



6/20/23

Office of Internal Auditing

# Audit Committee

MINNESOTA STATE

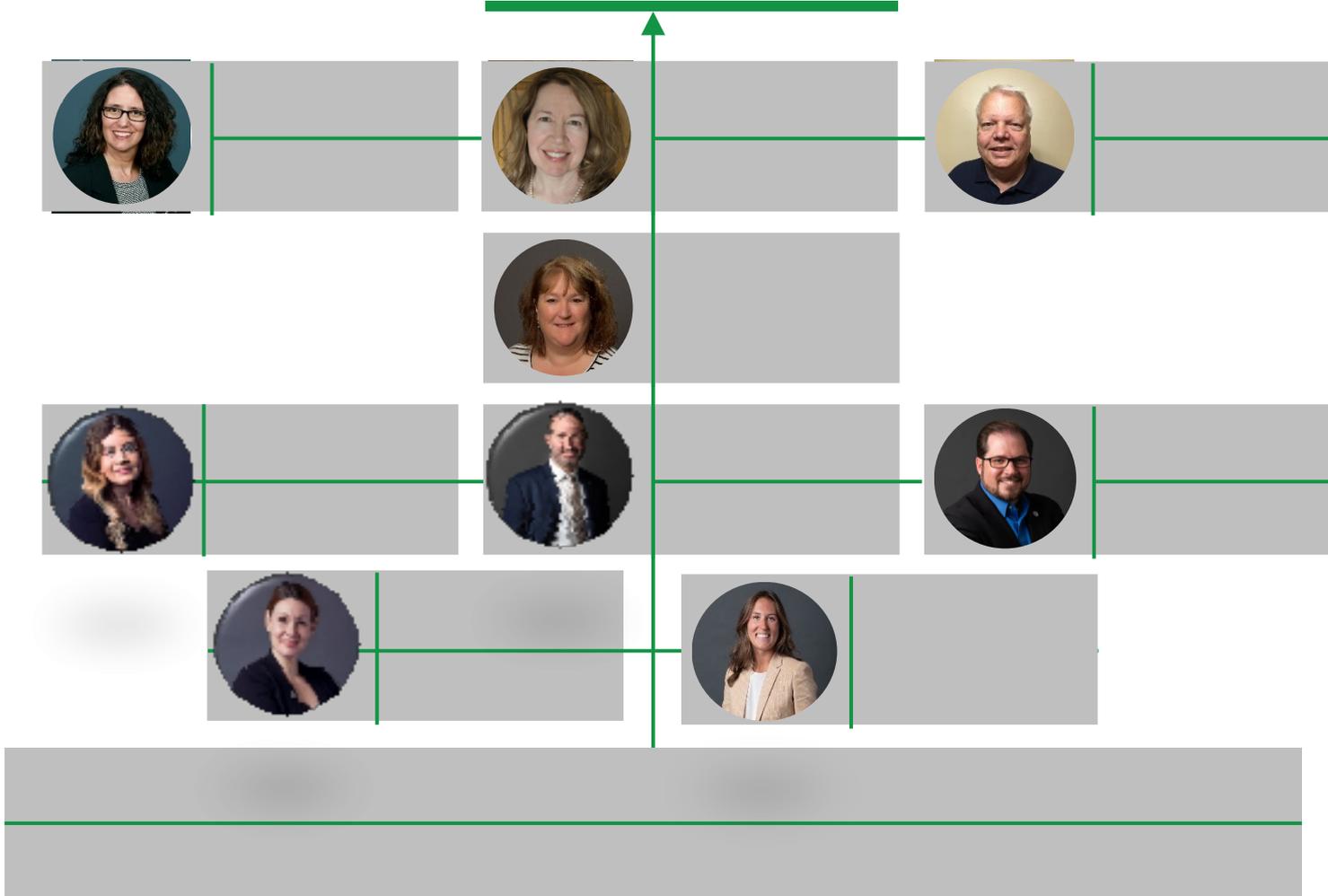
# Chief Audit Officer's Annual Report and Proposed Fiscal Year 2024 Internal Auditing Plan



# THE OFFICE OF INTERNAL AUDITING



# Internal Auditing Team



# Fiscal Year 2023 in Review

## Internal Audit Operational Updates

- Annual Financial Statement Audits
- Federal Compliance Testing Over Student Financial Assistance and Higher Education Emergency Relief Fund Programs

