

AGENDA

FINANCE/AUDIT COMMITTEE

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

March 7, 2019

1. 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 2018 (Attachment A) will be reviewed and the proposed 2019 Annual Audit Plan (Attachment B) will be presented.

Approval of the proposed 2019 Annual Audit Plan in Attachment B is recommended.

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

The construction change orders approved by the vice president for Finance and Administration (Attachment C) will be reviewed.



UNIVERSITY OF SOUTHERN INDIANA

Internal Audit Annual Report

Prepared by

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Kendra Groeninger
Internal Audit Manager

Report No. USIA18-3
 August 27, 2018

Audit Report NCAA Grant-in-Aid

Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate written policies and procedures for compliance with NCAA Bylaws				
Assess grant-in-aid awards for compliance with NCAA Bylaws, including recipient eligibility and award terms and conditions				
Determine whether athletic aid is properly identified, included in aid limit calculations, and compliant with NCAA individual and team limits				

Introduction

Our report of the internal audit of NCAA Grant-in-Aid is presented below. We would like to thank Alex Eaton, Kim Reddington, and Caleb Fendrich who contributed positively to our results.

Background Information

The University of Southern Indiana is an active member of NCAA Division II and is subject to NCAA legislation (Bylaws) governing the conduct of its intercollegiate athletics programs. The Bylaws apply to basic athletics issues such as admissions, financial aid, eligibility, and recruiting. The audit report presented here is limited to a review of the administration of financial aid awarded to student-athletes in compliance with NCAA Bylaws.

Although the Associate Athletic Director/Compliance Coordinator has primary responsibility for ensuring the administration of athletic aid in compliance with NCAA Bylaws, the process for recommending and approving athletic grant-in-aid awards, renewals, reductions, cancelations, and appeals is shared by coaches, athletics administrators and representatives from the financial aid office. Coaches and athletic personnel recommend and request awards, while financial aid personnel package the aid on the student-athletes' accounts.

The previous audit of NCAA Grant-in-Aid was performed and reported on in November 2011, at which time Internal Audit noted opportunity for significant improvement with respect to written policies and procedures, opportunity for minor improvement in the area of grant-in-aid procedures and terms and conditions, and minor improvement with respect to identification of aid for inclusion in aid limit calculations.

Report No. USIA18-3
August 27, 2018

This report is based on a review of USI Grant-in-Aid awards for the 2017-2018 academic year, as well as adjustments to aid for the 2017-2018 academic year and a review of awards for the 2018 summer term. The audit approach consisted of reviewing USI grant-in-aid procedures and controls, interviews with USI Athletic Department personnel, and analysis of student-athlete awards and award adjustments during the audit period.

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

- Evaluate written policies and procedures for compliance with NCAA Bylaws
- Assess grant-in-aid awards for compliance with NCAA Bylaws, including recipient eligibility and award terms and conditions
- Determine whether athletic aid is properly identified, included in aid limit calculations, and compliant with NCAA individual and team limits

Conclusion

We noted **opportunity for minor improvement** with respect to compliance of grant-in-aid awards with NCAA Bylaws and **adequate controls and practices** with respect to written policies and procedures and compliance with NCAA grant-in-aid limits.

Management will take or has taken the following actions:

- Routing grant-in-aid forms for athletic aid renewals to student financial assistance personnel for review and signature prior to delivery to student-athletes

No additional action or response is required.

Bradley V. Will
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Report No. USIA18-3
August 27, 2018

NCAA Grant-in-Aid Audit Report

Control Issues and Responses

Routing grant-in-aid forms for athletic aid renewals to student financial assistance personnel for review and signature prior to delivery to student-athletes

Issue: Based on discussions with athletic compliance personnel, grant-in-aid forms are the documents by which both initial awards and renewals of athletic grant-in-aid are communicated to student-athletes. These forms are prepared by athletic office personnel. For initial awards, grant-in-aid forms are signed by financial aid personnel before delivery to student-athletes. However, for renewals of athletic grant-in-aid, these forms are reviewed and signed by financial aid personnel after the student-athlete has signed and returned the form.

