AGENDA

FINANCE/AUDIT COMMITTEE

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

September 3, 2026

1. REPORT ON THE VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND

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

2. VEBA TRUST INVESTMENT POLICY STATEMENT REVIEW

Annual review of the Investment Policy Statement for the VEBA Trust (Attachment A).

Approval of the Investment Policy Statement for the VEBA Trust is recommended.

3. UNIVERSITY INVESTMENTS UPDATE

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

4. UNIVERSITY INVESTMENT POLICY STATEMENT REVIEW

Annual review of the Investment Policy Statement for the University (Attachment B).

Approval of the Investment Policy Statement for the University is recommended.

5. APPROVAL OF RECOMMENDATION FOR 2027-2028 HOUSING RATES

FALL OR SPRING SEMESTER	CURRENT RATE	PROPOSED RATE	EFFECTIVE DATE
McDONALD or O'DANIEL APARTMENT			
Two Bedroom: Two students per bedroom	$2,886	$2,987	7-01-27
One student per bedroom	5,050	5,227	7-01-27
One Bedroom: One student	5,989	6,199	7-01-27
Reconfigured Two Bedroom / Three person:			
Two student bedroom	3,019	3,125	7-01-27
One student bedroom	4,010	4,150	7-01-27

**Double occupancy buyout in the apartments is an additional $1,000/term.*

GOVERNORS, NEWMAN, O'BANNON, or RUSTON HALL	CURRENT RATE	PROPOSED RATE	EFFECTIVE DATE
Two Bedroom: Two students per bedroom	$2,704	$2,799	7-01-27
One Bedroom Studio: One student	3,206	3,334	7-01-27

**Double occupancy buyout in the residence halls is the single/studio rate.*

Students living in the residence halls must purchase either a Max, Standard or Value Meal Plan.

SUMMER HOUSING RATES	CURRENT RATE	PROPOSED RATE	EFFECTIVE DATE
Residence Halls:			
Two students per bedroom	$1,390	$1,365	7-01-27
One student per bedroom	1,285	1,260	7-01-27
Apartments:			
Two students per bedroom	$2,755	$2,730	7-01-27
One student per bedroom	2,545	2,520	7-01-27

CAMP AND CONFERENCE RATES (PER-DAY)

USI Affiliated:			
Single	$55	$45	7-01-27
Double	32	30	7-01-27
USI Non-affiliated:			
Single	$62	$55	7-01-27
Double	37	40	7-01-27

Approval of the 2027-2028 housing rates is recommended.

6. APPROVAL OF 2027-2028 MEAL PLAN RATES

Students who live in the residence halls (Governors, Newman, O'Bannon, and Ruston) are required to purchase a resident meal plan. These plans offer different combinations of meals in The Loft and discretionary spending at other dining venues on campus. The proposed rate allows for normal increases in food and labor costs.

FALL OR SPRING SEMESTER 2026-2027	CURRENT RATE
Red Meal Plan	$2,936
White Meal Plan	2,781
Blue Meal Plan	2,678
Block 50+	1,648
Block 75	1,442
Block 50	1,236
Block 25	1,025

FALL OR SPRING SEMESTER 2027-2028	PROPOSED RATE	EFFECTIVE DATE
Max Meal Plan	$2,700	7-01-27
Standard Meal Plan	2,600	7-01-27
Value Meal Plan	2,475	7-01-27
Base Meal Plan	1,500	7-01-27
Block 75	820	7-01-27
Flex Plan	950	7-01-27

Approval of the proposed meal plan rates for 2027-2028 is recommended.

7. REVIEW OF COMPLETED AUDITS AND ANNUAL AUDIT PLAN

A summary of audits and other activities conducted by the Internal Audit Department during 2026 (Attachment C) will be reviewed.

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

The construction change orders authorized by the Vice President for Finance and Administration (Attachment D) will be reviewed.

UNIVERSITY OF SOUTHERN INDIANA
VEBA TRUST INVESTMENT POLICY

INVESTMENT POLICY - GENERAL

The purpose of the investment policy (the "policy") is to define the attitudes, philosophy, and goals of the Finance/Audit Committee of the University of Southern Indiana Board of Trustees (the "Board of Trustees" or the "Board") for investing the VEBA (Voluntary Employees' Benefit Association) Trust Fund (the "Fund"). In addition, the policy defines the investment guidelines that will be provided to the investment managers. These guidelines address the structure necessary to achieve a diversified portfolio, including asset classes, allocation targets, and management styles. This portfolio should be capable of achieving significant long-term returns while maintaining acceptable levels of risk. The policy will further define the measurable industry standards that will be used to monitor and evaluate the performance attained by investment managers. While this policy defines the current guidelines for managing the Fund's investments, it is intended that it will be reviewed regularly and modified to meet the evolving financial environment.

INVESTMENT PHILOSOPHY

The VEBA Trust Fund was established with the intent of providing a revenue stream that will be utilized to partially fund future costs of the University of Southern Indiana's (the "University") post-retirement health benefit plan. Since inception, the assets in the VEBA Trust Fund have been allowed to grow through additional investments, reinvestment of current income from the asset base, and capital appreciation of the asset base. During this time no distributions were taken from the Fund. Beginning in fiscal year 2017-2018, the first annual distribution from the Fund was taken to fund a portion of the University's post-retirement health benefits. The investment philosophy for this fund will be based upon the goal of maintaining the purchasing power of the Fund into the future by exceeding the rate of inflation by the amount of the distribution rate of the Fund.

Investment decisions for the Fund will be based upon the continuing belief in a free enterprise society supported by publicly owned businesses; therefore, the Fund's assets should be invested in high quality equity and debt securities of these businesses. It is also recognized that in any economy or over any appreciable time period there will probably be an inflationary loss of purchasing power of the Fund's assets. Historically, over the extended periods of time, equity investments generally have grown through dividends and appreciation at a faster pace than inflation, and it is expected that such a trend will continue. Consequently, over the long run, equity investments generally provide the best hedge against inflation and a deterioration of the asset base.

The investment objectives of the Fund call for a disciplined and consistent management philosophy that accommodates the occurrence of those events that might be considered reasonable and probable. They do not call for a philosophy that represents extreme positions or opportunistic styles of investing.

The investment portfolio of the Fund will be diversified as to both fixed income and equity holdings. The purpose of diversification is to provide reasonable assurance that no single investment or class of investments will have a disproportionate or significant impact on the total portfolio. The purpose of fixed income investments is to provide a highly predictable and dependable source of income, to reduce the volatility of the total portfolio market value, and, when appropriate, to provide a source of funds for other investments. The purpose of equity investments is to provide current income, growth of income, and appreciation of principal with the recognition that this requires the assumption of greater market volatility and risk of loss.

The Fund will not be directly or internally managed by the Board of Trustees, the Finance/Audit Committee, or University officials. An investment consultant will be utilized to act as a fiduciary in providing information, analysis, and recommendations to University management and the Finance/Audit Committee on various aspects of the VEBA Trust Fund's investment program. Multiple investment managers will be retained by the fund to manage the assets to (1) provide greater diversification of investment judgment, investment opportunity, and risk exposure, and (2) create a positive influence on performance through independent monitoring of each manager.

