

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

**March 3, 2016**

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, March 3, 2016, in the University Center on campus. Present were Committee Chair W. Harold Calloway and Trustees Jeffrey L. Knight, Ronald D. Romain '73, and Evan K. Stieler '17. Trustee Amy MacDonell was absent. Also in attendance were Vice President for Finance and Administration Steven J. Bridges '89 M'95, and Vice President for Government and University Relations Cynthia S. Brinker.

Chair Calloway called the meeting to order at 9 a.m.

**1. REVIEW OF COMPLETED AUDIT AND APPROVAL OF THE ANNUAL AUDIT PLAN**

Mr. Calloway called on Vice President Bridges for a report of completed audits and approval of the annual Audit Plan. Mr. Bridges introduced director of Internal Audit Brad Will, who reviewed the report of completed audits and other activities conducted by the Internal Audit Department in 2015. He referred the Trustees to Attachment A, a detailed report of the following audits, and reviewed the objectives, conclusions, and recommendations of each audit.

- Accounts Payable
- Federal Student Aid Compliance
- Federal Grant Administration and Compliance

Mr. Will concluded his report by reviewing the Audit Recommendations Matrix on pages 11-17 of Attachment A.

Mr. Will reviewed the scheduled audits for calendar year 2016 in Attachment B.

On a motion by Mr. Stieler, seconded by Mr. Romain, the Annual Audit Plan for Calendar Year 2016 was approved.

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

Mr. Calloway called on Vice President Bridges, who reviewed the construction change orders in Attachment C.

There being no further business, the meeting was adjourned at 9:43 a.m.



**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. USIA15-4  
 June 30, 2015

## Audit Report Accounts Payable

### Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Payment requests are properly approved and processed timely and accurately				
Controls over vendor setup and maintenance are adequate				
Evaluate the adequacy of controls over production and distribution of accounts payable checks and electronic payments				
Evaluate the adequacy of controls over voiding payment instruments				
Determine adequacy of controls for processing and monitoring vendor credits and refunds				
Assess the independence, timeliness, and accuracy of account reconciliations				

#### Introduction

Our report of the internal audit of accounts payable is presented below. We would like to thank Jeff Spohn, Karen Tuley, Jeff Sickman, and other business office personnel who contributed positively to our results.

#### Background Information

The University of Southern Indiana Accounts Payable (AP) department is responsible for ensuring that timely payments are made to vendors and suppliers for goods and services received by the University. In fulfilling its responsibilities, the department must also ensure that payments are properly approved and authorized and meet University procurement requirements. During the period covered under this report the department issued approximately 8,700 check payments and 11,900 ACH payments totaling approximately \$42.9 million.

This report is based on a review of payment activity for the period from July 1, 2014 through May 31, 2015. The audit approach included reviewing AP policies and procedures; interviewing Business Office and AP personnel; reviewing samples of payments to vendors, suppliers, students, and employees for goods or

Report No. USIA15-4  
June 30, 2015

services received and employee and student reimbursements; reviewing controls over vendor setup and maintenance and a sample of vendor setups and modifications; reviewing controls over the production and distribution of checks and electronic payments and controls associated with voiding those items when necessary; reviewing controls over processing vendor credits and refunds; and reviewing a sample of reconciliations for the bank accounts through which accounts payable transactions are processed.

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

- Obtain reasonable assurance that payment requests are properly approved and processed timely and accurately
- Obtain reasonable assurance that controls over vendor setup and maintenance are adequate to ensure accuracy and validity of vendor information
- Evaluate the adequacy of controls over production and distribution of AP checks and electronic payments
- Evaluate the adequacy of controls over voiding payment instruments
- Review and evaluate the adequacy of controls for processing and monitoring vendor credits and refunds
- Assess the independence, timeliness, and accuracy of the reconciliation of the AP bank accounts to the general ledger

#### Conclusion

The results of our audit procedures indicate **adequate controls and practices** exist for each of the audit objectives evaluated **except for controls over approval and processing of payment requests and controls over vendor setup and maintenance**, for which we noted **opportunities for minor improvement**.

Management will take or has taken the following action:

- Logging delivery failure errors between the accounts payable email program and email server
- Retaining evidence of management review of new vendor setups and modifications
- Reviewing the completeness of the AP manager's procurement card statement

No additional action or response is required.

