

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

	Approved Fiscal Year 2014	Approved Fiscal Year 2015	Proposed Fiscal Year 2016
Salaries & Benefits	\$1,194,025	\$1,326,667	\$1,385,555
Non-salary	\$91,525	\$107,937	\$37,042
Total	\$1,285,550	\$1,434,604	\$1,422,597
Contract - CPA	\$578,684	\$367,540	\$397,620
Total Audit Costs	\$1,864,234	\$1,902,144	\$1,820,217

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

- **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.



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