

May 24, 2017

TO: The Board of Trustees of the University of Oregon

FR: Angela Wilhelms, Secretary

RE: Notice of Executive and Audit Committee Meeting

The Executive and Audit Committee of the Board of Trustees of the University of Oregon will hold a public meeting on the date and at the location set forth below. Subjects of the meeting will include: the annual audit and risk report, FY18 audit and risk plans, investment principles, and an update on the presidential review process and timeline.

The meeting will occur as follows:

**Thursday, June 1, 2017 at 1:15 pm**  
Ford Alumni Center, Giustina Ballroom

The meeting will be webcast, with a link available at [www.trustees.uoregon.edu/meetings](http://www.trustees.uoregon.edu/meetings).

The Ford Alumni Center is located at 1720 East 13th Avenue, Eugene, Oregon. If special accommodations are required, please contact Amanda Hatch at (541) 346-3013 at least 72 hours in advance.

BOARD OF TRUSTEES

6227 University of Oregon, Eugene OR 97403-1266 T (541) 346-3166 [trustees.uoregon.edu](http://trustees.uoregon.edu)

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**Board of Trustees of the University of Oregon  
Executive and Audit Committee  
Public Meeting  
1:15 pm – Thursday, June 1, 2017  
Ford Alumni Center, Giustina Ballroom**

**Convene**

- Call to order, roll call
- Approval of March 2017 EAC minutes (Action)

- 1. Annual Audit and Risk Presentation; Adoption of FY18 Plans and Updated Audit Charter (Action):**  
Trisha Burnett, Chief Auditor, and Andre LeDuc, Chief Resilience Officer
- 2. Investment Principles (Action):** Chair Lillis
- 3. Presidential Review – Process and Timeline Update:** Vice Chair Ginevra Ralph

**Meeting Adjourns**



## Agenda Item #1

Annual Audit and Risk Presentation; Adoption of FY18 Plans and  
Updated Audit Charter

*FY18 Risk Assessment and Internal Audit Plan*

As one fiscal year winds down, the Board of Trustees approves an internal audit and risk assessment plan for the next. The Office of Internal Audit (Internal Audit) has developed a proposed risk assessment audit plan for Fiscal Year 2018 (FY2018). The plan is attached to the enclosed resolution (Exhibit A).

The plan was informed by risk assessments and interviews, prior audit work, external consulting analyses, and information gathered from individuals on campus about audit priorities.

While the plan serves as a guide for Internal Audit as it charts its work throughout the coming fiscal year, additional audit needs may come to the attention of the Board, the President, and/or the Chief Auditor throughout the fiscal year. Passage of this plan does not prohibit the Chief Auditor from engaging in audits of such items or her ability to reprioritize as deemed necessary and appropriate.

*Proposed Update to the Internal Audit Departmental Charter*

Internal Audit has been working on standardizing internal processes and procedures and the office has developed a two-year Strategic Plan to provide a vision and framework for the internal audit function. To align with its Strategic Plan and Quality Assurance Review (QAR) requirements, and to provide consistency with internal audit charters throughout higher education environments, Internal Audit proposes an update to its charter.

Updates are meant to align content in three specific, required by QAR, related to internal audit: 1) purpose, 2) authority, and 3) responsibility. Overall, the document is better organized, more streamlined, and is both clearer and more concise regarding Internal Audit's role and how the office meets QAR requirements.

Attached to the resolution pertaining to the charter are two exhibits. Exhibit A is a clean version of the proposed charter. Exhibit B is the old version, annotated with comments to explain various edits, moves, and deletions. Due to the number of changes, a red-line is not a useful tool.

The Executive and Audit Committee may take action on these matters on behalf of the full Board.

**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.

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

Trustee	Yes	No
Bragdon		
Ford		
Kari		
Lillis		
Ralph		
Wilcox		

Dated: \_\_\_\_\_ Recorded: \_\_\_\_\_

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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

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

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:

Position	Gross Available Hours	Leave & Holidays	Training & Related Travel	Other Administrative Tasks	Net Available Hours
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

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

**Resolution: Amendments to the Internal Audit Charter**

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

Whereas, the University of Oregon takes seriously the responsibility to manage, invest and spend resources and has an Office of Internal Audit (Internal Audit) to provide independent, objective evaluations and advisory services that add to the accountability of the University;

Whereas, Internal Audit has a departmental charter to articulate the purpose, authority, and responsibility of the office;

Whereas, Internal Audit proposes an update to the charter, attached hereto as Exhibit A, to (i) better align the document with the department's strategic plan and Quality Assurance Review requirements and (ii) ensure consistency with best practices in higher education audit environments; and,

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

NOW, THEREFORE, the Executive and Audit Committee of the Board of Trustees of the University of Oregon hereby adopts the updated Internal Audit Department Charter attached as Exhibit A.

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

Trustee	Yes	No
Bragdon		
Ford		
Kari		
Lillis		
Ralph		
Wilcox		

Dated: \_\_\_\_\_ Recorded: \_\_\_\_\_

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# Office of Internal Audit

## *Department Charter*

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*This charter defines the purpose, authority, and  
responsibility of the Office of Internal Audit at the  
University of Oregon*

***June 2017***

*Proposed for approval by the Executive and Audit  
Committee of the Board of Trustees  
June 1, 2017*

### **Purpose**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve university operations. It helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Office of Internal Audit enhances and protects the University's value by providing risk-based and objective assurance, advice, and insight.

#### *Mission Statement:*

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

#### *Professional Standards:*

The Office of Internal Audit operates within the context of the Institute of Internal Audit's (IIA's) *International Professional Practices Framework* (IPPF) and the Office of Internal Audit's procedure manual. Audits will be conducted with integrity, objectivity, confidentiality, and competency as defined by the IIA's *Code of Ethics*. Additionally, the Office of Internal Audit references other appropriate audit frameworks, such as the Generally Accepted Government Auditing Standards.

The Office of Internal Audit will undergo external peer reviews pursuant to the IPPF. The Executive and Audit Committee shall have input into peer reviews and results of peer reviews will be available to the Committee upon completion.

### **Authority**

To ensure the independence of the Office of Internal Audit, the Chief Auditor reports administratively to the Office of the President and functionally to the Executive and Audit Committee of the University of Oregon's Board of Trustees.

The Office of Internal Audit is granted full and unrestricted access to all functions, records, systems, property, and personnel. Any documents or information obtained by the Office of Internal Audit through the course of work will be handled with the confidentiality defined by the IIA's Code of Ethics. The Office of Internal Audit has authority to audit any function, program, account or system deemed necessary and appropriate in the judgment of the Chief Auditor, notwithstanding a flexible pre-approved audit plan.