Bradley V. Will  
Director of Internal Audit

J. Robert Howell  
Internal Audit Manager

Distribution: Jeff Spohn  
Karen Tuley  
Jeff Sickman  
Steve Bridges  
Dr. Linda L.M. Bennett

Report No. USIA15-4  
June 30, 2015

## Accounts Payable Audit Report

### Control Issues and Responses

#### Logging delivery failure errors between the AP email program and email server

**Issue:** The internally developed program used to notify financial managers via email of invoices requiring approval was designed to alert IT of potential failures in program execution due to unavailability of the email server. However, the program was to provide the alert via email and was not otherwise being logged.

**Risk:** Utilizing the email system for notification of an error associated with that system may result in the failure to appropriately alert management of a possible problem. If the failure goes undetected and the emails do not get delivered, there is a risk invoices in the failed batch that are less than \$5,000 are presumed to have been approved and get paid without having been reviewed by the financial managers.

**Response:** IT programming personnel made changes to the program within one business day of the issue being identified. The program will now record an error message in its log file following each failed email record that results from an issue associated with an inability to communicate with the email server.

#### Retaining evidence of management review of new vendor setups and modifications

**Issue:** The AP manager reviews a daily report of vendors created and/or modified in the AP system, but does not retain the report nor any other evidence of the review.

**Risk:** The lack of documentation to evidence the review of vendor additions, deletions, or modifications makes it difficult for management or outside auditors to evaluate the performance of the control.

**Response:** Effective beginning August 27, 2015, after reviewing the daily vendor setup and modifications report, the AP manager will save the report to the following network location as evidence of the performance of the control: Business\_Ofc\_Share\AP\Vendor Creates and Modifications FY YY.

#### Reviewing the completeness of the AP manager's procurement card statement

**Issue:** Since AP is responsible for generating and distributing the procurement card statements, the segregation of duties which generally exists between procurement cardholders and statement generation is less effective with respect to the AP manager's procurement card statement.

**Risk:** The lack of an independent review of the completeness of the AP manager's procurement card statement exposes the manager to potentially unwarranted suspicion with respect to his card activity and increases the risk that unauthorized transactions could go undetected.

**Response:** Effective beginning August 26, 2015, the senior administrative assistant in the Business Office will verify the completeness of the AP manager's monthly procurement card statement prior to review by the controller.

Report No. USIA15-5  
 November 17, 2015

## Audit Report Federal Student Aid Compliance

### Results at a Glance

AREAS	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
<b>Audit Objectives:</b>				
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) accurately completed 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, the Office of Student Financial Assistance (SFA) staff, Linda Tribble, 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. USIA15-5  
November 17, 2015

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 Office of the Registrar 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 seventh annual audit of federal student aid compliance performed by Internal Audit. The previous audit was performed and reported on in October 2014, at which time Internal Audit noted adequate controls and practices for each of the audit objectives evaluated except for compliance with federal direct loan and PLUS loan requirements and policies, procedures and other issues, for which we noted opportunities for minor improvement.

This report is based on the review of federal student aid activity for the fall 2014, spring 2015, and summer 2015 academic terms. The audit approach consisted of reviewing SFA procedures and controls, reviewing federal student aid regulations, interviews with USI SFA, Business Office, and Office of the Registrar management and staff, and analysis of student records for the fall 2014, spring 2015, and summer 2015 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 accurately completed 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 **except for policies, procedures and other issues**, for which we noted **opportunities for minor improvement**.

Management will take or has taken the following action:

- Paying credit balances created by federal student aid no later than 14 days after the date the balance occurred

No additional action or response is required.

Bradley V. Will  
Director of Internal Audit

J. Robert Howell  
Internal Audit Manager

Report No. USIA15-5  
November 17, 2015

Distribution: Mary Harper  
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Report No. USIA15-5  
November 17, 2015

## Federal Student Aid Compliance Audit Report

### Control Issues and Responses

#### Paying credit balances created by federal student aid no later than 14 days after the date the balance occurred

**Issue:** Based on a review of student refunds during the 2014 – 2015 award year, approximately 200 credit balances created by the disbursement of federal student aid were not paid to students within 14 days after the credit balance occurred. Extrapolated over the population of Title IV credit balances, that equates to approximately 8.9%, meaning the University was compliant about 91% of the time.

**Risk:** Failure to pay credit balances resulting from federal student aid within 14 days of occurrence is a violation of federal regulations governing the disbursement of Title IV aid.