Investment managers will be selected from strongly established and financially sound organizations that have a proven and demonstrable record in managing funds with characteristics similar to those of the Fund. Selection will depend upon factors established by the Finance/Audit Committee from time to time. These factors will include the competitive structure of the investment manager's custodial and management fee schedules.

The Finance/Audit Committee has considered the financial implications of a wide range of asset allocation policies, and this policy describes the prudent investment process deemed appropriate. Further, in seeking to fulfill its obligations under this policy, the Finance/Audit Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (hereinafter referred to as "UPMIFA" and added to Indiana Public Law as Indiana Code Sections 30-2-12-0.5 through 30-2-12-18).

As summarized for the purpose of this policy, UPMIFA requires that all investment actions and decisions must be based solely on what is in the best interest of the VEBA Trust Fund and conform to fundamental fiduciary duties of loyalty and impartiality. The Finance/Audit Committee is under a duty to the University to manage the Fund's investment assets as a prudent investor would, in light of the assets' purposes, scope, objectives and other relevant circumstances.

UPMIFA further requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund. In making and implementing investment decisions, the Finance/Audit Committee has a duty to diversify Fund investments unless, under special circumstances, the purposes of the Fund are better served without diversifying. The Finance/Audit Committee also must act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

DISTRIBUTION RATE

Effective July 1, 2014, the University eliminated the post-retirement health care benefit for all new hires and for existing benefits-eligible employees whose plus years of service as of July 1, 2014, is less than 57 points and whose benefits-eligible service as of July 1, 2014, is less than 10 years. Since the cost of the post-retirement health care benefit will cease to exist in the future, it is not the intent of the University to maintain the VEBA Trust Fund in perpetuity. As funding needs require, especially as the benefit ceases, the corpus of the Fund may be completely spent on post-retirement health care benefits.

For the near-term, University management has determined that an annual target distribution rate of 4.5% from the Fund is a reasonable and prudent use of the investment proceeds to partially fund the University's post-retirement health benefits costs. The distribution rate may vary from year to year depending on the University's funding need. Each year University management will review the funding need for the post-retirement health benefits cost and determine the amount of drawdown needed from the Fund. Setting a target distribution rate of 4.5%, does not preclude University management from exceeding this rate if warranted. Management will report the distribution rate or distribution amount to the Finance/Audit Committee and will review the financial status of the Fund annually with the Finance/Audit Committee.

FUND INVESTMENT OBJECTIVES

The long-term investment objectives of the VEBA Trust Fund are:

(1) To exceed the general rate of inflation by the amount of the distribution rate;

(2) To establish a diversified investment portfolio between fixed and equity securities;

(3) To establish further diversification among various asset classes within the fixed and equity pools; and

(4) To maximize total return utilizing prudent levels of risk.

ASSET ALLOCATION MIX

Historical performance results and future expectations suggest that equities will provide higher total investment returns than fixed-income securities over a long-term investment horizon. Investments in equities also carry with them increased exposure to market volatility and risk of loss of principal. Based upon the time horizon and current distribution rate for future distributions of the VEBA Trust Fund, the investment goals of the Fund, and prudent risk tolerances, the following asset allocation guidelines are deemed appropriate for the investment of Fund assets.

ALLOCATION

Investment Type	Target	Range
Equities	70%	65% - 75%
Fixed Income & Cash	30%	25% - 35%

Investments should not exceed the minimum and/or maximum levels for more than 30 days without the written authorization of the Finance/Audit Committee. University management, in consultation with the investment consultant, has discretion to move within the ranges as an expression of University management and the investment consultant's confidence or concern for the securities markets.

EQUITY ASSET CLASS DIVERSIFICATION

Within the equity portion of the portfolio, the Fund seeks to further diversify among different equity investment approaches based upon market capitalization, geographic domicile and investment style. These investment approaches and their target allocations are presented below.

Asset Class/Style	Target
Equities	
U.S.Large Capitalization	45%
International	13%
U.S. Small/Mid Capitalization	12%
Total Equities	70%

These target allocations are intended to be general guidelines. Movement among the various asset classes from time to time will be considered normal. The asset class target mix percentages are long-term in nature. The Finance/Audit Committee does not believe that short-term market timing will add value to the portfolio over the long run.

INVESTMENT RESTRICTIONS

Any investment manager is specifically prohibited from investing trust assets in the following securities and transactions:

(1) Short sales or purchases on margin
(2) Purchase of options
(3) Direct investments in commodities or real estate
(4) Letter stock or other unregistered securities

(5) Private placements
(6) Bonds rated less than “BBB/Baa”
(7) Foreign debt issues
(8) Derivatives for speculative purposes
(9) Other investments which would appear to violate the fiduciary responsibility of the fund

PERFORMANCE OBJECTIVES

The Finance/Audit Committee will periodically review the performance of the investment managers based upon the performance objectives detailed below. It is generally expected that the performance objectives will be achieved over rolling five (5) year periods.

U.S. Large Capitalization Equity
The annualized total return of large capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Standard & Poor’s 500 Stock Index, net of fees, and provide positive risk-adjusted returns. Investment managers’ and mutual funds’ returns in this category should exceed the median of a peer group of investment managers or funds utilizing a similar investment style.

International Equity
The annualized total return of international equity portfolios should equal or exceed the annualized total return generated by the Morgan Stanley Capital International All Country World ex – U.S. (ACWI ex US) Index, net of fees, and provide positive risk-adjusted returns. Investment managers’ and mutual funds’ returns in this category should exceed the median of a peer group of international equity mutual funds utilizing a similar investment style.

U.S. Small/Mid Capitalization
The annualized total return of small/mid capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Russell 2000 Index, net of fees, and provide positive risk-adjusted returns. Investment managers’ and mutual funds’ returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

U.S. Intermediate Fixed Income
The annualized total return of domestic intermediate fixed income portfolios should equal or exceed the annualized total return generated by the Bloomberg Intermediate Government/Credit Index, net of fees, and provide positive risk-adjusted returns. Investment managers’ and mutual funds’ returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

INVESTMENT CONSULTANT RESPONSIBILITIES

An investment consultant will be utilized to act as a fiduciary in providing information, analysis, and recommendations to University management and the Finance/Audit Committee on various aspects of the VEBA Trust Fund’s investment program including the following:

- Strategic and tactical asset and sub-asset class allocation guidance to support the VEBA Trust Fund’s investment portfolio objectives.
- Selection and monitoring of investment managers.
- Reporting of portfolio and investment manager performance relative to agreed upon benchmarks and timeframes. This includes preparation of performance evaluation reports for University management and the Finance/Audit Committee.
- Monitoring the investment managers relative to their organizational structure, investment style, and compliance with this investment policy.

INVESTMENT MANAGER RESPONSIBILITIES

It is expected that the investment managers will assume the following responsibilities in managing the VEBA Trust Fund assets:

- Comply with the provisions of the Investment Advisors Act of 1940.
- Invest the assets with the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities.
- Communicate in writing with the Finance/Audit Committee the performance results and current holdings in the portfolio.
- Manage the assets under its care, custody, and/or control in accordance with the investment policy's performance objectives and guidelines set forth herein.

