

**Executive and Audit Committee  
Board of Trustees of the University of Oregon**

**Resolution: Adoption of FY18 Risk Assessment and Audit Plan**

Whereas, the University of Oregon (University) is governed by and the business and affairs of the University are ultimately managed by the Board of Trustees;

Whereas, the University takes seriously the responsibility to manage, invest, and spend resources;

Whereas, the University's Office of Internal Audit (Internal Audit) provides independent, objective evaluations and advisory services that add to the accountability of the University;

Whereas, the Internal Audit works closely with university leadership, faculty, and staff to conduct and coordinate a broad range of audit functions for the University;

Whereas, the Office of Internal Audit has developed an Risk Assessment and Audit Plan for Fiscal Year 2018, attached hereto as Exhibit A; and,

Whereas, the Policy on Committees authorizes the Executive and Audit Committee to act on behalf of the full Board of Trustees when appropriate;

NOW, THEREFORE, the Executive and Audit Committee of the Board of Trustees of the University of Oregon hereby approves the proposed FY18 risk assessment audit plan attached hereto and directs the officers, or their designee(s), of the University to take all actions and steps deemed necessary and proper to implement the approved plan.

VOTE: Voice Vote Recorded – Ayes carried (no dissention)

DATE: June 1, 2017

Recorded by the University Secretary: 

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# Office of Internal Audit

## Annual Risk Assessment and Internal Audit Plan

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**FY2018**

*Risk Assessment*

*Conducted for the purpose of developing the  
Annual Risk Based Audit Plan*

***Proposed to the Executive and Audit Committee for Approval***

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## EXECUTIVE SUMMARY

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During FY17, the Office of Internal Audit (the OIA) implemented a new methodology to ensure the annual audit plan was effectively determined. During the process, the risk identification method was expanded to include more input from the campus community and peer institutions. Based on the results of this process, OIA has created the FY18 audit plan.

Time will also be allocated on the audit plan for advisory services and administrative tasks. The OIA will advise on internal controls, compliance, efficiency, and effectiveness in any areas requested by management. The OIA will also use administrative time to implement strategic plan goals and the student employee program. The progress and action plans will be included in communications to the Board of Trustees.

## METHODOLOGY

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During the preparation of the FY18 audit plan, the OIA developed a more comprehensive risk assessment process in an attempt to ensure appropriate coverage. The OIA developed five (5) different risk sources defined as follows:

1. Risk Source #1: Fundamental Functions
2. Risk Source #2: 2016 SERMC Risk Assessment Report
3. Risk Source #3: Interviews
4. Risk Source #4: Survey
5. Risk Source #5: Miscellaneous

Risk Source #1 – As the OIA builds the annual audit plan, one focus continues to be validating fundamental control systems, including evaluation of administrative oversight functions. As the plan is prepared each year, these areas will be considered for coverage and ideally be placed on a rotation. Audit objectives will focus on evaluating the internal control structure of oversight functions based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model and the efficiency of processes.

Risk Source #2 – The results of the 2016 SERMC Risk Assessment Report identify risks that could negatively affect the university's ability to achieve its core mission of instruction, research, and public service. As a result of this process, leadership identifies areas of focus for the coming year.

Risk Source #3 – Interviews were held with members of senior leadership and others in key positions to gather information about factors that could prevent the university from meeting its objectives.

Risk Source #4 –An anonymous survey was sent to the campus community to gather input. The responses were reviewed and any auditable topics identified were included in the risk assessment.

Risk Source #5 – Miscellaneous sources, such as information noted by the OIA during previous work, information from other institutions, or other industry trends were considered.

## RESULTS

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### Mission Statement

Driven by the highest professional and ethical standards, the OIA helps the University accomplish its objectives by evaluating and identifying opportunities to improve the effectiveness of governance processes, risk management, and internal controls.

### Vision Statement

To be a preeminent partner that adds value, provides objective insight, and proactively collaborates to maintain the highest standard of excellence

### Introduction

The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) requires the chief audit executive to establish a risk-based plan to determine the priorities of the internal audit function.