**Response:** The University controller and bursar have completed an evaluation of the processes and resources associated with reviewing and processing Title IV credit balance refunds. As a result of this evaluation, the following actions will be taken in an effort to improve compliance and internal controls associated with the timely processing of Title IV credit balances:

In January 2016, the associate bursar will become the primary refund processor with the special payment accountant serving as the backup. The bursar will monitor the refund process to ensure that it conforms to federal requirements and established guidelines.

The controller and the bursar met with the principal software developer/analyst in Information Technology on December 8, 2015, to discuss the development of a new report, which will be used to track the number of days which a credit balance has existed and to document exceptions. This report will be reviewed by the bursar weekly to ensure compliance with federal regulations and approved procedures. Copies of the report will be archived to a shared drive as supporting documentation. The target date for implementation of the report is January 15, 2016.

By March 31, 2016, the bursar will document the new process for student account refunds, document roles and processing timelines, and develop a checklist of essential tasks in the refund process to promote their timely and accurate completion.

Finally, the bursar will work with the principal software developer/analyst in Information Technology to investigate opportunities for automating some of the refund process as a way to enhance accuracy and gain efficiencies. This review will be conducted by August 2016 in preparation for the fall 2016 semester.

Report No. USIA15-6  
 December 1, 2015

## Audit Report Federal Grant Administration and Compliance

### Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Review controls over pre-award grant activities for adequacy and effectiveness				
Review post-award grant management for compliance with internal policy, regulatory requirements, and grant agreements				

#### Introduction

Our report of the internal audit of federal grant administration and compliance is presented below. We would like to thank Jina Campbell, Melissa Hensley, Dr. Ann White, Emily Lynn, and other personnel who contributed positively to our results.

#### Background Information

The administration of federal grants is generally divided between pre-award and post-award activities. Most pre-award activities are managed by the Office of Sponsored Projects & Research Administration (OSPRA). These activities include providing information and resources for University faculty and staff seeking external funding, reviewing proposals, obtaining institutionally required pre-submission approvals, and negotiating and authorizing agreements for awarded grants on behalf of the University.

Most post-award activities are managed by the Business Office accounting personnel. Post-award activities include establishing a separate fund for each award (and cost share fund, if applicable), ensuring correct fund classification, reviewing cost transactions for allowability, allocability, reasonableness, and consistent treatment, ensuring certification of faculty and staff effort on awards, managing cash and cash requests, preparing and submitting required financial reports by established due dates, and closing out awards and funds.

The previous audit of federal grant administration and compliance was performed and reported on in November 2014, at which time Internal Audit noted opportunity for moderate improvement in the area of post-award grant management.

This report is based on inquiry of OSPRA, Business Office, and College of Nursing and Health Professions personnel and review of a sample of federal awards that were active in fiscal year 2015. The audit approach consisted of examining award agreements, accounting transactions, and grant reports for four federal awards, three of which were considered "major programs" according to the United States Office of Management and

Report No. USIA15-6  
December 1, 2015

Budget Circular A-133. Three of the grants reviewed during the audit were awarded in fiscal year 2012 and remained active in fiscal year 2015 following approval by the awarding agency of a one-year no cost extension. The fourth grant was a new award for the 2015 fiscal year. The grant proposals and institutionally required approvals associated with each grant were reviewed in light of the processes and procedures in place at the time those proposals were submitted.

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

- Determine whether grant proposals are reviewed, approved and submitted to the granting agency by appropriate University personnel and agreements are executed by an authorized representative of the University
- Obtain reasonable assurance that grant funds, expenditures, financial reporting, and program reporting are managed and performed in accordance with regulatory requirements and the grant agreement

#### Conclusion

We noted **adequate controls and practices** with respect to both **pre-award grant activities** and **post-award grant management**. Management actions resulting from findings in the prior year audit have been implemented and appear to have improved the controls over post-award grant management. However, given the historical challenges observed with respect to the allocation of personnel expenses to federal grants, management must continue to be diligent in reviewing personnel expense allocations in comparison to faculty workload assignments.

No additional action or response is required.