University management is responsible for risk management, control, and governance of the areas audited. The Office of Internal Audit has no direct responsibility or authority over any of the areas audited. Staff shall not perform any operational duties for the University, initiate or approve accounting transactions of areas under review, or direct the activities of any University employee, except to the extent such employees have been appropriately assigned to an audit team or to otherwise assist the auditors.

All university employees are expected to comply fully and timely with requests made by the Office of Internal Audit. This includes, but is not limited to, timely provision of information, access to information, or responses to draft reports. Recommendations made by the Office of Internal Audit shall be taken seriously and steps shall be taken to assess and determine a course of action in response to the recommendations. The Chief Auditor may report any non-compliance on the part of university programs or employees to the President and the Executive and Audit Committee.

### **Responsibility**

The Office of Internal Audit is responsible for developing and implementing a flexible annual audit

## EXHIBIT A

plan using an appropriate risk-based methodology. The annual audit plan should include consideration of any risks or control concerns identified by management, and should be reviewed and approved by the President and Executive and Audit Committee.

The Office of Internal Audit shall perform engagements in the following areas:

- Assurance services: These services are independent and objective evaluations designed to provide reasonable assurance regarding the achievement of objectives over the effectiveness and efficiency of operations, reliability of financial reporting, or compliance with applicable laws and regulations.
- Consulting services: These services may be requested by managers and other department and unit leaders to help identify a variety of areas for improvement. The scope and objectives are agreed upon by the Office of Internal Audit and management of the area.
- Investigative services: These services evaluate allegations of fraud, waste, abuse or unethical business practices. The Fraud and Ethics Hotline is free, confidential, and available to employees, students, and the community to report unlawful or unethical concerns. Operated by EthicsPoint, reports are managed by the Office of Internal Audit. Reports can also be made directly to the Office of Internal Audit.
- Other services: These services include coordination and oversight for external auditing agencies, and follow-up work. External auditing agencies include agencies such as the Secretary of State and the NCAA. Follow-up work is performed to ensure plans and actions are taken to correct report conditions. Additionally, the Office of Internal Audit provides awareness training covering topics such as fraud, risks, and internal controls.

EXHIBIT B

*NOTE FOR REVIEW PURPOSES ONLY: The Office of Internal Audit (OIA) has been working on standardizing internal processes and procedures. OIA has developed a two-year Strategic Plan to provide a vision and framework for the internal audit function. To align with the Strategic Plan, Quality Assurance Review (QAR) requirements and provide consistency with Internal Audit Charters in higher education environments, OIA has made some amendments to the Office of Internal Audit's Charter. The amendments were made to align content to three specific areas, required by the QAR, related to internal audit: 1) purpose, 2) authority, and 3) responsibility. The hope is that the new Charter will be more clear and concise regarding OIA's role and to ensure that QAR requirements are met.*

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# Office of Internal Audit

## *Internal Audit Charter*

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*As Amended by the University of Oregon's Board of  
Trustees Executive and Audit Committee*

***September 2016***

*Approved by the University of Oregon Board of Trustees  
Executive and Audit Committee  
September 8, 2016*

## EXHIBIT B

### **Preamble**

The purpose of the internal audit function is to provide independent, objective assurance and advisory services that add value and accountability while driving improvement to the operations of the University.

The mission of the Office of Internal Audit is to assist leadership in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. Audits will be conducted with objectivity, transparency, fairness, and in accordance with the highest professional and ethical standards.

### **Scope of Work**

The scope of work is to determine whether the University's network of governance, risk management, and control processes, as designed and represented by management, is adequate and functioning in a manner to confirm that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and protected adequately.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Opportunities for improving management control, effectiveness, and the University's image may be identified during audits. Such findings are an important part of the internal audit function. They will be communicated to the appropriate level of management.

### **Accountability**

The Chief Auditor, in the discharge of his/her duties, shall be accountable to the Office of the President, and the University of Oregon's Board of Trustees, Executive and Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of the University's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the University and its applicable affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Report the results of internal and external assessments conducted in association with the Institute of Internal Auditors' (IIA) Quality Assurance and Improvement Program.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of the Office of Internal Audit resources.
- Coordinate with and provide oversight of other control and monitoring functions i.e. risk management, compliance, security, legal, ethics, environmental, external audit.

Approved by:  
University of Oregon Board of Trustees  
Executive and Audit Committee  
September 8, 2016

Page 2 of 4

**Commented [TB1]:** Changed to 'Purpose.'

**Commented [ASS2]:** Purpose of OIA was expanded to include more information about OIA's definition in accordance with QAR requirements.

**Commented [ASS3]:** Mission statement amended to align with OIA Strategic Plan.

**Commented [ASS4]:** Items within this section have been combined with Responsibility to be more concise.

**Commented [ASS5]:** Section removed. This was due to best practice based on Quality Assurance Review (QAR) checklists, which states charter should define purpose, authority, and responsibility of internal audit activity. Information currently detailed here should be included in the Chief Auditor's position description as these are roles and responsibilities associated with the position.



## EXHIBIT B

### Independence

To provide for the independence of the Office of Internal Audit, its personnel report to the Chief Auditor, which reports administratively to the Office of the President and functionally to the University of Oregon's Board of Trustees, Executive and Audit Committee. The Committee demonstrates this functional reporting relationship by:

- Approving the Office of Internal Audit Charter;
- Approving the risk based audit plan;
- Receiving communications from the Chief Auditor on the internal audit activity's performance relative to its plan and other matters;
- Approving decisions regarding the appointment and removal of the Chief Auditor; and
- Making appropriate inquiries of management and the President to determine if there are inappropriate scope or resource limitations.

The Chief Auditor enhances independence and meets the IIA standard requirement of communication and direct interaction with the President through periodic meetings with the President, Vice Presidents and Vice Provosts. In addition, the Chief Auditor confirms with the Executive and Audit Committee the organizational independence of the Office of Internal Audit on an annual basis.

### Responsibility

The Chief Auditor and staff of the Office of Internal Audit have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by applicable management, and submit that plan to the President and Executive and Audit Committee for review and approval;
- Implement the audit plan, as approved, including, and as appropriate, any special tasks or projects requested by applicable management;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- Establish a quality assurance program by which the Chief Auditor assures the operation of the internal auditing activities;
- Perform consulting services, beyond internal audit assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory;
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion;
- Issue periodic reports to the President, Executive and Audit Committee, and applicable management summarizing results of audit activities as well as results of internal and external assessments conducted in association with Quality Assurance and Improvement Program;
- Keep the President, Executive and Audit Committee, and applicable management informed of emerging trends and successful practices in internal auditing;
- Provide a list of significant measurement goals and results to the President, Executive and Audit Committee, and applicable management;
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify the President, Executive and Audit Committee, and applicable management of the results;
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the University at a reasonable overall cost.

