

MINUTES
FINANCE/AUDIT COMMITTEE
UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

March 6, 2025

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, March 6, 2025, in the Griffin Center on campus. Present were Committee Chair John M. Dunn and Trustees W. Harold Calloway and C. Wayne Kinney '77. Trustee Jeffrey L. Knight was absent. Also in attendance were Vice President for Development Andrea R. Gentry '05 and Director of Internal Audit Bradley V. Will.

Chair Dunn called the meeting to order at 9:33 a.m.

1. UNIVERSITY INVESTMENTS UPDATE

Mr. Dunn called on Mr. Brad Will to introduce Mr. Neil Heppler, Senior Institutional Advisor with Mariner Wealth and the investment advisor for the University investment portfolio, to provide a report for the period ending December 31, 2024, as well as some context in the current market.

Mr. Heppler began by providing a market update as of December 31, 2024, utilizing heat maps with the color green indicating the highest returns and red indicating the lowest returns for Year-to-Date, 1-Year, 3-Year, and 5-Year periods. He reviewed USI's investment performance summary for unrestricted assets compared to the balanced index, noting the returns are presented net of investment management fees. The investment performance summary table showed returns for the quarter, fiscal YTD, one year, and since inception (August 2021). Asset allocation for investments is comprised of intermediate fixed income (78%), certificates of deposit and cash (16%), and short-duration (1-year) government bonds (6%). The target for intermediate funds is 80%, and the target for short duration asset allocation is 20%. The market value of investments on December 31, 2024, totaled \$115,334,788. The estimated 12-month cash yield equaled \$3,732,902 or 3.2%. The estimated yield to maturity is 4.1%. He provided information on the Federal Open Market Committee (FOMC) Federal funds rate expectations and forecasts for year-end and long-run projections. Mr. Heppler concluded his report by reviewing the current economic indicators, including the unemployment rate, change in GDP, inflation rate, Treasury yield spread as a recession indicator (+23 bps), U.S. Treasury yield curve, and S&P 500 Index valuations.

2. REPORT OF CONSTRUCTION CHANGE ORDERS AUTHORIZED BY THE INTERIM PRESIDENT

Trustee Dunn called on Mr. Will for the report on the construction change orders approved by the Interim President. He directed the Trustees to Attachment A, which contains change orders related to the Wellness Center and the Health Professions projects. Two of the change orders are below the \$50,000 amount that would require Board approval and are therefore informational only. The changes included additional casework, lighting, equipment, and flooring changes to improve the functionality and durability of the building spaces. Although not part of the original design, these additions were deemed to be appropriate enhancements.

One of the change orders exceeded the \$50,000 approval authority of the Interim President. Change order 001 for \$72,793 for Phase IV of the Health Professions project involved the removal and reinstallation of stone panels above the third-floor windows so that metal flashing could be installed to properly route water away from the new building addition. Mr. Will explained that the change order was presented to the Construction Committee of the Board, which is composed of the members of the Finance/Audit Committee, on February 21, 2025. Trustees Dunn, Knight, and Kinney approved the change by email as required by the procedure. The last step in the process is presentation to this committee and to the Board of Trustees later today at the public meeting.

3. REVIEW OF COMPLETED AUDITS AND APPROVAL OF THE ANNUAL AUDIT PLAN

Mr. Dunn called on Director of Internal Audit Brad Will for a report of completed audits and approval of the annual Audit Plan. Mr. Will began by reminding the Committee of the dual reporting relationship he has as Director of Internal Audit. While administratively reporting to the Interim President, his office reports functionally

to the Finance/Audit Committee of the Board. He acknowledged Kendra Groeninger '03, Internal Audit Manager, for her contributions to the internal audit function, noting her work is critical to achieving the audit objectives. He directed the Trustees to Attachment B, a detailed report of the following audits, and reviewed the objectives, conclusions, and recommendations of each audit:

- Conflict of Interest Disclosure Compliance
- Housing and Residence Life (HRL) System Access and Internal Control Review
- Federal Student Aid Compliance

Mr. Will gave an overview of the status of audit recommendations from 2019, 2020, 2022, 2023, and 2024. He reviewed the proposed Internal Audit and Advisory Services Plan for calendar year 2025 in Attachment B. The plan is developed based on information gathered from University Risk Management initiatives, risk discussions with various members of management, and consideration of other risk factors such as materiality, the complexity of processes, staffing, legal/regulatory compliance requirements, control environment, and reputation risk. The 2025 plan is a blend of traditional audit activities and advisory services identified as being impactful for the institution. Advisory services include:

