

Internal Audit Report

March 5, 2020

Food Services

Management Agreement and Profit Sharing

Audit Objectives:	<i>RISK MITIGATION</i>			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of and compliance with the financial terms and conditions of the food services management agreement				
Review the reconciliation of meal plans billed to student accounts compared to plans loaded to student Eagle Access cards and amounts billed to USI				
Review food service revenue and expense analyses for accuracy, completeness, and correlation to profit-sharing amounts				

Food Services Management Agreement and Profit Sharing Control Issues and Responses

- **Issue 1:** A few provisions of the 2010 food services management agreement with Sodexo have not been updated to reflect the current service arrangement.
- **Response:** University management has submitted the outdated contract items to Sodexo management for review. The parties expect to have contract updates completed by March 31, 2020.

Food Services Management Agreement and Profit Sharing Control Issues and Responses

- **Issue 2:** The University must pre-pay for two months of resident dining fees, and Sodexo provides weekly statements reflecting the application of meals against the pre-payment. However, the University does not record the advance payments or the weekly offset of meals in a prepaid account.
- **Response:** Accounting will investigate ways to use technology to improve the reconciliation process and implement new procedures by July 2020 for the fall 2020 semester.

Food Services

Management Agreement and Profit Sharing

Control Issues and Responses

- **Issue 3:** Meal plan purchases and meal plan adjustments processed through the card office must be manually entered into the student ID card system and again into the billing system.
- **Response:** The Business Office will work with IT and the Eagle Access Card Office to implement daily feeds from the ID card system to the billing system for the start of the 2020-2021 academic year.

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				

NCAA Recruiting Compliance

Audit Objectives:	<i>RISK MITIGATION</i>			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Adequacy of written policies and procedures				
Documentation of off-campus recruiting activities demonstrates compliance with NCAA Bylaws				
Documentation of on-campus recruiting activities demonstrates compliance with NCAA Bylaws				
Compliance training and education are adequate to establish an appropriate level of institutional control				

NCAA Recruiting Compliance Control Issues and Responses

- **Issue 1:** There is currently no post-visit review of official and unofficial visit paperwork to evaluate whether the visits were conducted in compliance with NCAA Bylaws.
- **Response:** The athletics department will implement a post-visit review for both official and unofficial visits and add the post-visit review process to the athletics compliance manual in the summer of 2020.

NCAA Recruiting Compliance Control Issues and Responses

- **Issue 2:** During review of a sample of 20 unofficial visit records, Internal Audit noted that nine did not have a copy of the meal receipt attached to the Unofficial Visit Record.
- **Response:** Immediately following discussions with Internal Audit in January 2020, athletics department personnel began making copies of receipts associated with meals provided during unofficial visits and attaching them to the Unofficial Visit Record.