**Commented [ASS6]:** Section moved under Authority. Independence section was amended to remove the EAC's role. This was due to best practice based on QAR checklists, which states that there should be a separate EAC charter that defines EAC roles and responsibilities. This is done in the University's policy on board committees.

**Commented [ASS7]:** Section was amended to be more concise. Provides clarity on OIA's services offered (assurance, consulting, investigations, and other). This was due to best practice based on QAR checklist, which states that the charter should define the nature of assurance and consulting services.

## EXHIBIT B

### **Authority**

The Chief Auditor and staff of the Office of Internal Audit are authorized to:

- Have unrestricted access to all functions, records, systems, property, and personnel.
- Audit any function, program, account or system deemed necessary and appropriate in the judgment of the Chief Auditor, notwithstanding a pre-approved audit plan.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.
- Finalize audit reports and provide such reports to relevant parties.

The Chief Auditor and staff of the Office of Internal Audit are not authorized to:

- Perform any operational duties for the University.
- Initiate or approve accounting transactions external to the Office of Internal Audit.
- Direct the activities of any University employee not employed by the Office of Internal Audit, except to the extent such employees have been appropriately assigned to an audit team or to otherwise assist the auditors.

**Commented [ASS8]:** Authority section was amended to be more concise.

### **Compliance with Internal Audit Functions**

All university employees are expected to comply fully and timely with requests made by the Chief Auditor and staff of the Office of Internal Audit. This includes, but is not limited to, timely provision of information, access to information, or responses to draft reports. Recommendations made by the Office of Internal Audit shall be taken seriously and steps shall be taken to assess and determine a course of action in response to the recommendations. The Chief Auditor may report any non-compliance on the part of university programs or employees to the President and the Executive and Audit Committee.

**Commented [ASS9]:** Section moved under Authority.

### **Standards of Internal Audit Practice**

The Office of Internal Audit will meet or exceed the Institute of Internal Auditors (IIA) standards for the Professional Practice of Internal Auditing. The internal audit activity recognizes the mandatory nature of the definition of internal auditing, the code of ethics, and the IIA standards.

The Office of Internal Audit operates within the context of the IIA's International Professional Practices Framework ("Red Book"), IIA's Code of Ethics, Committee of Sponsoring Organizations of the Treadway Commission (COSO) control framework, and the Office of Internal Audit's procedure manual. Additionally, the Office of Internal Audit considers the Generally Accepted Government Auditing Standards ("Yellow Book").

The Office of Internal Audit will undergo external peer reviews pursuant to the *International Standards for the Professional Practice of Internal Auditing*. The Executive and Audit Committee shall have input into peer reviews and results of peer reviews shall be made available to the Committee upon completion.

**Commented [ASS10]:** Section moved under Purpose. Professional standards section was amended to be more concise.

# Strategic Enterprise Risk Management and Compliance Committee

Date: June 1, 2017

Presented by:

Andre Le Duc, Chief Resilience Officer and  
Associate Vice President, Safety and Risk Services

**Board of Trustees of the University of Oregon**



## Enterprise Risk Management versus Organizational Resilience defined

### **Enterprise Risk Management**

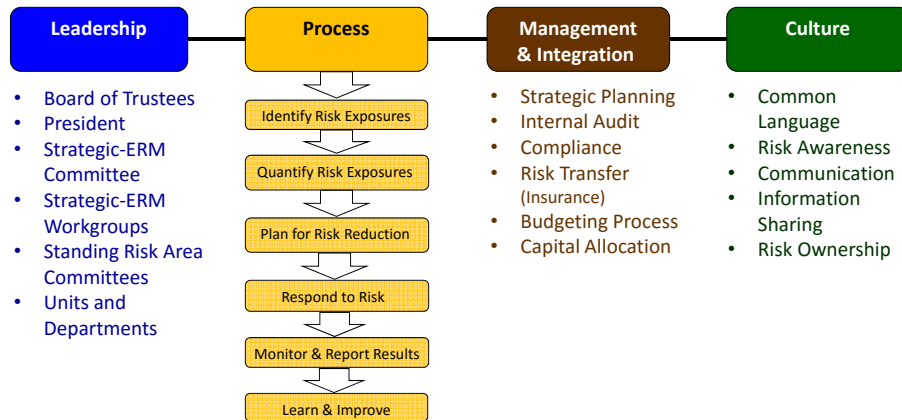
*"a process... designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives."*

### **Organizational Resilience**

*"the ability to survive a crisis and thrive in a world of uncertainty."*



# Enterprise Risk Management Framework



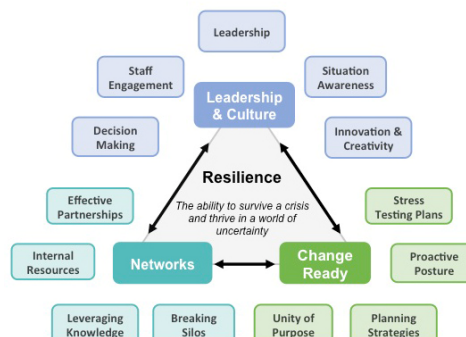
# How to gauge Organizational Resilience



**Resilient ORGANISATIONS**



## Resilience Indicators



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# Strategic Enterprise Risk Management and Compliance Committee



## Committee's Charge from the President

1. Develop tools and processes to actively identify, evaluate, and manage university risks.
2. Ensure that systems and processes are in place to provide accountability for compliance with university's legal and policy obligations.
3. Encourage communications, problem-solving and collaboration across divisions, units and departments.

