reporting the enrollment status of students receiving federal student aid to the National Student Loan Data System through the National Student Clearinghouse. Compliance with federal student aid regulations is critical because violations may jeopardize the institution's participation or reduce the institution's authorized level of participation in federal student aid funding.

This was the tenth annual audit of federal student aid compliance performed by Internal Audit. The previous audit was performed and reported on in December 2018, at which time Internal Audit noted adequate controls and practices for each of the audit objectives evaluated.

This report is based on the review of federal student aid activity for the fall 2018, spring 2019, and summer 2019 academic terms. The audit approach consisted of reviewing SFA procedures and controls, reviewing federal student aid regulations, interviews with USI SFA, Business Office, and Registrar's Office management and staff, and analysis of student records for the fall 2018, spring 2019, and summer 2019 academic periods. State grants and other non-federal aid were reviewed when those funds were awarded to students in the audit sample.

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

- Evaluate compliance with the Institutional Eligibility Requirements
- Evaluate compliance with the Federal Student Financial Aid General Eligibility Requirements
- Evaluate compliance with Federal PELL Grant Requirements
- Evaluate compliance with Federal Campus-Based Program Requirements
- Evaluate compliance with Federal Direct Loan & PLUS Loan Requirements
- Determine whether the FISAP has been completed accurately and submitted on time
- Evaluate policies, procedures, and other issues not impacting compliance

<div align="center">Conclusion</div>

In general, the results of our audit procedures indicate that the administration of USI federal student aid is in compliance with federal requirements governing the Title IV student aid programs. **Adequate controls and practices exist for each of the audit objectives evaluated.**

No additional action or response is required.

Bradley V. Will   Kendra Groeninger
Director of Internal Audit   Internal Audit Manager

Distribution: Mary Harper
                         Jeff Sickman
                         Angel Nelson
                         Sandy Frank
                         Steve Bridges
                         Andy Wright
                         Dr. Ronald S. Rochon

Audit Report
NCAA Recruiting Compliance

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	**Opportunity for Minor Improvement**	**Opportunity for Moderate Improvement**	**Opportunity for Significant Improvement**
Adequacy of written policies and procedures		■		
Documentation of off-campus recruiting activities demonstrates compliance with NCAA Bylaws		■		
Documentation of on-campus recruiting activities demonstrates compliance with NCAA Bylaws		■		
Compliance training and education are adequate to establish an appropriate level of institutional control	■			

Introduction

Our report of the internal audit of NCAA recruiting compliance is presented below. We would like to thank Alexandra Eaton, Jon Mark Hall, and other athletics department personnel who contributed positively to our results.

Background Information

The University of Southern Indiana is an active member of NCAA Division II and is subject to NCAA legislation (Bylaws) governing the conduct of its intercollegiate athletics programs. The Bylaws apply to basic athletics issues such as admissions, financial aid, eligibility, and recruiting. The audit report presented here is limited to a review of the activities associated with recruiting prospective student athletes in compliance with NCAA Bylaws.

This report is based on a review of USI athletics recruiting activity for the 2018-2019 academic year. The audit approach consisted of reviewing USI recruiting policies, interviewing USI Athletics Department personnel, reviewing expense reimbursement requests associated with on and off-campus recruiting, and reviewing recruiting documentation filed in the athletic office.

Report No. USIA19-5
January 29, 2020

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

- Assess the adequacy of written recruiting policies and procedures
- Determine whether documentation of off-campus recruiting activities demonstrates compliance with NCAA Bylaws
- Determine whether documentation of on-campus recruiting activities demonstrates compliance with NCAA Bylaws
- Assess whether the content and delivery of compliance training and education are adequate to establish an appropriate level of institutional control over recruiting activities

<div align="center">Conclusion</div>

We noted opportunity for **minor improvement** with respect to **written policies and procedures** and **documentation of recruiting activities**. We noted **adequate controls and** practices with respect to **compliance training and education.**

Management will take or has taken the following actions:

- Performing post-visit reviews of official and unofficial prospective athlete visit paperwork
- Attaching receipts supporting unofficial visit expenses to the Eligibility Center Information and Unofficial Visit Record (Green Sheet)
- Updating the athletics compliance manual regarding when the Green Sheet is required

No additional action or response is required.