Risk: Although the Office of Student Financial Assistance is signing (i.e. approving) the grant-in-aid forms, NCAA Bylaws require these notices to come from the institution's regular financial aid authority:

15.6.5.1 Institutional Obligation. The renewal of institutional financial aid based in any degree on athletics ability shall be made on or before July 1 before the academic year in which it is to be effective. The institution shall promptly notify in writing each student-athlete who received an award the previous academic year and who has eligibility remaining in the sport in which financial aid was awarded the previous academic year (under Bylaw 14.2) whether the grant has been renewed or not renewed for the ensuing academic year. **Notification of financial aid renewals and non-renewals must come from the institution's regular financial aid authority and not from the institution's athletics department.** (Revised: 1/10/95)

Response: Effective for 2019-2020 grant-in-aid renewals, athletic department personnel will route the grant-in-aid forms to financial aid for signature prior to delivery to student-athletes.

Report No. USIA18-4
 December 4, 2018

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				
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 Mary Harper and the 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.

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

Report No. USIA18-4
December 4, 2018

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.

This was the tenth annual audit of federal student aid compliance performed by Internal Audit. The previous audit was performed and reported on in November 2017, at which time Internal Audit noted adequate controls and practices for each of the audit objectives evaluated except for 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 2017, spring 2018, and summer 2018 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 2017, spring 2018, and summer 2018 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 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.

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University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2012

AUDIT NAME	RISK	RECOMMENDATION	RESPONSE	TARGET	STATUS
Employment, Payroll, & Benefits 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.	Moderate	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 On hold	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.	Low	Consider transitioning the monthly payroll schedule to a bi-weekly payroll schedule.	January 2018 Revised Response: HR is drafting a proposal to move all employees to a bi-weekly payroll schedule. Submission of the proposal for executive review is expected by March 31, 2018.	March 31, 2018	Proposal submitted and under executive management review

University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2013

AUDIT NAME	OBSERVATION	RISK	RECOMMENDATION	RESPONSE	TARGET	STATUS
Eagle Access Department Card	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.	Moderate	Develop an independent review of Eagle Access department card transactions for conformity with established policies and procedures.	<p>Revised Response: Effective September 2017, transition to Accounts Payable the responsibility for allocating Eagle Access card expenses to appropriate cost centers</p> <p>Management expects to eliminate the use of Eagle Access department cards for payment of hospitality expenses by December 21, 2018, and require departmental hospitality purchases be made using one of the following methods:</p> <ol style="list-style-type: none"> 1. University purchasing cards for point-of-sale transactions 2. Purchase order and invoice for events scheduled through Special Events and Scheduling Services 3. Pre-numbered meal vouchers for activities managed by Outreach & Engagement 	<p>Transition expense allocation: September 2017</p> <p>December 21, 2018</p> <p>Revised: August 31, 2019</p>	Completed, includes requirement to provide receipts and explanation of business purpose

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

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Information Security and Privacy Compliance					
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.	High	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.	<p>IT has begun the process of evaluation of additional tools to solve this need. Specifically, IT expects that the University needs the following systems:</p> <ul style="list-style-type: none"> • Intrusion Prevention System (IPS) • Intrusion Detection System, including File Integrity Monitoring • Log File Aggregation System <p>IT anticipates having these in place by end of the 2014 - 2015 fiscal year.</p> <p>Revised Response: In June 2018, IT completed a request for proposal for managed security services providers (MSSPs) to address the University's security monitoring needs. A vendor has been selected and the contract is under review. Target for contract execution is September 30, 2018. Implementation of managed security services expected 60-90 days from contract execution.</p>	<p>June 30, 2015</p> <p>Revised: TBD</p> <p>Execute contract with MSSP: September 30, 2018</p> <p>Implement MSSP solution 60-90 days following contract execution</p>	<p>In progress</p> <p>ASA firewalls with FirePOWER (which includes IPS, advanced malware protection, and URL filtering) in place</p> <p>MSSP Contract executed in October 2018</p> <p>Implementation in progress; expected completion by March 31, 2019</p>
Fuel Pump Access and Accountability					
1. A true reconciliation of fuel inventories is not being performed.	Moderate	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.	<p>December 2014</p> <p>Revised: Begin three month trial of fuel reconciliation August 31, 2017</p> <p>Revised: Complete three month trial April 2018</p> <p>Revised: January 2019</p>	<p>Three month trial completed in November 2018 with unreconciled differences each month</p> <p>Facility Operations will continue reconciliations and evaluate accuracy of input and procedure</p>