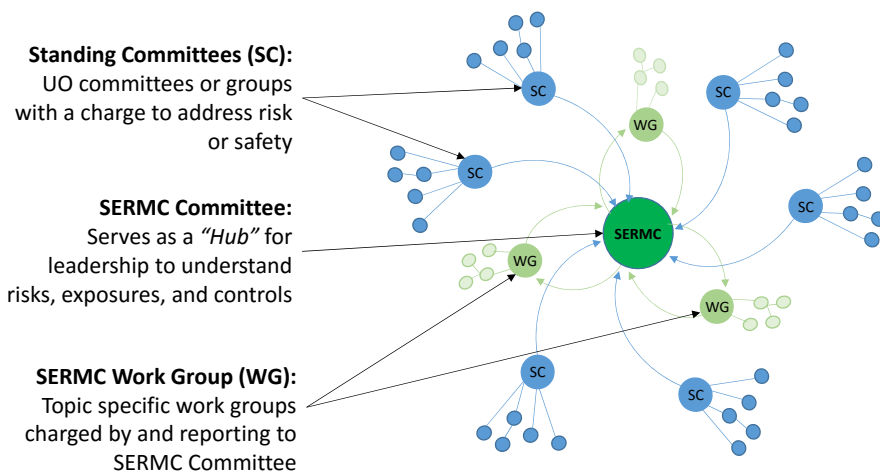


## Strategic Enterprise Risk Management and Compliance Committee Members

- Vice President Finance and Administration and Chief Financial Officer
- Vice President for Research and Innovation
- Vice President and General Counsel to the University
- Vice President for Student Life
- Vice President for Equity and Inclusion
- Vice President for Enrollment Management
- Vice President University Communications
- Vice President for University Advancement
- Director of Intercollegiate Athletics
- Chief Resilience Officer and Associate Vice President for Safety and Risk Services
- Chief Human Resources Officer and Associate Vice President, Human Resources
- Chief Information Officer
- Chief Auditor
- Associate Vice President for Business Affairs and University Controller
- Associate Vice President for Research
- Assistant Vice President for University Initiatives and Collaborations



## The Committee's Network Approach: *Link, Leverage, Align*



## Taking action by Strategic Doing



## 2017 Risk Assessment Findings

- National trends for higher education
- Campus risk assessment



EXCELLENCE IN RISK MANAGEMENT XIII

## Emerging Risks: Anticipating Threats and Opportunities Around the Corner

EDUCATION

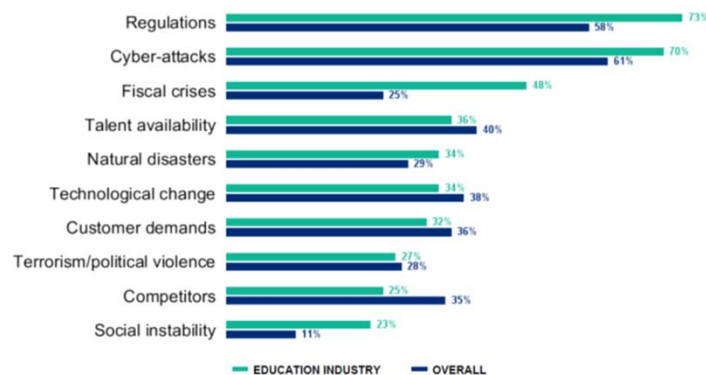


MARSH & MCLENNAN  
COMPANIES



## Emergence of Critical Risks for the Education Industry

From which of the areas listed below do you think the next critical risks for your organization will emerge?



Source: 2016 Marsh Report titled Emerging Risks: Anticipating Threats and Opportunities Around the Corner

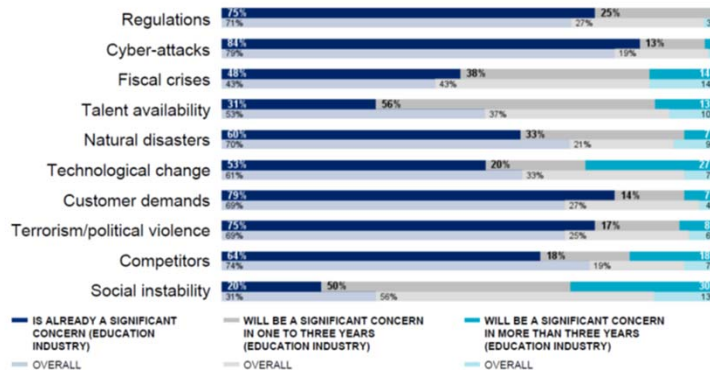
MARSH





# Emergence of Critical Risks for the Education Industry

From which of the following areas do you think the next critical risks for your organization will emerge?



Source: 2016 Marsh Report titled Emerging Risks: Anticipating Threats and Opportunities Around the Corner



