

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Audit Committee

**Date:** June 18, 2019

**Title:** Approval of Fiscal Year 2020 Audit Plan

**Purpose (check one):**

Proposed  
New Policy or  
Amendment to  
Existing Policy

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring /  
Compliance

Information

**Brief Description:**

Board Policy 1D.1, part 6, requires the Executive Director of Internal Auditing to present and seek approval of an audit plan each fiscal year. Internal auditing standards require that the board approve the annual plan.

The audit plan presents an overview of how the Office of Internal Auditing plans to use its resources in fiscal year 2020.

**Scheduled Presenter(s):**

Eric Wion, Executive Director of Internal Auditing

Chris Jeffrey, Baker Tilly Partner

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>ACTION ITEM</b>
<b>APPROVAL OF FISCAL YEAR 2020 AUDIT PLAN</b>

**BACKGROUND**

According to Board Policy 1.D., Part 6, the Office Internal Auditing must submit an annual audit plan to the Audit Committee. Internal auditing standards require that the Board approve the annual plan. The fiscal year 2020 audit plan will be reviewed at the meeting.

The audit plan presents an overview of how the Office of Internal Auditing plans to use its resources in fiscal year 2020.

**RECOMMENDED COMMITTEE ACTION:**

*The audit committee recommends that the Board of Trustees adopt the following motion:*

**RECOMMENDED BOARD MOTION:**

*The Board of Trustees approves the Office of Internal Auditing annual audit plan for fiscal year 2020.*

*Date Presented to the Board of Trustees: June 18, 2019*

# Fiscal Year 2020 Proposed Audit Plan

# The Office of Internal Auditing

We are an Independent, objective, and forward looking **assurance** and **advisory** function. We strive to:

- Serve as a **strategic partner** to system leadership in addressing a range of business, operational, compliance, and financial challenges and risks, providing assurance regarding processes and systems, and identifying opportunities to increase efficiency and effectiveness.
- Help the system anticipate and address risks **proactively**, enabling business and process improvements and supporting the viability of system operations.
- Partner with others to monitor and mitigate system risks.

# Internal Auditing Team

## Minnesota State

## Baker Tilly

- Eric Wion, CPA, CISA, CISSP – Executive Director
  - Raina Rose Tagle, CPA, CISA, CIA - Partner, National Higher Education Consulting Practice Leader
- Melissa Primus, CPA, CIA – Deputy Director
  - Chris Jeffrey, CPA - Partner, Midwest Risk, Internal Audit and Cybersecurity Practice Leader
- Craig Fautsch, CFE - Audit Coordinator/Investigator
  - Mallory Thomas - Senior Manager-Risk & Internal Audit Consulting
- Darla Constable – Executive Assistant
  - 2700+ professionals and staff

