



CALU

CHEYNEY
UNIVERSITY

CLARION
UNIVERSITY



MANSFIELD
UNIVERSITY

Millersville
University



Slippery Rock
University

WCU
WEST CHESTER
UNIVERSITY

Office of Internal Audit and Risk Assessment

Fiscal Year 2018-19

Internal Audit Work Plan

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Approved: Board of Governors' Audit and Compliance Committee
June 28, 2018

Background

The fiscal year 2018-19 State System internal audit work plan was developed from a risk assessment aimed to prioritize internal audit coverage and ensure timely reviews of high exposure areas. Led by the Office of Internal Audit and Risk Assessment (OIARA), risk evaluations were completed by executive leadership from each State System member university through completion of a risk assessment internal audit planning questionnaire.

The process afforded an opportunity for leadership to rank OIARA-evaluated “high” risks of the System as they relate to the respective campus entities. The assessment process provided valuable input and transparency for the development of the System’s internal audit work plan.

The risk assessment exercise solicited university self-identification of perceived significant compliance, operational, financial, and reputational risks. With risk levels dependent on situational circumstances, which can change over time, System universities provided information regarding operating components encountering changes in leadership, operational processes, information technology, and compliance.

Lastly, the risk assessment afforded university executive leaderships’ risk ranking of 21 auditable risk areas identified through OIARA assessment of high-volume activities, new State System or university initiatives, System policy revisions, external compliance, and trending risks impacting higher education entities. The auditable risk areas were evaluated on five risk factor categories comprising:

Operational Impact	Impairment of the ability to carry out daily operations of the University.
Financial Impact	Loss of financial resources or assets.
Compliance Impact	Failure to comply with laws, regulations, and internal policies of the System and or university.
Health and Safety Impact	Impairment of the general well-being and safety/security of those individuals routinely interacting with the university.
Reputational Impact	Risk that public image or reputation is damaged by actions of the institution or persons directly connected to the institution.

OIARA development of auditable risk areas encompassed consideration of the three Board of Governors’ priorities guiding the System REDESIGN, encompassing activities supporting:

- Ensuring Student Success
- Leveraging University Strengths
- Transforming the Governance/Leadership Structure

Fiscal Year 2018-19 System Internal Audit Work Plan

The intent of the System's Fiscal Year 2018-19 internal audit work plan is to complete audit engagements addressing a cross section of significant risks as identified through the *OIARA Risk Assessment Audit Planning Questionnaire*.

The work plan provides for the completion of (1) *Strategic Audit Assessments* and (2) *Institution Specific Audit Engagements* identified and requested through the audit planning exercise. The overarching goal is to provide leadership with outcomes for the areas reviewed identifying important attributes and value added recommendations to improve internal controls, mitigate adverse risks, and increase efficiency of operations.

Additionally, fiscal year 2017/18 engagements underway but not yet concluded as of June 30, 2018, will carry-forward for completion in fiscal year 2018/19.

I. Strategic Audit Assessments

The work plan presents three audit engagements to be completed (over a span of fiscal years) aimed toward System-wide coverage. Individual engagement outcomes will be reported to the respective institution noting entity level results and recommendations. Separately, outcomes of completed engagements will be summarized providing a strategic level overview of the current control environment and perspective for recommended improvement opportunities, based upon completed audits. This will encompass recommendations, where warranted, related to enhanced internal controls, operational efficiencies, and improved compliance at the governance level. University engagement locations for the *Strategic Audit Assessments* will be determined by the OIARA throughout the work plan year.

Strategic Audit Assessments comprise:

1. Social Media Applications
2. Higher Education Opportunity Act
3. Financial Aid - Title IV

II. Site Specific Audit Engagements

The work plan presents six audit engagements requested by System universities through completion of the *Risk Assessment Audit Planning Questionnaire*, plus one Office of the Chancellor engagement. Engagement outcomes will be presented detailing an independent and objective assessment of the area reviewed including, where warranted, recommendations to improve internal controls, operational efficiencies, and compliance at the university level.