- Changes to personal information
- Facilitation of University Risk Management Committee activities
- Assistance with managing updates to internal control documents for the financial statement audit

Traditional audit activities include:

- Authorized Driver Recertification – controls over the recertification of University authorized drivers
- Registrar degree conferral – review controls over degree conferral
- Accounts Payable controls review – third party handling data entry of vendor invoices
- United Healthcare claims processing – review claims processing and payment controls
- Physical inventory of the Facilities storeroom
- Athletics Grant-in-Aid
- Review of data collection and storage within the Slate CRM system
- Federal student aid
- External audit support
- Payroll time reporting – review of controls over web time entry (online system for employees to submit time worked and absences).
- Review of Authorized Signers on University financial accounts

On a motion by Mr. Calloway, seconded by Mr. Kinney, the Annual Audit Plan for Calendar Year 2025 was approved.

There being no further business, the meeting adjourned at 10:09 a.m.

**Summary of Construction Change Orders
Authorized by the Interim President**

HEALTH PROFESSIONS RENOVATION PHASE III – LL AND FIRST FLOOR

Empire Contractors – General Contractor

CO 013 **\$ 43,493**

Arm Light for SIM Room
Lower Level Sheet Vinyl Change
Nurse Station Casework Change
Receptacles for VR Headset Charging Carts
Radiology Corridor Dimmer

WELLNESS CENTER RENOVATION AND ADDITION

Empire Contractors – General Contractor

CO 026 **\$ 13,699**

Added Game Room Cabinet Locks
Rm. 321 & 384 Countertops Added
Additional Casework Install Work

HEALTH PROFESSIONS RENOVATION/ADDITION PHASE IV

Empire Contractors – General Contractor

CO 001 **\$ 72,793**

Third Floor Stone Panel Removal/Reinstallation
Additional Flashing and Install Work



UNIVERSITY OF SOUTHERN INDIANA

Internal Audit Report

Prepared by

Bradley V. Will, CPA
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

Report No. USIA24-3
July 30, 2024

Audit Report Conflict of Interest Disclosure Compliance

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate University conflict of interest policies and procedures for compliance with Indiana law				
Evaluate University conflict of interest policies and procedures for compliance with federal regulations promoting objectivity in research				

Introduction

Our report of the internal audit of Conflict of Interest Disclosure compliance is presented below. We would like to thank Dr. Amy Chan Hilton, Rebecca Deeg, and Aaron Trump who contributed positively to our results.

Background Information

As a public university in the state of Indiana, the University of Southern Indiana, its employees, and trustees are subject to Indiana's conflict of interest law (IC-35-44.1-1-4). The law states that a public servant commits conflict of interest, a Level 6 felony, if the public servant knowingly or intentionally has a pecuniary (financial) interest in, or derives a profit from, a contract or purchase connected with an action by the governmental entity served by the public servant. Public servants can avoid the criminal aspects of the law by filing a disclosure statement with the Board of Trustees. Additionally, as an institution that engages in federally sponsored activities, USI and the personnel assigned to oversee those activities, referred to as "investigators", are subject to federal regulations regarding financial conflicts of interest. Specifically, the Office of Management and Budget Uniform Guidance, 2 CFR Part 200 Subpart B, requires recipients of federal awards to disclose, in writing, any potential conflict of interest to the federal awarding agency, and 42 CFR Part 50 Subpart F requires recipients of Public Health Service (PHS) grants to disclose, manage, and monitor investigator financial conflicts of interest.

The University has two policies governing the disclosure and administration of conflicts of interest. The Conflicts of Interest: Compliance Disclosure Requirements policy addresses the requirements for University trustees and personnel under Indiana law, while the Investigator Significant Financial Interest Disclosure Policy applies to personnel involved in the design, conduct, and reporting of federally funded activities.

This report is based on a review of the University's policies and procedures related to the disclosure and administration of conflicts of interest. The audit approach included reviewing the policies published in the University Handbook and evaluating their compliance with applicable state law and federal regulations. We interviewed the Vice President for Government Affairs and General Counsel (VPGA), Director of the Office of Sponsored Projects and Research Administration (OSPR), and the Senior Grant Administrator regarding

Report No. USIA24-3
July 30, 2024

procedures for obtaining and reporting conflict of interest disclosures. We also reviewed the content of the Investigator Significant Financial Interest (SFI) Disclosure Policy compared to the Financial Conflict of Interest Policy Development Checklist published by the National Institutes of Health.