ROLE OF THE FINANCE/AUDIT COMMITTEE

The responsibility of the Finance/Audit Committee of the Board of Trustees is to provide direction for the investment of the financial assets of the University of Southern Indiana VEBA Trust Fund. The specific responsibilities are as follows:

- To establish and maintain policies and guidelines for the investments of the fund assets
- To determine the appropriate allocation ranges among classes of investments
- To engage and terminate the services of investment consultants and managers
- To monitor investment returns and review the performances of investment managers
- To report to the Board of Trustees

MONITORING OF INVESTMENT MANAGERS

The Finance/Audit Committee of the Board of Trustees is responsible for monitoring of the stewardship of the investment managers. From time to time, the Finance/Audit Committee may meet individually with the investment consultant and/or investment managers. During these meetings, the Finance/Audit Committee will focus on reports about:

- Managers' compliance with the investment policies developed by the Finance/Audit Committee
- The most recent economic environment and projected future changes in that environment
- Significant changes in the manager's organization, investment philosophy, and/or key personnel
- Comparisons of the investment manager's results with the appropriate benchmark standards as outlined in the investment policy

FINANCE/AUDIT COMMITTEE REVIEW

The Committee shall review this VEBA Trust Investment Policy annually. Investment performance will be reported to University management on a quarterly basis and the Committee will meet formally annually to review the returns of the investments subject to this Policy. Outside investment managers are welcome to provide suggestions regarding appropriate adjustments to this statement or the way investment performance is reviewed.

Acknowledged by: ______________________________________ ___________
Chair, Finance/Audit Committee Date
University of Southern Indiana

UNIVERSITY OF SOUTHERN INDIANA
UNRESTRICTED FUNDS INVESTMENT POLICY

PURPOSE

The purpose of this investment policy statement (the "IPS") is to define the investment objectives and policies for the management and oversight of any marketable securities of unrestricted funds held by the University of Southern Indiana (the "University").

The IPS establishes the governance principles and allocates responsibilities for the investment of these University assets. It will be used as a guideline for the Finance/Audit Committee of the Board of Trustees, University Management and all investment managers overseeing any portion of these assets.

INVESTMENT OBJECTIVES

The primary investment objective for all investments subject to this IPS is to ensure the preservation of asset principal necessary to maintain appropriate liquidity to meet the annual cash needs of the University with a secondary emphasis on maximizing return consistent with the primary investment objective. Additionally, the investment of these assets is subject to and shall comply with Section 30-4-3-3 of the Indiana Code.

ROLES AND RESPONSIBILITIES

Board of Trustees (the "Board")

Under Indiana Code Section 21-29-2-1, the Board of the University is responsible for any establishment and oversight of written policies concerning the investment of funds in the manner provided by Indiana Code Section 30-4-3-3.

Finance/Audit Committee of the Board of Trustees (The "Committee")

The Committee acts in a fiduciary capacity with respect to the University's assets and is accountable to the University Board for overseeing the investment of assets consistent with this Board-approved IPS.

The Committee is responsible for the formulation of the IPS that sets forth the investment objectives and guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for University assets.

The Committee may hire an investment consultant or other advisor to act as a fiduciary in providing information, analysis and recommendations to the Committee on various aspects of the University's investment program. With the guidance and assistance of the investment consultant, the Committee hires appropriate investment managers to manage portions of these assets.

The Committee is responsible for reviewing this IPS at least once per year. Changes to this IPS can be made only by affirmation of a majority of the Committee and requires approval by the Board prior to implementation.

University Management - Vice President for Finance and Administration

The office of the Vice President for Finance and Administration has day-to-day responsibilities and managerial oversight of any services provided to the University by any investment consultant, investment managers and custodians. The primary functions of University management, in conjunction with the investment consultant, include:

1. Monitoring University investments and implementing Committee decisions consistent with this IPS.

2. Maintaining appropriate liquidity necessary to meet University spending needs and disbursements.

3. Investment of funds deemed too short-term to be overseen by an investment manager consistent with this IPS.

4. Informing and advising the Committee on financial, economic and political developments that may affect the University.

5. Monitoring custodial and brokerage activity.

Investment Consultant

University management may hire an investment consultant to act as a fiduciary in providing information, analysis and recommendations to the Committee on various aspects of the University's investment program including the following:

1. Strategic and tactical asset allocation guidance to support the University's investment portfolio objectives.

2. Review of this IPS on an annual basis.

3. Investment manager search data and assistance in the selection and monitoring of investment managers.

4. Reporting of portfolio and investment manager performance relative to agreed-upon benchmarks and timeframes. This includes preparation of performance evaluation reports for University management and the Committee illustrating the risk/return profile of the University's investments and investment managers relative to appropriate indices and peers.

5. Monitoring the investment managers relative to their organizational structure, investment style and compliance with this IPS. The investment consultant shall report to the Committee any findings that may prevent the portfolio from meeting the objectives of the IPS.

Investment Managers

With the guidance and assistance of the investment consultant, the Committee generally will engage investment managers to implement the investing of assets in various asset classes and to manage the University assets subject to this IPS. Investment managers are required to meet the following criteria:

1. Investment managers must be a bank, insurance company or its affiliate, mutual fund or investment advisor as defined by the Registered Investment Advisors Act of 1940.

2. Investment managers must provide to the investment consultant historical quarterly performance information calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style and reported net and gross of fees.

3. Investment managers must provide detailed information to the investment consultant on the history of the firm, key personnel, key clients, fee schedule and support personnel.

4. Investment managers must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

The duties and responsibilities of each investment manager retained by the Committee shall include the following:

1. Managing University investments under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein and expressed in separate written agreements when deviation is deemed prudent and desirable by the Committee.

2. Exercising investment discretion, including holding cash equivalents as an alternative, within the IPS objectives and guidelines set forth herein.

3. Promptly informing the Committee, University management and the investment consultant in writing regarding all significant and/or material matters and changes pertaining to the investment of assets, including, but not limited to:

   a) Changes in investment strategy, portfolio structure, tactical approaches and significant market value of managed assets.

   b) Changes in the ownership, organizational structure, financial condition, and/or professional staff of the firm.

   c) All material legal, SEC and other regulatory agency proceedings affecting the firm.

4. At the discretion of the Committee, investment managers may vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the University set forth herein. Each investment manager shall keep detailed records of said voting of proxies and related action and will comply with all regulatory obligations related thereto.

5. Each investment manager shall utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities.

Custodians

With the assistance of the investment consultant, University management will select one or more custodians to physically, or through agreements with sub-custodians, maintain possession of securities owned by the University, collect dividends and interest payments, redeem maturing securities and effect receipt and delivery of securities following purchases and sales. Custodians will provide detailed monthly statements to University management and the investment consultant as directed and including all information as determined by the Vice President for Finance and Administration's office as necessary to meet the University's internal accounting requirements. Further, any custodian must be able to provide annual fiscal year-end data deemed necessary by University management to comply with all applicable Governmental Accounting Standards Board statements.

INVESTMENT PERFORMANCE GOALS

The following investment performance goals shall be monitored by University Management on a quarterly basis and by the Committee on at least a yearly basis. It is intended that they be achieved, <u>net-of-investment management fees, over appropriate evaluation periods.</u>

1. The total return is expected to exceed a Balanced Index comprised of 20 percent BofA Merrill Lynch 1-3 Year Government/Corporate Bond Index and 80 percent Barclays U.S. Intermediate Government/Corporate Bond Index.