Bradley V. Will   Kendra Groeninger
Director of Internal Audit   Internal Audit Manager

Distribution: Alexandra Eaton
                          Jon Mark Hall
                          Steve Bridges
                          Dr. Ronald Rochon

Report No. USIA19-5
January 29, 2020

NCAA Recruiting Compliance
Audit Report

Control Issues and Responses

Performing post-visit reviews of official and unofficial prospective athlete visit paperwork

Issue: While athletics compliance personnel review and approve paperwork prior to a prospective student-athlete participating in an official visit, there is currently no post-visit review of official and unofficial visit paperwork to evaluate whether the visits were conducted in compliance with NCAA Bylaws.

Risk: The lack of a formal review of post-visit paperwork by athletic office personnel increases the risk that potential compliance violations go undetected.

Response: The athletics department will implement a post-visit review for both official and unofficial visits and add the post-visit review process to the athletics compliance manual in the summer of 2020. The Associate Athletic Director/Senior Women's Administrator (AD/SWA) will pull a sample of 25% for each sport of both official and unofficial visits that occurred since the previous review. The first review will cover a sample of visits that occurred throughout 2019-2020. Thereafter, post-visit reviews will be conducted twice a year – in December and in June for visits that occurred during the previous six months. The Associate AD/SWA will give names of the recruits selected for review, along with a compliance checklist, to the sports supervisors (Athletic Director, Associate AD/SWA, and Assistant AD). The checklists will be completed, attached to the visit paperwork, and returned to the recruit file.

Attaching receipts supporting unofficial visit expenses to the Eligibility Center Information and Unofficial Visit Record (Green Sheet)

Issue: During review of a sample of 20 unofficial visit records, Internal Audit noted that nine did not have a copy of the meal receipt attached to the Green Sheet. While it is not an NCAA requirement to attach the meal receipt to the Green Sheet, the receipt provides an individual reviewing the visit with support needed to evaluate whether the visit was conducted in compliance with NCAA Bylaws.

Risk: While receipt copies are available in Banner to substantiate reimbursements, not having the receipt attached to the unofficial visit form makes review for compliance more difficult and inefficient.

Response: Immediately following discussions with Internal Audit in January 2020, athletics department personnel began making copies of receipts associated with meals provided during unofficial visits and attaching them to the Green Sheet. The original Green Sheet and copy of the receipt are put in the recruit file, while the original receipt and a copy of the Green Sheet are put in the receipt file. Both the receipt and Green Sheet are uploaded to PNC as support for credit card charges.

Updating the athletics compliance manual regarding when the Green Sheet is required

Issue: During review of a sample of 20 official visit records, Internal Audit noted that two did not have a Green Sheet completed. Due to changes in the forms and procedures, the Green Sheet is no longer required before an official visit occurs. However, the athletics compliance manual states that this form must be completed prior to an official visit.

Risk: Differences between written departmental compliance requirements and actual operational practices may raise questions about institutional control.

Report No. USIA19-5
January 29, 2020

Response: During the 2018-19 academic year, the process for official visits was changed. At the beginning of the year, Green Sheets were required to help the Associate AD/SWA and/or Compliance Graduate Assistant place the recruit on the correct Institutional Request List in the NCAA Eligibility Center. The official visit packet was updated in the spring of 2019 eliminating the requirement for the Green Sheet. However, during the annual update for 2019-2020, the athletics compliance manual was not updated to reflect the change in process. The requirement to complete a Green Sheet prior to an official visit will be removed from the athletics compliance manual during the annual update scheduled for summer of 2020.

