



UNIVERSITY OF OREGON

Office of Internal Audit

Quarterly Report

March 2018

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

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SUMMARY

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

Internal Audit works to complete projects from the approved audit plan while meeting administrative goals for the year. During the previous quarter, Internal Audit issued three assurance reports. In addition, consulting projects are accepted by management request in an effort to proactively increase efficiencies across campus. Internal Audit is also pleased to pilot a partnership with student members of Beta Alpha Psi in the spring term to provide experiential learning in the internal audit profession.

Internal Audit has communicated with senior leadership specific risks affecting the control environment. Over the course of Internal Audit’s work, we have noted the impact of decentralization and its associated risks on University processes, including internal audit projects. Internal Audit has communicated these identified risks to management to offer independent, objective insight and facilitate discussions for possible corrective action.

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 Internal Audit.

COMPLETED PROJECTS

ASSURANCE

Accounts Payable Practices and Controls

The objective of the project was to evaluate the internal control structure of the central function based on the Committee of Sponsoring Organizations (COSO) components and principles. Based on our review, opportunities to enhance the internal control structure over accounts payable processes were identified in each of the five components of the COSO framework.

Electronic Proposal Clearance System (E-PCS) Audit

The objective of this project was to perform an audit of general controls over the system used to manage and track grant data. Based on our review, opportunities to strengthen IT general controls over the E-PCS application were identified in the areas of change control and testing, segregation of duties, user authentication, and access management. In addition, recommendations were made regarding the platform of the application nearing end of vendor support.

NCAA Football Attendance Certification

The objective of the audit was to ensure compliance with NCAA requirements. Annually, all Division I Football Bowl Subdivision schools must undertake a certified audit verifying an average minimum attendance for home games. Internal Audit performed a review of football attendance for all home football games for the 2017 season. Based on our review, Internal Audit verified the University was in compliance with NCAA requirements.

PROJECTS IN PROGRESS

Nonretaliation Policies

Internal Audit began this project in August. This project was identified on the approved fiscal year 2018 (“FY18”) audit plan. The objective is to evaluate the compliance and effectiveness of current University policies regarding retaliatory behavior. This project is currently being finalized. *Estimated completion: March 2018*

Cash Handling

Internal Audit began this project in September. This project was rolled over from the FY17 approved audit plan to the FY18 approved audit plan. 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 fieldwork phase. *Estimated completion: April 2018*

Research Cybersecurity Compliance

Internal Audit, in collaboration with Baker Tilly, began this project in August. This project was identified after the FY18 audit plan was approved in June. The objective is to perform a review of grants with specific cybersecurity requirements to ensure compliance. This project is currently in the fieldwork phase, as Internal Audit and Baker Tilly have expanded testing to a larger sample of awards. *Estimated completion: March 2018*

Athletics IT Assessment

Internal Audit, in collaboration with Baker Tilly, began this project in February. This project was identified on the approved FY18 audit plan. The objective is to conduct an IT assessment for the Athletics department covering key people, processes, and technology used. This project is currently in the planning phase. *Estimated completion: May 2018*

CONSULTING

Internal Audit is currently working on three consulting projects for different units on campus that are at various stages of completion and has finalized one. While these projects take time away from planned assurance projects, they serve three very important purposes, 1) to improve efficiencies and effectiveness in a proactive manner, 2) to reinforce Internal Audit’s purpose to be a valuable partner, and 3) to provide Internal Audit with more insight regarding campus risks. Areas addressed in the current year include internal controls, process improvement, and identification of efficiencies. Once finalized, reports are issued summarizing the results.

ONGOING PROJECTS

Consulting: As mentioned previously, consulting projects are performed at management’s request. The FY18 audit plan included time for these activities. This is an area that Internal Audit has emphasized and pursued heavily. As opportunities arise Internal Audit offers this service and it has been well received by the University community. Internal Audit continues to offer training on internal controls, risk, and fraud awareness and presents at the annual Financial Stewardship Institute. Additionally, Internal Audit has developed a training series on the COSO Internal Control Framework that is being offered through the Professional Development initiatives in Human Resources. Internal Audit offers

facilitated internal control self-assessments as a service for the campus, as well as continues campus outreach and presentations to reach new audiences and introduce new concepts.

External Audit Coordination: Internal Audit 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, Internal Audit met with Moss Adams to continue collaboration and information sharing.

FOLLOW-UP PROJECTS

Internal Audit performs follow-up work on completed projects to ensure any audit findings and action plans are implemented. Internal Audit has developed a methodology for tracking and reporting on follow-up projects. There are two projects currently in the planning phase for follow-up. Internal Audit will be reporting on these follow-up initiatives beginning next quarter.

HOTLINE SUMMARY

Internal Audit has received the following requests for investigative services during the current fiscal year. Of these, four have been completed, one is in progress, and three were referred to other units.

Reporting Sources for FY18 Investigative Services	
Campus Direct to Internal Audit	2
3rd Party Hotline	6
Grand Total	8

It is common for a university our size to have an active hotline. Peer institution benchmarking indicates the activity is low for our institution. Internal Audit continues marketing and outreach efforts, but will pursue additional avenues to ensure campus community awareness.

ADMINISTRATIVE

To provide a foundation for the direction of the office, Internal Audit created a strategic plan. Through this process, the mission was updated, and a vision and specific goals were incorporated. Administrative items, such as outreach on campus and involvement in national organizations, were included as goals and specific action items to achieve these goals were included within the plan. An implementation schedule was developed to ensure the strategic plan was achieved. At this time, all action items are on schedule.