2. The total return is expected to maintain volatility (beta) of no more than 1.20 times that of the Balanced Index and maintain a positive risk-adjusted performance (alpha).

EVALUATION OF INVESTMENT MANAGERS

Investment managers will be reviewed on an ongoing basis and will be evaluated based upon the following criteria:

1. Continuity of personnel and practices at the firm.

2. Adherence to the philosophy and style which were articulated to the University at, or subsequent to, the time the investment manager was retained.

3. Ability to exceed the investment performance (net-of-investment management fees) of other investment managers who adhere to the same or similar style.

4. Ability to exceed the investment performance objectives (net-of-investment management fees) stated below:

Fixed Income Managers

1. The total return of each manager's portion of these assets shall exceed that of the manager's corresponding index: either the BofA Merrill Lynch 1-3 Year Government/Corporate Bond Index or Bloomberg Barclays U.S. Intermediate Government/Corporate Bond Index.

2. Each manager will be evaluated versus a universe of similar fixed income managers and is expected to rank in the top one-third of this universe over most three-year periods.

ASSET ALLOCATION

The allocation of funds among the various investment categories shall be determined by the Committee and monitored by University Management on a quarterly basis to reflect the following structures for each asset pool.

Investment Category	Minimum	Target Mix	Maximum
Intermediate Fixed Income Securities (Duration between 3-5 years)	**70%**	**80%**	**100%**
Liquid/Short Term Fixed Income (Duration between 1-3 Years)	**0%**	**20%**	**30%**

AUTHORIZED INVESTMENTS AND EXPOSURE RESTRICTIONS

1. **Obligations of the U.S. Government and Agencies** – All obligations of the U.S. Government or sponsored agencies are authorized for use.

2. **Money Market Funds** – Shares of any established money market fund which invests only in U.S. Treasury and/or Federal Agency securities and whose assets exceed $250 million or funds managed by Indiana banks which provide insurance for University funds under Indiana Statute by the Public Deposit Insurance fund and registered with the SEC (maximum maturity of one year) are authorized for use.

3. **Certificates of Deposit, Demand/Transaction Deposits, and Time Deposits** – Certificates of Deposit, Demand/Transaction Deposits, and Time Deposits may be purchased from domestic banks and savings and loan associations that are designated by the Indiana State Board of Finance as a depository for public funds in accordance with Indiana Code Section 5-13-9-5-3.

4. **Commercial Paper** – Commercial paper rated A-1 by Standard & Poor's or Fitch's or P-1 by Moody's and matures within 270 days are authorized for use. With respect to commercial paper that is split rated by the rating agencies (i.e., rated A-1 or P-1 by one or more agency but also rated below these ratings by one or more agency), where all three agencies have a rating on the commercial paper, the middle rating will apply. Where ratings are provided by only two agencies, the lower of the two ratings will apply.

   Outstanding commercial paper of any individual corporation may not exceed $500,000 and the aggregate for any individual industry will be limited to $1 million.

5. **Bankers' Acceptances** – Bankers' acceptances are limited to those financial institutions designated as public depositories as described above in paragraph 3.

6. **Investment Grade Corporate Notes and Bonds** – U.S. dollar-denominated notes and bonds of a corporate business entity publicly issued in the U.S. domestic market where the

indebted corporate business entity has a corporate bond rating by Standard & Poor's, Fitch's or Moody's of investment grade (BBB- or Baa-) or above are authorized for use. With respect to corporate bonds or notes that are split rated by the rating agencies (i.e., rated investment grade by one or more agency but also rated below investment grade by one or more agency), where all three agencies have a rating on the security, the middle rating will apply. Where ratings are provided by only two agencies, the lower of the two ratings will apply.

Outstanding Corporate Notes and Bonds may not constitute more than 60 percent of any investment manager's fixed income portfolio.

7. **Mortgage-Backed Securities** – Mortgage Pass-Through Securities (including TBAs, Commercial Mortgage-Backed Securities (CMBS) and non-agency MBSs) rated AA-/Aa- or better by Standard & Poor's, Fitch's or Moody's are authorized for use. With respect to mortgage-backed securities that are split rated by the rating agencies (i.e., rated AA-/Aa- or better by one or more agency but rated below AA-/Aa- by one or more agency), where all three agencies have a rating on the security, the middle rating will apply. Where ratings are provided by only two agencies, the lower of the two ratings will apply.

   Outstanding Mortgage-Backed Securities may not constitute more than 20 percent (at the time of purchase) of any investment manager's fixed income portfolio. Outstanding non-agency residential mortgage-backed securities otherwise meeting the criteria of this subsection shall not comprise more than five percent of any fixed income manager's portfolio.

   In the broadest sense, Mortgage-backed securities are derivative securities. However, for purposes of this Investment Policy Statement, "Whole Loan" Agency Pass-through Securities and Collateralized Mortgage Obligations (CMOs) which do not leverage the exposure of a portfolio to changes in interest rates or prepayment rates will not be considered derivatives. However, structured notes and lower-class tranches of Collateralized Mortgage Obligations (CMO's) and securities created by stripping the principal and interest payments from the underlying mortgage-backed security into separate classes (including interest only (IO), principal only (PO) and inverse floating securities) which do leverage the exposure of a portfolio to changes in interest rates or prepayment rates are considered derivative securities and prohibited.

8. **Asset-Backed Securities** – Asset-backed securities rated AA-/Aa- by Standard & Poor's, Moody's or Fitch's or better are authorized for use. With respect to asset-backed securities that are split rated by the rating agencies (i.e., rated AA-/Aa- or better by one or more agency but rated below AA-/Aa- by one or more agency), where all three agencies have a rating on the security, the middle rating will apply. Where ratings are provided by only two agencies, the lower of the two ratings will apply.

   Outstanding Asset-Backed Securities may not constitute more than 20 percent of any investment manager's fixed income portfolio.

9. **Municipal Bonds** – All general obligation and revenue bonds issued by domestic state and local governments and their creations with a municipal bond rating by Standard & Poor's, Fitch, or Moody's of A- or above are authorized for use. With respect to municipal bonds that are split rated by the rating agencies (i.e., rated A- or better by one or more agency but rated below A- by one or more agency), where all three agencies have a rating on the

security, the middle rating will apply. Where ratings are provided by only two agencies, the lower of the two ratings will apply.

Outstanding municipal bonds may not constitute more than 15 percent of any investment manager's total investment assets unless that investment manager has been specifically directed by the Committee to invest solely in municipal bond securities. Municipal bonds from one state may not exceed five percent of the total securities in a municipal bond portfolio.

10. **Derivatives** – Investments in derivative securities shall not be utilized to increase the actual or potential risk posture of the University's investment portfolio. The use of primary derivatives, including, but not limited to, futures contracts, options, short sales, margin trading and such other specialized investment activity is prohibited without prior written approval of the Committee.

    Moreover, investment managers are precluded from using derivative securities to affect a leveraged portfolio structure (if options and/or futures are specifically approved in writing by the Committee, such positions must be offset in their entirety by corresponding cash or securities).

INVESTMENT MANAGER GUIDELINES AND RESTRICTIONS

1. Each investment manager shall have full investment discretion regarding market timing and security selection.

2. Any investment manager shall immediately notify management in writing of any material changes in its investment strategy, ownership, organizational structure, financial condition, or senior personnel.