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

- Evaluate University conflict of interest policies and procedures for compliance with Indiana law
- Evaluate University conflict of interest policies and procedures for compliance with federal regulations promoting objectivity in research

Conclusion

The results of our audit procedures indicate adequate controls and practices with respect to policy compliance with Indiana law, and opportunity for moderate improvement with respect to policies and procedures for compliance with federal regulations promoting objectivity in research.

Management will take or has taken the following actions:

- Revising the SFI Determination Form
- Revising the SFI Disclosure Policy
- Updating the Conflict of Interest Review Committee membership and procedures
- Sharing state conflict of interest disclosures with the OSPR

No additional action or response is required.

Bradley V. Will
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

Distribution: Rebecca Deeg
Dr. Amy Chan Hilton
Aaron Trump
Dr. Shelly Blunt
Steve Bridges

Report No. USIA24-3
July 30, 2024

Conflict of Interest Disclosure Compliance Audit Report

Observations and Responses

Revising the SFI Determination Form

Observation: The USI Investigator – SFI Determination Form must be completed by University personnel responsible for the design, conduct, or reporting of research or educational activities funded by an external sponsor. The form is intended to facilitate institutional compliance with federal regulations that require disclosure of any significant financial interest that may present an actual or potential conflict of interest in relation to externally sponsored projects. The form includes four yes/no questions regarding external compensation received, ownership interest, travel reimbursements, and intellectual property rights related to the individual's USI responsibilities. However, wording for three of the four questions only references the past twelve months with no mention of potential prospective conflicts.

Risk: The lack of a reference to potential future significant financial interests may lead an employee completing the form to exclude conflicts that may be created if the University is selected as an award recipient by the external sponsor.

Response: The OSPR will revise the SFI Determination Form by September 30, 2024, to include wording that indicates University personnel should disclose financial interests that will occur in the next twelve months, either as a result of receiving external funds or due to another known or anticipated event.

Revising SFI Disclosure Policy

Observation: Federal regulations describe the responsibilities of institutions regarding investigator financial conflicts of interest. Specifically, 42 CFR Part 50 Subpart F requires institutions to maintain an up-to-date, written, enforced policy on financial conflicts of interest. Institutional requirements that must be addressed include:

- Timing and frequency of investigator training
- Investigator disclosure of SFIs no later than the time of application and updated disclosures at least annually and within thirty days of discovering or acquiring a new SFI
- Guidelines for designated officials to determine whether a SFI is a financial conflict of interest (FCOI)
- Time requirements for reviewing SFI disclosures
- Reporting conflicts to the Public Health Service awarding component (e.g. Department of Health and Human Services)
- Ensuring subrecipient compliance by incorporating conflict of interest requirements into the written subrecipient agreement
- Taking actions as necessary to manage FCOIs
- Maintaining records of disclosures and the institution's review and response to such disclosures
- Establishing enforcement mechanisms and employee sanctions to ensure compliance
- Making the institution's policy and identified FCOIs publicly accessible

The University's SFI Disclosure Policy does not include several of these requirements.

Risk: The absence of some of the regulatory requirements in the University's written SFI Disclosure Policy or procedures may result in non-compliance with the regulations.

Response: The OSPR will revise the SFI Disclosure Policy to include the regulatory requirements cited above and implement any procedures necessary to achieve compliance by September 30, 2024.

Report No. USIA24-3
July 30, 2024

Updating the Conflict of Interest Review Committee membership and procedures

Observation: The University's SFI Disclosure Policy describes the review procedures to be performed when a significant financial interest is disclosed. It also includes a description of the Conflict of Interest Review Committee membership. The current policy references the Chief Data Officer as the preliminary reviewer of disclosures. However, that reference is no longer accurate due to organizational changes within the past few years. In addition, the committee membership described in the policy may no longer be appropriate, nor does it include representation from the Office of Government and Legal Affairs (OGLA), which is responsible for administering the conflict of interest disclosures required under Indiana law.

Risk: Inaccurate or outdated references in policy can lead to confusion for personnel subject to the policy and may lead to policy and compliance violations.

Response: The OSPR will update the review procedures in the SFI Disclosure Policy to indicate that the preliminary reviewer is the Director of the OSPR and update the Conflict of Interest Review Committee membership to ensure appropriate representation on the committee, including adding the VPGA to the list of members. These updates will be completed by September 30, 2024.