University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2015

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Community Health Centers Claims Processing and Cash Controls					
2. There is currently no independent reconciliation of payments posted in athenahealth to the bank deposits.	High	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 September 30, 2016 Update: USI's controller has committed to obtaining athenahealth system access and training for Business Office personnel by September 30, 2017, and having an independent reconciliation in place by November 30, 2017. Due to turnover of health center management in 2018, USI will determine a long-term strategy for administration and reconciliation of deposits and adjustments by December 21, 2018.	Deposit report created, but not reconciled to payments posted Business Office personnel have obtained system access and have received training. Next steps: obtain report of adjustments and perform a site visit by February 28, 2018. Issue closed: USI ceased operation of the health centers effective 11/18/18. Deaconess Hospital has assumed the business operation of the centers.
5. There is currently no review of patient account adjustments by personnel independent of the billing and collection functions.	High	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 September 30, 2016 Update: USI's controller has committed to obtaining athenahealth system access and training for Business Office personnel by September 30, 2017, which will facilitate the review of patient account adjustments and write-offs by November 30, 2017. See item above regarding long-term strategy for administration and reconciliation of deposits and adjustments.	Business Office personnel have obtained system access and have received training. Next steps: obtain report of adjustments and perform a site visit by February 28, 2018. Issue closed: USI ceased operation of the health centers effective 11/18/18. Deaconess Hospital has assumed the business operation of the centers.

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2017

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Athletics Ticket Sales and Sponsorship Revenue					
6. During discussions with Internal Audit, both athletic department personnel and business office personnel cited, independent of one another, the need for an electronic ticketing system to improve the efficiency and effectiveness of ticket sales, delivery, tracking, and reconciliation.	High	Evaluate electronic ticketing systems for implementation in conjunction with the opening of the renovated PAC.	The USI Athletic Department will set up a meeting with the Business Office and Procurement Office by July 1, 2017 to discuss the collection of information and estimates from various ticketing systems.	July 1, 2017	In progress University Relations is leading the initiative to evaluate ticketing systems Vendor selected and contract under review On hold due to budget constraints
Child Protection Policy (CPP) and Procedures					
1. The following issues were noted during a review of 15 University-sponsored child-related events held during the 2016 calendar year: <ul style="list-style-type: none"> • Eight events did not use a Background Check Tracking Form • Five programs were missing at least one volunteer's Program Participant Form • Seven events were missing at least one volunteer's Authorization for Background and Sex Offender Registry Checks • Seven programs did not conduct Background Sex Offender Registry Checks as required by the CPP and/or Child Protection Committee (CPC) instructions on the Event Planning Form 	Moderate	Implement a third-party background check or modify policy and procedures to simplify the process. If third-party checks are cost-prohibitive, consider a tiered approach for screening individuals that work with children (e.g. performing criminal background checks and sex offender registry checks through Human Resources on all employees participating in programs involving children, while only requiring sex offender registry checks utilizing the Raptor system for non-employee volunteers).	Management will implement a third-party background check by October 31, 2017. The University will utilize a tiered approach for screening individuals that work with children such as performing criminal background checks and sex offender registry checks through Human Resources on all employees participating in programs involving children, while only requiring sex offender registry checks utilizing the Raptor system for non-employee volunteers.	October 31, 2017 Revised target for implementation of Raptor screening: July 1, 2018 January 1, 2019 August 31, 2019 Target for implementation of third-party background checks on new employees: May 31, 2019	
2. The following issues related to sex offender registry checks and volunteer check-in were noted during a review of 15 University-sponsored child-related events held during the 2016 calendar year: <ul style="list-style-type: none"> • Three programs did not use a Participant Check-In Form or acceptable alternative • Eight events did not use a Background Check/Sex Offender Registry Check Tracking Form • Five programs were missing at least one volunteer's Program Participant Form • Seven events were missing at least one volunteer's Authorization for Background and Sex Offender Registry Checks • Seven programs did not conduct Background and Sex Offender Registry Checks as CPP and/or CPC instructions on the Event Planning Form 	Moderate	Utilize the Raptor system for sex offender registry checking and event check-in for all employee, student, and community volunteers each day of a child-related event and develop procedures for discreetly addressing potential sex offender "hits" the day of the event.	Revised response: Responsibilities for the Child Protection Policy and performance of sex offender registry checks are being assumed by Public Safety. Proposed policy and procedure revisions will be complete by March 31, 2019 Executive management approval will be obtained by April 30, 2019 Revised policy and procedures rolled out to University community by August 31, 2019	Policy/procedure: March 31, 2019 Management approval: April 30, 2019 Policy/procedure: August 31, 2019	
4. None of the 15 events reviewed during the audit successfully complied with all elements of the CPP and procedures.	Moderate	Implement a compliance review of the most recent event coordinated by the PA prior to authorizing any subsequent events submitted by the PA.	By October 31, 2017, the University will implement a compliance review of the most recent event coordinated by the PA prior to authorizing any subsequent events submitted by the PA. Management will evaluate whether the review will be conducted by the CPC in its advisory capacity or within the Office of Public Safety. The review will consist of verifying use and retention of appropriate forms on the child protection network share and verifying the background checks or sex offender registry checks were performed as required.	October 31, 2017 Revised: Fall 2018 Centralizing responsibility for volunteer sex offender checks and creation of online volunteer registration will eliminate the need for this compliance review.	
5. A comprehensive list summarizing child-related events reviewed by the CPC has not been maintained.	Moderate	Maintain a list of events reviewed by the Office of Public Safety and/or CPC. It should include basic information about the event such event name, date, PA, and number of volunteers. In addition, the CPC's decision regarding background and sex offender registry checks, as well as participant training requirements, should be documented on the list for reference in subsequent years and when reviewing similar events.	Effective October 31, 2017, the University will begin maintaining a list of events submitted by PAs for review, including the event name, date, PA, number of volunteers, background and sex offender check requirements, and training requirements.	October 31, 2017 Revised: Fall 2018 Implementation of the online volunteer registration form by Public Safety for fall 2019 and beyond will also result in a database of events.	In progress