Bradley V. Will  
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**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2012**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>Child Protection Policies Risk Assessment</b>					
	1. The University does not have a comprehensive, University-wide policy for the protection and safety of children participating in University-sponsored programs or third-party sponsored programs occurring at University facilities.	Develop a comprehensive policy, with guidance from legal counsel, and submit such policy to the Board of Trustees for review and approval.	A group representing a variety of areas across the University, including Athletics, Children's Learning Center, faculty, Human Resources, Risk Management, Special Events and Scheduling Services, Public Safety, and Residence Life was assembled at the request of the Provost to form a committee charged with the development of a University-wide policy for the protection and safety of children.	January 2, 2013  Revised: March 15, 2013  President's Council Approval and publication of policy to campus community: August 29, 2014	Legal review of policy is complete  Online training has been finalized  Publication of policy to campus community completed August 2015  Policy training for employees and program administrators completed and ongoing
<b>Employment, Payroll, &amp; Benefits</b>					
	6. During the audit, payroll personnel indicated they have established as 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.	Utilize technology solutions to increase efficiency of payroll processing.	The Payroll Manager and HRISM are meeting weekly to explore options of implementing either a Banner-provided or a separate web time-entry system. The managers will make a recommendation and a final decision will be made by March 31, 2013.	Web time plan: Students - Fall 2013 Revised: December 2014  Bi-weekly - Spring 2014 Revised: June 2015  9-month faculty - Fall 2014 Revised: December 2015  Remaining monthly - Fall 2015 Revised: June 2016	Human Resources (HR) has determined that this effort will require outside assistance  On hold due to budget constraints
	7. 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 payrolls are paid current.	Consider transitioning the monthly payroll schedule to a bi-weekly payroll schedule.	The HR administrator group will evaluate the web time-entry project and possible changes to the payroll processing schedule and the Payroll Manager and HRISM will recommend their priority order by March 31, 2013. At that time a project plan would be built for the top priority project and subsequent deadlines established.	Prioritization of web time-entry and payroll schedule projects: March 31, 2013  Evaluation of transition from monthly to bi-weekly processing: 9-month faculty - Fall 2014 Remaining monthly - Fall 2015  Revised: June 2016	Web time-entry prioritized first  On hold due to budget constraints

**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2012**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
	<p>9. A review of liability account reconciliations associated with various elective employee benefits revealed a significant amount of manual effort to complete the reconciliations. For example, the reconciliation process for dental insurance requires the reconciler to compare individual benefit participant details from the invoice to the payroll deduction register and compare participant details from the current month invoice to the prior month to identify changes in elected coverage.</p>	<p>Automate the reconciliation of certain benefit enrollments and payroll withholding.</p>	<p>Dental insurance will be the first elective benefit to be attempted.</p> <p>The proposed timeline for automation of the dental insurance reconciliation follows:</p> <p>Request the development of an exception report to identify the differences between University and vendor records by December 31, 2012. First test reconciliation by March 31, 2012. Implementation of automated process by June 30, 2013.</p> <p>When feasible, other existing elective benefit liability reconciliations will be automated with a target completion date of June 30, 2014.</p>	<p>Automation of dental reconciliation:            June 30, 2013</p> <p>Automation of other reconciliations:            June 30, 2014</p>	<p>Completed utilizing electronic data files to sort and compare participants and premiums reflected on University and vendor records</p>

**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2013**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>Contracting Authority Risk Assessment</b>					
	1. The University does not have a written policy outlining the positions that are authorized to execute contracts obligating the University to deliver goods or services to third parties.	Develop a written policy which clearly defines those positions with authority to execute contracts or delegate such execution authority. Centralize the review of all contracts to facilitate routing, both internally and to outside legal counsel, ensure that appropriate University personnel review the contracts, monitor the contracts for provisions or modifications that have been predetermined as potentially detrimental to the University's interests, and ensure legal counsel is consulted when appropriate.	The Division of Outreach and Engagement, under the direction of the Associate Provost, has established a contract committee to review the various types of service contracts that the department executes. The committee will complete a draft of the policy, make its determination of feasibility of centralized contract review, and submit the policy to the President's Council for review by September 30, 2013.	September 30, 2013  Revised: "Pilot" policy in Division of Outreach and Engagement: February 28, 2014  Rollout policy to entire campus: January 2015  Revised: July 1, 2015  Revised: TBD	Completed  Rollout will take place in conjunction with responses to process improvements identified by the federal grants and contracts consultant in September 2015
	2. The University does not have a standard contract template that is required for all contracts and proposals for delivery of services. Consequently, these agreements generally lack provisions limiting the University's liability and protecting the University from claims associated with the performance of the services.	Develop a standard contract template, which includes the following provisions:  a.) Limitation of liability b.) Indemnification clause c.) Force majeure clause d.) Confidentiality clause	The Division of Outreach and Engagement will work with legal counsel to develop standard contract templates containing the suggested provisions, as appropriate for the types of services routinely performed by University personnel.	September 30, 2013  Revised: March 31, 2014 September 30, 2014 April 30, 2015 TBD	In progress  Rollout will take place in conjunction with responses to process improvements identified by the federal grants and contracts consultant in September 2015
<b>Eagle Access Department Card</b>					
	2. Some card users indicated that they did not have a clear understanding of guidelines for usage of the cards, nor did they connect proper usage of the cards with the institutional hospitality policy.	Develop a policy and procedures to govern the use of Eagle Access department cards that is consistent with the approved University hospitality policy. Training should be provided for all department users and users' acknowledgement of the policy should be documented.	The Business Office will develop a policy and procedures to govern the use of Eagle Access department cards that is consistent with the approved hospitality policy. The policy will be developed by September 30, 2013, and users will receive communication/training on the policy thereafter.	September 30, 2013  Revised: July 1, 2014 December 31, 2014 July 1, 2015  Implementation of procurement card for hospitality expenses: March 31, 2016	Procurement card solution selected and contract signed in August 2015
	3. Eagle Access department card transactions currently receive no independent (outside the department) review to confirm that card usage is in conformity with University policies and procedures. All other University financial transactions receive some level of review by finance or accounting personnel.	Develop an independent review of Eagle Access department card transactions for conformity with established policies and procedures.	Business Office management is considering the possibility of transitioning the majority of departments currently using Eagle Access cards to the use of a procurement card for hospitality expenses. The Business Office will complete its evaluation of the feasibility of such a transition by June 30, 2014, and take subsequent actions as appropriate.	June 30, 2014  Revised: July 1, 2014 December 31, 2014 July 1, 2015  Implementation of procurement card for hospitality expenses: March 31, 2016	