## Internal Audit Program Development

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

## Executed Projects

- NextGen Project Risk Review #9
- Equity 2030 Status Assessment
- Controlled Use of Admin Privileges
- Academic Program Process Review – Transfer Pathways
- Ethics, Employee Conduct, and Fraud Review
- Financial Controls Assessments
- Enterprise Identity Management System Audit
- Quarterly Board of Trustee Expense Audits

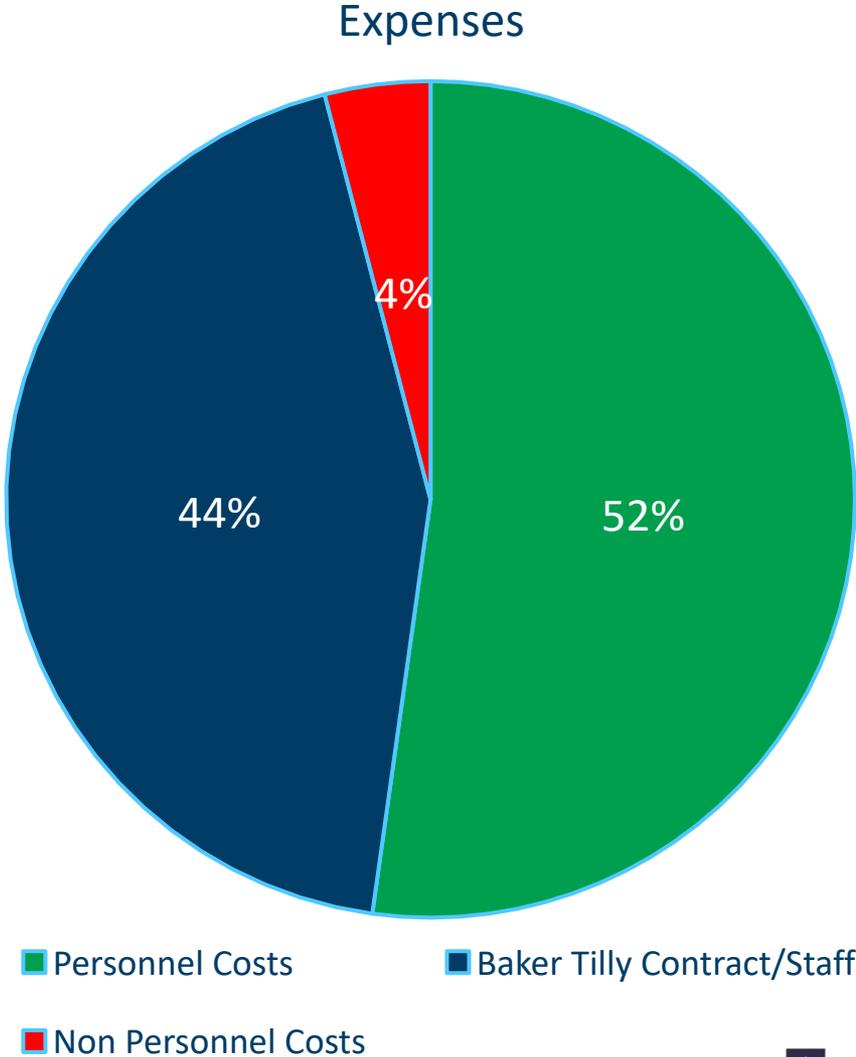
## Fraud Investigations

- Received 7 allegations
- Issued 5 Investigation Reports; 4 investigations are in progress

# Internal Auditing Budget

- FY24 system office expected divisional funding allocation/budget

Personnel Costs	\$715,152
Baker Tilly Contract/Staff	\$600,000
Non-Personnel Costs	\$55,058
Total	\$1,370,210



# Internal Audit (IA) Plan

- IA's Charter and the International Professional Practices Framework requires the Chief Audit Officer to present and seek approval of an annual internal audit plan
- The plan presents an overview of how IA plans to use its resources
  - Part 1 – Ongoing Activities
  - Part 2 – Multi-Year Projects
  - Part 3 – New Projects
- Plan updates, including suggested changes, will be discussed with the Audit Committee throughout the year
- The Audit Committee is to also review the internal audit budget, resource plan, activities and organizational structure