3. Separate account investment managers should be prepared to meet with the University at least annually.

4. Securities transactions should be entered into based on best execution, which normally means best realized price.

5. There shall be no investments in non-marketable securities.

6. Any investment manager's investment grade fixed income portfolio must have a weighted average credit rating of AA-/Aa- or better by Standard & Poor's, Fitch's, or Moody's rating services. Also, no investment grade fixed income manager shall purchase a security rated below investment grade (BBB-/Baa-).

7. If any security held in an investment manager's portfolio becomes an unauthorized investment subsequent to purchase, the investment manager must immediately notify University management and the investment consultant and submit a written analysis of the security to the appropriate oversight committee providing a recommendation for holding or disposing of such security.

8. The total exposure to any individual issuer shall not exceed five percent of any investment manager's portfolio, at aggregate cost value, except for securities issued by the U.S. Government (and its agencies).

9. Securities are to be diversified both as to sectors and industries as well as to number of holdings with no more than 30 percent of the portfolio at the time of purchase invested in securities of corporations in any one industry. Also, concentrating in industries or companies, all of which are sensitive to a single economic or political event or investment idea should be avoided.

10. With respect to maturity and duration, “maturity” shall mean the time from valuation date to the date of expected repayment of principal. “Duration” shall mean the present value weighted average time to full recovery of principal and interest payments and also shall mean Macauley’s duration adjusted for implied options. Investment managers shall make these estimations for all issues, particularly self-amortizing issues.

    a) The duration of any intermediate-term fixed income portfolio shall be between three years and five years.

    b) The duration of any short-term fixed income portfolio shall be between one year and three years.

FINANCE/AUDIT COMMITTEE REVIEW

This IPS shall be reviewed by the Committee annually. Investment performance will be reported to University management on a quarterly basis and the Committee will meet formally annually to review the returns of the investments subject to this IPS. Outside investment managers are welcome to provide suggestions regarding appropriate adjustments to this statement or the way investment performance is reviewed.

Acknowledged by: ______________________________________ ____________
Chair, Finance/Audit Committee Date
University of Southern Indiana

Approved by USI Board of Trustees on 9/4/2025

UNIVERSITY OF SOUTHERN INDIANA

Internal Audit Report

Prepared by

Bradley V. Will, CPA
Chief Audit Officer

Kendra Groeninger
Internal Audit Manager

Report No. USIA26-1
April 29, 2026

Advisory Services
Slate Implementation and Integration Review

Introduction

Our report of the advisory services performed by Internal Audit related to the implementation and integration of the Slate Customer Relationship Management (CRM) system is presented below. We would like to thank personnel in Undergraduate Admissions, Graduate Studies, Information Technology, Office of the Registrar, Student Financial Assistance, Bursar's Office, and New Student and Transitional Programs who contributed positively to our results.

Background Information

The University implemented the Slate CRM system to enhance the ability to track and communicate with students through all stages of their relationship with USI (from prospective students all the way through to graduates/alumni). The Slate for Admissions module was launched in August 2023 for the 2024 student recruiting cycle (Summer and Fall 2024). The Student Success module was launched in early 2024 to support academic advising and student retention. This was a complex implementation requiring significant integration with Banner (the University's enterprise resource planning system) and other applications supporting recruitment and enrollment activities.

In an effort to assist management with assessing the post-implementation status and administration of the system, Internal Audit performed an advisory engagement to review system integration and data exchanges, summarize and promote additional uses of Slate, and review system administration user access permissions. The engagement approach included interviews with personnel in Undergraduate Admissions, Graduate Studies, Information Technology, Office of the Registrar, Student Financial Assistance, Bursar's Office, and New Student and Transitional Programs regarding post-implementation challenges, review of user access permissions, and review of the Slate Knowledge Base regarding user permissions and roles. Internal Audit also performed comparisons from Slate to Banner of student grade data and academic advisors.

The objectives of the review were to:

- Understand the status of the integration between Slate, Banner, and other systems/applications
- Identify and summarize opportunities for improvement in current data exchanges
- Promote opportunities to leverage Slate beyond the areas that are already using it
- Review system administration, security administration, and user access permissions
- Evaluate the consistency of grades and academic advisors between Slate and Banner

Conclusion

Slate is clearly a powerful tool for recruiting, enrollment, and student advising with opportunities for more use cases beyond these areas. However, as is common with any new major system, decisions regarding system administration, security, and user access permissions during implementation appear to be more generous than they should be in post-implementation operations mode.

Given the already broad user base and the potential for expanding its use to other areas, we recommend that going forward Slate should be managed as an "enterprise system" (similar to how the University manages Banner). This will require centralizing system and security administration, expanding participation in post-implementation meetings, reviewing and evaluating user access permissions, and establishing a long-term strategy for evaluating the use of Slate in areas beyond student recruiting and advising.

The results of our review of grade and advisor data between Slate and Banner indicate that these data are generally consistent between the two systems. Centralizing system administration and expanding communication to a broader group of operations personnel will facilitate effective research and response to data integrity questions in the future.

Management will take or has taken the following actions:

- Centralizing System Security Administration under Information Technology (IT)
- Reviewing User Access Permissions and Role Assignments
- Centralizing System Administration and Change Control for Slate
- Engaging Additional Operations Personnel Regarding Post Implementation Issues
- Establishing a Long-Term Strategy for Evaluating Opportunities to Expand the Use of Slate

No additional action or response is required.

Bradley V. Will
Chief Audit Officer

Kendra Groeninger
Internal Audit Manager

Distribution:
Dave Alexander
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Austin Siders
Lindsey Gibson
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President Steve Bridges

Report No. USIA26-1
April 29, 2026

Advisory Services Report
Slate Implementation and Integration Review

Observations and Responses

Centralizing System Security Administration

Observation: Based on a review of the user roles and permissions in Slate, there were 11 user accounts with security administrator access. As indicated by the Slate Knowledge Base, this access allows a user to add, update, and deactivate user accounts; monitor access logs and login history; and monitor login notifications. Four of the security administrator accounts were assigned to external consultants, while five were assigned to administrative personnel with operational responsibilities.

Risk: Assignment of security administrator access to individuals outside the University and to employees that have business process responsibilities increases the risk that access is improperly granted, inconsistently administered, and not revoked timely.

Response: IT personnel will take on primary responsibility for administering Slate user access, similar to how IT administers Banner user access. Effective September 1, 2026**,** in its role as data custodian, IT will grant user access approved by the designated data stewards and/or data trustees, including routing provisioning requests through Team Dynamics. In addition, to improve data steward visibility, we will create a security report that supports both user access provisioning and verification.

Reviewing User Access Permissions and Role Assignments

Observation: Based on a review of the user roles and permissions in Slate, Internal Audit noted a large number of users assigned to multiple roles and potentially high-risk permissions. The following is a summary of our observations:

- 54 users have duplicate roles (same role assigned more than once)
- 23 users are assigned to five or more roles
- One user was assigned to 29 roles
- 88 users have been granted access to one or more high-risk permissions
- Of the 18 potentially high-risk permissions identified, nine were assigned to between 18 and 49 users

In addition to the items above, Slate has an option for creating “custom permissions” to tailor access for specific users and roles. However, custom permissions are not able to be queried like other system permissions, therefore the Slate Knowledgebase recommends security administrators maintain documentation to keep track of where custom permissions are applied. Internal Audit was unable to obtain detailed documentation on custom permissions.

