

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

Name: Audit Committee

Date: June 16, 2020

Title: Review and Approve Fiscal Year 2021 Internal Auditing Plan

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The Office of Internal Auditing's Charter, required by Board Policy 1.D.1, 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 2021.

Scheduled Presenter(s):

Eric Wion, Executive Director of Internal Auditing
Chris Jeffrey, Internal Auditing (Baker Tilly Partner)

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

ACTION ITEM
REVIEW AND APPROVE FISCAL YEAR 2021 INTERNAL AUDITING PLAN

BACKGROUND

According to the Office of Internal Auditing's Charter, required by Board Policy 1.D.1, an annual internal auditing audit plan must be submitted and approved by the Audit Committee. The fiscal year 2021 Internal Auditing Plan will be reviewed at the meeting.

The plan presents an overview of how the Office of Internal Auditing plans to use its resources in fiscal year 2021.

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 2021.

Date Presented to the Board of Trustees: June 16, 2020



6/16/2020

Office of Internal Auditing

Audit Committee

2021 Internal Auditing Plan

MINNESOTA STATE

Internal Audit (IA) Plan

- Internal Auditing's Charter requires the Executive Director to present and seek approval of an annual internal audit plan (required by IA standards)
- Plan presents an overview of how the Office of Internal Auditing plans to use its resources
 - Part 1 – Ongoing Activities
 - Part 2 – Multi-Year Projects
 - Part 3 – New Projects
- Plan updates, including suggested changes, will be discussed with Audit Committee throughout the year



The Office of Internal Auditing



Internal Auditing Team



Supporting managers, seniors, and staff

Local resources determined based on project needs and skill requirements



Fiscal Year 2020 in Review

Internal Audit Operational Updates

New Internal Audit Charter

Amended Board Policy 1D.1 Office of Internal Auditing

New external and internal audit services contracts

Student Financial Aid

Annual Financial Statement Audits

Executed Projects

NextGen Project Risk Reviews #5, #6

HR-TSM Advisory Project

Information Security Consultation Project – Phase 3

Data Classification Review

Quarterly Board of Trustee Expense Audits

Bookstore Collaboration Review (In Progress)

Comprehensive Workforce Solutions Review (In Progress)

Internal Audit Program Development

System-Level Enterprise Risk Management Activities

Internal Control Assessment Program Designed and Piloted

Fraud Investigations

Received 16 allegations, Issued 4 Investigation Reports



FY21 Internal Audit Plan Development Process



Part 1 – Ongoing Activities

Committee Participation and Advisory Services

- NextGen Steering Committee
- Enterprise Risk Management Committee
- Chancellor’s Cabinet and Leadership Committee
- Other Committee and Work Group Participation
- Ongoing Ad-Hoc Risk & Control Inquiries and Advice

Assurance Services

- Quarterly Audits 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



Part 2 – Multi Year Projects

HR-TSM Phase 3 (advisory)

- Conclude the review of the HR service center model, progress to date, and the extent to which the desired project goals and objectives have been achieved. Evaluate progress towards stabilization and the return on investment realized. Advise on the approach for long-term performance monitoring.

Financial Controls Assessment Plan (assurance)

- Execute a five-year rotational plan and facilitate 6-9 college and university internal control assessments each year.

NextGen Project Risk Review (PRR) Checkpoints #7 and #8 (advisory/assurance)

- 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.
- Perform additional reviews on topics related to NextGen as needed throughout the year.



Part 3 – New Projects

COVID-19 Related Audit Services (assurance/advisory)

1. CARES Funding: The scope will be discussed with external audit to ensure duplicative work will not be performed. IA services may include the following.
 - Provide ongoing monitoring of federal guidance.
 - Review internal guidance and procedures to assist colleges and universities to identify and track “eligible” and non-eligible” costs for purposes of seeking reimbursement.
 - Evaluate and assess expense tracking system and expenses and provide recommendations on the adequacy of reporting and appropriateness of documentation to meet applicable requirements.
2. Financial Impact:
 - Review the financial impact assessments including the inputs and assumptions used and prepared by the system office and institutions. Perform stress-testing over the inputs and assumptions used to validate the financial models.
3. Business Continuity:
 - Review the execution of the business continuity plan (BCP) and IT infrastructure and IT application resiliency plans as a result of COVID-19 and identify key lessons learned.



Part 3 – New Projects (cont'd)

Vulnerability Management Assessment (assurance)

- Review MN State's vulnerability management program, part of the Information Security Top 5 Security Domains, to evaluate whether controls ensure vulnerabilities are identified and remediated in a timely manner and colleges, universities, and the system office comply with applicable policies, procedures, and operating instructions.

Campus Safety/Security Review (assurance)

- Current events and risks related to the health, safety and security of students, faculty and staff are elevated and evolving and as such the scope and objective of this project will be refined after initial project planning work is conducted.

Academic Program Management Review (advisory)

- Review the project plan for the development of a system-wide academic program review strategy. Provide recommendations on the program evaluation criteria to ensure value enhancement and that external needs are being met. Advise on the roles and responsibilities of the system office and the institutions, and on key project risks surrounding the design, implementation and monitoring of the program review strategy.



Quality Assessment Review (QAR)

Requirements

International Standards
for the Professional
Practice of Internal
Auditing

Issued by the Institute of
Internal Auditors (IIA)

At least once every five
years*

Qualified , independent
assessor(s)

Objectives

Assess conformance to IIA
Standards, Code of Ethics
and Definition of Internal
Auditing

Assess effectiveness

Identify opportunities for
improvement

Rating Scale

Generally Conforms

Partially Conforms

Does Not Conform

*QAR planned for early calendar year 2021



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 2021.





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