Sharing state conflict of interest disclosures with the OSPR

Observation: The University's Conflicts of Interest Compliance Disclosure Policy, which is administered by the OGLA, addresses the obligation under Indiana law for University employees and trustees to disclose conflicts of interest. This policy and the associated procedures are separate from the University's policy, administered by the OSPR and required under federal regulations, to disclose significant financial interests in relation to externally sponsored projects. Since the two policies are managed separately, there has not been a formal process in place to communicate disclosures between the two areas.

Risk: The lack of communication between the two areas regarding disclosures of potential conflicts of interest increases the risk that conflicts subject to both federal regulation and state law are not managed accordingly.

Response: Beginning in January 2025, the OGLA will copy the OSPR on conflict of interest reports submitted to the state. This will create awareness in OSPR of existing conflicts that may require consideration in the administration of externally sponsored projects.

Report No. USIA24-4
November 4, 2024

Audit Report Housing and Residence Life System Access and Internal Control Review

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 the system of internal controls over Housing and Residence Life operations				
Assess the adequacy of user access security for the StarRez residential management software				

Introduction

Our report of the system access and internal control review for Housing and Residence Life (HRL) is presented below. We would like to thank Betsy Mullins and Melissa Burch who contributed positively to our results.

Background Information

The University of Southern Indiana offers on-campus housing for students in the form of four residence halls and more than 40 apartment buildings, which contain space to accommodate approximately 2,300 students. HRL operations uses the StarRez residential management software to manage housing assignments and generate billing information for upload to student accounts in the Banner system. In 2023-2024, USI generated over \$11,000,000 in revenue from housing operations.

Reporting to the vice president for student affairs, the director of housing and residence life and her team of administrative personnel, area coordinators, and resident assistants facilitate the processing of housing applications, contracts, and room assignments; conduct resident check-in and check-out; process billing and adjustments for housing-related fees; and provide programs, activities, and a variety of support services to student residents, including mail and package delivery.

HRL has experienced some significant changes to its operating systems and management personnel in the last two years. In 2022, HRL replaced its residential management software, RMS, with StarRez. Then in 2023, HRL had to manage through changes in leadership created by the departures of both the director and assistant director.

This report is based on a review of the control environment over HRL operations and user access controls for the StarRez residential management software. The audit approach consisted of reviewing HRL department procedures and controls; interviewing HRL department personnel with responsibility for processing housing applications, contracts, room assignments, and resident check-in and check-out; and evaluation of the system administration for the StarRez residential management and reporting software.

Report No. USIA24-4
November 4, 2024

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

- Evaluate the adequacy of the system of internal controls over HRL operations
- Assess the adequacy of user access security for the StarRez residential management software

Conclusion

The results of our audit procedures indicate opportunity for minor improvement with respect to controls over HRL operations and opportunity for moderate improvement with respect to user access security for the StarRez software.

Management will take or has taken the following actions:

- Verifying Housing Rates Published on the Website and Entered into StarRez Agree to Board Approved Rates
- Developing Standard Damage Fees
- Engaging a Consultant to Assist with StarRez User Access Security

No additional action or response is required.

Bradley V. Will
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

Distribution: Betsy Mullins
Dr. Pamela Hopson
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Report No. USIA24-4
November 4, 2024

Housing and Residence Life System Access and Internal Control Review Audit Report

Observations and Responses

Verifying Housing Rates Published on the Website and Entered into StarRez Agree to Board Approved Rates

Observation: Based on discussions with the director of HRL and the administrative associate, rates for on-campus housing are updated on the HRL webpage by the administrative associate and verified to the Board approved rates by the associate director of HRL. However, this review is not formally documented. Additionally, the associate director updates the rates in the StarRez system, but there is not a review documenting that the rates in the housing system reflect the Board approved rates.

Risk: The lack of a formal, independent review of the housing rates published on the website and entered into the StarRez data management system increases the risk that incorrect rates are published on the website or assessed to campus housing residents.

Response: Once HRL's website has the upcoming year's housing rates ready to be published online, a screenshot of the housing rates will be taken. This screenshot, along with the minutes from the board meeting containing the approved housing rates, will be sent to the Bursar via email with the director of HRL on copy. The email will request the Bursar to compare the rates on the website with those recorded in the board minutes to ensure they match. After verifying the rates, the Bursar will reply to the email confirming whether they are approved or indicating any necessary changes.

Once the associate director of business operations enters the rates into StarRez, the HRL staff accountant will be notified via email to review the rates in StarRez. After confirming the accuracy of the rates, the staff accountant will respond to the email with an approval.

This new process will commence on January 3, 2025, for the 2025-2026 housing rates.

