AGENDA

FINANCE/AUDIT COMMITTEE

UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

March 5, 2026

1. **UNIVERSITY INVESTMENTS UPDATE**

Neil Heppler, Senior Institutional Advisor with Mariner Wealth Advisors and the investment advisor for University Investments, will present a report on University Investments.

2. **REPORT OF CONSTRUCTION CHANGE ORDERS AUTHORIZED BY THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION**

The construction change orders authorized by the Vice President for Finance and Administration and previously approved by the Construction Committee (Attachment A) will be reviewed.

3. **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 2025 will be reviewed and the proposed 2026 Annual Audit Plan will be presented (Attachment B).

Approval of the proposed 2026 Annual Audit Plan in Attachment B is recommended.

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

HEALTH PROFESSIONS RENOVATION PHASE IV

Empire Contractors – General Contractor

CO 011   **$ 105,060**

Buildout of planned storage room, L093, to a high-tech classroom/lab. Improvements include wall framing, drywall and paint; drop ceiling; infrastructure for A/V and increased electrical outlets; HVAC controls and infrastructure; and extend fire sprinklers from existing ceiling through the new drop ceiling.

UNIVERSITY CREATIVE AND PRINT NEW BUILDING

Danco Construction Inc – General Contractor

CO 001   **$ 44,438**

Added HVAC and electrical supply for new additional commercial printer. Added automatic door operator to one door while omitting door operators from two doors.

CO 002   **$ 11,373**

Added deck covering of G60 galvanized metal to the dock. Subgrade soils of 25' x 120' x 1' were determined to be structurally unsuitable. Excavated existing soil and replaced with clean soil. Retest was satisfactory.

CO 003   **$ 12,760**

Added 2x4 wood blocking to exterior wall for necessary support of exterior metal panels. Changed plan location of a transformer from floor to ceiling to conserve floor space and move it from the path of fork trucks. Removed and rebuilt concrete apron of shared large opening of adjacent building.

STEM DISCOVERY LAB, RICE LIBRARY

Garmong Construction – General Contractor

CO 002   **$ 3,459**

Added condensation drain for new Starbuck's HVAC and structural support for operable wall. Painted additional corridor wall. Relocated lighting control sensor. Credit for not using roof ladder.

UNIVERSITY OF SOUTHERN INDIANA

Internal Audit Report

Prepared by

Bradley V. Will, CPA
Director of Internal Audit

Kendra Groeninger
Internal Audit Manager

Report No. USIA25-4
December 16, 2025

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. USIA25-4
December 16, 2025

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 2024, at which time Internal Audit noted adequate controls and practices for each of the audit objectives.

This report is based on the review of federal student aid activity for the fall 2024, spring 2025, and summer 2025 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 2024, spring 2025, and summer 2025 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   Kendra Groeninger
Chief Audit Officer   Internal Audit Manager

Distribution: Joanna Riney
                        Cathy Nickens
                        Rashad Smith
                        Angel Nelson
                        Sandy Frank
                        Dr. Jason Hardgrave
                        Jina Platts
                        Jeff Sickman
                        President Steve Bridges

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2020

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
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 December 31, 2025 June 30, 2026	
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 December 31, 2025 June 30, 2026	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2022

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
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 July 31, 2026	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2023

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Purchasing Card (P-Card) Review					
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 September 2026	
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 March 31, 2026	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2024

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
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 September 30, 2025 August 1, 2026	
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 August 1, 2026	In Progress