**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2014**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>Information Security and Privacy Compliance</b>					
	1. The University has not designated an employee or employees with responsibility for the development, implementation, and coordination of an information security program, as required by the Family Educational Rights and Privacy Act (FERPA), Gramm-Leach-Bliley Act (GLBA), Health Insurance Portability and Accountability Act (HIPAA), and Payment Card Industry Data Security Standard (PCI DSS).	Assign information security responsibility to one or more individuals as necessary to address the data security needs of the institution. The information security function should be a dedicated function with little or no daily information technology operational responsibilities.	The Information Technology (IT) department agrees a permanent dedicated Information Security position is needed, and anticipates the University will create this position in the future when budgets are less constrained. As an interim measure, we believe a consultant can satisfactorily perform this function for the University. IT intends to issue a request for proposal (RFP) for this role no later than October 1, 2014.	October 1, 2014  Revised: TBD	A job description has been created and is under review by management and human resources
	2. A formal and comprehensive information security risk assessment has not been conducted by the University.	Develop a formal information security risk assessment process to be conducted annually and continue to pursue the outsourced network architecture and data security review in 2014.	A RFP for the external network architecture and data security analysis is progressing with a target date for performance of this analysis in the fall of 2014. Additionally, once it is in place, the IT security role will coordinate risk assessment execution and follow up.	Fall 2014	Protiviti review completed in March 2015  Follow-up review to be schedule for May - June 2016
	3. There is no formal information security awareness training program for new or continuing employees, nor is there an established process for delivering periodic security reminders or updates as required by GLBA, HIPAA, and PCI DSS.	Develop a formal information security awareness and training program for new and continuing employees. Training should be required upon hire and periodically thereafter for continuing employees. Publish periodic (e.g. monthly) information security reminders to all University personnel.	IT will develop training modules, execute the training, and provide reporting on compliance.  Once in place, the IT security role will establish the timeline to complete the training material.	TBD	Dependent on staffing the IT security role
	4. There is currently no process or system in place to proactively monitor network activity logs and alert IT personnel of indications of attack or intrusion.	Evaluate intrusion detection and file integrity monitoring solutions and determine the appropriate placement and configuration across the network based upon a comprehensive risk assessment and input from information security auditors or consultants engaged to conduct the network architecture and data security review.	IT has begun the process of evaluation of additional tools to solve this need. Specifically, IT expects that the University needs the following systems:  <ul style="list-style-type: none"> <li>• Intrusion Prevention System (IPS)</li> <li>• Intrusion Detection System, including File Integrity Monitoring</li> <li>• Log File Aggregation System</li> </ul> IT anticipates having these in place by end of the 2014 - 2015 fiscal year.	June 30, 2015  Revised: TBD	In progress  ASA firewalls with FirePOWER (which includes IPS, advanced malware protection, and URL filtering) in place  Implementation and ongoing refinement of FirePOWER and FireSight rules across the network are contingent on IT security staffing
	7. The school based health centers, operated by the University at various Evansville Vanderburgh School Corporation (EVSC) facilities, are health care providers subject to HIPAA. There does not appear to be documentation describing each party's role and responsibility with respect to the HIPAA security standards.	Perform a joint risk assessment (University and EVSC) specific to the school based health centers and document the parties' respective responsibilities for ensuring compliance with HIPAA. Include an evaluation of physical security for the facilities and hard copy documents, as well as technical security of the computer equipment, network devices, and protected health information processed or stored on the equipment.	USI Community Health Center personnel will schedule a meeting with the EVSC staff to discuss HIPAA compliance and schedule a date to perform the risk assessment when the EVSC staff returns from summer break (August 2014).	August 2014  Revised: Initial meeting February 25, 2015	Completed  With the transition to athenahealth, management will re-evaluate need to maintain the local eCW server hosted by the EVSC by April 30, 2016

