

# Internal Audit Report

March 3, 2022

# Campus Store Management Agreement and Sales Commissions

Audit Objectives:	<i>RISK MITIGATION</i>			
	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 Campus Store management agreement				
Review the reconciliation of Campus Store charges billed to student accounts compared to amounts billed to USI				
Review Campus Store sales and commission reports for accuracy, completeness, and correlation to commission payments				

# Campus Store Management Agreement and Sales Commissions Control Issues and Responses

- **Issue 1:** Course materials sales information provided by Barnes & Noble for February through May 2021 included a category called “miscellaneous adjustments” with no additional details. In addition, none of the gross sales reports for 2020-2021 provided a breakout of website sales as required by the management agreement.
- **Response:** Barnes & Noble has granted USI’s Controller and Assistant Treasurer access to its reporting system (Birst). USI intends to obtain Birst access for one of the staff accountants as well, and the two of them expect to complete training on how to use the system by March 15, 2022.

# 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				
Compliance with other federal requirements contained in the Compliance Supplement				
Fiscal Operations Report and Application to Participate (FISAP) Completed Accurately and Submitted Timely				
Policies, Procedures and Other Issues				

# Student Account Adjustments Risk Assessment

- **Issue:** Requests for adjustments to student accounts come from a variety of sources. It can be challenging to ensure that all adjustments are properly authorized and recorded.
- **Risk Assessment Objectives:**
  - Identify each type of adjustment that may be requested or initiated
  - Identify the source for each type of adjustment
  - Determine how each request is communicated and processed
  - Identify controls in place or required to prevent or detect potentially unauthorized adjustments

# Student Account Adjustments Risk Assessment

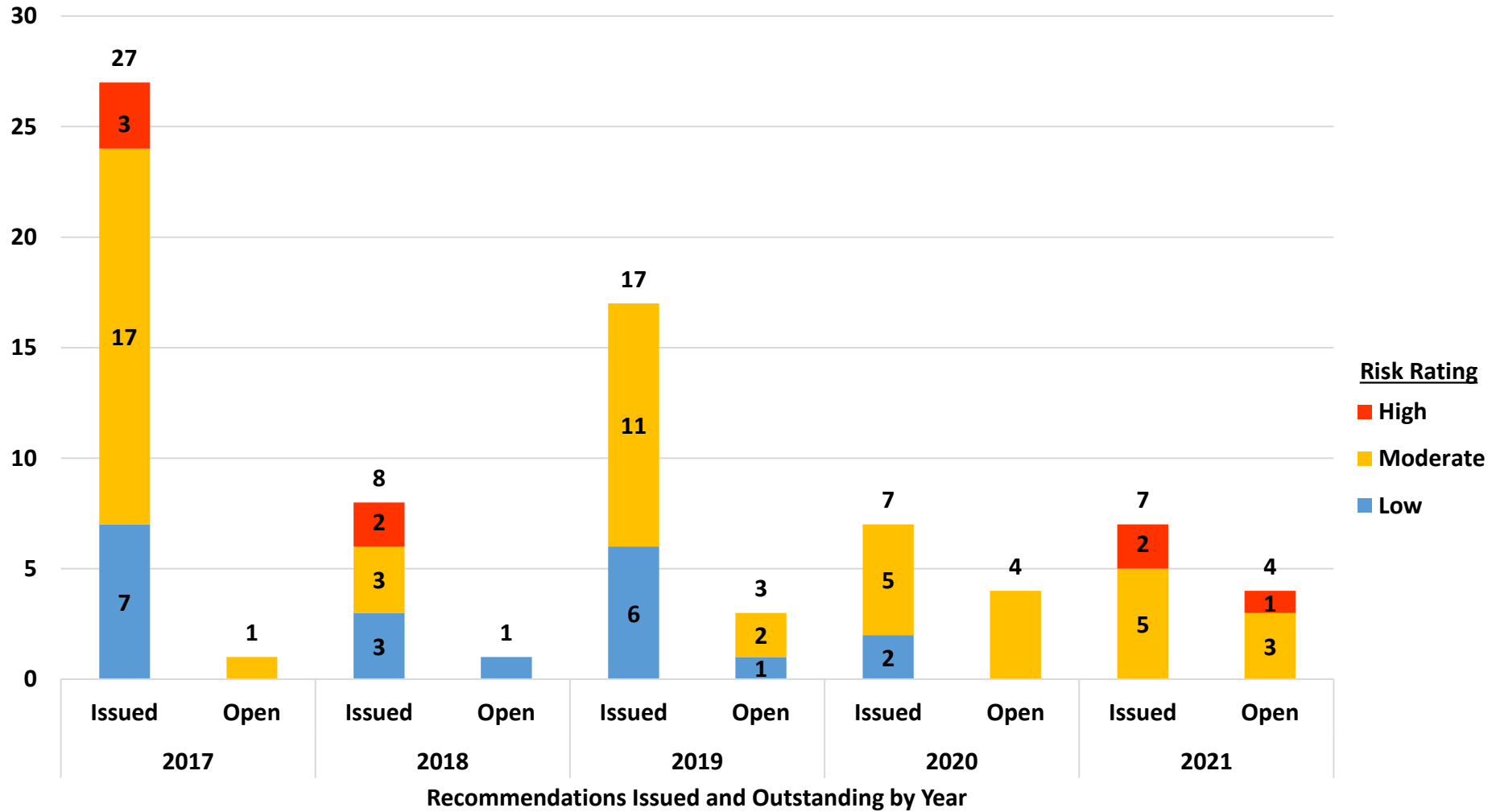
## Results:

- **Recommendation:** Internal Audit recommends that the Bursar's Office consider the development of a Qualtrics form for adjustment requests
  - Streamline and standardize adjustment requests
  - Ensure appropriate information and proper authorization are obtained
- **Response:** The Controller and Bursar will develop a matrix of who may authorize different types of adjustments by March 31, 2022.  
The Bursar will develop a Qualtrics form for adjustment requests with a target for implementation by July 31, 2022.

# 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 Status Update





# 2022 Internal Audit and Advisory Services Plan

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2022	Payment Card Industry (PCI) Compliance	Evaluate compliance with data security standard using self-assessment questionnaires	240
	Higher Education Emergency Relief Funds	Monitor regulatory guidance and advise management of compliance issues related to use of funds	100
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	125
April 2022	Enrollment Reporting	Review federal enrollment reporting requirements and processes and procedures to ensure compliance	220
	University Risk Management Committee	Facilitation of University Risk Management Committee activities	150
	Investments	Review investment management agreements and compliance with policy	200
	Facility Operations Storeroom	Physical inventory observation	50
July 2022	Institutional Scholarship and Fee Waivers Risk Assessment	Review risks and controls associated with institutional scholarships and fee waivers	220
	Athletics Eligibility	Review of student athlete eligibility	200
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements governing Title IV student aid programs	250
	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	200
October 2022	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	120
	Housing & Residence Life	Review new residential management software user access and controls over billing and residence contracts	200
	Enrollment Deposits	Review controls over the assessment, collection, and accounting of enrollment deposits	220

<b>Total Hours</b>	<b><u>2,495</u></b>
Hours Available	2,527
Hours available for unscheduled audits	32