

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

Name: Audit Committee

Date: January 25, 2017

Title: Fiscal Year 2017 Audit Plan Update

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

In November, the board approved the Internal Auditing annual plan. Plan updates will be brought to the Audit Committee throughout fiscal year 2017.

- Strategic Plan
- Audit Plan
 - In Process
 - Planned
 - Targeted
- Resource Plan

Scheduled Presenter(s):

David Pyland, Executive Director of Internal Auditing

Eric Wion, Deputy Director of Internal Auditing

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

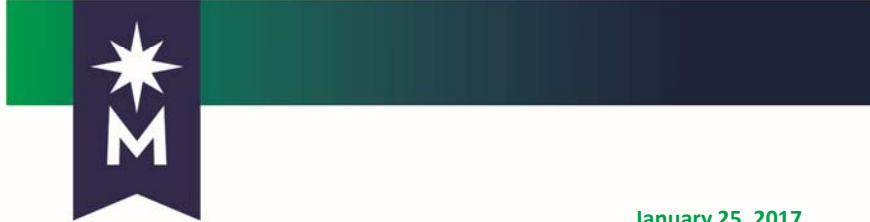
INFORMATION ITEM
Fiscal Year 2017 Audit Plan Update

BACKGROUND

In November, the board approved the Internal Auditing annual plan. Plan updates will be brought to the Audit Committee throughout fiscal year 2017.

- **Strategic Plan**
Internal and external audit are working together to monitor the control environment at Minnesota State.
- **Audit Plan** – Updates will be discussed with the audit committee.
 - In Process
 - Planned
 - Targeted
- **Resource Plan**
 - Internal Audit
 - Five open positions from retirements and turnover are being recruited.
 - A request for proposal (RFP) is being posted to establish master contracts for specialized resources, including information technology.
 - In March, the proposals received will be reviewed with the audit committee chair, and the executive director of audit will select one or more firms for a master contract.
 - External Audit
 - The Audit Committee is responsible for overseeing the selection, performance, and removal of independent financial statement auditors (external auditors), Policy 1A.2, Part 5.
 - Our current external audit contract ended with FY 2016, and a RFP is being issued for external audit services beginning with FY 2017.
 - In March, the audit committee will be asked to select one or more external audit firms and recommend their appointment to the board.

Date Presented to the Board of Trustees: January, 2017



January 25, 2017
Office of Internal Auditing

Audit Committee

OVERVIEW

Strategic Plan

Audit Plan

Resource Plan

JANUARY 2014 AUDIT COMMITTEE QUESTIONS

Recommendation for next stage external audit (FY2017-FY2022)

- System-wide financial statement audit and two requested standalone financial audits (SCSU & WSU)
- Federal single audit, revenue fund, Itasca housing, St. Cloud radio station, NCAA procedures, Perkins close-out audits

Risk assessment of internal control & compliance universe

- Additional risk assessments are already part of the internal audit plan
- Information security, finance, operations, compliance & fraud

Status of CSC & other regional strategies for common practices

- Internal Audit will work with Finance to review this
- Has been added to the audit work planned for this year

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STRATEGIC PLAN - FOCUS

Internal Audit

- Primary focus on risk assessment, internal controls, operational improvement, & investigations
- Continuous risk assessment & dynamic audit plan
- Specialized talent support, while developing future leaders for the System
- Leverage data, technology & innovation
- Close coordination with external audit

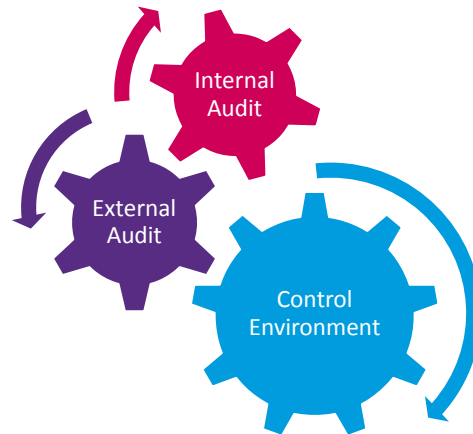
External Audit

- Primary focus on system-wide financial statements and federal financial aid compliance
- Assess internal controls around financial reporting, including general technology controls
- Perform other audit assurance work, as requested
- Close coordination with internal audit