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2017

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Child Protection Policy (CPP) and Procedures					
1. The following issues were noted during a review of 15 University-sponsored child-related events held during the 2016 calendar year: • Eight events did not use a Background Check Tracking Form • Five programs were missing at least one volunteer's Program Participant Form • Seven events were missing at least one volunteer's Authorization for Background and Sex Offender Registry Checks • Seven programs did not conduct Background Sex Offender Registry Checks as required by the CPP and/or Child Protection Committee (CPC) instructions on the Event Planning Form	Moderate	Implement a third-party background check or modify policy and procedures to simplify the process. If third-party checks are cost-prohibitive, consider a tiered approach for screening individuals that work with children (e.g. performing criminal background checks and sex offender registry checks through Human Resources on all employees participating in programs involving children, while only requiring sex offender registry checks utilizing the Raptor system for non-employee volunteers).	Management will implement a third-party background check by October 31, 2017. The University will utilize a tiered approach for screening individuals that work with children such as performing criminal background checks and sex offender registry checks through Human Resources on all employees participating in programs involving children, while only requiring sex offender registry checks utilizing the Raptor system for non-employee volunteers.	October 31, 2017 Revised target for implementation of Raptor screening: July 1, 2018 January 1, 2019 August 31, 2019 Target for implementation of third-party background checks on new employees: May 31, 2019 Revised: October 1, 2019 May 1, 2020	Raptor screening completed and ongoing
2. The following issues related to sex offender registry checks and volunteer check-in were noted during a review of 15 University-sponsored child-related events held during the 2016 calendar year: • Three programs did not use a Participant Check-In Form or acceptable alternative • Eight events did not use a Background Check/Sex Offender Registry Check Tracking Form • Five programs were missing at least one volunteer's Program Participant Form • Seven events were missing at least one volunteer's Authorization for Background and Sex Offender Registry Checks • Seven programs did not conduct Background and Sex Offender Registry Checks as CPP and/or CPC instructions on the Event Planning Form	Moderate	Utilize the Raptor system for sex offender registry checking and event check-in for all employee, student, and community volunteers each day of a child-related event and develop procedures for discreetly addressing potential sex offender "hits" the day of the event.	Revised response: Responsibilities for the Child Protection Policy and performance of sex offender registry checks are being assumed by Public Safety. Proposed policy and procedure revisions will be complete by March 31, 2019 Executive management approval will be obtained by April 30, 2019 Revised policy and procedures rolled out to University community by August 31, 2019	Policy/procedure: March 31, 2019 Management approval: April 30, 2019 Policy/procedure: August 31, 2019 Revised: September 30, 2019 March 31, 2020	Revisions completed Approval obtained

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2018

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Undergraduate Admissions (UA)					
2. The current admission decision process requires the associate director to perform a series of data sorts multiple times a day and requires manual entry of the admission decision into Banner.	Low	Work with information technology personnel to automate the data sort process to eliminate manual sorting. Consider programmatically creating separate reports of applicants that meet admission criteria, applicants that are clearly denials, and applicants that require manual review. Consider automating the entry of the admission decision for the obvious approvals and denials.	UA plans to have the automated admission decision process and reports fully in place by spring semester of 2019 if the project queue in Information Technology (IT) allows. Revised Response: UA determined it was not feasible to utilize Banner functionality to automate admission decisions. UA will meet with IT to determine feasibility of custom programming and priority in the work queue.	January 2, 2019 Feasibility meeting: September 30, 2019 Revised: March 31, 2020	
3. There is not a recurring report of possible approved or denied applicant exceptions (approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants whose GPA and test scores meet admission requirements).	Moderate	Implement an exception report that shows approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants who appear to meet admission requirements. Perform a daily review of these exceptions, in particular the denied applicants who appear to meet admission requirements, in order to detect potentially eligible applicants before a denial letter is generated.	UA management is working with IT on the development of exception reports that show approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants who appear to meet admission requirements. UA plans to have the exception reports running and being sent to UA leadership by the end of August 2018. Revised Response: The UA administrative associate will begin reviewing daily exception reports generated within the department.	August 31, 2018 Revised: May 15, 2019 Revised: September 30, 2019	Completed and ongoing
5. There is not a recurring report of possible scholarship decision errors associated with the out-of-state scholarship awards to incoming freshmen and transfers.	Moderate	Implement an exception report that shows potentially eligible applicants who were denied out-of-state scholarship awards and ineligible applicants who were incorrectly approved for these awards.	UA management is working with IT on the development of exception reports for the out-of-state top scholar, out-of-state scholarship, out-of-state transfer top scholar, and out-of-state transfer scholarships which will identify eligible applicants who were incorrectly denied these awards and ineligible applicants who were incorrectly approved for awards. The edit reports will be in place by the end of August 2018. Revised Response: Edit reports for out-of-state top scholar and the out-of-state scholar were in place at time of the audit. UA will create an edit report for the out-of-state transfer top scholar and out-of-state transfer scholarship by May 15, 2019. Due to limited availability of IT resources, UA will evaluate other options for identifying potential exceptions.	August 31, 2018 Revised: May 15, 2019 Identification of alternatives: December 31, 2019 Revised: March 31, 2020	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2019