**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2014**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>International Travel Programs and Study</b>					
	1. During our review of a sample of study abroad programs, Internal Audit noted some duplication in data requested from participants.	Review the study abroad forms in an effort to identify and eliminate potential duplicate data requests.	IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015. If IPS cannot implement the software, IPS will review and revise the forms required for short-term programs abroad by November 1, 2014.	Form revision: November 1, 2014  Software implementation: Spring 2015  Revised: July 2015 December 2015 March 2016	Completed
	2. Of 58 participant files for programs administered by International Programs and Services, 23 files did not contain a Participation Agreement, 19 files did not contain the Release and Acceptance of Responsibility Form, 25 files did not contain the Authorization of Medical or Surgical Consultation/Treatment form, and 36 files did not contain the Personal Data Form nor the Health Information Self-Assessment Form.	Establish mandatory document completion requirements for the most critical forms required for study abroad participants.	IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015.	Software implementation: Spring 2015  Revised: July 2015 December 2015 March 2016	
	3. Some established short-term programs abroad are administered by University faculty with little or no involvement from IPS, which may lead to inconsistencies in the implementation, collection, and retention of study abroad documentation.	Require all study abroad program directors to work with IPS to establish the required forms and documentation for participants. Program directors should collect and submit completed participant forms to IPS prior to departure. IPS should monitor submission of required documents and notify the program director regarding missing items. Participation in the program should be contingent upon the submission of fully completed documents on or before the established due date. IPS should establish a standard retention period for participant documents.	Discuss and implement a strategy for making student travel contingent upon submission of completed documentation.  IPS has requested to purchase Terra Dotta software for study abroad and international travel data management. If approved, IPS hopes to implement the software by the beginning of spring semester 2015. The features and automation in this software will make collection, tracking, and retention more feasible.	Strategy discussion: September 8, 2014  Strategy implementation: November 2014  Software implementation: Spring 2015  Revised: July 2015 December 2015 March 2016	Completed  Implemented spreadsheet tracking of forms pending software implementation
<b>Fuel Pump Access and Accountability</b>					
	1. A true reconciliation of fuel inventories is not being performed.	Facility Operations should reconcile fuel inventories on hand on a monthly basis using beginning and ending 'totalizer' readings, stated delivered amounts per the vendor, and a physical measurement of the fuel tanks.	Beginning in December 2014, Facility Operations will begin reconciling fuel inventories on hand on a monthly basis using beginning and ending fuel pump readings, stated delivered amounts per the vendor, and a physical measurement of the fuel tanks.	December 2014	Temporarily on hold pending implementation of card swipe reader in March 2016
	2. The current process for accessing the pumps makes it difficult to precisely assign accountability for pump access and activity and the hand-written fuel logs used to record the amount of fuel dispensed increases the risk of missing, erroneous, or illegible entries.	Facility Operations should investigate the feasibility of installing a card swipe reader (e.g. for employee Eagle Access Cards) for improved accountability of fuel pump access and electronic recording of fuel dispensed, vehicle number, and mileage (if possible).	Facility Operations is currently investigating the feasibility of installing a card swipe reader (e.g. for employee Eagle Access Cards) on the E87 fuel pump for improved accountability of fuel pump access and electronic recording of fuel dispensed, vehicle number, and mileage (if possible). Facility Operations anticipates having a card swipe reader installed in the spring of 2015.	Spring 2015  Revised: September 2015 March 2016	