Developing Standard Damage Fees

Observation: Based on discussions with the director of HRL damage assessments are conducted by resident advisors or other HRL representatives when students check out of campus housing. If damages exceed "normal wear and tear" the HRL assistant director of occupancy management assesses damage fees through StarRez for the amount the student will be billed (based on estimated materials replacement cost and labor). However, there are currently no standard damage fees established based on the general condition of the living space, furniture, and fixtures.

Risk: The lack of standard damage fees increases the risk that students may be charged varying amounts for similar damage and repairs.

Response: The HRL facilities manager will work with the assistant director of occupancy management to standardize and streamline the assessment of damage fees. The planning for this has already started and will be completed by June 2025.

Report No. USIA24-4
November 4, 2024

Engaging a Consultant to Assist with StarRez User Access Security

Observation: Based on discussions with the director of HRL, StarRez user access was implemented in an ad-hoc manner due to staffing issues resulting from the departures of the former director and assistant director around the time the conversion to StarRez occurred. As a result, StarRez user security groups have not been fully developed and access for users with similar roles is not consistent.

Risk: The lack of a well-developed user access security model increases the risk of users having inappropriate access or not having the access required to perform their duties, while also increasing the effort required to manage individual security.

Response: The director of HRL has opened a support ticket for StarRez to help create a streamlined user access guideline based on users. The ticket is currently open and StarRez plans on completion by end of January 2025.

Report No. USIA24-5
December 19, 2024

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				
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				

Introduction

Our report of the internal audit of USI federal student aid compliance is presented below. We would like to thank Joanna Riney, Cathy Nickens, 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.

Report No. USIA24-5
December 19, 2024

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 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.

Federal student aid compliance is reviewed annually by Internal Audit, as well as by the State Board of Accounts in conjunction with federal audit requirements. The previous internal audit was performed and reported on in December 2023, at which time Internal Audit noted adequate controls and practices for each of the audit objectives except for compliance with enrollment reporting requirements contained in the Compliance Supplement, for which we noted opportunities for minor improvement.

This report is based on the review of federal student aid activity for the fall 2023, spring 2024, and summer 2024 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 2023, spring 2024, and summer 2024 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
- Evaluate compliance with other federal requirements contained in the Compliance Supplement
- Determine whether the FISAP has been completed accurately and submitted on time
- Evaluate policies, procedures, and other issues not impacting compliance

Conclusion

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
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

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University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2019

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Employment, Payroll, and Benefits					
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.	8/1/2021 Revised: 7/1/2024 Fall 2025	
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 Revised: Summer 2023 Phase 2: Spring 2021 Revised: Fall 2023 Spring/Summer 2024 Spring 2025 Phase 3: Fall 2021 Revised: Summer 2024 Fall 2025	Phase 1: Completed Phase 2: Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2020

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Bonds Payable Post-issuance Compliance					
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.	Moderate	Work with the University's bond legal counsel to formalize and document guidelines or written procedures associated with post-issuance bond compliance.	Finance and Administration will work with bond counsel to formalize and organize our efforts in documenting post-issue bond compliance. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021 Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024 June 30, 2025	
2. In order to comply with federal tax law, the University must measure private business use in each facility financed with tax exempt bonds. The University does not have a formal process for measuring and reporting private business use.	Moderate	Work with Special Events and Scheduling Services to obtain reporting of facility usage by third parties. This information should be used to measure private business use and create reporting for management to monitor and evaluate usage at least on an annual basis.	Business Office personnel will work with Special Events and Scheduling Services to obtain facility usage by third parties and document this usage. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021 Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024 June 30, 2025	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2022

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Institutional and Outside Scholarship Controls					
1. The current process for posting outside scholarships to student accounts involves manual manipulation of scholarship data by the Associate Bursar prior to uploading and posting the awards to student accounts.	Moderate	Investigate alternatives for posting outside scholarships to eliminate the need for manual manipulation by Bursar Office personnel.	The Associate Director of Student Financial Assistance will inquire of some peer institutions regarding the processing methods they use for posting outside scholarships. If no effective processing alternatives are identified, SFA will work with Information Technology and the Bursar's Office to implement a feed or upload eliminating the need for manual intervention.	March 31, 2023 Revised: December 15, 2023 August 1, 2024 July 31, 2025	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2023