## 2017 Risk Assessment Process Steps

### National Trends

- Claims and loss reports
- Insurance and risk reports

### Campus

- Informational interviews
- Risk profile survey
- Risk assessment workshops

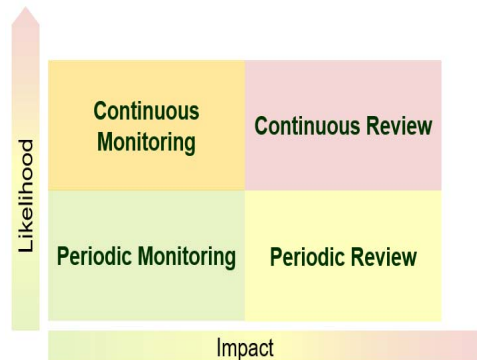


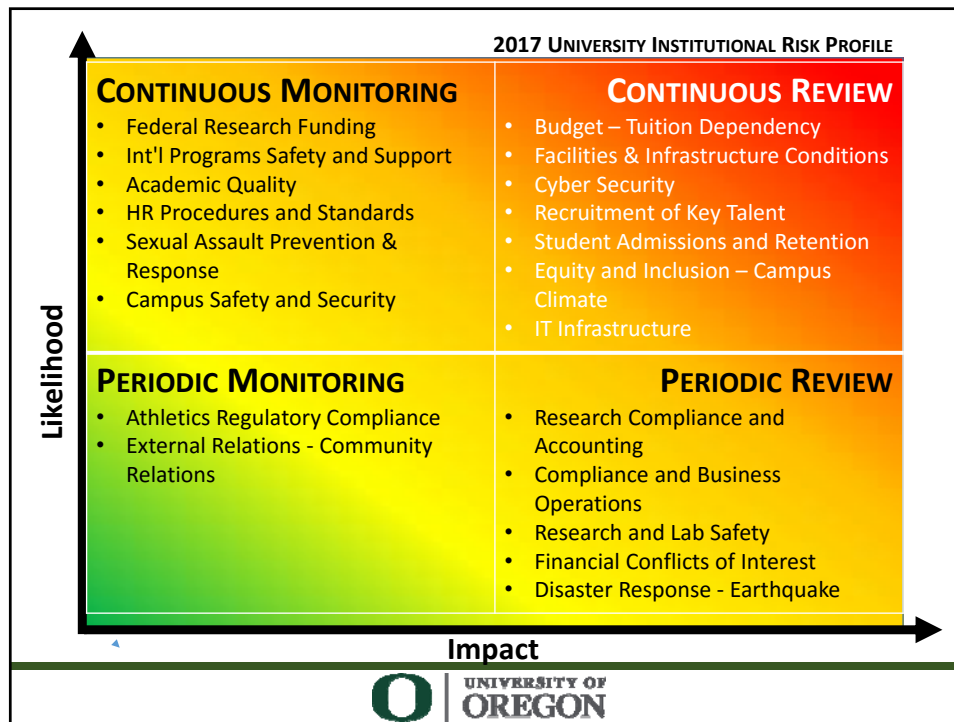
## Risk Impact & Risk Likelihood

Risk Impact	
Scale	Definition
Very high	Core mission impaired, operationally disabling
High	Operations must shift significantly to adjust to conditions created by consequences of risk-related incident or control failure
Moderate	Operational changes are necessary to adjust to conditions created by consequences of risk-related incident or control failure
Low	Consequences of risk-related incident or control failure are tangible, but operations remain largely intact and maintain status quo
Risk Likelihood	
Scale	Definition
Very high	Certain to occur
High	Almost certain to occur
Moderate	May occur within the year
Low	Not likely to occur within the year

## Risk Heat Map

- **Continuous Review –**  
Risks that have the potential for HIGH or VERY HIGH impact and have a HIGH or VERY HIGH likelihood of occurring.
- **Periodic Review –**  
Risks that have the potential for HIGH or VERY HIGH impact and a LOW or MODERATE likelihood of occurring.
- **Periodic Monitoring –**  
Risks that have the potential for LOW or MODERATE impact and a LOW or MODERATE likelihood of occurring.
- **Continuous Monitoring –**  
Risks that have the potential for LOW or MODERATE impact and a HIGH or VERY HIGH likelihood of occurring.





## Top Risk Areas for 2017-18

- Budget – Tuition Dependency
- Facilities and Infrastructure Conditions
- Cyber Security
- Recruitment of Key Talent
- Student Admissions and Retention
- Equity and Inclusion – Campus Climate
- IT Infrastructure

## Establishing the University Risk Matrix

### **Risk Overview**

- Risk Area
- Risk Description
- Risk Impact
- Risk Likelihood
- Relative Risk Score

### **Risk Tracking**

- Risk Steward (or owner)
- Accountable Parties
- Campus Partners
- Controls / Mitigation Summary
- Controls / Mitigation Effectiveness Rating
- Residual Risk Rating



## Moving from Risk Identification to Action

- Identifying gaps or cross-disciplinary needs
- Establishing work groups or team
- SERMC Committee:
  - ✓ Provides work group or team with specific charge
  - ✓ Sets expected outcomes
  - ✓ Determines membership
  - ✓ Provides a timeline (90-120 days)
- Committee reviews work group recommendations and determine next steps or action plan



## Current Committee Initiatives

Examples of current cross-disciplinary groups actively working on risk related issues:

- Research Electronic Compliance System Work Group
- Contracts and Insurance Waiver Work Group
- IS Security Committee and Work Group
- Export Control Work Group
- College of Arts and Sciences Scenario Planning



## UO Insurance Program

Overview of the new independent insurance program



## Insurance Overview

- The UO reduced its risk exposure by switching from PURMIT (Public Universities Risk Management and Insurance Trust) to an independent insurance structure.
- Over the past two fiscal years, the cost savings to the UO generated by switching to an independent insurance structure totaled \$285,945
- UO has increased its amount of coverage and procured additional policies to increase UO's overall assets protection.



## UO Partnership with Marsh

A NETWORK OF **650** MORE THAN **1,500**  
COLLEAGUES. EDUCATION CLIENTS.

MORE THAN **50 YEARS**   
DEDICATED TO DELIVERING EDUCATION SOLUTIONS

**\$300 MILLION**  
IN U.S. EDUCATION PREMIUM ANNUALLY.

**4,000**  
EDUCATION POLICIES AS THE BASE OF OUR  
EDUCATION SECTOR BENCHMARKING AND ANALYTICS.

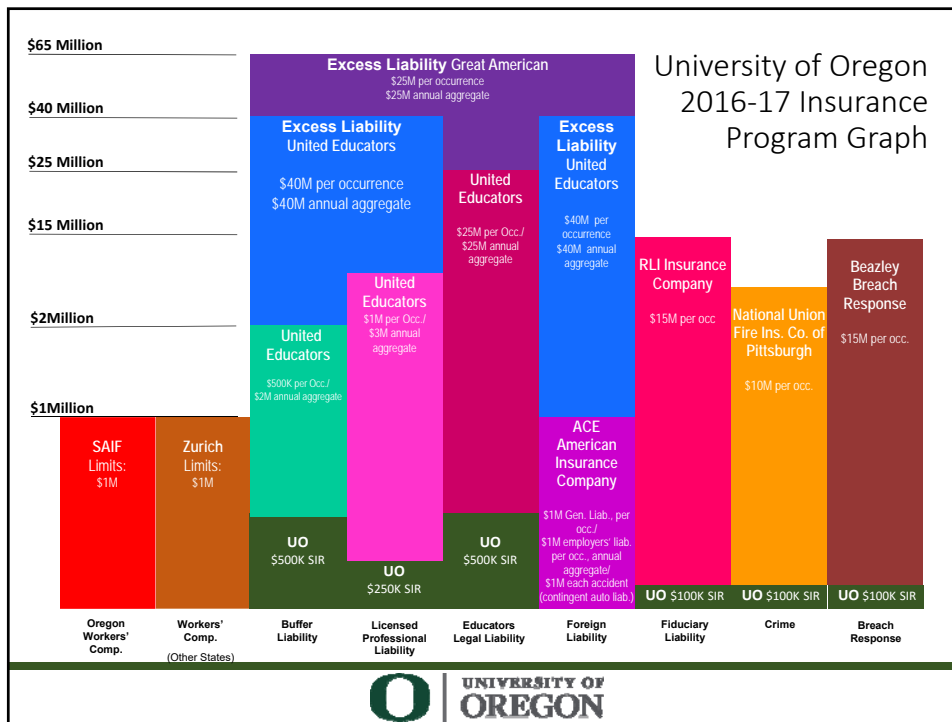
**EDUCATION PRACTICE**  
**KNOWLEDGE BASE AND RESOURCES**

- Network inquiries
- Academy of Risk
- Publications
- Educational Webinars
- Benchmarking Reports
- Monthly updates on educational and market trends
- Webcasts

 **1,000** INSTITUTIONS IN DIVERSELY  
STRUCTURED CONSORTIA  
PROGRAMS.

 **300+**  
PRIMARY/SECONDARY SCHOOL CLIENTS.





## Coverage Overview

**Property:** Increased aggregate limit of \$1 billion coverage for UO's \$3.8 billion in assets. Under PURMIT, seven campuses shared an aggregate limit of \$500 million.