### Audit Resources

The OIA is currently comprised of a chief auditor, two internal auditors, and one executive assistant. Audit staff resources are expected to be allocated as follows:

<u>Position</u>	<u>Gross Available Hours</u>	<u>Leave &amp; Holidays</u>	<u>Training &amp; Related Travel</u>	<u>Other Administrative Tasks</u>	<u>Net Available Hours</u>
Chief Auditor	2,080	350	75	720	935
Internal Auditor	2,080	350	75	240	1,415
Internal Auditor	2,080	350	75	240	1,415
Total	6,240	1,050	225	1200	3,765

### 2018 Audit Plan

The OIA has identified an audit plan incorporating high-risk areas based on several sources, as well as including the validation of fundamental control systems. Other administrative goals for FY18 have been identified in the new strategic plan.

The OIA engages in three primary activities – assurance, advisory, and investigative services. Additionally, the OIA performs follow-up engagements and coordinates external audit efforts. The focus of the OIA is to actively work with the university to assist management in addressing strategic, financial, operational, compliance, and reputational risk and exposures on both university-wide and departmental level processes and control systems. The OIA brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit's planned audit projects for FY18 are:

<b>Audit Unit</b>	<b>Audit Title</b>	<b>Audit Focus</b>	<b>Risk Source</b>	<b>Estimated Hours</b>
<b>Assurance Services</b>				
University Wide	Federal Sentencing Guidelines Compliance	To evaluate the university's compliance with requirements of the Federal Sentencing Guidelines.	3,5	300
University Wide	Affiliated Entities	To identify and assess all affiliated entities of the university, including any contractual agreements.	3,5	300
University Wide	Retaliation Policy	To evaluate the effectiveness of current non-retaliation protections for campus.	3,4	100
Business Affairs	Human Resources Practices and Controls	To evaluate the efficiency and effectiveness of processes within the central function.	1,3,4	300
Business Affairs	I-9 Compliance	To evaluate the university's compliance with I-9 requirements during the hiring process.	3,4	200
Athletics	NCAA Compliance Program	To evaluate the effectiveness of the program using a compliance framework	1,5	200
Athletics	Ticket Count	To verify average minimum attendance per the NCAA Division I requirements.	Required	60
Athletics	IT Risk Assessment	To gain an understanding of data, systems, and security processes within the Athletics department.	3,4,5	40
Research & Innovation	Subrecipient Monitoring Process	To gain an understanding and evaluate the effectiveness of the process used to monitor subrecipients of grant funds.	1,3,5	175
Research & Innovation	General Controls over E-PCS	To perform an audit of general controls over the system used to manage and track grant data.	3,5	40
<b>Advisory Services</b>				
Campus Wide	Trainings and Presentations	The OIA will continue offering training on internal controls, risk, and fraud awareness as requested and plans to establish ongoing professional development opportunities.		100
Campus Wide	Advisory Services	Management may ask the OIA for advisory services to be performed in accordance with the mission and authority of the OIA.		300
Campus Wide	Facilitated Internal Control Self Assessments	Solicit areas of the campus to participate in facilitated internal control self-assessments.		300
<b>Investigative Services</b>				

Campus Wide	Investigative Audits	Based upon the number of reports received from EthicsPoint hotline and management.		600
<b>Follow-Up</b>				
Campus Wide	Follow up procedures	Follow up on corrective actions from previous engagements.		200
<b>External Audit Coordination</b>				
Business Affairs & Athletics	Financial Statements, Single Audit, and NCAA AUP	Coordinate with and provide oversight of external audit in accordance with the Internal Audit Charter.		80
<b>Risk Assessment &amp; Audit Planning</b>				
Campus Wide	Annual Risk Assessment	The annual risk assessment will form the basis of the audit planning for future years. Estimated budget includes participation in Enterprise Risk Services enterprise wide risk assessment.		200
<b>Administrative Initiatives</b>				
Campus Wide	Process Improvement and Strategic Plan Implementation	Previously defined		150
Campus Wide	Student Mentoring	As the student employment project is developed, this will include developing formal policies and procedures for OIA student employment, as well as working with academic leadership to develop potential internships.		120
			<b>Total Hours</b>	3,765