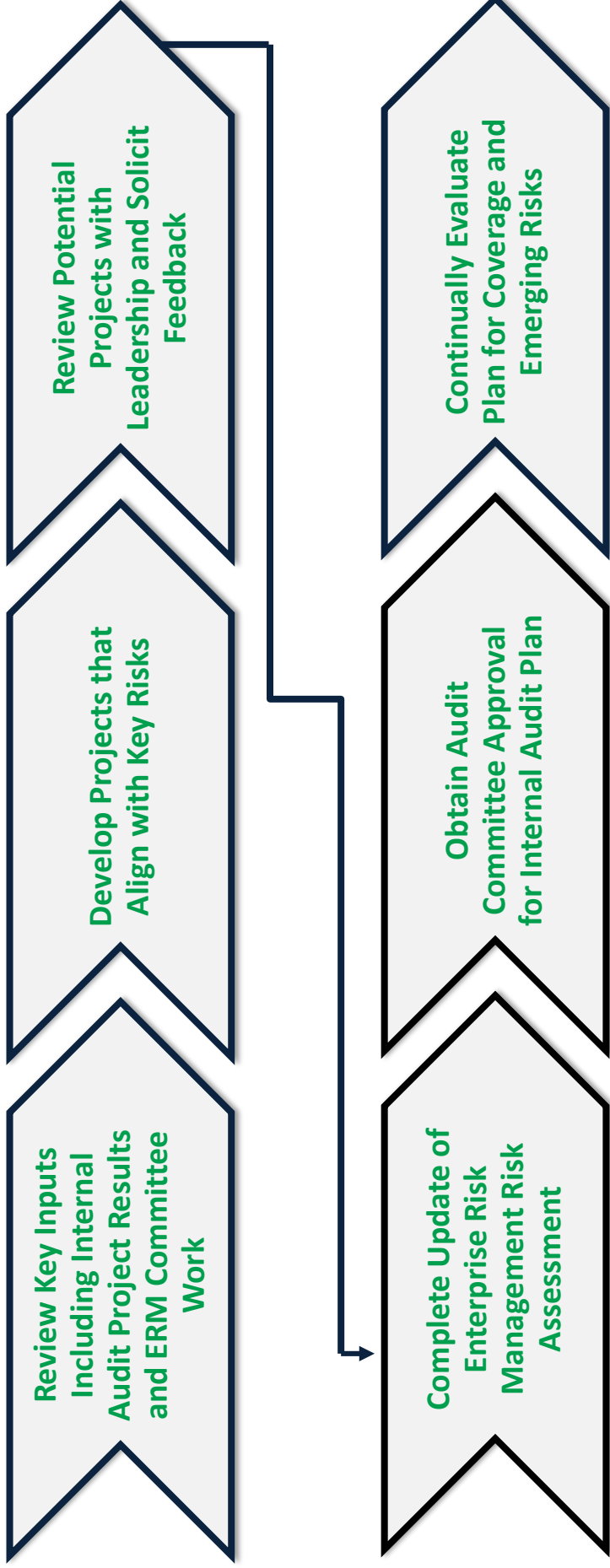
# Fiscal Year 2019 in Review

- NextGen Project Risk Reviews #1, #2, #3, #4
- IT Risk Assessment
- HR-TSM Advisory Project Report & Updates (4)
- Facilitated enterprise risk discussions & other ERM activities
- Shared Services Governance Roadmap Advisory Project
- E-Procurement Controls Review
- Information Security Consultation – Phase 2
- Compliance Practices Assessment Advisory Project
- Enrollment Forecasting Advisory Project
- Quarterly Board of Trustee Expense Audits
- Received over 20 allegations, Issued 6 Investigation Reports
- Annual Financial Statement Audits
- Student Financial Aid Audit Work
- NCAA Agreed Upon Procedures

# Audit Plan

- Board Policy (1D.1, part 6) requires the Executive Director of Internal Auditing to present and seek approval of an annual audit plan.
- Internal auditing standards require that the board approve the annual plan
- The audit plan presents an overview of how the Office of Internal Auditing plans to use its resources
  - Ongoing Routine Activities
  - Projects
- Plan updates, including suggested changes, will be brought to the Audit Committee throughout the year

# FY20 Internal Audit Plan Development Process





# Ongoing Routine Activities

- Committee Participation and Advisory Services
  - Enterprise Risk Management Committee
  - Chancellor’s Cabinet and Leadership Committee
  - NextGen Steering Committee
  - Other Committee and Work Group Participation: Information Security, ISRS, Finance User’s Group, Financial Aid Directors Group
  - Risk and Control Guidance for Key Business Processes
  - Ongoing Ad-Hoc Inquiries and Advice
- Assurance Services
  - Audit of Board Expenses and Trustee Expense Reimbursements
  - Monitoring Progress on Outstanding Audit Findings
- External Audit Coordination
  - Annual Financial Statement Audits
  - Annual Federal Student Financial Aid Compliance Audit
  - NCAA Compliance Audits (every 3 years)
  - Other External Party Audits
- Fraud Inquiry and Investigation Services

# Proposed Continuing Multi-Year Projects

Project	Type (Advisory or Assurance)	Related Risk Domain(s)	Objective
<b>Multi-Year Projects from FY19 Plan</b>			
ERM Advisory	Advisory	All	Participate in the ERM Steering Committee and assist as requested. Assist the committee in facilitating an annual enterprise risk management assessment; conduct facilitated discussions with key stakeholders and institutions. Develop ERM resources and tools for colleges and universities.
NextGen Steering Committee Participation	Advisory	Operational	Participate in the ERP Steering Committee, provide professional advice, and assist as requested.
NextGen Project Risk Review (PRR)	Advisory/Assurance	Operational Service Model	Conduct business project reviews and assess specific project processes. Perform quarterly checkpoints focused around key project milestones. Additionally, work to advise on key project risks surrounding implementation, data governance, and other project issues as they arise.
Human Resource Transaction Service Model (HR-TSM)	Advisory/Assurance	Operational Service Model	Continue to review the HR service center model progress to date, and the extent to which the desired project goals and objectives have been achieved.
Information Security Consultation – Phase 3	Advisory	Operational	Assist the system in developing a strategy/ program for ongoing assessments to determine whether or not the Top Five information security controls are being addressed; Assess the feasibility, scalability, and sustainability of different options/models for implementing the program.
Institution Financial Control Review (Continued FY19 Work)	Assurance	Compliance Service Model	<ol style="list-style-type: none"> <li>1. Complete the previously approved FY19 project; Develop and pilot a multiyear audit plan that would result in key financial controls being audited at each college and university. Develop a risk assessment methodology for reviewing the design and operating effectiveness of internal controls and select 2- 3 institutions to pilot the approach.</li> <li>2. Deploy plan and execute additional college and university reviews.</li> </ol>



# Additional Proposed Projects

Project	Type (Advisory or Assurance)	Related Risk Domain(s)	Objective
Data Classification Review	Assurance	Operational Compliance	<p>To protect the confidentiality of data, and to comply with applicable state and federal laws and regulations, all institutional data must be classified with the appropriate security classification.</p> <p>As a top five information security focus area, Internal Audit will perform a review of compliance with the information classification requirements. Survey institutions to review how they implemented the data classification operating procedures and instruction. Based on the survey results, Internal Audit will validate responses for further review.</p>
Shared Service Initiative: Comprehensive Workforce Solutions (CWS) Review	Advisory/Assurance	Service Model Operational Enrollment/Student Success	<p>Evaluate the shared service initiative, review project execution to plan, and identify barriers and potential opportunities to improve results and achieve the project's expected benefits and outcomes.</p>
Shared Service Initiative: Metro Alliance Bookstore Review	Advisory	Service Model Operational	<p>Evaluate the shared service initiative to determine if benefits and intended outcomes have been achieved, and to identify barriers and potential opportunities to improve results.</p> <p>Perform a scalability assessment using the Enterprise Shared Services Governance Roadmap.</p>



# Recommended Action and Motion

- Recommended Committee Action
  - *the audit committee recommends that the Board of Trustees adopt the following motion:*
- Recommended Board Motion
  - *The Board of Trustees approves the Office of Internal Auditing annual audit plan for fiscal year 2020.*