**Fine Arts:** Expanded UO \$125 million policy to cover Jordan Schnitzer Museum of Art and Knight Library's Special Collections. Previously only \$100 million in coverage existed for OUS universities.

## Coverage Overview Continued

**General Liability:** Added Police and Security Endorsement and coverage for UAS/drones and liquor liability.

**Excess Liability Policy:** Added coverage for athletic traumatic brain injury. \$40 million in annual aggregate limit in excess of underlying liability.



## Coverage Overview Continued

**Excess Layer:** Added Excess Liability Insurance policy that provides additional \$15 million coverage to guard against large unexpected events; total \$65 million; \$50 million was previously shared.

**Professional Liability Insurance:** Added coverage against negligence claims for the Speech and Language, Athletic Training and Psychology departments.





## Coverage Overview Continued

**Cyber Security and Liability:** Purchased a more robust insurance policy that sufficiently addresses complex and rapidly changing cyber threats.

**Study Abroad** (International Travel Medical and Evacuation): The Independent Insurance Structure has generated a cost savings of approximately \$12,500 per year.

**Kidnap, Ransom and Disappearance:** Broadened coverage to include UO Alumni.



## UO Insurance Portfolio Summary

- Aligning of our insurance portfolio with the changing dynamic risks across the university.
- Actively identifying and controlling risk exposures caused by gaps in insurance coverage.
- Defining risk stewards and campus partners helps mitigate against a variety of potential risks.
- Working with internal and external partners to prioritize, manage and forecast a range of risk areas with an eye towards insuring against loss.





## Agenda Item #2

### Investment Principles

With institutional governance came the ability to manage and invest financial assets directly. The Board of Trustees has previously authorized the University of Oregon Foundation to serve as a portfolio manager, specifically for purposes of the institution's Tier III (longer-term) investment pool. The UO works with a variety of managers – mostly financial institutions – to manage Tier I and Tier II funds, which are shorter-term.

In light of this institutional authority, the UO believes it is appropriate to have a statement of principles to which the institution and its investment partners and managers should adhere. Adopted by the Board of Trustees, these principles would remain at the forefront of decision making relative to all pools of investments. (The UO does have some funds remaining in the State Treasury. The proposed statement of principles excludes those funds as the UO does not have management authority over that pool.)

The proposed statement of investment principles has been reviewed by individual trustees on the EAC and FFC; reviewed by the President, CFO, General Counsel, and Director of Treasury Operations; and compared to language found at other institutions.

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

**Resolution: Adoption of Investment Principles**

Whereas, the Board of Trustees of the University of Oregon (Board) has authority to hold and invest financial assets;

Whereas, the Board has a fiduciary obligation to the University, which includes, but is not limited to, the proper management of assets, including financial investments; and,

Whereas, an articulated set of investment principles will better enable the Board, the University, and any third party fund managers to adhere to established priorities and consider appropriate factors.

NOW THEREFORE, the Executive and Audit Committee (EAC) of the Board of Trustees of the University of Oregon adopts the Statement of Investment Principles attached hereto as Exhibit A.

Moved: \_\_\_\_\_

Seconded: \_\_\_\_\_

Trustee	Yes	No
Bragdon		
Ford		
Kari		
Lillis		
Ralph		
Wilcox		

Dated: \_\_\_\_\_

Recorded: \_\_\_\_\_

**Statement of Investment Principles  
Board of Trustees of the University of Oregon**

The University of Oregon's investment philosophy is anchored in the following core principle, which is fundamental and constant. Assets controlled by the University<sup>1</sup> must be managed in accordance with this principle, regardless of the ebbs and flows likely to arise due to markets, politics, and personalities.

**The primary principle** guiding the University's investments is the consideration of financial impact(s) on current and future elements of the university. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the institution's mission of teaching, research and service. In fulfilling this vision, only advisors and investment managers with appropriate institutional sophistication and an understanding of best practices will be considered. The Board of Trustees maintains ultimate responsibility for monitoring the performance of various pools of university assets and related returns.

Within the context of this primary principle, the University must consider a holistic view of risk that accounts for various factors which could modify a return/risk objective. These include:

- Maintaining appropriate levels of liquidity for the university's operational needs;
- Mitigating downside financial risks;
- Understanding and appropriately managing reputational risk or legal liability; and,
- Protecting university assets from politically-motivated pressures.

Additionally, academic research supports the practice of incorporating environmental, social, and governance ("ESG") factors with other conventional financial analytical tools when evaluating investment opportunities as these factors may help identify potential opportunities and risks which conventional tools miss. The UO encourages its advisors and managers to include ESG factors in their analytical processes. However, ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess both risk and return.

*Adopted by the Executive and Audit Committee on \_\_\_\_\_.*

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<sup>1</sup> These principles do not apply to University of Oregon funds held by the Oregon State Treasury.



### Agenda Item #3

#### Presidential Review – Process and Timeline Update

One of the most important responsibilities of the Board is to evaluate and support the president. The Board adopted an internal policy regarding presidential review and evaluation. The policy notes that a “well-defined and timely process” are important, as are “objectivity [and] candor.” It is worth noting that the policy also states that any formal evaluation process does not preclude ongoing informal feedback loops and evaluative efforts.

Following are key points regarding the 2017 annual evaluation of President Michael H. Schill:

#### *TIMING*

The evaluation process will begin in early May with a final report to the Board planned for the September meeting.

#### *MANAGEMENT*

The evaluation will be managed by the Executive and Audit Committee. The chair of that committee (Lillis) has designated the Vice Chair of the board (Ralph) as the point person for facilitating the process and information.

#### *COMPONENTS*

1. Self-assessment completed by President Schill.
2. Feedback from trustees, vice presidents, deans and President Schill’s direct reports as required.
3. Feedback from the president of the University Senate and president of the student government.
4. Discussion between the President and the Board’s Chair and Vice Chair.

#### *PRIVACY*

Information collected will be shared with the President, though not necessarily in an identifiable fashion. All materials are considered faculty personnel records and are thusly protected.

