

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

Name: Audit Committee

Date: June 19, 2018

Title: Approval of FY19 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 for 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 2019.

Plan updates will be brought to the Audit Committee throughout fiscal year 2019.

Scheduled Presenter(s):

Eric Wion, Interim Executive Director of Internal Auditing

Chris Jeffrey, Baker Tilly Partner

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

ACTION ITEM
Approval of FY19 Audit Plan

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 2019 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 2019. The plan is broken into two parts. Part one will be presented today and part two will be presented at the Audit Committee meeting in October 2018. This will allow for the work of the Enterprise Risk Management Committee to be completed over the summer to help inform the remainder of the plan.

RECOMMENDED COMMITTEE ACTION:

On June 19, 2018, the Audit Committee reviewed the Fiscal Year 2019 Internal Audit Plan – Part 1 and 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 2019 – Part 1.

Date Presented to the Board of Trustees: June 19, 2017



June 19, 2018

Office of Internal Auditing

Proposed Fiscal Year 2019 Internal Auditing Audit Plan - Part 1

Board of Trustees, Audit Committee

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
<ul style="list-style-type: none"> Eric Wion, CPA, CISA, CISSP – Interim Executive Director and Deputy Director 	<ul style="list-style-type: none"> Raina Rose Tagle, CPA, CISA, CIA - Partner, National Higher Education Consulting Practice Leader
<ul style="list-style-type: none"> Melissa Primus, CPA, CIA – Internal Audit Project Manager 	<ul style="list-style-type: none"> Chris Jeffrey, CPA - Partner, Midwest Risk, Internal Audit and Cybersecurity Practice Leader
<ul style="list-style-type: none"> Craig Fautsch, CFE - Audit Coordinator/Investigator 	<ul style="list-style-type: none"> Mallory Thomas, CPA - Senior Manager- Risk & Internal Audit Consulting
<ul style="list-style-type: none"> Darla Senn – Executive Assistant 	<ul style="list-style-type: none"> Mike Cullen, CISA, CISSP, CIPP/US - Senior Manager-Risk & Internal Audit Consulting
	<ul style="list-style-type: none"> 2700+ professionals and staff

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Annual Baker Tilly Contract Amendment

- Competitive bidding process in 2017, 3 year master contract executed (option to extend 3 years)
- Funded year-by-year from Internal Auditing’s budget
 - 6 “unfilled” internal audit positions fund the contract
- Seeking approval at tomorrow’s Finance Committee for \$600k amendment to accomplish internal auditing’s 2019 work plan

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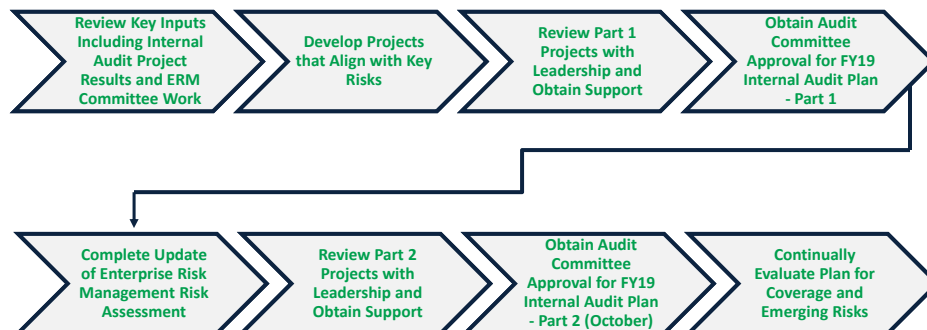
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Audit Plan

- 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 Activities
 - Projects
- Plan updates, including suggested changes, will be brought to the Audit Committee throughout the year

FY19 Internal Audit Plan Development Process



Proposed Ongoing Activities

- Consulting 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

FY19 Proposed Internal Audit Plan – Part 1

Project	Type (Advisory or Assurance)	Strategic Objective	Risk(s)	Audit Objective
Projects from FY18 Plan Recommended to be Completed in FY19				
Compliance practices assessment**	Advisory	Programmatic and Financial Sustainability	Governance and compliance structure	<ul style="list-style-type: none"> • Gain an understanding of the Systems’ compliance governance structures, accountabilities and responsibilities, and monitoring and oversight practices, with a focus on the delegation of responsibilities between System-level and institution-level leadership. • Identify top compliance challenges and concerns facing the System, with a particular focus on key compliance areas that may be lacking in strong oversight and management. • Explore different ways of structuring and managing a compliance program.
Shared services governance framework review**	Advisory	Student Success and Financial Sustainability	Governance and compliance structure	<ul style="list-style-type: none"> • Develop a roadmap to govern and manage shared service implementation initiatives and operations, grounded in leading practice, considering potential risks and informed by lessons learned.
			Change management	
Enrollment initiatives review	Advisory	Student Success, Diversity/Equity/Inclusion, Programmatic, Financial Sustainability	Financial sustainability	<ul style="list-style-type: none"> • Assess the institutions’ initiatives to increase enrollment and evaluate how institutions recruit and retain successful students in relation to leading practices across higher education. • Determine how results of the project could impact the System’s Transfer Pathways initiative.
			Enrollment	
			Reputation	
			Academic Support	
			Financial Sustainability	

** Substantial planning work has occurred, including working with stakeholders to identify tentative project objectives, scope, and deliverables.

FY19 Proposed Internal Audit Plan – Part 1

Project	Type (Advisory or Assurance)	Strategic Objective	Risk(s)	Audit Objective
Multi-Year Projects from FY18 Plan				
NextGen Steering Committee participation	Advisory	Student Success, Programmatic and Financial Sustainability	System-wide IT systems	<ul style="list-style-type: none"> Participate in the ERP Steering Committee, provide professional advice, and assist as requested.
NextGen Project Risk Review (PRR) Phase 1	Advisory	Student Success, Programmatic and Financial Sustainability	System-wide IT systems	<ul style="list-style-type: none"> Conduct business project reviews and assess specific project processes and products. Checkpoint #1: June 2018; Checkpoint #2: September 2018; Checkpoint #3: December 2018/January 2019; Checkpoint #4: March 2019; Checkpoint #5: June 2019.
			Change management	
ERM Advisory	Advisory	All	All	<ul style="list-style-type: none"> 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.
Information security consultation – Phase 2	Advisory/ Assurance	Programmatic and Financial Sustainability	Information security and privacy	<ul style="list-style-type: none"> Develop methodology for assessing institutions' Top 5 (information security controls) implementation plan. Conduct pilot assessment with 4 institutions.
Information technology risk assessment – Phase 1	Advisory	Programmatic and Financial Sustainability	System-wide IT systems	<ul style="list-style-type: none"> Perform an initial review to identify and prioritize top IT risks for the System Office IT systems and services. Develop a high-level approach for future IT risk assessment projects at the campus level.
			Change management	
Additional FY19 Proposed Projects				
HR – TSM	Advisory	Programmatic and Financial Sustainability	Change management	<ul style="list-style-type: none"> 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.
			Financial sustainability	

Recommended Action and Motion

- Recommended Committee Action
 - *On June 19, 2018, the Audit Committee reviewed the Fiscal Year 2019 Internal Audit Plan – Part 1 and 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 2019 – Part 1.*