

Internal Audit Report

March 1, 2018

Housing and Residence Life Operations

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate controls over processing housing applications, contracts, and room assignments				
Evaluate controls over billing rate setup and verify that fees assessed correspond to rates approved by the Board of Trustees				
Verify cancellation fees and damage fees are calculated and assessed according to contract terms				
Evaluate the adequacy of controls over processing cancellation fee appeals and waivers				
Evaluate the adequacy of controls over the processing and delivery of mail to student residents				
Evaluate the appropriateness of housing facility master and sub-master keys issued and in circulation				
Assess the adequacy of user administration and vendor support for the residential management and reporting software				

Housing and Residence Life Operations

- Management response
 - Completing a formal, independent review of housing rates entered into the Residential Management Software (RMS)
 - Independently reviewing manual charges and adjustments
 - Improves ability to detect and prevent billing errors
 - Cross-training personnel on billing processes and documenting billing procedures
 - Ensures continuity of operations in the absence of the primary billing agent
 - Creating an appeals committee for reviewing cancellation fee appeals and documenting appeal decisions
 - Promotes perception of fairness and integrity of the process

Housing and Residence Life Operations

- Management response
 - Upgrading the residential management software, training HRL staff, and expanding user access
 - Ensures availability of vendor support to minimize the impact and duration of system failures
 - Documenting special billing arrangements
 - Provides evidence of authorization for billing amounts other than standard, published housing rates
 - Replacing shared RMS user accounts with unique accounts for each user
 - Separating administration of user access for RMS from transactional responsibilities
 - Improves segregation of duties and conforms to user administration best practices

Federal Student Aid Compliance

Audit Objectives	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Compliance with Institutional Eligibility Requirements				
Compliance with Federal Student Financial Assistance General Eligibility Requirements				
Compliance with Federal PELL Grant Requirements				
Compliance with Federal Campus-Based Program Requirements				
Compliance with Federal Direct Loan and PLUS Loan Requirements				
Fiscal Operations Report and Application to Participate (FISAP) Completed Accurately and Submitted Timely				
Policies, Procedures and Other Issues				

Federal Student Aid Compliance

- Management response
 - Comparing student social security numbers in the student module of Banner to the information in the financial aid module of Banner
 - Ensures accuracy of data for reporting enrollment status to the National Student Loan Data System
 - Modifying the determination of withdrawal date for students enrolled in distance education or online degree courses
 - Aligns internal process for determining last date of attendance with requirements associated with the return of federal student aid

Natural Gas Purchasing Strategy

Audit Objectives:	<i>RISK MITIGATION</i>			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the University's strategy for purchasing natural gas considering risk tolerance and market conditions				
Assess the adequacy of procedures to evaluate the effectiveness of the purchasing strategy versus market conditions				

Natural Gas Purchasing Strategy

- Management response
 - Engaging the University's natural gas supplier to assist with purchasing strategy analysis and development
 - Implementing a formal review process to evaluate the effectiveness of the purchasing strategy in achieving University objectives and compared to market performance
 - Evaluates the cost/benefit of the purchasing strategy to inform future purchasing decisions

Audit Recommendation Matrices

- Rating definitions
 - Low – Minor issue; characterized by insignificant financial impact or minimal impact on ability to meet goals and objectives
 - Moderate – Medium-priority internal control or risk management issue; characterized by modest financial losses, reputation damage, or delayed achievement of goals and objectives
 - High – Significant internal control or risk management issue; characterized by high susceptibility to fraud or misappropriation, material financial impact, considerable damage to reputation, or inability to achieve goals and objectives

Audit Recommendation Matrices

- 2014 Recommendations
 - One high priority item remaining
- 2015 Recommendations
 - Two high priority items remaining are in progress
- 2017 Recommendations
 - 27 recommendations issued on audits completed in 2017
 - 15 are completed or in progress
 - Of the 12 items remaining, 2 are high risk, 9 are moderate, and one is low

2018 Internal Audit Plan

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2018	Undergraduate Admissions	Review controls over admission of prospective students	120
	University Scholarships and Discounts	Evaluate yield from scholarships and discounts -retention and academic progress of recipients	220
	Internal Control Documents for Financial Statement Audit	Documentation of accounting and financial reporting controls for state auditors	100
	Campus Store	Physical inventory observation	40
April 2018	Construction Change Orders	Review construction change orders for third floor of Health Professions Building, Physical Activities Center, and Welcome Center	120
	University Risk Management Committee	Facilitation of University Risk Assessment Committee Activities	60
	Athletics Grant-in-Aid	Evaluate NCAA compliance	240
	Travel Expense Reporting	Review travel expense approval authority and evaluate internal controls established with implementation of new travel expense reporting system	220
	Facility Operations Storeroom	Physical inventory observation	50
July 2018	OMB Uniform Guidance	Assess University procurement processes for compliance with new procurement standards	150
	Federal Student Financial Aid	Grants and scholarships	250
	IT Security Initiatives	Monitoring progress on security findings from prior IT security and privacy audits & coordinating follow-up to Protiviti review	220
October 2018	State Student Financial Aid	Support for state auditors review of state student financial assistance	200
	Payroll	Review controls over payroll, employee withholdings, and remittance of tax withholdings	285
	Tax-Exempt Bonds Payable	Review for compliance with private business use restrictions	220

Total Hours	<u>2495</u>
Hours Available	2525
Hours available for unscheduled audits	30