**GOALS FOR ACADEMIC YEAR 2016-2017**

- Strategic hires:
  - Senior Vice President and Provost
  - Deans of the School of Law and Lundquist College of Business
  - AVP for Title IX (and continue investment in and redesign of programming to ensure ease of access and use by students)
  - Chief Information Officer
- Achieve \$150 million in new philanthropic gifts
- Launch a new applied science initiative
- Develop a strategy for the UO's presence, activities, and operations in Portland
  - Work collaboratively to develop a strategic plan
  - Increase public-facing activities in Portland
  - Better engage alumni in UO Portland activities
- Work with deans to enable them to become effective leaders and fundraisers
- Work with university presidents and government affairs staff to maximize state funding for both operations and capital construction
- Emphasize diversity in hiring
- Build internal capacity and enhance managerial effectiveness
  - Continue investments in IT infrastructure
  - Continue process of integrating some currently decentralized functions (e.g., purchasing, communications, IT)
  - Invest in systems that will enhance management capabilities (e.g., budget tracking, human resources)
  - Continue to model and reinforce organizational culture change; extend that culture throughout managerial levels
  - Continue to develop managerial and financial training opportunities for department chairs and other academic leaders
- Identify (with deans and faculty) areas for concentrated investment *outside* of the physical sciences.
- Enhance advising through integrated approaches using the Student Success Collaborative tool and other identified best practices and tools
- Create and implement a new funding formula/model for schools and departments that incentivizes excellence
- Continued development of a strong working relationship and good communication with the Board of Trustees and individual members thereof
- Continue to interact with the Board of Trustees regarding the UO's evolving strategic plan and intentions



## LONG-TERM GOALS

### *Foundational*

- Successfully complete \$2B campaign
- Complete the review and revision of all university policies
- Ensure that space is utilized maximally, and add additional classroom and faculty spaces as needed
- Achieve savings from the pursuit of efficiencies, analysis of administrative services, and realignment of personnel
- Examine the feasibility of long-term funding/financing models for the university that will make it less tuition-dependent

### *Building the Research and Academic Enterprise*

- Hire 80 to 100 net new research-active faculty in the next four years
- Continue to make progress on interdisciplinary research hiring, such as the Clusters of Excellence
- Increase the diversity of faculty (particularly Black faculty members)
- Increase federal research funding to \$150 million per year (from the current total of \$116m)

### *Supporting Student Access and Success*

- Improve the graduation rate by ten percentage points by 2020
- Remove barriers to graduation
- Increase student diversity
- Increase admission of students from under-represented backgrounds
- Invest in admissions staff
- Increase student financial aid

### *Enhancing the Student Experience*

- Strengthen residential and out-of-class learning opportunities
- Plan for possible growth of student body
- Enhance inclusion on campus and work to promote a sense of inclusion among all students

## **Presidential Review & Evaluation Policy**

The Board of Trustees of the University of Oregon (the “Board”) will evaluate the university President on a regular basis to facilitate clear communication, reflect best practices and promote the effective execution of the University’s strategic plans. To accomplish this, the Board, its committees and its members shall adhere to the following Policy on Presidential Review and Evaluation:

### **1.0 Guiding Principles**

- 1.1 Evaluating the President is a non-delegable responsibility of the Board of Trustees. While various viewpoints will be solicited and considered, the Board must take direct responsibility for the evaluation.
- 1.2 A review of the President should be based on the University’s values and the objectives set forth in its mission, goals and strategic plans.
- 1.3 Objectivity and candor, as well as a well-defined and timely process, are critical to an effective evaluation.
- 1.4 Nothing in the establishment of annual or comprehensive review policies and processes should imply that informal, ongoing evaluations cannot, should not or will not occur; ongoing, reciprocal communication between the President and the Trustees is important to effective governance of the University.

### **2.0 Timelines**

- 2.1 Annual Review – The Board shall undertake a performance evaluation of the President on at least an annual basis (the “Annual Review”). The Annual Review shall take place during a timeframe specified by the Chair and Vice Chair of the Board, with consideration of the academic calendar and meetings of the Board. Typically, this timeframe would fall between May and September.
- 2.2 Comprehensive Review – The Board shall undertake a comprehensive evaluation and review (the “Comprehensive Review”) at least every five years of a president’s tenure during a timeframe specified by the Chair and Vice Chair of the Board, with consideration of the academic calendar and meetings of the Board.

### **3.0 Committee**

The Executive and Audit Committee or its designee(s) (“the Committee”) shall be responsible for managing and executing this Policy.

### **4.0 Components of the Annual Review**

- 4.1 President’s Annual Self-Assessment – The President shall complete an annual self-evaluation, due to the Board at a date specified by the Chair. The self-evaluation shall include a retrospective component and a prospective component as described below.

- 4.1.1 The *retrospective* portion will customarily include, but is not limited to: institutional achievements and the President's role(s) therewith; assessment of the President's relationships with the Board, university leadership, and other key stakeholders; a review of goals previously established under Section 6.0 of this policy and progress made toward those goals; and identification of significant institutional or personal challenges faced throughout the preceding year, with particular focus on those likely to persist into the future.
  - 4.1.2 The *prospective* portion will customarily include, but is not limited to: goals the President proposes for him/herself and the University over the course of (i) the next year and (ii) the next five years; professional development plans or objectives; an assessment of the University's primary opportunities, challenges, strengths and needs, especially as those items relate to the University's strategic plan; and areas in which the President seeks the Board's assistance.
- 4.2 Presidential Review Feedback – The Committee (or designee) shall solicit feedback from trustees, vice presidents, the President's direct reports, and academic deans. The Committee (or designee) may, at its (their) discretion, ask other persons to provide feedback. The feedback shall be shared with the Board and the President in accordance with the requirements of Sections 2.0 and 8.0.
- 4.3 Solicitation of Other Information and Material – The Committee (or designee) shall solicit information on the President's performance from other members of the university community and, where appropriate, external constituencies. Nothing in this section is meant to imply an obligation by the Board or any committee of the Board to solicit or accept information or material from any particular individual, organization or position. All material collected or obtained shall be provided to the President.

## **5.0 Components of the Comprehensive Review**

Prior to the commencement of each Comprehensive Review, the Committee (or designee) shall establish the components and related processes not otherwise specified in this Policy by which the Comprehensive Review shall be administered. The Comprehensive Review shall supplement, and not replace, the Annual Review.