University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2017

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Federal Grant and Contract Pre-award Policies and Procedures					
1. While Outreach and Engagement (O&E) holds internal meetings and discussions to communicate what they are working on within the department, there is no formal interdepartmental communication of the opportunities O&E is seeking to develop within the next several months.	Moderate	Formalize and communicate, internally and with other impacted departments, both interim and annual objectives of the type and number of opportunities O&E seeks to develop. Include general selection criteria for pursuing an opportunity (e.g. dollar amount of profit relative to effort expended, public relations benefits, relationship development for future opportunities, etc.). When new or unique opportunities present themselves, engage the appropriate parties and management personnel to discuss and evaluate the new opportunities.	O&E will hold meetings twice a year with the Office of Sponsored Projects and Research Administration (OSPRA), Business Office and other relevant personnel to review opportunities, including the type, number, and general selection criteria of opportunities it seeks to develop. We will tie this effort in with the completion of the detailed cost analyses targeted for March 31, 2018. In the interim, O&E will continue to provide weekly updates to OSPRA regarding opportunities involving grants and will communicate through email or through meetings regarding new opportunities.	March 31, 2018 Revised: January 2019 March 2019	
4. O&E personnel have worked with finance and human resources personnel to evaluate and restructure how and where personnel costs are captured in the accounting system. The revised structure for capturing costs went into effect on July 1, 2017 for fiscal year 2017-2018. The accumulation of costs in the revised cost centers will facilitate the future completion of detailed project cost analyses as recommended by ML Weekes. However, a formal plan including the projects to be analyzed and the timing have not been established.	Moderate	O&E and Business Office personnel should establish a target date for completion of detailed cost analyses on selected engagements in Lifelong Learning and the Center for Applied Research.	Mark Bernhard and Jeff Sickman will convene a small team from O&E and the Business Office to work on the cost analysis project. We anticipate the majority of our cost analysis being completed during January through March 2018 with an anticipated pricing model developed by March 31, 2018. This timeline will allow us to prepare our 2018-2019 budgets with the new pricing methodology.	March 31, 2018 Revised target for Opportunity Development division: December 2018	Completed for Lifelong Learning division of O&E Completed for Opportunity Development division