# Internal Audit Plan Development Process



# Internal Auditing Focus Areas for 2024



Advancing Enterprise Risk Management Model



NextGen



Top 5 Information Security/NIST



Internal Controls and Compliance



Attraction and Retention of Faculty and Staff



Financial Sustainability and Athletics

# Part 1 – Ongoing Activities

## Committee Participation and Advisory Services

- NextGen Steering Committee
- Enterprise Risk Management Steering Committee
- Chancellor’s Cabinet and Leadership Committee
- Other Committee and Work Group Participation
- Ongoing Ad-Hoc Risk & Control Inquiries and Advice

## Assurance Services

- Monitoring Progress on Outstanding Audit Findings

## External Audit Coordination

- Annual Financial Statement Audits
- Annual Federal Student Financial Aid Compliance Audit
- NCAA Compliance Audits (every 3 years)
- Other External Party Audits

## Fraud Inquiry and Investigation Services



# Part 2 – Multi-Year Projects

## ERM Advisory (advisory)

Participate in the ERM Steering Committee and assist in facilitating the ERM program and implementing ERM across the colleges and universities.

## NextGen Review (advisory/assurance)

Advise trustees and leadership on project status and risks and provide potential project improvements via period risk review checkpoints. Review security roles and internal controls prior to implementation.

## Top 5 Information Security Review (advisory/assurance)

Validate the implementation of safeguards and recommend information security program improvements for secured network engineering. Follow up on years 1-3 observations.

## Financial Controls Audit (assurance)

Execute year four of the rotational plan and facilitate internal control assessments for selected two-year institutions.

# Part 3 – New Projects



# Customized Training Controls Audit

## Project Description:

Assess the design and adherence to the internal control framework for customized training and review the accounting and transaction coding practices for consistency. (assurance)

## Potential Guiding Questions:

1. Are there updates needed to the business practices and procedures for customized training?
2. Are internal controls designed to ensure adherence to regulations, policies, procedures and are these controls operating effectively?
3. Are governance structures clearly defined and consistently applied to guide decision-making on strategy, curriculum, business operations, resourcing, and use of systems?
4. What best practices can be shared across the colleges and universities?



# NIST Framework Implementation Advisory



## Project Description:

Advise on the implementation of the National Institute of Standards and Technology Special Publication 800-171. (advisory)

## Potential Guiding Questions:

1. What processes and internal controls should be implemented to comply with the NIST framework?
2. How can colleges, universities, and the system office leverage the Top 5 Information Security guidelines and policies when implementing the NIST framework?

# Employee Attraction and Retention Practices Advisory



## Project Description:

Review the practices for attracting, hiring, and retaining employees. Review policies and procedures for opportunities to enhance the attraction and retention of diverse employees. (advisory)

## Potential Guiding Questions:

1. How can Minnesota State improve employee attraction, recruitment, and retention?
2. What best practices should be shared across the colleges and universities? How do similar higher education systems attract and retain employees?
3. How should policies and procedures be updated to promote the attraction and retention of diverse employees?



# Athletics Department Impact Advisory



## Project Description:

Determine how athletic departments are structured across Minnesota State and evaluate the financial impact. (advisory)

## Potential Guiding Questions:

1. Are governance structures clearly defined and consistently applied to guide decision-making for athletics department operations? How does Title IX impact the decision-making process and overall governance of athletics?
2. What is the impact (enrollment, financial, etc.) of athletics for the colleges and universities?



# Quality Assessment Review

## Fiscal year 2024

- Multi-year strategic plan to support the dynamic nature of Minnesota State and guide the IA function
- Balanced scorecard to communicate performance
- Quality Assurance and Improvement Program (QAIP) updates

## Fiscal year 2023 and continuing

- Internal assessment, including an evaluation of the “Core Principles”
- Dashboard for monitoring audit findings and tracking remediation efforts
- Internal Audit Manual

# Additional Projects Considered (Partial List)

- Mental Health and Wellness Advisory
- Recruitment Marketing Review
- Academic Program Advisory
- Program Delivery Model Advisory
- Dual Credit Review
- Physical Safety and Security Review
- Facilities Management and Utilization Advisory
- Center for Data Access and Analytics Advisory

# Recommended Action and Motion

## Recommended Committee Action

- The audit committee recommends the Board of Trustees adopt the following motion:

## Recommended Board Motion

- The Board of Trustees approves the Office of Internal Auditing's annual internal auditing plan for fiscal year 2024.



# MINNESOTA STATE

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