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2025

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Authorized Driver Certification					
1. The Risk Management (RM) office utilizes an Excel spreadsheet to track the completion of authorized driver certification requirements. While the spreadsheet provides basic tracking functionality, it lacks automated reporting capabilities.	Moderate	RM should work with Information Technology to transition authorized driver certification tracking from the current spreadsheet into Team Dynamix software. Team Dynamix will offer the ability to generate reports and help improve RM's ability to proactively monitor authorized driver certification requirements and the expiration of training, motor vehicle record checks, and driver's license expiration dates.	RM is working with Information Technology to transition the authorized driver certification tracking from the current spreadsheet into the Team Dynamix software. The target date for completion of the data transfer and implementation of reporting is November 30, 2025.	November 30, 2025 Revised: July 1, 2026	
2. Based on a review of mileage reimbursement data from January 2024 through March 2025, 278 University employees claimed a mileage reimbursement, indicating that they had driven a personal vehicle for University business. 91 of those employees, approximately 33%, were not included in the authorized driver certification spreadsheet. However, 52 of the 91 non-certified drivers claimed mileage only one time during the audit period.	Low	RM should evaluate the risks and benefits of excluding personnel from the authorized driver certification requirements for infrequent/occasional driving on University business where the individual utilizes their personal vehicle.	RM will evaluate the risks and benefits of excluding personnel from the authorized driver certification requirements for infrequent or occasional driving where the individual utilizes their personal vehicle. RM is discussing best practices in this area with the University's insurance carrier and broker. The target date for completion of the analysis and implementation of any policy changes is November 30, 2025.	November 30, 2025	Completed
3. The procedure within the Vehicle Safety Policy indicates that department heads/supervisors are responsible for notifying RM of the names of potential drivers. Based on discussions with RM and information obtained from Human Resources (HR) personnel, certain positions within the University have been designated as positions that require authorized driver certification due to the fact that the position requires routine driving for University business.	Moderate	RM should work with HR and Information Technology to create an automated report to notify RM of employees hired or transitioning into positions designated as requiring authorized driver certification.	RM will work with HR and Information Technology to evaluate the feasibility of creating an automated report to notify RM of employees hired or transitioning into positions designated as requiring authorized driver certification. The target date for implementation of the report is November 30, 2025.	November 30, 2025	Completed and ongoing
4. Anyone who has submitted a claim for mileage reimbursement or rental car expense for business travel is captured in Emburse. As a result, the Emburse system is an excellent source for evaluating compliance with the authorized driver certification requirements of the Vehicle Safety Policy.	Moderate	RM should implement an annual review of employees with mileage and car rental claims in Emburse and compare the employees with those claims to the list of authorized drivers.	RM will work with Travel Procurement personnel to identify reports available in the Emburse system that may be used to periodically review employees with mileage and car rental claims and compare the employees to the list of authorized drivers. The target date for implementation of this review is November 30, 2025.	November 30, 2025	Completed and ongoing
Social Security Number (SSN) Collection and Legal Name Change Process					
1. Changes to operations policies and procedures regarding the collection of SSN have created downstream operational challenges.	High	The Registrar's Office, Office of Undergraduate Admissions, and College Achievement Program (CAP) should adopt a policy governing the timing and acceptable methods for the collection of SSN and establish documentation requirements for SSN change requests.	The Registrar's Office, Office of Undergraduate Admissions, and CAP will review, edit, and coordinate adoption of the draft policy governing the timing and acceptable methods for the collection of SSN and establish documentation requirements for SSN change requests by December 1, 2025.	December 1, 2025	Completed
3. During discussions about the current policy and procedures for processing legal name change requests, management expressed concerns about the efficiency and practicality of the in-person submission and documentation requirements, as well as the lack of a secure electronic submission option.	Moderate	The Registrar's Office should work with IT and Data Governance to evaluate alternative methods by which individuals may submit a name change request.	The Registrar's Office will work with IT and Data Governance to evaluate alternative methods by which individuals may submit a name change request, including online methods for authentication of the requestor and the secure submission of documentation supporting the change.	December 1, 2025	Completed
Grade Posting/Changes, Transcript Controls, and Degree Conferral					
1. There is currently no formal process for personnel within the colleges to review academic program information in Degree Works to ensure it is consistent with the academic bulletin.	Moderate	The Registrar's Office should work with the Provost to establish a formal periodic review within each of the colleges of the degree requirements contained in the academic bulletin and Degree Works.	The Registrar's Office will begin emailing the requestor and department chair following the completion of updates to degree requirements or entry of new degree programs into Degree Works. The email will instruct the requestor and/or department chair to review Degree Works and confirm the accuracy of the program requirements within 14 days.	June 1, 2026	

University of Southern Indiana
Annual Audit & Advisory Services Plan
Calendar Year 2026

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2026	Slate (CRM) Review	Review system administration, access controls, and facilitate prioritization of integration issues	175
	Ghost Student Fraud Risk	Assess risks and controls associated with the admission, enrollment, and awarding of financial aid to fraudulent students	200
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	125
April 2026	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	200
	Housing & Residence Life	Evaluate housing unit inventory and fees assessed in the residential management system compared to physical units	240
	University Risk Management Committee	Facilitation of University Risk Management Committee activities	100
	Construction Planning & Management	Outsourced Construction Planning and Management Audit	80
	Facility Operations Storeroom	Physical inventory observation	50
July 2026	Athletics	Name, Image, & Likeness (NIL) compliance review	200
	Athletics Ticketing	Review ticketing processes associated with new ticketing system	225
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements governing Title IV student aid programs	250
October 2026	United Healthcare Claims	Review process for claims processing and payment	150
	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	100
	Payroll Time Reporting	Review Web Time Entry controls	225
	Facility Operations & Planning	Review system administration, access controls, and chargeback processing controls for new work order system webTMA	150

Total Hours	**2,470**
Hours Available	2,505
Hours available for unscheduled audits	35