University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2017

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Housing and Residence Life (HRL) Operations					
2. Based on discussions with HRL management, manual charges and adjustments related to housing are generally processed by the assistant director or an administrative assistant. There is currently no independent review of the charges after entry and prior to upload into Banner.	Low	Implement an independent review of all manual charges and adjustments.	Effective November 1, 2017, the HRL director will review the assistant director's billing adjustments and the assistant director will continue to review the administrative assistant's billing adjustments. The review shall occur no more than two business days following the posting of billing adjustments.	November 1, 2017 Update: Documented review of adjustments implemented in conjunction with system upgrade to Mercury 3.0.	Completed and ongoing
3. Based on discussions with HRL management, the assistant director of HRL operations performs most of the billing process. Although there is an administrative assistant who assists with some aspects of billing, HRL does not have a fully cross-trained backup administrator for billing.	Moderate	Develop a fully cross-trained backup for billing and other critical functions and create a detailed procedures manual to assist with completion of the critical functions.	The HRL administrative assistant is being cross-trained on daily billing processes. However, HRL does not currently have the staffing structure to fully cross-train at the required level or to the depth needed. By December 20, 2017, the following critical functions will be documented: process for entering billing rates, cancellation procedures, damage billing procedures, and the room change process. All critical billing functions will be documented by June 1, 2018. Update: Documentation on hold pending completion of system upgrade to Mercury 3.0. Target for documentation of all critical billing functions is March 29, 2019.	December 20, 2017 Revised: March 29, 2019 June 1, 2018 Revised: March 29, 2019	Completed
5. HRL operations uses the RMS Classic software and a reporting application called Extras to manage housing assignments and billing. Based on discussions with RMS customer support personnel, the Extras application has not been supported by RMS for nearly 10 years.	High	Upgrade the residential management system to RMS Mercury 3.0 as RMS customer support has recommended.	HRL has submitted a work order with RMS to upgrade from RMS Classic to RMS Mercury 3.0, which will also eliminate the need for the Extras application. The earliest that HRL could implement Mercury 3.0 is for the academic year 2019-2020. The training for HRL staff on the new software would occur in fall 2018 to prepare the application and contract process to go live December 1, 2018.	December 1, 2018	Completed
7. HRL operations has created generic accounts for certain positions/personnel to share (e.g. student workers at the front desk) for accessing RMS.	Low	Disable all shared accounts and create unique accounts for each user of the RMS system.	Current student account permissions are view access only and present limited risk. Also, the current version of RMS has limited user account and password change functionality. HRL will coordinate the implementation of unique user accounts with the RMS upgrade to Mercury planned for fall 2018.	December 1, 2018	Completed and ongoing
8. The employee who controls access privileges, including extent of access, user ID, and password assignment, to RMS is also responsible for the majority of transactional activity.	Moderate	Work with IT to transition RMS user administration from HRL personnel to appropriate IT personnel and follow similar protocol for granting user access privileges as for other major systems and applications for which IT administers user access (e.g. Banner).	HRL management will work with IT to transition user administration to IT personnel in conjunction with the upgrade to RMS Mercury in fall 2018. Revised Response: HRL will continue to manage user administration, however, as a compensating control HRL will develop a report of RMS user access changes which will be reviewed by the HRL Director.	December 1, 2018 Revised: February 28, 2019	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2018

AUDIT NAME	OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Undergraduate Admissions (UA)						
	1. There is currently not an independent review of manually entered high school transcript information such as GPA and some SAT/ACT test scores.	Moderate	Implement an independent review of manually entered data, which are critical to the admission decision (i.e. GPA and test scores).	UA management will implement an independent review of manually entered GPA and SAT/ACT test scores which will be performed weekly or daily depending on seasonal workload.	August 31, 2018	Completed and ongoing
	2. The current admission decision process requires the associate director to perform a series of data sorts multiple times a day and requires manual entry of the admission decision into Banner.	Low	Work with information technology personnel to automate the data sort process to eliminate manual sorting. Consider programmatically creating separate reports of applicants that meet admission criteria, applicants that are clearly denials, and applicants that require manual review. Consider automating the entry of the admission decision for the obvious approvals and denials.	UA plans to have the automated admission decision process and reports fully in place by spring semester of 2019 if the project queue in Information Technology (IT) allows. Revised Response: UA is planning to utilize functionality available in Banner to automate admission decisions.	January 2, 2019 Completion of testing: July 31, 2019 Place in production: August 31, 2019	
	3. There is not a recurring report of possible approved or denied applicant exceptions (approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants whose GPA and test scores meet admission requirements).	Moderate	Implement an exception report that shows approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants who appear to meet admission requirements. Perform a daily review of these exceptions, in particular the denied applicants who appear to meet admission requirements, in order to detect potentially eligible applicants before a denial letter is generated.	UA management is working with IT on the development of exception reports that show approved applicants whose GPA and test scores fall outside of standard admission requirements and denied applicants who appear to meet admission requirements. UA plans to have the exception reports running and being sent to UA leadership by the end of August 2018.	August 31, 2018 Revised: May 15, 2019	
	5. There is not a recurring report of possible scholarship decision errors associated with the out-of-state scholarship awards to incoming freshmen and transfers.	Moderate	Implement an exception report that shows potentially eligible applicants who were denied out-of-state scholarship awards and ineligible applicants who were incorrectly approved for these awards.	UA management is working with IT on the development of exception reports for the out-of-state top scholar, out-of-state scholarship, out-of-state transfer top scholar, and out-of-state transfer scholarships which will identify eligible applicants who were incorrectly denied these awards and ineligible applicants who were incorrectly approved for awards. The edit reports will be in place by the end of August 2018. Revised Response: Edit reports for out-of-state top scholar and the out-of-state scholar were in place at time of the audit. UA will create an edit report for the out-of-state transfer top scholar and out-of-state transfer scholarship by May 15, 2019.	August 31, 2018 Revised: May 15, 2019	