Site Specific Audit Engagements comprise:

1. NCAA Agreed-upon Procedures (completed at three universities)
2. Chincoteague Bay Field Station Financial Audit
3. Camps and Conferences
4. National Association of Intercollegiate Athletic Participation Compliance
5. Conference Services

Office of Internal Audit and Risk Assessment

Fiscal Year 2018/19 Work Plan

Strategic Audit Assessments			
Audit Topic	Background	Internal Audit Focus	Key Risks
Social Media Applications	The term “social media” refers to a range of internet-based applications that allow users to create, share, and interact with information. The most popular applications have millions of active users throughout the world. Social media provides many valuable benefits to increase communication however, universities should identify communication goals and objectives when utilizing social media.	Including but not limited to: <ul style="list-style-type: none"> • Existence of social media policies and procedures • Identify all social media used by university • Existing social media accounts are in compliance with applicable policies and laws • Social media accounts are adequately monitored and controlled • Tracking metrics are used to determine whether social media accounts are accomplishing their goals 	Including but not limited to: <ul style="list-style-type: none"> • Security and privacy • Brand/reputation damage • Legal and regulatory compliance • Acceptable use of social media
Higher Education Opportunity Act	The Higher Education Opportunity Act (HEOA) was enacted on August 14, 2008, and reauthorized the Higher Education Act (HEA), originally passed in 1965. The HEA, as amended by the HEOA, includes many institutional reporting and disclosure requirements. A reporting requirement is information to be submitted to a government agency; whereas, disclosure requirements include information that institutions are required to distribute or make available to the general public or specified recipients, such as current or prospective students, parents of current/prospective students, and employees.	Including but limited to: <ul style="list-style-type: none"> • Existence of HEA compliance procedures for disclosure requirements • Existence of required HEA disclosures • Completeness of HEA disclosure content • Proper and timely distribution of disclosure notices • Periodic review of disclosures made available through publications, mailings, or electronic media 	Including but not limited to: <ul style="list-style-type: none"> • Absence of report or disclosure requirement • Inaccuracy or incompleteness in report/disclosure information • Improper or untimely dissemination of report/disclosure

Office of Internal Audit and Risk Assessment

Fiscal Year 2018/19 Work Plan

Strategic Audit Assessments			
Audit Topic	Background	Internal Audit Focus	Key Risks
Financial Aid – Title IV	<p>Federal financial aid funds are classified as Title IV funds including:</p> <ul style="list-style-type: none"> • Direct Subsidized/Unsubsidized Loan • Direct Graduate PLUS Loan • Direct PLUS Loan • Pell Grant • SEO Grant • Perkins Loan <p>Allowable Title IV charges include tuition, mandatory fees, and room and board (if contracted with the University). Refunds of Title IV funds are issued to students or parents if an undergraduate PLUS loan is included in the funds. If the sum of Title IV funds distributed to a student’s account is greater than the Title IV allowable charges, a refund is issued for the difference. If a student discontinues enrollment, the unearned funds must to be returned to the respective federal programs within 45 days.</p>	<p>Including but not limited to:</p> <ul style="list-style-type: none"> • Assess operating procedures and internal controls related to refunded and/or return of awarded Title IV financial aid funds • Interviewing appropriate personnel, documenting processes, and reviewing internal University procedures • Sample testing to ensure compliance with return of Title IV funds by students discontinuing enrollment 	<p>Including but not limited to:</p> <ul style="list-style-type: none"> • Amounts refunded or returned are incorrect • Returned funds are not completed within the required 45 days • University policies for Title IV funds do not exist

Office of Internal Audit and Risk Assessment

Fiscal Year 2018/19 Work Plan

Site Specific Audit Engagements	
Site Location	Internal Audit Engagement
Bloomsburg University	NCAA Agreed-upon Procedures
California University	NCAA Agreed-upon Procedures
Cheyney University	National Association of Intercollegiate Athletic Participation
Kutztown University	Chincoteague Bay Field Station Financial Audit
Mansfield University	NCAA Agreed-upon Procedures
Millersville University	Camps and Conferences
Office of the Chancellor	Conference Services

Fiscal Year 2018/19 Carryover Engagements*	
Site Location	Internal Audit Engagement
California University	Information Technology User Access
East Stroudsburg University	Leave Payout Calculations
Edinboro University	Jeanne Clery Act
Edinboro University	Presidential Transition
Indiana University	Faculty Continuing Education Payments
Indiana University	Advancement Division Travel Expenditures
Millersville University	Presidential Transition

* Engagement ongoing at June 30, 2018 to be completed in the first quarter of fiscal year 2018/19.