Risk: Assignment of duplicate and/or multiple roles, as well as potential high-risk permissions, to numerous users and the lack of documentation for custom permissions increase the risk that users have unintentionally broad access and inadequate segregation of duties.

Response: IT and information security personnel will conduct ongoing reviews of user access permissions and role assignments. IT management will obtain quotes from external consultants to help establish a baseline review process and ongoing reporting. Once the baseline is in place, IT will facilitate an annual user access review in which the appropriate data stewards and subject matter experts confirm that access remains necessary for employees to perform their job duties. The baseline review will be established by December 18, 2026, and annual IT administrator reviews will begin in 2027.

Centralizing System Administration and Change Control for Slate under IT

Observation: Based on discussions with management, the University utilizes a single instance of the Slate system across both undergraduate admissions and graduate studies. In addition, the two areas have engaged separate consultants to assist with system implementation and development. Although Information Technology (IT) personnel are generally brought into discussions regarding system modifications, the current structure does not position IT to fully manage these activities effectively.

Risk: The current structure for administering Slate increases the risk that system modifications made for one area create unintended consequences for other areas.

Response: System administration activities and change control will be centralized in IT, similar to how IT administers Banner. IT will work with the Slate captains to develop the procedure. Beginning September 1, 2026, all administration and related changes will follow the established Slate administration and change control procedure.

Engaging Additional Operations Personnel Regarding Post Implementation Issues

Observation: Based on discussions with Undergraduate Admissions, Graduate Studies, and Information Technology (IT) personnel, post implementation Slate meetings continue to occur weekly among those groups. However, other operational areas, whose systems or activities are affected by or could be enhanced by processes within Slate, do not have a regularly scheduled opportunity to discuss integration issues or their status. Through discussions with these stakeholders, Internal Audit documented nine items for which these areas had questions or concerns and were unsure of their status.

Risk: The lack of a formal process for meeting with and/or communicating issues with operations personnel may result in the failure to address operational inefficiencies, a lack of awareness among departments of issues that have been identified in other areas, and uncertainty as to where to go for support in resolving problems.

Response: IT will ensure that the system administration and change control procedure developed in response to the previous observation includes all areas that use Slate. In addition, IT will communicate administrative items and changes to all affected business units to support collaboration and improve awareness of potential needs or impacts from upcoming changes. This transparency will help establish an effective change management process. To support this approach, each business unit that has built or plans to build additional processes in Slate must designate a Slate captain to perform the platform's functional responsibilities.

Establishing a Long-Term Strategy for Evaluating Opportunities to Expand the Use of Slate

Observation: Based on discussions with management, there does not appear to be a formal process, project owner, or strategy for evaluating how departments outside of Undergraduate Admissions, Graduate Studies, and student advising may benefit from leveraging Slate's Customer Relationship Management (CRM) capabilities.

Risk: The lack of a formal process, project owner, and timeline for reviewing possible uses of Slate in other operational areas increases the risk that the full effectiveness of the CRM is not realized.

Response: Management will incorporate the evaluation of opportunities for expansion of Slate usage into the work of the recruitment and enrollment marketing and student process optimization subcommittees of the Enrollment Management Committee. The subcommittees are expected to submit recommendations to the Office of the President by December 2026.

Report No. USIA26-2
May 4, 2026

Advisory Services
Ghost Student Fraud Risk Review

Introduction

Our report of the advisory services performed by Internal Audit related to ghost student fraud risk is presented below. We would like to thank personnel in Undergraduate Admissions, Graduate Studies, Information Technology, Office of the Registrar, Student Financial Assistance, and Bursar's Office who contributed positively to our results.

Background Information

Over the last several years, higher education institutions have faced an increase in criminal activity, commonly referred to as "ghost student fraud," that attempts to exploit enrollment and financial aid systems. Criminals, using stolen or fabricated identities, apply for admission and federal student aid, enroll in classes, and then disappear following the disbursement of federal grants and student loans. According to an announcement in May 2025, the Department of Education (DoE) had uncovered nearly $90 million in fraudulent federal aid grants and loan disbursements. In a June 2025 press release announcing new identity validation processes, the DoE reported it had identified approximately 150,000 suspect identities in Free Application for Federal Student Aid (FAFSA) forms at that time.

The impacts of ghost student fraud on higher education institutions include financial losses and penalties for improper disbursements, adverse compliance audit findings, potential loss of federal aid eligibility, reputational damage, and operational disruptions. While the DoE recently announced that it would implement real-time identity fraud detection capabilities within the FAFSA form beginning on April 26, 2026, institutions are expected to continue to develop and maintain their own processes to monitor admission and financial aid applicants for potential ghost student fraud. In an effort to assist management, Internal Audit performed an advisory engagement to assess the risks of ghost student fraud for USI, the preventive and detective controls already in place, and additional controls the University might want to implement to prevent and detect potential ghost students. The engagement approach included interviews with personnel in Undergraduate Admissions, Graduate Studies, Information Technology, Office of the Registrar, Student Financial Assistance, and Bursar's Office regarding observed and anticipated ghost student fraud risk, existing prevention and detection efforts, and opportunities to enhance preventive and detective controls.

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

- Understand the risk of ghost student fraud at USI
- Identify activities and controls currently in place to prevent and detect suspicious student applications
- Identify additional controls for consideration to prevent and detect potential ghost students
- Explore opportunities to automate existing and potential control activities

Conclusion

The following Internal Audit observations are presented at an intentionally high level to maintain the confidentiality of potential fraud mitigation strategies discussed over the course of the advisory engagement.

Based on our discussions with the various areas, personnel in each department have a strong awareness of the potential for ghost student fraud. Some areas have already created or identified reports that can be reviewed for potential fraud indicators. However, current ghost student detection activities involve manual review, which can be inefficient. Automation of these reports would increase the efficiency and effectiveness of the reviews by limiting reported items to only those that contain suspicious data. Once automated, these reports should be developed for use across multiple departments where applicable (e.g. reports developed for Graduate Studies where similar logic could be leveraged in Undergraduate Admissions). Additional potential ghost student fraud indicators should be considered for automated report development and review within the appropriate operational areas. Lastly, once the reports are in production mode, management should develop an appropriate workflow for tracking, communicating, and resolving potential ghost student indicators.

Management will take or has taken the following actions:

- Developing automated ghost student fraud indicator reports and evaluating their effectiveness
- Considering alternative methods to confirm a prospective student's identity
- Developing an appropriate workflow for tracking, communicating, and resolving ghost student fraud indicators

No additional action or response is required.

Bradley V. Will
Chief Audit Officer

Kendra Groeninger
Internal Audit Manager

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Advisory Services Report
Ghost Student Fraud Risk Review

Observations and Responses

Developing automated ghost student fraud indicator reports and evaluating their effectiveness

Observation: Current ghost student detection reports do not distinguish student accounts with ghost student fraud indicators from accounts that do not have those indicators. As a result, management personnel must sort through all the prospective students appearing on the report to identify those with fraud indicators.