University of Southern Indiana
 Audit Recommendations Matrix
 Calendar Year 2018

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Construction Change Orders					
1. Exhibit B to the Owner-Contractor Contract contains references to the 1997 Edition of the American Institute of Architects (AIA) Document A201 General Conditions of the Contract for Construction and the Common Construction Wage. Two revised versions of Document A201 have been released by the AIA, a 2007 Edition and a 2017 Edition. Furthermore, the Indiana Common Construction Wage Act was repealed in July 2015.	Low	Review the 2017 Edition of AIA Document A201 with legal counsel, and if appropriate, update the template for Exhibit B so future contracts reflect the current version of the document. In addition, work with legal counsel to identify and remove all references to the Common Construction Wage.	Completion of legal counsel review and updates to the contract templates have been requested and changes are expected to be made by September 21, 2018.	September 21, 2018 Update: Review changes selected by legal counsel and implement revised documents: June 1, 2019	Legal counsel review complete
2. Several change orders on file in Finance and Administration were missing supporting documentation for a portion of the total amount of the change.	High	Construction management should review the supporting documentation for the final version of all change orders prior to signing (or seeking management signature) and submitting to Finance and Administration to ensure that the total amount of the change order is supported by detailed cost information for each contractor/subcontractor performing work associated with the change request.	Review of change order supporting documentation will be completed by at least one additional person to ensure the completeness and mathematical accuracy of the documentation. Facility Operations management will identify the individual who will perform this review by September 21, 2018.	September 21, 2018	Completed - Director of Procurement is reviewing all construction change orders for compliance with contractual terms

**University of Southern Indiana
Annual Audit Plan
Calendar Year 2019**

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2019	OMB Uniform Guidance	Assess University procurement processes for compliance with federal procurement standards	150
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	100
	Auxiliary Enterprises	Physical inventory observations (New Harmony Museum Shop and Campus Store)	45
April 2019	Human Resources	Review controls over payroll and employee benefit elections and withholdings	285
	University Risk Management Committee	Facilitation of University Risk Management Committee Activities	60
	Athletics Recruiting	NCAA Division II compliance review	250
	Food Services	Review food services agreement and revenue	120
	Facility Operations Storeroom	Physical inventory observation	50
July 2019	Public Safety	Clery Act reporting compliance	200
	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 past external audit reviews	220
October 2019	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	120
	Tax-Exempt Bonds Payable	Review for compliance with private business use restrictions	220
	Travel Expense Reporting	Review Chrome River travel expense routing, approval processing, and reporting system	220
	Title IX	Review policies and procedures for compliance with revised regulations	150

Total Hours	<u>2,440</u>
Hours Available	2,467
Hours available for unscheduled audits	27

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

FUQUAY WELCOME CENTER

Empire Contractors

CO-003	Added Roof Sprinkler System	\$ 24,089
CO-004	Interior Reveals, Door Sidelights Added, Duct Changes, Added Steel	\$ 11,778
CO-005	Light Bollards, Site Handrail, Ceiling and Door Hardware Revisions	\$ 21,938

PHYSICAL ACTIVITIES CENTER (PAC) RENOVATION

Empire Contractors

CO-019	RTU Access Steps, Locker Room Logo Add. Framing, Beam Detectors, Wall Credit, Stairs Changes	\$ 23,325
CO-020	Additional Wiring and Conduit to Floor Boxes	\$ 22,828
CO-021	Additional Heating and Cooling Water Lines	\$ 24,953
CO-022	Changes Substantial Completion Date to February 28, 2019	\$ 0
CO-023	Additional Floor Drains and Floor Boxes	\$ 19,130