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Employment, Payroll, and Benefits					
1. A review of a sample of personnel files revealed that forms used to track the data entry and review of employment, payroll, and employee benefit data were not consistently initialed by personnel performing the verification of the data entered. This could indicate the data entered from the forms were not reviewed.	Moderate	Develop change/audit reports to identify critical data fields that contain new or modified data when compared to the previous day and implement reviews by someone in the department independent of the data entry to compare to the paper forms to ensure updates are properly authorized and entered accurately.	Human resources will develop change/audit reports generated from Banner to identify critical data fields that contain new or modified data and implement a review process by someone independent of the data entry.	October 31, 2019 Revised: May 1, 2020	
2. During the review of payroll activity for the period under audit, Internal Audit reviewed two summer housing rehabilitation employees who received attendance bonuses. While there was documented evidence available of executive management approval of the bonus structure and budget, there was not documentation available showing human resources review and approval of the individual bonus payouts prepared by the Sr. Employment Assistant.	Low	Formalize and document management approval of the bonus payouts and retain the approval with the documentation provided to payroll personnel along with the payout details.	Human resources management will formalize and document management approval of the bonus payouts for the August 2019 bonuses.	August 31, 2019	Completed and ongoing
3. Plans are in place to implement an online employee benefits enrollment process. Human resources management is considering implementing the online employee election process for fall 2019 and subsequently implementing the data uploads to Banner HR and the insurance providers. Because the upload process is not visible to the general users, there is a risk that its significance gets overlooked and resources get redeployed to other priorities	Low	Ensure that the upload process is implemented soon after the employee election front-end so that employee benefits personnel reap the full benefit of the online enrollment capabilities.	Human resources management is targeting implementation of the employee benefit election upload to Banner HR by June 2020 to ensure that the process is in place prior to the fall 2020 open enrollment period.	June 30, 2020	
4. 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 payroll is paid current. The variety of payroll cycles creates complexities that impact the efficiency and effectiveness of payroll processing.	Low	Transition the monthly payroll to a bi-weekly payroll schedule that is one week in arrears.	Senior management has approved the transition of monthly payroll to a bi-weekly payroll schedule. The transition will be scheduled to occur following the implementation of an electronic time reporting system for both student employees and support staff in the fall of 2020 and spring of 2021, respectively.	August 1, 2021	
5. During the audit, payroll personnel indicated they have established 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.	Moderate	Continue to pursue ways to increase the use of technology as it relates to time tracking and reporting for payroll. Depending upon the cost and amount of time required to implement a "package" solution, the payroll department could see near-term efficiency gains by replacing the paper recap documents with an electronic spreadsheet.	Human resources has targeted the implementation of an electronic time and attendance reporting system to occur in three phases. The first phase will involve transitioning student employees to electronic time reporting in the summer or fall of 2020. The second phase will transition support staff to electronic time reporting in the spring of 2021. Lastly, monthly employees would be transitioned to electronic attendance reporting in the fall of 2021 or thereafter, depending on the ability to complete the first two phases as expected.	Phase 1: Fall 2020 Phase 2: Spring 2021 Phase 3: Fall 2021	
6. Turnover in the management of the payroll function over the past few years has resulted in a loss of payroll tax experience within the payroll area. During the audit, human resources management and payroll personnel indicated they are evaluating potential consultants and payroll tax professionals to provide federal and state payroll tax advisory and review services.	Moderate	Pursue payroll tax advisory services and consider whether these services should be short-term, with the intention of providing the knowledge of process and procedure to University payroll personnel, or an ongoing relationship where the advisors review withholdings and filings to ensure ongoing accuracy and are retained as a resource for answering payroll tax questions as they arise.	Beginning in July 2019, human resources has engaged an accounting and consulting firm to provide payroll tax advisory services. The engagement includes research regarding state and local tax issues, as well as ongoing access for payroll personnel to tax experts for federal, state, and local tax questions.	July 2019	Completed and ongoing
7. The current operating environment relies upon personnel within each of the colleges to notify payroll when a course or section is canceled. As a result of this decentralized environment, sometimes payroll is not notified timely of such cancellations.	Moderate	Utilize a report of course or section cancellations from Banner, including the instructor of record, and systematically compare that data to a list of employees assigned positions associated with adjunct, overload, summer, or stipend payments. For those where a match is identified, payroll or employment personnel could email the appropriate department regarding whether or not the employee should be paid for the assignment.	Human resources will work towards the development of a Banner report showing course or section cancellations and a procedure for payroll or employment personnel to email the appropriate department regarding whether or not the employee should be paid for the assignment.	Spring 2020 Revised: May 1, 2020	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2019