Risk: The lack of automation to produce a report that only reflects student accounts with potential fraud indicators increases the amount of time required to review and identify potential ghost students and increases the chance that accounts with indicators are missed in the manual review.

Response: Information Technology (IT) personnel will take on primary responsibility for developing automated ghost student fraud indicator reports, which have been discussed in meetings with Internal Audit and the various departments referenced in this report. Once developed, the reports will be distributed to appropriate personnel for review and evaluation. The target date for production of reports is August 31, 2026.

Considering alternative methods to confirm a prospective student's identity

Observation: Based on discussions with Undergraduate Admissions, Graduate Studies, and Student Financial Assistance personnel, as well as information gathered from other higher education institutions, it is becoming increasingly difficult to identify potential ghost students through traditional identity verification procedures.

Risk: The inability to timely and accurately confirm the identity of a prospective student or identify potential ghost students can lead to delays in the disbursement of aid or loans to legitimate students or to the disbursement of aid or loans to a fraudster.

Response: Undergraduate Admissions, Graduate Studies, and Student Financial Assistance personnel will review alternative processes and tools for identity validation, evaluating the cost effectiveness of the solutions and the appropriate situations and timing for utilizing such tools. The review will be completed by November 30, 2026.

Developing an appropriate workflow for tracking, communicating, and resolving ghost student fraud indicators

Observation: Based on discussions with management, the current process for communicating information about potential ghost student accounts utilizes email communication. There is currently no centralized database or workflow for documenting suspicious accounts.

Risk: The lack of a centralized database and workflow for documenting and reviewing suspicious accounts increases the risk that potential ghost students are not managed consistently and that all departments with a need to know are not aware of suspicious accounts.

Response: IT will work with Undergraduate Admissions, Graduate Studies, Student Financial Assistance, Registrar, and Bursar personnel to develop a workflow utilizing "interactions" in the Slate system and a "comment" within Banner for tracking, communicating, and resolving ghost student fraud indicators. The workflow will be in place by August 31, 2026.

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2020

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Bonds Payable Post-issuance Compliance					
1. While the University works closely with bond legal counsel regarding bond compliance issues, post-issuance compliance guidelines or procedures have not been formally documented.	Moderate	Work with the University's bond legal counsel to formalize and document guidelines or written procedures associated with post-issuance bond compliance.	Finance and Administration will work with bond counsel to formalize and organize our efforts in documenting post-issue bond compliance. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021 Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024 June 30, 2025 December 31, 2025 June 30, 2026	Completed
2. In order to comply with federal tax law, the University must measure private business use in each facility financed with tax exempt bonds. The University does not have a formal process for measuring and reporting private business use.	Moderate	Work with Special Events and Scheduling Services to obtain reporting of facility usage by third parties. This information should be used to measure private business use and create reporting for management to monitor and evaluate usage at least on an annual basis.	Business Office personnel will work with Special Events and Scheduling Services to obtain facility usage by third parties and document this usage. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021 Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024 June 30, 2025 December 31, 2025 June 30, 2026	Completed and ongoing

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2022

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Institutional and Outside Scholarship Controls					
1. The current process for posting outside scholarships to student accounts involves manual manipulation of scholarship data by the Associate Bursar prior to uploading and posting the awards to student accounts.	Moderate	Investigate alternatives for posting outside scholarships to eliminate the need for manual manipulation by Bursar Office personnel.	The Associate Director of Student Financial Assistance will inquire of some peer institutions regarding the processing methods they use for posting outside scholarships. If no effective processing alternatives are identified, SFA will work with Information Technology and the Bursar's Office to implement a feed or upload eliminating the need for manual intervention.	March 31, 2023 Revised: December 15, 2023 August 1, 2024 July 31, 2025 July 31, 2026	Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2023

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Purchasing Card (P-Card) Review					
4. There is currently not a mobile application for capturing and uploading P-card receipts, which increases the risk that receipts are not submitted timely.	Moderate	Investigate potential options for utilizing a mobile application for collection and submission of P-card receipts.	Procurement has identified two options for a mobile application for uploading P-card transaction supporting documents. Selection and implementation of a solution will be coordinated with the accounts payable manager in a timeframe to be determined following the position being filled. Revised Response: AP will address through evaluation of a potential new P-card program.	Investigation: Completed Implementation: TBD - based on hire of accounts payable manager Revised: July 2025 September 2026	Completed
Investment Policy Compliance					
3. The Fifth Third Bank investment management agreement for managing a portion of the unrestricted fund investments contains a provision allowing the managers to purchase certain types of investments prohibited by the University investment policy (e.g. short sales, forward contracts, options, and derivative transactions).	Moderate	Execute an amendment with Fifth Third to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	The Vice President for Finance and Administration will execute an amendment with Fifth Third Bank by May 31, 2024, to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	May 31, 2024 Revised: December 31, 2024 June 30, 2025 March 31, 2026	Completed

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2024

AUDIT NAME / OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Administrative Appeals					
1. There is not a clear, consistent purpose and scope for the Administrative Appeals Committee, which increases the risk that appeal decisions are not made in accordance with management's expectations.	Moderate	The Administrative Appeals Committee Chair should work with the Vice President for Strategic Enrollment Management and the Office of the President to clarify and document the purpose and scope of the Administrative Appeals Committee responsibilities. The purpose and scope should be communicated to the committee and updated in both the University Handbook and on the University website.	The committee will clarify the purpose, scope, and composition of the Administrative Appeals Committee in both the University Handbook and on the University website. The target date for completion of these items is September 30, 2024.	September 30, 2024 Revised: August 1, 2025 September 30, 2025 August 1, 2026 September 30, 2026	
4.There is not a process to identify and automatically withdraw students who never attended their courses, which increases the risk that student accounts will become delinquent, students will receive failing grades, and the students will need to submit administrative appeals.	Moderate	The Bursar should work with the Provost, Registrar, and IT to develop a mechanism to identify and cancel registration for students who are not engaged in coursework, have not utilized their USI email, nor have they taken any actions toward initiating payment.	The Bursar will work with the Provost, Registrar, and Information Technology to develop a procedure to identify students who are not engaged in coursework and therefore should have courses dropped and charges removed from their account. The target for implementation of this procedure is December 1, 2024. Revised Response (August 2026): The Bursar has determined the need to develop a comprehensive payment policy that addresses student engagement and actions toward initiating payment. The new policy will be implemented for the 2027-2028 academic year.	December 1, 2024 Revised: August 1, 2025 August 1, 2026 August 1, 2027	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2025

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Authorized Driver Certification					
1. The Risk Management (RM) office utilizes an Excel spreadsheet to track the completion of authorized driver certification requirements. While the spreadsheet provides basic tracking functionality, it lacks automated reporting capabilities.	Moderate	RM should work with Information Technology to transition authorized driver certification tracking from the current spreadsheet into Team Dynamix software. Team Dynamix will offer the ability to generate reports and help improve RM's ability to proactively monitor authorized driver certification requirements and the expiration of training, motor vehicle record checks, and driver's license expiration dates.	RM is working with Information Technology to transition the authorized driver certification tracking from the current spreadsheet into the Team Dynamix software. The target date for completion of the data transfer and implementation of reporting is November 30, 2025. Revised Response (August 2026): Implementation was delayed due to turnover in IT and RM. Additional time is necessary to evaluate whether Team Dynamix can deliver the desired tracking and reporting capabilities. In the interim, the spreadsheet-based process has been updated to improve tracking and monitoring.	November 30, 2025 Revised: July 1, 2026 June 30, 2027	
Grade Posting/Changes, Transcript Controls, and Degree Conferral					
1. There is currently no formal process for personnel within the colleges to review academic program information in Degree Works to ensure it is consistent with the academic bulletin.	Moderate	The Registrar's Office should work with the Provost to establish a formal periodic review within each of the colleges of the degree requirements contained in the academic bulletin and Degree Works.	The Registrar's Office will begin emailing the requestor and department chair following the completion of updates to degree requirements or entry of new degree programs into Degree Works. The email will instruct the requestor and/or department chair to review Degree Works and confirm the accuracy of the program requirements within 14 days.	June 1, 2026	Completed and ongoing