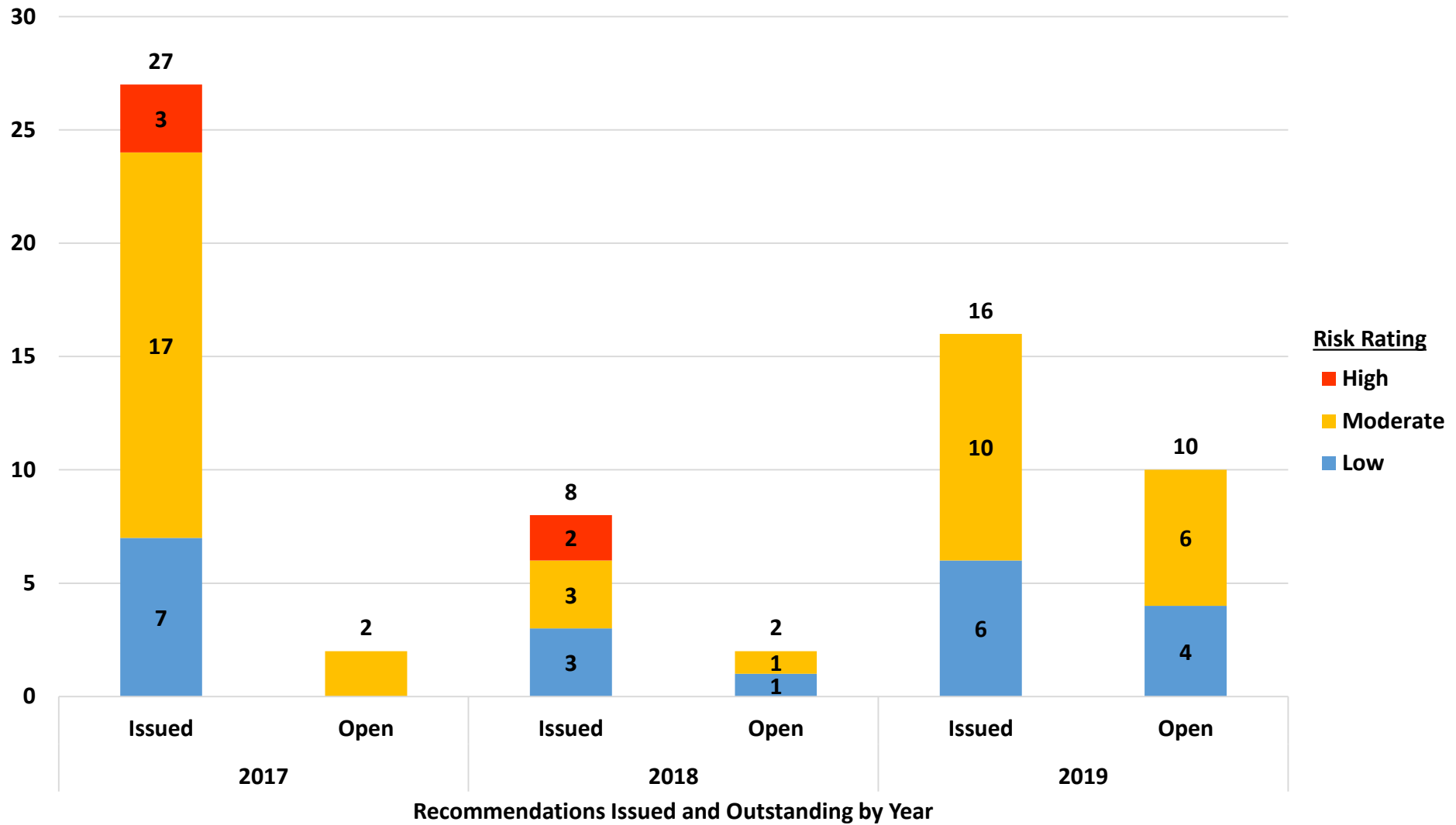
NCAA Recruiting Compliance Control Issues and Responses

- **Issue 3:** Due to changes in the forms and procedures, the Eligibility Center Information and Unofficial Visit Record form is no longer required before an official visit occurs. However, the athletics compliance manual states that this form must be completed prior to an official visit.
- **Response:** The requirement to complete this form prior to an official visit will be removed from the athletics compliance manual during the annual update scheduled for summer of 2020.

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 Status Update



2020 Internal Audit and Advisory Services Plan

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2020	Tax-Exempt Bonds Payable	Review for compliance with private business use restrictions	220
	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 2020	Payment and cash handling	Review controls within areas that regularly accept payments and handle cash	240
	University Risk Management Committee	Facilitation of University Risk Management Committee Activities	60
	Travel Expense Reporting	Review Chrome River travel expense routing, approval processing, and reporting system	220
	Strategic Plan and Enrollment Management	Provide support to management related to the strategic plan and enrollment management initiatives	150
	Facility Operations Storeroom	Physical inventory observation	50
July 2020	Public Safety	Clery Act reporting compliance	200
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements	250
	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	220
October 2020	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	120
	Athletics Ticketing	Review ticketing processes associated with new ticketing system	225
	Capital Projects	Review recent capital projects and evaluate budgeted costs to actual costs incurred	190
	Title IX	Review policies and procedures for compliance with revised regulations	150

Total Hours	<u>2,440</u>
Hours Available	2,470
Hours available for unscheduled audits	30