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Food Services Management Agreement and Profit-Sharing					
1. The University's agreement with Sodexo for the management of food services was signed in March 2010. The agreement was amended each year thereafter for changes in pricing and details of the services. However, a few provisions of the agreement were not updated to reflect the current service arrangement.	Moderate	Work with Sodexo to correct or eliminate contractual terms which do not reflect the services to be provided under the current business relationship.	University management has submitted outdated contract items to Sodexo management for review. Based on discussions, the parties expect to have contract updates completed by January 31, 2020.	January 31, 2020 Revised: March 31, 2020	
2. The food services management agreement includes a provision that every other month Sodexo shall invoice and USI shall pay for mandatory resident dining fees for the next two months. Sodexo also provides weekly statements reflecting the application of meals against the pre-payment. Currently, the University does not record the advance payments or the weekly offset of meals in a prepaid account.	Low	Establish a prepaid account for mandatory resident dining meal plans to record amounts pre-billed by Sodexo and the weekly depletion of meal plans.	Accounting will investigate ways to use technology to improve the reconciliation process and implement new procedures by July 2020 for the fall 2020 semester. Accounting expects to work with the food service vendor on possible improvements to information provided on invoice adjustments and will also examine the possibility of using a prepaid and/or suspense account.	August 31, 2020	
3. Meal plan purchases and meal plan adjustments processed through the card office are entered into the Blackboard Transact card system by card office personnel. Except for one upload at the beginning of each term, if the transaction is to be posted to the student account in Banner, card office staff must also enter the purchase or adjustment into Banner.	Moderate	Implement a daily upload from Blackboard Transact to Banner of meal plan activity to be posted to student accounts.	The Business Office will work with IT and the Eagle Access Card Office to implement daily feeds from Blackboard to Banner for the start of the 2020-2021 academic year.	July 31, 2020	
NCAA Recruiting Compliance					
1. There is currently no post-visit review of official and unofficial visit paperwork to evaluate whether the visits were conducted in compliance with NCAA Bylaws.	Moderate	Implement a post-visit review of the visit paperwork and supporting documents for a sample of official and unofficial visits for each sport to evaluate whether the visits were conducted in accordance with NCAA Bylaws.	The athletics department will implement a post-visit review for both official and unofficial visits and add the post-visit review process to the athletics compliance manual in the summer of 2020.	July 1, 2020	
2. During review of a sample of 20 unofficial visit records, Internal Audit noted that nine did not have a copy of the meal receipt attached to the Green Sheet.	Low	Attach receipts supporting expenses to the unofficial visit form.	Immediately following discussions with Internal Audit in January 2020, athletics department personnel began making copies of receipts associated with meals provided during unofficial visits and attaching them to the Green Sheet.	Immediate	Completed and ongoing
3. Due to changes in the forms and procedures, the Green Sheet is no longer required before an official visit occurs. However, the athletics compliance manual states that this form must be completed prior to an official visit.	Low	Update the compliance manual to remove the requirement that a Green Sheet be completed before an official visit is approved.	The requirement to complete a Green Sheet prior to an official visit will be removed from the athletics compliance manual during the annual update scheduled for summer of 2020.	July 1, 2020	

University of Southern Indiana
Internal Audit and Advisory Services Plan
Calendar Year 2020

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2020	Tax-Exempt Bonds Payable	Review for compliance with private business use restrictions	220
	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 2020	Payment and cash handling	Review controls within areas that regularly accept payments and handle cash	240
	University Risk Management Committee	Facilitation of University Risk Management Committee Activities	60
	Travel Expense Reporting	Review Chrome River travel expense routing, approval processing, and reporting system	220
	Strategic Plan and Enrollment Management	Provide support to management related to the strategic plan and enrollment management initiatives	150
	Facility Operations Storeroom	Physical inventory observation	50
July 2020	Public Safety	Clery Act reporting compliance	200
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements	250
	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	220
October 2020	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	120
	Athletics Ticketing	Review ticketing processes associated with new ticketing system	225
	Capital Projects	Review recent capital projects and evaluate budgeted costs to actual costs incurred	190
	Title IX	Review policies and procedures for compliance with revised regulations	150

Total Hours	**2,440**
Hours Available	2,470
Hours available for unscheduled audits	30

Summary of Construction Change Order
Recommended for Authorization

PHYSICAL ACTIVITIES CENTER (PAC) RENOVATION PHASE II

<u>**Empire Contractors**</u>

CO-N002 Added permanent water line to soccer and baseball fields $ 59,430

Summary of Construction Change Orders
Authorized by the Vice President for Finance and Administration

PHYSICAL ACTIVITIES CENTER (PAC) RENOVATION PHASE II

Empire Contractors, Inc. - General Contractor

CO N003 Wellness Center exterior wall and mechanical room slab, $ 22,995
         chilled water pump size increase

CO N004 Additional lighting scope in spectator area and recreation zone $ 24,859

CO N005 Roof drain relocation and acoustical baffle changes $ 4,321

CO P012 Additional microphone, sinks changed and AV changes   ($ 1,587)