



PENNSYLVANIA'S STATE SYSTEM *of* HIGHER EDUCATION

BOARD OF GOVERNORS

Audit, Compliance, & Risk Committee

Agenda

Wednesday, October 11, 2023 - 10:00 a.m.

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1. Audited Fiscal Year 2022/23 Financial Statement Presentation, Pennsylvania's State System of Higher Education (INFORMATIONAL)	Page 2
2. Internal Audit –	
a. Status Update (INFORMATIONAL)	
b. Risk Assessment and Internal Audit Priority Areas (ACTION).....	Page 3

Committee Members: Janet L. Yeomans (Chair), Senator Judith L. Schwank, Robert W. Bogle, William Gindlesperger, Cynthia D. Shapira (*ex officio*), Christopher M. Fiorentino (*nonvoting president liaison*)

For further information, contact Molly Mercer at mmercerc@passhe.edu.

Audit, Compliance & Risk Committee Meeting
October 11, 2023

SUBJECT: Audited Fiscal Year 2022/23 Financial Statement Presentation, Pennsylvania's State System of Higher Education (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors Policy 1991-06-A: *State System Audit Policy*, prescribes the Audit, Compliance, & Risk Committee review the System's annual external audit opinion, financial statements, and management letter. CliftonLarsonAllen LLP has completed their audit of the State System's financial statements for the year ended June 30, 2023, and issued an unmodified opinion. The financial statements are attached, and associated management letters will also be provided to the Committee.

Representatives from CliftonLarsonAllen LLP will present the System's financial statements at the Audit Committee meeting, discuss highlights of their review, and answer any questions.

Supporting Documents Included: Pennsylvania's State System of Higher Education Financial Statements, June 30, 2023

Other Supporting Documents Available: Board of Governors Policy 1991-06-A: *State System Audit Policy*

Reviewed by: N/A

Prepared by: Molly Mercer

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Audit, Compliance & Risk Committee Meeting
October 11, 2023

SUBJECT: Internal Audit – Risk Assessment, Internal Audit Plan and Update (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors' Policy 1991-06-A, *State System Audit Policy*, requires the Audit, Compliance & Risk Committee to periodically review and approve the scope of the Office of Internal Audit and Risk Assessment's work plan for the State System.

The proposed two-year plan is derived from the risk assessment conducted by Internal Audit to identify the key risks and strategic priorities across the System. The work plan was collaboratively developed through input from State System leadership and the areas of focus are designed to reduce the State System's exposure to adverse risk and provide important, independent insight into key operational and strategic areas.

MOTION: That the Board of Governors' Audit Committee approve the scope of the upcoming internal audit work plan as presented on page 4 of the agenda.

Supporting Documents Included: Pennsylvania's State System of Higher Education Internal Audit Plan for the remainder of FY 23/24 and FY 24/25

Other Supporting Documents Available: Board of Governors' Policy 1991-06-A: *State System Audit Policy*

Reviewed by: Executive Leadership Group
Prepared by: Molly Mercer

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**Pennsylvania's State System of Higher Education Internal Audit Priorities and Plan
Fiscal 23/24 and 24/25
Audit, Compliance & Risk Committee Meeting
October 11, 2023**

In summer 2023, Internal Audit conducted a periodic risk assessment for purposes of informing the development of the scope of the internal audit plan. This risk refresh was conducted through a facilitated process with Internal audit which also encompassed Internal Audit's review of the various data and their experience working with higher education institutions and the emerging risks and trends in the higher education industry.

The State System risk refresh process entailed interviewing the System Leadership Group, which encompassed the following leadership teams across all universities:

- Chief Academic Officers
- Chief Financial Officers
- Chief Information Technology Officers
- Chief Student Affairs Officers
- Chief Diversity Officers
- Public Affairs Leaders

These leadership groups identified and prioritized the top risks (high likelihood of occurrence and high impact on achievement of strategic and operational objectives) that are of greatest concern or create risk around achieving strategic and operational objectives.

Top risks were shared back with the Executive Leadership Group (ELG) consisting of the Presidents of each university and Chancellor for review.

Potential projects for the internal audit scope were generated based on the determination of where Internal Audit could meaningfully address risks and priority areas. The ELG was consulted for their input and the below focus areas reflect the priorities for the remainder of fiscal 23/24 and for 24/25.

Scope for Internal Audit Plan Areas:

- Talent Management – Recruitment & Development of Non-faculty Personnel
- Enrollment Management – Student Retention
- Student Facing Operations – Advising and Support

Specific audit plans will be developed in consultation with the ELG.