

Internal Audit and Advisory Services Update

September 3, 2020

Bonds Payable

Post-issuance Compliance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of post-issuance procedures or guidelines to ensure bond financings remain in compliance with federal requirements after issuance				
Review processes and procedures in place for reporting and measuring private business use of facilities financed with tax-exempt bonds				
Evaluate whether private business use complies with federal limits				

Bonds Payable

Post-issuance Compliance

Control Issues and Responses

- **Issue 1:** While the University works closely with bond legal counsel regarding bond compliance issues, post-issuance compliance guidelines or procedures have not been formally documented.
- **Response:** Finance and Administration will work with bond counsel to formalize and organize our efforts in documenting post-issuance bond compliance by the end of January 2021.

Bonds Payable

Post-issuance Compliance

Control Issues and Responses

- **Issue 2:** The University does not have a formal process for measuring and reporting private business use in each facility financed with tax exempt bonds.
- **Response:** Business Office personnel will work with Special Events and Scheduling Services to obtain and document third party facility usage by the end of January 2021.

Travel Expense Approval and Routing

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of written travel expense policies and procedures				
Verify travel expenses are supported by a pre-trip approval report authorized by the appropriate financial manager and Travel Procurement				
Verify travel expenses incurred do not exceed the authorized expense amounts				
Verify travel expenses are supported by an expense report and receipts which were reviewed by accounts payable personnel				

Travel Expense Approval and Routing Control Issues and Responses

- **Issue 1:** The University's Travel Policies and Procedures published on the Travel Procurement website are marked as "draft" and dated March 2019. However, the policy in the University Handbook is dated December 2018 and contains references to forms and requirements that are no longer applicable.
- **Response:** Travel Procurement will finalize the Travel Policies and Procedures and incorporate them into the University Handbook by October 1, 2020.

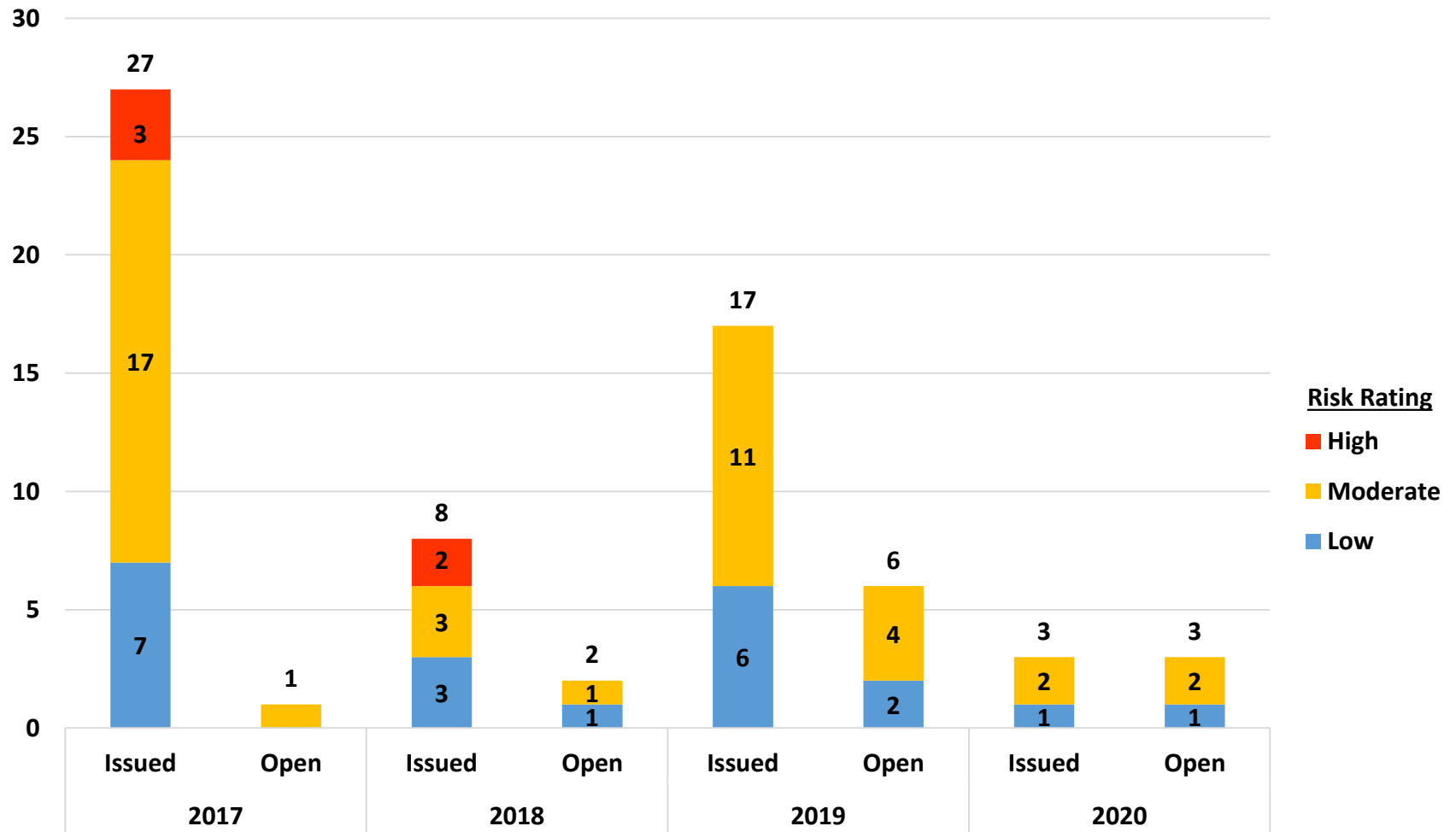
Other Audit and Advisory Activities

- Audits in progress with fieldwork nearly complete
 - Public Safety – Clery Act Compliance
 - Title IX Policy Review
- Update of internal control documents for state auditors
- Monitoring and advising on CARES Act funding compliance
- Monitoring COVID-19 return to campus initiatives
- 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 Status Update



Recommendations Issued and Outstanding by Year

2020 Internal Audit and Advisory Services Plan

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

Items in yellow are substantially complete

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