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2026

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Slate Implementation and Integration Advisory Service					
1. Based on a review of the user roles and permissions in Slate, there were 11 user accounts with security administrator access. Four of the security administrator accounts were assigned to external consultants, while five were assigned to administrative personnel with operational responsibilities.	High	Information Technology (IT) personnel should take on primary responsibility for administering Slate user access. Business process owners should approve access requests; however, the provisioning of access should be performed by IT. Management should strongly consider removing security administrator access from the consultants and only reactivate such access on an as-needed basis. Security administrator access for the personnel within the business units should be removed consistent with information security best practice.	IT personnel will take on primary responsibility for administering Slate user access, similar to how IT administers Banner user access. Effective September 1, 2026, in its role as data custodian, IT will grant user access approved by the designated data stewards and/or data trustees. In addition, to improve data steward visibility, IT will create a security report that supports both user access provisioning and verification.	September 1, 2026	
2. Based on a review of the user roles and permissions in Slate, Internal Audit noted a large number of users assigned to multiple roles and potentially high-risk permissions.	High	IT and information security personnel should perform a detailed user access review in conjunction with the business process owners to evaluate the appropriateness of current user access rights and identify opportunities to streamline and simplify access. Management may want to consider outsourcing the review to consultants with expertise in Slate user administration.	IT and information security personnel will conduct ongoing reviews of user access permissions and role assignments. IT management will obtain quotes from external consultants to help establish a baseline review process and ongoing reporting. Once the baseline is in place, IT will facilitate an annual user access review . The baseline review will be established by December 18, 2026, and annual IT administrator reviews will begin in 2027.	December 18, 2026	
3. Undergraduate Admissions and Graduate Studies share a single instance of the Slate system. In addition, the two areas have engaged separate consultants to assist with system implementation and development. The current structure does not position IT to fully manage these activities effectively.	High	System administration activities should be centralized in IT, similar to how IT administers Banner. Business process owners should direct all Slate administration activities through IT to leverage the existing IT infrastructure for ticket management and change control.	IT will work with the Slate captains to establish centralized system administration and change control. Beginning September 1, 2026, all administration and related changes will follow the established Slate administration and change control procedure.	September 1, 2026	
4. Operational areas other than Undergraduate Admissions and Graduate Studies, whose systems or activities are affected by or could be enhanced by processes within Slate, do not have a regularly scheduled opportunity to discuss integration issues or their status with IT.	Moderate	IT personnel should engage with operational areas not currently represented in the weekly Slate meetings to establish a formal process for communicating, resolving, and updating the status of issues encountered as a result of the various integrations associated with Slate, Banner, and other supporting applications.	IT will ensure that the system administration and change control procedure developed in response to the previous observation includes all areas that use Slate. In addition, IT will communicate administrative items and changes to all affected business units to support collaboration and improve awareness of potential needs or impacts from upcoming changes.	September 1, 2026	
5. There does not appear to be a formal process, project owner, or strategy for evaluating how departments outside of Undergraduate Admissions, Graduate Studies, and student advising may benefit from leveraging Slate's Customer Relationship Management (CRM) capabilities.	Low	Management should consider establishing an objective to review and evaluate the use of Slate in areas such as Student Financial Assistance, Orientation, Registrar's Office, and Bursar's Office.	Management will incorporate the evaluation of opportunities for expansion of Slate usage into the work of the recruitment and enrollment marketing and student process optimization subcommittees of the Enrollment Management Committee. The subcommittees are expected to submit recommendations to the Office of the President by December 2026.	December 18, 2026	

University of Southern Indiana
Audit Recommendations Matrix
Calendar Year 2026

AUDIT NAME OBSERVATION	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
Ghost Student Fraud Risk Advisory Service					
1. Current ghost student detection reports do not distinguish student accounts with ghost student fraud indicators from accounts that do not have those indicators. As a result, management personnel must sort through all the prospective students appearing on the report to identify those with fraud indicators.	Moderate	Management should develop automated reports that only reflect student accounts with potential fraud indicators.	IT personnel will take on primary responsibility for developing automated ghost student fraud indicator reports, which have been discussed in meetings with Internal Audit and various operations departments. Once developed, the reports will be distributed to appropriate personnel for review and evaluation. The target date for production of reports is August 31, 2026.	August 31, 2026	
2. Based on discussions with Undergraduate Admissions, Graduate Studies, and Student Financial Assistance personnel, as well as information gathered from other higher education institutions, it is becoming increasingly difficult to identify potential ghost students through traditional identity verification procedures.	Moderate	Management should evaluate alternative methods for identity validation.	Undergraduate Admissions, Graduate Studies, and Student Financial Assistance personnel will review alternative processes and tools for identity validation, evaluating the cost effectiveness of the solutions and the appropriate situations and timing for utilizing such tools. The review will be completed by November 30, 2026.	November 30, 2026	
3. The current process for communicating information about potential ghost student accounts utilizes email communication. There is currently no centralized database or workflow for documenting suspicious accounts.	Moderate	Management should develop a centralized database and workflow for documenting and reviewing suspicious accounts.	IT will work with Undergraduate Admissions, Graduate Studies, Student Financial Assistance, Registrar, and Bursar personnel to develop a workflow utilizing “interactions” in the Slate system and a “comment” within Banner for tracking, communicating, and resolving ghost student fraud indicators. The workflow will be in place by August 31, 2026.	August 31, 2026	

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

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

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

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

CENTER FOR APPLIED BUSINESS TECHNOLOGIES, ROMAIN COLLEGE OF BUSINESS

Arc Construction – General Contractors

CO 001 **$ 9,934**

Removed donor wall bust because maintenance staff were not available to complete the work. Changed wiring to accommodate more cost-effective display because wiring requirements were different for the more expensive original option.

HEALTH PROFESSIONS RENOVATION PHASE IV

Empire Contractors – General Contractors

CO 015 **$ 24,464**

Completed auditorium large screen AV rough-ins and related work to accommodate manufacturer change to a more affordable option that standardized equipment used across campus. Reworked sanitary in plumbing chase to accommodate acid drain that required different materials than specifications.

CO 016 **$ 13,000**

Increased price for wood paneling in auditorium. Cost increase occurred more than two years after original quote and falls within contract provisions for material price escalation.

WRIGHT ADMINISTRATION RENOVATION AND ADDITION

Empire Contractors – General Contractors

CO 004 **$ 9,851**

Supply and install floor drain and associated piping within the area well, including connection to the existing storm drainage system.