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STRATEGIC PLAN - COORDINATION



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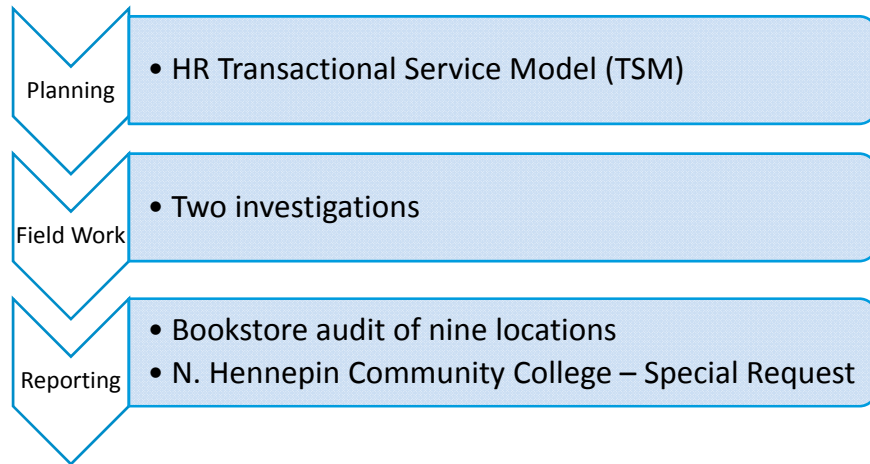
AUDIT PLAN – WORK COMPLETED

Minnesota State Community & Technical College
Internal Control & Compliance Audit

- The College has adequate internal controls
- Action plans were developed to address improvement opportunities
- No significant issues were noted for further discussion

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AUDIT PLAN – WORK IN PROCESS



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AUDIT PLAN – WORK PLANNED

IT security risk
assessment

Compliance risk
assessment

Review of Campus
Service
Cooperative (CSC)

Explore campus
self-assessment of
controls

Quarterly review
of Board expense
reports

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AUDIT PLAN – WORK TARGETED

Next Gen IT &
process re-
engineering

Charting the
future projects

Financial
sustainability
projects

New
e-procurement
system

Perform
additional risk
assessments

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AUDIT PLAN – AUDIT OPERATIONS

People Develop future leaders for the System

- Hire great people
- Communicate values & expectations
- Deliver technical & leadership training

Process Establish a best-practice audit function

- Continuous risk assessment & dynamic audit plan
- Establish a quality assurance program
- Report results quickly & effectively

Technology Leverage data, technology & innovation

- Continuous auditing
- Data analytics
- Establish supporting technology tools

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RESOURCE PLAN – INTERNAL AUDIT

Internal Staffing

- Five positions are vacant due to retirements & turnover
- Reorganized our eleven positions to support the needs of Minnesota State
- Open positions are being posted with new hires starting May through June

Specialized Consulting

- New internal audit request for proposal (RFP) this month for specialized talent, particularly IT expertise
- Selection of one or more vendors is expected in March

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AUDIT PLAN – EXTERNAL AUDIT

Last year
with Clifton
Larson
Allen

Financial
audits
issued in
November

Financial
aid results
planned for
April

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RESOURCE PLAN – EXTERNAL AUDIT

Internal Staffing

- Finance will continue to dedicate numerous individuals to supporting the external audit process
- Internal Audit continue to oversee the audit process, review the findings, and report the results to the Audit Committee

External Audit Firm

- External audit RFP issued this month for system-wide financial audit, two campus audits, financial aid compliance, and more
- Three-year engagement plus one three-year extension
- We expect to recommend an audit firm to the Audit Committee in March.

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QUESTIONS



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