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Purchasing Card (P-Card) Review 1. Review of activity reports indicates that some cardholders may not understand the importance of providing receipts and explanations of business purpose to their proxy for upload and expense allocation.	Moderate	Provide targeted training to P-card cardholders who rely on a proxy and have exhibited a pattern of failing to submit receipts and business purpose explanations.	The Business Office intends to provide targeted training to P-card cardholders who rely on a proxy. The delivery of the training is contingent upon filling the vacant accounts payable manager position. The target date for completion is six months following the hire date of the accounts payable manager. Revised Response: Accounts Payable will work with its P-card monitoring vendor throughout 2024 to identify risks and target training based on those risks.	Six months after hire of accounts payable manager Revised: Ongoing throughout 2024	Completed
3. The P-card training video includes a segment outlining the process that cardholders should follow to report fraudulent charges on their card. The video states that the cardholder should contact PNC Bank and subsequently contact three other individuals within the University.	Low	Streamline the process for cardholders to report fraudulent charges by developing a Qualtrics form that cardholders could fill out, which could be routed to the appropriate internal recipients. The training video should also be updated to reflect the streamlined process.	Procurement will work with the accounts payable manager to create a more streamlined process for reporting fraudulent charges. The process will be developed with the accounts payable manager in a timeframe to be determined following the position being filled. Revised Response: AP will address through evaluation of a potential new P-card program.	TBD - based on hire of accounts payable manager Revised: July 2025	Completed
4. There is currently not a mobile application for capturing and uploading P-card receipts, which increases the risk that receipts are not submitted timely.	Moderate	Investigate potential options for utilizing a mobile application for collection and submission of P-card receipts.	Procurement has identified two options for a mobile application for uploading P-card transaction supporting documents. Selection and implementation of a solution will be coordinated with the accounts payable manager in a timeframe to be determined following the position being filled. Revised Response: AP will address through evaluation of a potential new P-card program.	Investigation: Completed Implementation: TBD - based on hire of accounts payable manager Revised: July 2025	
5. There are at least six individuals who are assigned as a proxy to more than nine cardholders. Two of the proxies were performing that role for approximately 30 cardholders.	Moderate	Work with the departments to determine an appropriate number of cardholders for each proxy based on staffing and transaction volume and explore ways to make the proxies' responsibilities more manageable.	The Business Office will work with the departments to determine an appropriate number of cardholders for each proxy. The target date for completion is six months following the hire date of the accounts payable manager.	Six months after hire of accounts payable manager Revised: Ongoing throughout 2024	Completed
6. As the University changes policy and procedure to increase use of the P-card for purchases of certain types and dollar amounts, cardholders may struggle to remember the types of products and services, vendors, and transaction amounts for which the P-card should be used.	Moderate	Work with Procurement to develop a decision tree or reference guide that outlines parameters cardholders should use to determine the appropriate method of purchase based on product/service type, vendor, and transaction amount.	The Business Office will work with Procurement to develop a reference guide that outlines parameters cardholders should use to determine the appropriate method of purchase. Due to the current vacancy in the accounts payable manager position, the Business Office has targeted December 1, 2024, to begin development of the reference guide.	December 1, 2024	Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2023

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Investment Policy Compliance					
3. The Fifth Third Bank investment management agreement for managing a portion of the unrestricted fund investments contains a provision allowing the managers to purchase certain types of investments prohibited by the University investment policy (e.g. short sales, forward contracts, options, and derivative transactions).	Moderate	Execute an amendment with Fifth Third to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	The Vice President for Finance and Administration will execute an amendment with Fifth Third Bank by May 31, 2024, to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	May 31, 2024 Revised: December 31, 2024 June 30, 2025	
Name, Image and Likeness (NIL) Policy Compliance					
1. NIL training provided as part of pre-season NCAA rules education may not correspond with the timing of NIL deals which may arise at any time throughout the course of the year.	Moderate	Develop additional NIL training and communication tools for student athletes reminding them of their obligation to report NIL deals to the athletic department and the NCAA rules prohibiting pay-for-play and recruiting inducements.	The associate director of athletics will develop additional NIL training and communication tools for student athletes reminding them of their obligation to report NIL deals and the NCAA rules prohibiting pay-for-play and recruiting inducements. The training and communication tools will be implemented by August 2024.	August 1, 2024 Revised: January 2025	Completed and ongoing