**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2015**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>Community Health Centers Claims Processing and Cash Controls</b>					
	2. There is currently no independent reconciliation of payments posted in athenahealth to the bank deposits.	Health center management should provide the Business Office cashier and the health center accountant with a daily receipts report generated from the athenahealth system which can be used by cashier and accounting personnel to reconcile cash and checks posted in Athena to the deposit slips and data reflected on the Fifth Third Bank and U.S. Bank statements.	The operations manager is developing procedures to provide the Business Office cashier and the health center accountant with a daily receipts report generated from the athenahealth system which can be used to reconcile cash and checks posted in athenahealth to the deposit slips and data reflected on the bank statements.	6/30/2015  Revised: September 30, 2015 March 31, 2016	
	4. The community health centers recently transitioned from the eClinicalWorks (eCW) health record system to the athenahealth record system. As a result of the conversion, access to historical patient data residing on the eCW system is limited and user support is minimal.	Migrate patient data from eCW to athenahealth. If a data conversion is cost-prohibitive, consider generating electronic images of patient history and scanning or attaching to patient records in athenahealth. Upon completion of the migration, patient data could be scrubbed from the eCW system and the server could be decommissioned.	The operations manager is currently interviewing student workers to assist with printing historical patient chart information from eCW, which can be scanned and attached to patient records in athenahealth. Management anticipates the project will begin by June 19, 2015. Upon completion of copying patient information to the athenahealth record system, management will determine historical patient and billing data retention requirements, work with EVSC personnel to scrub patient data from the eCW system (if no longer needed), and decommission the server by August 31, 2015.	August 31, 2015  Revised: September 30, 2015 April 30, 2016	In Progress  Some patient data copied to new system, but eCW system is still being utilized  Management will complete its evaluation of need to maintain the local eCW server by April 30, 2016
	5. There is currently no review of patient account adjustments by personnel independent of the billing and collection functions.	Provide the health center accountant with a daily, weekly, or monthly adjustments and write-offs report generated from the athenahealth system which can be used to monitor adjustment and write-off activity.	The operations manager is planning to complete a review of month-end processes with Athena personnel by July 31, 2015, with the objective of identifying reports detailing adjustments and write-offs available from the athenahealth system for distribution to the health center accountant.	July 31, 2015  Revised: August 31, 2015 March 31, 2016	
	6. The community health centers must operate with a very lean staffing model and do not have a formal plan to ensure continuity in their eligibility to bill and receive payment from Medicare and Medicaid when turnover in the nurse practitioner position occurs.	Evaluate the feasibility and cost effectiveness of establishing contingency plans to limit the potential exposure associated with turnover in the nurse practitioner position.	The operations manager will schedule a meeting to occur by July 10, 2015, with the dean of the College of Nursing and Health Professions to evaluate the feasibility and cost effectiveness of establishing contingency plans for turnover in the nurse practitioner position. The objective of the meeting will be to identify ways to continue to provide and bill for services when turnover occurs until a new full-time nurse practitioner is hired and enrolled with Medicare and Medicaid.	Meeting: July 10, 2015  Contingency Plan: TBD	Completed  Evaluating possibility of utilizing nursing faculty to provide backup for delivery of clinic services
	7. There may be some inconsistencies in the athenahealth system user roles and permissions granted to community health center personnel performing similar duties. Additionally, there may be users that have permissions allowing them access to perform functions in athenahealth beyond the scope of their responsibilities (e.g. encounter signoff, superuser, and supervising provider permissions).	Perform a review of athenahealth users and their access rights. The review should pay particular attention to users that have the ability to perform user administration, approve patient encounters, have superuser access rights, and perform other functions that should be limited to certain personnel.	The operations manager will perform a review of athenahealth users and their access rights for appropriateness with respect to each individual's role within the health clinics.	July 31, 2015  Revised: September 30, 2015 March 31, 2016	

