

Proposed Fiscal Year 2022 Internal Audit Plan

Internal Audit (IA) Plan

- IA'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 IA 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
- Audit Committee is to also review the internal audit budget, resource plan, activities and organizational structure

The Office of Internal Auditing



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Internal Auditing Team



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Fiscal Year 2021 in Review

Internal Audit Operational Updates

- Quality Assessment Review
- Annual Financial Statement Audits
- Student Financial Aid and CARES Act Funding Audits

Internal Audit Program Development

- System-Level Enterprise Risk Management Activities
- Institution-Level Enterprise Risk Management Approach

Fraud Investigations

- Received 12 allegations
- Issued 4 Investigation Reports

Executed/Reported Projects

- Quarterly Board of Trustee Expense Audits
- Bookstore Collaboration Review (FY20 IA Plan)
- Comprehensive Workforce Solutions Review (FY20 IA Plan)
- Campus Safety: COVID19 Review
- CARES Funding Review
- HR/Payroll Process Review (internal project)
- HR-TSM Advisory Project
- NextGen Project Risk Review #6
- Financial Controls Assessments (6)
- Vulnerability Management Audit
- Financial Modeling Review



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Fiscal Year 2022 IA Plan Development Process



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Part 1 – Ongoing Activities

Committee Participation and Advisory Services

- NextGen Steering Committee
- Enterprise Risk Management Steering Committee
- Enterprise Shared Services Advisory Work
- 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



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Part 2 – Multi Year Projects

Financial Controls Assessment Plan (assurance)

- Execute year two of a five-year rotational plan and facilitate 6-9 college and university internal control assessments each year. Fiscal Year 2022 will include assessments at the seven state universities and one aligned college.

HR Shared Services (advisory)

- Advise on process, procedure, controls, and risks relating to planning and executing the delegation of faculty transactions to select institutions. Assess progress to plan for the planned restructuring of the shared service model.

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

- Perform checkpoints aligned with the project plan, focused on key project milestones. Participate in the ERP Steering Committee, provide professional advice, and assist as requested. Participate in status meetings with the Chancellor and Trustees.



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Part 3 – New Projects

NextGen – Workday Implementation (advisory)

- Review the project plan for the implementation of Workday and evaluate the internal controls and processes to be implemented in the Workday business system. Assist and advise leadership in creating management action plans for any gaps or improvements for the Workday implementation to ensure controls are designed correctly in the business process.

Enterprise Identity Management System (assurance)

- Review the conversion to a new enterprise identity management system, used for managing IT system user accounts and passwords. Evaluate key controls that aid in ensuring access to enterprise systems is limited to authorized users with a business need.



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Internal Projects

Address recommendations for improvement provided as part of the Quality Assessment Review, including:

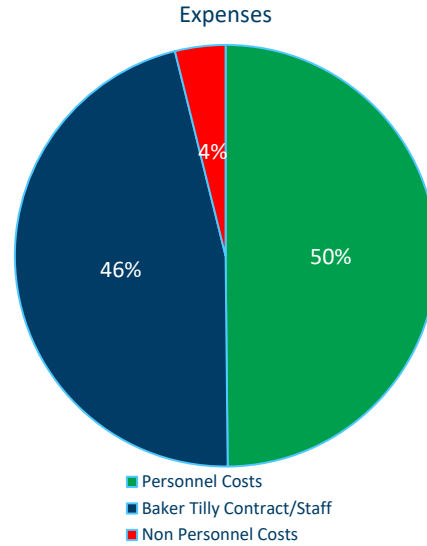
- Develop a multi-year strategic plan to support the dynamic nature of Minnesota State and guide the Internal Audit function.
- Develop a balanced scorecard to communicate performance.
- Update the Quality Assurance and Improvement Program (QAIP) and Internal Audit Manual to include the recommended modifications.
- Complete an internal assessment annually. Assessment to include an evaluation of the “Core Principles”.
- Update the Internal Auditing Charter to include the recommended modifications.



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Fiscal Year 2022 Budget

- FY 2022 Funding - \$1,296,700 (decline of over \$200k or 13% since 2017)
- Budgeted personnel costs have decreased nearly \$800k since 2017; Partially replaced by co-sourced staffing model



Personnel Costs	\$646,450
Baker Tilly Contract/Staff	\$600,000
Non-Personnel Costs	\$50,250
Total	\$1,296,700

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 internal audit plan for fiscal year 2022.

Appendix: Enterprise Risk Management Coverage

Proposed FY22 Projects	Primary ERM Risks Addressed
Financial Controls Assessment Plan	<ul style="list-style-type: none"> • Board Policy • Governance & Compliance Structure
HR Shared Services	<ul style="list-style-type: none"> • Capitalizing & Executing Change • Institution/System Synergy & Structure • Resource Optimization • Talent Management
NextGen Project Risk Review (PRR) Checkpoints #7 and #8	<ul style="list-style-type: none"> • IT Systems • NextGen Implementation
NextGen – Workday Implementation	<ul style="list-style-type: none"> • Governance & Compliance Structure • IT Systems • NextGen Implementation
Identity Management System	<ul style="list-style-type: none"> • Cybersecurity/Privacy • Data Governance • IT Systems



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Appendix: Multi Year Projects History

Project	Board Reporting History
NextGen Project Risk Review (PRR) Checkpoints	<ul style="list-style-type: none"> ✓ Checkpoint #6 (November 2020) ✓ Checkpoint #5 (January 2020) ✓ Checkpoint #4 (June 2019) ✓ Checkpoint #3 (March 2019) ✓ Checkpoint #2 (October 2018) ✓ Checkpoint #1 (June 2018)
HR Shared Services (Previously called HR-TSM)	<ul style="list-style-type: none"> ✓ Update (May 2021) ✓ Report and Update (November 2020) ✓ Update (November 2019) ✓ Update (April 2019) ✓ Update (January 2019) ✓ Update (November 2018) ✓ Initial Report (May 2018)
Financial Controls Assessment Plan	FY 2021 (June 2021): <ul style="list-style-type: none"> ✓ Alexandria Technical and Community College ✓ Fond du Lac Tribal & Community College ✓ Ridgewater College ✓ Pine Technical & Community College ✓ Minnesota State College Southeast ✓ System office



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Appendix: Additional Projects Considered (Partial List)

- Academic Program Management Review
- Controlled Use of Administrative Privileges Audit
- IT Governance Review
- HR and Payroll Controls Audit
- Accounts Receivable Audit
- Ethics Program/Code of Conduct Review
- Foundation Risks and Controls Advisory Project



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MINNESOTA STATE

30 East 7th Street, Suite 350
St. Paul, MN 55101-7804

651-201-1800
888-667-2848

www.MinnState.edu

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