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2024

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Drug Free Schools and Communities Act 2. The Drug Free Schools and Campuses Regulations require institutions of higher education to annually distribute notification in writing, to each employee and each student, information about the drug and alcohol abuse prevention program. The notification methods utilized by the University may not meet the distribution requirement of the regulations.	Moderate	Evaluate the methods of distribution cited in the biennial review and consider distributing the notification to all students and employees via email to ensure compliance with the distribution requirement.	The Dean of Students and Assistant Director of Human Resources will work with the Substance Abuse Committee to evaluate the methods of distribution cited in the biennial review and consider distributing the notification to all students and employees via email as an additional method to ensure compliance with the distribution requirement. The target date for implementing any additional methods of notification is August 30, 2024.	August 30, 2024	Completed
3. The University's biennial review report does not include a specific section regarding the outcome of the evaluation of the effectiveness of its drug and alcohol abuse prevention program nor does it clearly state how or whether the reviewers concluded regarding the consistency of disciplinary sanction enforcement.	Low	Incorporate conclusions in the biennial review report regarding the effectiveness of the alcohol and drug abuse prevention program, recommended changes to the program, if any, and a clear conclusion regarding consistency of sanction enforcement and an explanation of how consistency of enforcement was determined.	The Assistant Program Director of Student Wellness, Dean of Students, and Assistant Director of Human Resources will work with the Substance Abuse Committee to incorporate conclusions in the biennial review report by December 13, 2024.	December 13, 2024	Completed
4. The description of the Substance Abuse Committee in the University Handbook indicates that the committee is charged with making appropriate reports and recommendations to the president on at least an annual basis. However, the Substance Abuse Committee has not been active for several years, there is no documentation of annual reporting to the president, nor has the president signed the biennial review report as suggested by the Department of Education (DoE).	Moderate	The Dean of Students and Assistant Director of Human Resources should work with the Office of the President to reconvene the Substance Abuse Committee. The committee should provide annual reports to the president in accordance with the description in the University Handbook and provide the final biennial review report to the president for review and signature as suggested by the DoE guide.	The Dean of Students and Assistant Director of Human Resources will work with the Office of the President to reconvene the Substance Abuse Committee by July 1, 2024. The committee will provide annual reports to the president in accordance with the description in the University Handbook and provide the biennial review report to the president for review and signature by May 15, 2025.	Reconvene Committee: July 1, 2024 Annual reporting to the president: May 15, 2025	Completed and ongoing Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2024

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Administrative Appeals					
1. There is not a clear, consistent purpose and scope for the Administrative Appeals Committee, which increases the risk that appeal decisions are not made in accordance with management's expectations.	Moderate	The Administrative Appeals Committee Chair should work with the Vice President for Strategic Enrollment Management and the Office of the President to clarify and document the purpose and scope of the Administrative Appeals Committee responsibilities. The purpose and scope should be communicated to the committee and updated in both the University Handbook and on the University website.	The committee will clarify the purpose, scope, and composition of the Administrative Appeals Committee in both the University Handbook and on the University website. The target date for completion of these items is September 30, 2024.	September 30, 2024 Revised: August 1, 2025	
2. The current workflow for processing administrative appeals requires the appeals administrator (AA) to forward appeals approved by the committee to the Office of the Provost for review and approval of grade changes.	Moderate	The Administrative Appeals Committee Chair should work with the Office of the Provost to streamline the Administrative Appeals process when grade changes are involved.	The committee recommends that the Office of the Provost have a representative attend the monthly appeals meetings. An alternative solution (dependent upon Provost approval) is that the committee's decision on grade changes is the final decision. The target date for implementing modifications to the grade change approval process is September 30, 2024.	September 30, 2024	Completed and ongoing
3. Although the appeals PDF form is online and fillable, students must print it for signature and submission. In addition, the intake process is inefficient because the appeal data must be manually entered into a tracking spreadsheet	Moderate	The Chair of the Administrative Appeals Committee and the AA should work with IT to transition the Administrative Appeal Form to an electronic form that can be automatically routed and from which data can be automatically populated in a data table for tracking and reporting purposes.	The AA has created a rough draft of a new University appeals form in Slate. This new form and delivery system will allow for automatic routing and data will be automatically populated into a spreadsheet for ease of reporting. The target date for implementation of the appeals form in Slate is December 31, 2024.	December 31, 2024 Revised: August 1, 2025	
4. There is not a process to identify and automatically withdraw students who never attended their courses, which increases the risk that student accounts will become delinquent, students will receive failing grades, and the students will need to submit administrative appeals.	Moderate	The Bursar should work with the Provost, Registrar, and IT to develop a mechanism to identify and cancel registration for students who are not engaged in coursework, have not utilized their USI email, nor have they taken any actions toward initiating payment.	The Bursar will work with the Provost, Registrar, and Information Technology to develop a procedure to identify students who are not engaged in coursework and therefore should have courses dropped and charges removed from their account. The target for implementation of this procedure is December 1, 2024.	December 1, 2024 Revised: August 1, 2025	
Conflict of Interest Disclosure Compliance					
1. The USI Investigator - Significant Financial Interest Determination Form does not request disclosure of potential future significant financial interests.	Moderate	The Office of Sponsored Projects and Research (OSPR) should revise the Significant Financial Interest Determination Form to include wording that indicates University personnel should disclose financial interests that will occur in the next twelve months, either as a result of receiving external funds or due to another known or anticipated event.	OSPR will revise the SFI Determination Form by September 30, 2024, to include wording that indicates University personnel should disclose financial interests that will occur in the next twelve months, either as a result of receiving external funds or due to another known or anticipated event.	September 30, 2024	Completed
2. The University's Significant Financial Interest (SFI) Disclosure Policy does not include several federal regulatory requirements outlined in 42 CFR Part 50 Subpart F.	Moderate	OSPR should revise the SFI Disclosure Policy to include the regulatory requirements cited in 42 CFR Part 50 Subpart F and implement any procedures necessary to achieve compliance	OSPR will revise the SFI Disclosure Policy to include the regulatory requirements cited and implement any procedures necessary to achieve compliance by September 30, 2024.	September 30, 2024	Completed
3. The SFI Disclosure Policy contains inaccurate or outdated references to personnel involved in reviewing disclosures of potential conflicts of interest.	Moderate	OSPR should update the review procedures in the SFI Disclosure Policy to indicate that the preliminary reviewer is the Director of OSPR and update the Conflict of Interest Review Committee membership to ensure appropriate committee representation.	OSPR will update the review procedures in the SFI Disclosure Policy to indicate that the preliminary reviewer is the Director of OSPR and update the Conflict of Interest Review Committee membership to ensure appropriate representation.	September 30, 2024	Completed
4. There is not a formal process in place for the Office of Government and Legal Affairs (OGLA) and OSPR to communicate with one another conflict of interest disclosures made to each office.	Moderate	OGLA should copy OSPR on conflict of interest reports submitted to the state. Communication of conflicts from OSPR to OGLA will occur by nature of the Vice President for Government Affairs and General Counsel participating in the Conflict of Interest Committee.	Beginning in January 2025, OGLA will copy OSPR on conflict of interest reports submitted to the state.	January 31, 2025	Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2024