## **6.0 Reporting**

- 6.1 Annual Review – Following the completion of each Annual Review, the Committee (or designee) shall prepare a report summarizing its findings and any associated recommendations, goals or action items for the President, the Committee and/or the Board. Such findings and recommendations may include consideration of presidential compensation. This report shall be presented to the Board at the first regular meeting of the Board following completion of the Annual Review.
- 6.2 Following the completion of each Comprehensive Review, the Committee (or designee) shall prepare a report summarizing its findings and any associated recommendations,

goals or action items for President, the Committee and/or the Board. This report shall be presented to the Board at the first regular meeting of the Board following completion of the Comprehensive Review.

**7.0 Establishment of Goals and Expectations**

Upon completion of the Annual Review, but not later than thirty (30) days following the Board's acceptance of the report required in section 6.1, the Committee, in consultation with the Board Chair and the President, will establish and memorialize in writing the President's performance goals and expectations for the upcoming year.

**8.0 Confidentiality**

Oregon law governs the confidentiality of the President's review(s) and related materials. Evaluative information shall be received and maintained in a manner that is consistent with the personnel records standards outlined in ORS 351.065 and associated University policies.



## Agenda Item #1 - Supplemental

### Quarterly Audit Report



UNIVERSITY OF OREGON

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# Office of Internal Audit

## Quarterly Report

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**June 2017**

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

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## SUMMARY

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The Office of Internal Audit (OIA) provides a quarterly report to assist the President and the Executive and Audit Committee (EAC) with their oversight responsibilities for the OIA.

The previous quarter has been very productive. The OIA has used a balanced approach to ensure the administrative goals for the year are met, while completing projects from the approved audit plan. Four (4) projects have been completed and two (2) more are currently in progress at various stages.

If there are any questions regarding the content of this report, I am available for discussion. Thank you for your work and your continued support of the OIA.

## COMPLETED PROJECTS

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### ***Athletics Risk Assessment***

The OIA began this project in FY16; however, it was put on hold due to office turnover. The initial planning phase was completed and objectives were identified. These included gaining an understanding of the athletics program in order to identify inherent risks as well as identifying systems and processes along with related controls that are intended to mitigate these risks. Risk sources included review of data, interviews with key personnel, an all-inclusive survey, and review of athletics related issues affecting other universities. These results are being used to develop a multiple year, risk based audit plan. A plan has been drafted as this project is being finalized.

### ***CHC Facilitated Self-Assessment (Advising)***

The OIA began this project in January. The objective was to assist Clark Honors College in identifying opportunities for improvement for specific areas. OIA reviewed documentation related to the areas and held discussions with staff to gain an understanding of the current processes. OIA also reached out to other campus departments to gain an understanding of the same processes for benchmarking. Two facilitated self-assessment discussions were then held with staff to identify objectives, risks and solutions.

### ***IT Cost Model Study (Advising)***

The OIA began this project in mid-February. The objective was to assist the Information Services (IS) department in its IT cost model updates. The OIA, with Baker Tilly, worked with the Interim Chief Information Officer and the IS department to perform the study. This study provided benchmarking data and helped identify recommendations for the University's IT cost model. The results of the study have been shared with the new Chief Information Officer.

### ***Fiscal Year 2018 Audit Plan***

The OIA prepared the audit plan based on an updated methodology. The risk identification process now includes more risk sources and additional input from the campus community and peer institutions. Risk sources included inventory of central functions, interviews with key personnel, an all-inclusive survey, and review of higher education issues affecting other universities. Based on the results of this process, the audit plan was prepared.

### **PROJECTS IN PROGRESS**

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#### ***Accounts Payable Practices and Controls***

The OIA began this project in late January. The objective is to evaluate the internal control structure of the central function. Initial planning phase has been completed and appropriate procedures have been identified. This project is currently in the final stages of fieldwork. *Estimated completion: June 30, 2017*

#### ***Cash Handling***

The OIA began this project in late February. The objective is to evaluate the internal control structure of the processes used by the campus, as established by the Business Affairs Office (BAO). This project is currently in the preliminary planning phase, as information continues to be gathered. *Estimated completion: June 30, 2017*

### **ONGOING PROJECTS**

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*Advising:* The FY17 audit plan includes time for advising activities. The OIA continues to offer training on internal controls, risk, and fraud awareness. Additionally, the OIA has added facilitated internal control self-assessments as a service for the campus. The OIA continues campus outreach and presentations to reach new audiences and introduce new concepts.

*External Audit Coordination:* The OIA is charged with coordinating and providing oversight for other control and monitoring functions, including external audit. Moss Adams, LLP is the external firm responsible for the university's financial statement audit, single audit, and NCAA agreed upon procedures. During the past quarter, the OIA met with Moss Adams to continue information sharing as the fiscal year concludes and procedures for the FY17 audits begin.

### **FOLLOW-UP PROJECTS**

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The OIA will be performing follow-up work on completed projects to ensure any audit findings and action plans are implemented. No follow-up projects were initiated in this quarter.

### **HOTLINE SUMMARY**

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The OIA has received the following requests for investigative services during the current fiscal year. Of these, six (6) have been completed, three (3) have been assigned and one (1) is currently in progress.

<b>Reporting Sources for FY17 Investigative Services</b>	
<b>Campus Direct to Internal Audit</b>	<b>2</b>
<b>3rd Party Hotline</b>	<b>8</b>
<b>Grand Total</b>	<b>10</b>

It is common for a university our size to have an active hotline. Based on the activity for FY17 so far, the OIA continues marketing and outreach efforts to the campus community.



## **ADMINISTRATIVE**

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To provide a foundation for the direction of the office, the OIA created a strategic plan during this quarter. The mission was updated, and a vision and specific goals were incorporated. In addition, an updated Internal Audit Charter has been prepared. The updated charter is submitted for Executive and Audit Committee approval.

Administrative goals were identified in the Annual Risk Assessment and Internal Audit Plan for FY17. The current progress of each of these initiatives is as follows:

- *Implement audit management software:* Complete. The OIA staff continue the learning phase of the implementation. Staff are currently utilizing the software for all new projects.
- *Refine Internal policies and procedures:* Continuous. New standards were released by the IIA effective January 2017, and are being incorporated into policies and procedures. Also, procedures continue to be updated as needed to conform to, and take advantage of the new software.
- *Market Internal Audit:* Continuous. Brochures and posters were designed by the staff and are available. The OIA also hosted a campus event in May, in honor of International Internal Audit Awareness Month.
- *Develop self-assessment tools for the campus community:* In progress
- *Develop and implement a student worker program:* In progress. Outreach to university officials has occurred. The OIA will be developing program policies and procedures in the coming months. Contacts have been identified and planning is currently underway for a student worker program.