**University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2015**

<b>AUDIT NAME</b>	<b>OBSERVATION</b>	<b>RECOMMENDATION</b>	<b>RESPONSE</b>	<b>TARGET</b>	<b>STATUS</b>
<b>Accounts Payable</b>					
	1. The internally developed program used to notify financial managers of invoices requiring approval was designed to also use email to alert IT of potential failures in program execution due to unavailability of the email server. Utilizing the email system for notification of an error associated with that system may result in the failure to appropriately alert management of a possible problem.	Modify the program to record an error message in the program log file for each failed email associated with an inability to communicate with the email server.	IT programming personnel made changes to the program within one business day of the issue being identified. The program will now record an error message in its log file following each failed email record that results from an issue associated with an inability to communicate with the email server.	N/A	Completed
	2. The AP manager reviews a daily report of vendors created and/or modified in the AP system, but does not retain the report nor any other evidence of the review.	Develop and retain documentation of the review of vendor additions, deletions, or modifications to provide evidence for management and outside auditors of the performance of the control.	Effective beginning August 27, 2015, after reviewing the daily vendor setup and modifications report, the AP manager will save the report to the following network location as evidence of the performance of the control: Business_Ofc_Share\AP\Vendor Creates and Modifications FY YY.	August 27, 2015	Completed and ongoing
	3. Since AP is responsible for generating and distributing the procurement card statements, the lack of an independent review of the completeness of the AP manager's procurement card statement exposes the manager to potentially unwarranted suspicion with respect to his card activity and increases the risk that unauthorized transactions could go undetected.	Implement an independent review of the AP manager's procurement card statement.	Effective beginning August 26, 2015, the senior administrative assistant in the Business Office will verify the completeness of the AP manager's monthly procurement card statement prior to review by the controller.	August 26, 2015	Completed and ongoing
<b>Federal Student Aid Compliance</b>					
	4. Approximately 200 credit balances created by the disbursement of federal student aid were not paid to students within 14 days after the credit balance occurred, which is a violation of federal regulations governing the disbursement of Title IV aid.	The Bursar's Office should evaluate the processes and resources associated with reviewing and processing Title IV credit balance refunds and consider the following items to improve compliance:  1. Evaluation of the adequacy of personnel to assist with processing 2. Creation of departmental checklists 3. Evaluation of the existence and adequacy of documented procedures 4. Potential for the creation of daily reporting on Title IV credit balances to assist in monitoring and managing the workload within the regulatory requirements 5. Automate a portion of the process	The University controller and bursar have completed an evaluation and the following actions will be taken:  - In January 2016, the associate bursar will become the primary refund processor with the special payment accountant serving as the backup - Beginning January 15, 2016, the bursar will begin a weekly review of a new report showing the number of days which a credit balance has existed, document any exceptions, and archive the report to a shared drive as evidence of the control - By March 31, 2016, the bursar will document the new process for student account refunds, document roles and processing timelines, and develop a checklist of essential tasks in the refund process - The bursar will work with Information Technology to investigate opportunities for automating some of the refund process. This review will be conducted by August 2016.	Transition processing and backup responsibility: January 2016  Bursar perform weekly review of credit balance report: January 15, 2016  Document process, roles, timelines, and checklist: March 31, 2016  Review process for automation opportunities: August 2016	Completed  Completed and ongoing

**University of Southern Indiana  
Annual Audit Plan  
Calendar Year 2016**

<b>QUARTER BEGINNING</b>	<b>AUDIT AREA</b>	<b>DESCRIPTION</b>	<b>HOURS</b>
January 2016	E-procurement	Review adequacy of internal controls surrounding e-procurement	200
	Title IX & Campus Sexual Violence Elimination (SaVE) Act	Review policies and procedures for compliance with federal laws	250
	New Harmony Key Cash Controls and Museum Shop Inventory	New Harmony - Museum Shop Physical Inventory Count & Cash Controls	30
	Bookstore	Physical inventory observation	40
	IT Security Initiatives	Monitoring progress on security findings from prior IT security and privacy audits & coordinating follow-up to Protiviti review	200
April 2016	Accounts Receivable	Review controls over billing, accounts receivable, and collections	250
	OMB Uniform Guidance	Evaluate status of implementation of new procurement standards	75
	Athletics Business Operations	Review controls over cash, ticket sales, and other revenue	250
	Facility Operations Storeroom	Physical inventory observation	50
July 2016	Federal Student Financial Aid	Grants and scholarships	250
	Non-financial aid grant fund(s)	Compliance with grantor regulations	250
	Child Protection Policy	Evaluate Compliance with Child Protection Policy	220
October 2016	Residence Life	Review controls over billing and occupancy, card/key security, residence contracts, and student mail distribution	250
	Utility Costs	Review process and procedure for utility rate negotiation	120
	University and USI Foundation Agreement	Review terms of agreement from the University's perspective based on services provided by University personnel	100

<b>Total Hours</b>	<b><u>2,535</u></b>
Hours Available	2,603
Hours available for unscheduled audits	68

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

**1. GRIFFIN CENTER**

**Empire Contractors, Inc. – General Contractor**

CO-011	Add ADA Path retaining wall	\$22,066
CO-012	Alter ADA Path layout and emergency phone extension	\$18,423