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
Housing and Residence Life (HRL) System Access and Internal Control Review					
1. There is not a formal, independent review of the housing rates published on the USI HRL website and entered into the StarRez data management system.	Moderate	HRL should implement a formal, independent review of the rates entered into the website and the StarRez system.	HRL will email a screenshot of the housing rates and the board approved rates to the Bursar for review and request the staff accountant to review and confirm the accuracy of the rates in StarRez.	January 3, 2025	Completed
2. When students check out of campus housing, the HRL assistant director of occupancy management assesses damage fees based on estimated materials replacement cost and labor. However, there are currently no standard damage fees established based on the general condition of the living space, furniture, and fixtures.	Moderate	HRL should work with Facilities personnel to develop standardized damage fees to be used as a guideline for assessing damage fees.	The HRL facilities manager will work with the assistant director of occupancy management to standardize and streamline the assessment of damage fees.	June 30, 2025	
3. StarRez user access was implemented in an ad-hoc manner, user security groups have not been fully developed, and access for users with similar roles is not consistent.	High	HRL should engage a consultant with expertise in the establishment of StarRez user security to assist with the development and implementation of a user access security model appropriate for USI.	The director of HRL has opened a support ticket for StarRez to help create a streamlined user access guideline.	January 31, 2025	Completed

**University of Southern Indiana
Annual Audit & Advisory Services Plan
Calendar Year 2025**

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2025	Changes to Personal Information	Review policies and procedures for name changes, SSN changes, etc. across departments	100
	Authorized Driver Recertification	Review controls over driver recertifications	150
	Registrar - Degree Conferral	Review controls over academic degree conferral	220
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	125
April 2025	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	200
	Accounts Payable	Review controls over accounts payable processing	240
	United Healthcare Claims	Review process for claims processing and payment	150
	Facility Operations Storeroom	Physical inventory observation	50
July 2025	Athletics Grant-in-Aid	Evaluate NCAA Compliance	240
	Slate (CRM) Review	Analyze data collection and storage	225
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements governing Title IV student aid programs	250
October 2025	University Risk Management Committee	Facilitation of University Risk Management Committee activities	100
	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	150
	Payroll Time Reporting	Review Web Time Entry controls	225
	Business Office	Financial Accounts and Authorized Signer Review	75

Total Hours	<u>2,500</u>
Hours Available	2,553
Hours available for unscheduled audits	53