Fiscal Year 2016 Audit Plan
FY 2015 Audit Plan Update

- Plan delays
  - Metropolitan special review
  - Vacant positions

- FY15 audits (fieldwork completed but reports not issued)
  - Clery Act compliance
  - Dakota County Technical College
  - IT security assessments at 4 sites

- FY15 audit projects to be completed in FY16
  - MSU, Mankato
  - Itasca Community College
  - International and study abroad programs

- FY15 IT audit delayed until FY17
  - System Office enterprise systems network security
FY16 Audit Planning Assumptions

- Available Resources
  - Completion of FY15 audit work
  - Vacant position
  - Experienced team

- Holding some resources open for additional projects that may come from
  - Enterprise risk management discussions
  - Charting the Future implementation recommendations

- Audit Plan Flexibility
  - Update committee as changes are needed
Recommended FY16 Audit Projects

- Ongoing Assurance Services
  - Monitoring progress on outstanding audit findings
  - Fraud inquiry and investigation support services

- Financial Internal Control and Compliance Audits (vertical)
  - Hennepin Technical College
  - Minnesota State Community and Technical College (M-State)

- Operational Audits (horizontal)
  - Bookstore

- Explore use of targeted mini-audits
  - E.g. user level security
Recommended FY16 Audit Projects cont.

- Information Technology Audits
  - Third party/cloud computing services
  - Payment system security controls
  - Evaluate results of contracted for security assessments

- Advisory Services
  - IT risk management steering committee
  - Operational committees – finance user workgroup, financial aid
  - Assistance on strategic initiatives
    - Campus Services Cooperative
    - Charting the Future implementation
Other Internal Auditing Activities

- Improve data analytics capability
- Internal assessment
  - Required by IIA standards
- Review and revised board policies
  - Policy 1C.2 Fraudulent and Other Dishonest Acts
- RFP – master contract for investigation services
- Complete capital construction audit evaluation
- Review board expenditures
External Audit Activity

- Coordinate Financial Statement Audits
  - Systemwide and Revenue Fund
  - Four universities
- NCAA Agreed Upon Procedures for Division II institutions
  - Six state universities
- Financial Aid Audits
  - Federal
  - MOHE State
  - USDOE Program reviews
- Other Required Audits
  - Radio Station
  - Itasca Housing
  - Minnesota Job Skills Partnership Grants
- OLA Audits: No known audits
Administrative Items

- **Staffing**
  - Review office organizational structure
  - Fill vacant position
    - Investigator
    - IT Audit Manager
  - Continuing replacement of administrative system
    - Audit finding database used for tracking progress on outstanding audit findings
Recommendations for increasing internal control and compliance audits

- **Considerations**
  - Additional position in FY15 to increase number of audits
  - Given current system office budget – not able to add additional resources to internal audit
  - Use of internal audit resources – IC&C versus other audit projects
  - CSC and other collaborations for common business practices

- **Recommendations**
  - Internal audit – current resources
    - Explore use of additional data analytics to provide audit efficiencies
  - Complete RFI/RFP for contract with outside resources
    - Scope and reporting managed by internal audit
    - Funded by colleges and universities
## Fiscal Year 16 Auditing Budget

<table>
<thead>
<tr>
<th></th>
<th>Approved Fiscal Year 2014</th>
<th>Approved Fiscal Year 2015</th>
<th>Proposed Fiscal Year 2016</th>
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<tr>
<td>Salaries &amp; Benefits</td>
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<td>Non-salary</td>
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<td><strong>Total Audit Costs</strong></td>
<td><strong>$1,864,234</strong></td>
<td><strong>$1,902,144</strong></td>
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FY16 Audit Committee Calendar

- **Highlights**
  - **October 2015**
    - FY15 audit project results
    - Annual report
    - Audit committee orientation
    - Closed Session: IT security briefing
  - **November 2015**
    - Follow-up discussion with Vice Chancellor Carlson and Interim President Malhotra on progress on recommendations from January 2015 Payroll special review
    - FY15 Financial statement audit results
  - **January 2016**
    - NCAA Agreed Upon Procedures external audit results
  - **April 2016**
    - Student financial aid audit results
RECOMMENDED COMMITTEE ACTION

On June 16, 2015, the Audit Committee reviewed the Fiscal Year 2016 Internal audit plan and approved the following motion:

RECOMMENDED BOARD OF TRUSTEES MOTION

The Board of Trustees approves the Office of Internal Auditing annual audit plan for fiscal year 2016.
The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.