AGENDA ITEM SUMMARY

NAME: Audit Committee   **DATE:** November 16, 2022

TITLE: FY2023 Audit Committee Workplan and Update

☐ Proposed New Policy or   ☐ Approvals Required by   ☐ Other Approvals
Amendment to Existing Policy   Policy

☐ Monitoring/Compliance   ☒ Information

PRESENTERS
Amy Jorgenson, Chief Audit Officer

PURPOSE
This discussion will focus on the committee's fiscal year 2023 work plan/schedule. The committee's agenda and topics to be discussed over the course of the year is primarily driven by the annual Internal Auditing Plan approved by the committee in June. That plan identifies the assurance and advisory projects or other major work to be conducted by the Office of Internal Auditing. The goal of the discussion is to inform the committee of the tentative schedule, provide an update on the workplan, and address any questions committee members may have.

BACKGROUND INFORMATION
Per the Audit Committee Charter, the committee shall assist the board in fulfilling its oversight responsibility for Minnesota State's system of internal control, the audit process, and compliance with legal and regulatory requirements. The committee provides ongoing oversight of internal and external audits of all system functions including individual campus audits.

Exercising these responsibilities requires the committee to (partial list):
1. Provide input, review, and approve an annual audit plan that is based on a risk assessment(s). The plan shall include all internal auditing and external audit activities planned for the ensuing fiscal year.
2. Review with the executive director the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
3. Review and evaluate the effectiveness of Minnesota State's internal control system, including information technology security and control. Review and discuss the audit results and management's response to each internal audit report.

4. On a regular basis, the audit committee chair or vice chair should meet with the chief audit officer to discuss any matters that they or the chief audit officer believes should be discussed privately.

To ensure the committee is best positioned to fulfill these responsibilities, a comprehensive Annual Internal Auditing Plan was developed after significant stakeholder input. The proposed plan was reviewed and approved by the committee in June 2022. That plan identifies the assurance and advisory projects and other major work to be conducted by the Office of Internal Auditing and served as the primary input used by the chief audit officer and the committee chair to create a tentative committee work plan/schedule contained on the following page.

The purpose of this committee discussion is to inform the committee of the tentative schedule and address any questions committee members may have.

11/16/2022

Office of Internal Auditing

Audit Committee

Fiscal Year 2023 Internal Auditing Plan Update

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Part 1 – Ongoing Activities

Activity Objective	Status
Enterprise Risk Management (advisory): Participate in the ERM Steering Committee and assist as requested. Assist the Committee in facilitating the ERM process and conduct facilitated discussions with key stakeholders. Assist the Committee in implementing ERM across the colleges and universities.	Ongoing; • Implementing ERM at all colleges and universities • Participating in ongoing risk discussions at the system office
Quarterly Audits of Board Expenses and Trustee Expense Reimbursements (assurance): A review of transactions to ensure: • Compliance with state law, rules, and regulations, and system policies • Adequate documentation • Public purpose	In Progress; FY23 quarter 1
External Audit Coordination: • Annual financial statement audits • Annual federal student financial aid/HEERF compliance audit	Ongoing; • Financial Statement work complete • Single Audit results in March
Monitoring Progress on Outstanding Audit Findings	All follow up work done September – October 2022
Fraud Inquiry and Investigations	Ongoing

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Part 2 – Multi Year Projects

Project Objective	Status
NextGen Project Risk Review Checkpoints (advisory/assurance): Perform checkpoints aligned with the project plan, focused on key project milestones. Participate in the ERP Steering Committee, provide professional advice, and assist as requested. Participate in status meetings with the Chancellor and Trustees.	Ongoing; checkpoint #9
NextGen Workday Implementation (advisory/assurance): Advise on key processes, risks, and controls surrounding the implementation, data governance, and other key project factors as they arise. Provide real-time recommendations and input during project meetings. Conduct finance and HCM process reviews to identify high risk areas. Collaborate with the project team and management to further refine the scope and develop specific activities to be performed by the internal audit team to advise or provide assurance on the NextGen implementation process and control development.	Deferred; aligned with NextGen activities/timelines
Financial Controls Assessment (assurance): Execute year three of the rotational plan and facilitate internal control assessments for the following four institutions: Century College, Hennepin Technical College, Minneapolis Community and Technical College, Normandale Community College. Goal is to complete in scope assessments by December 31, 2022.	In Progress; • Century College; completed fieldwork • Hennepin Technical College; completed fieldwork • Minneapolis Community and Technical College; planning • Normandale Community College; planning

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Part 3 – New Projects

Project Objective	Status
Equity 2030 Status Assessment (advisory): Review the current status of the six strategic dimensions of Equity 2030: enhanced access, academic success, student engagement, evidenced based decision making, financial resources, and workforce and talent diversity. Review the monitoring and evaluation framework that was created to track and calibrate progress, and evaluate the activities completed relative to the timeline and plan. Advise on areas for improvement to further progress the initiative and accomplish the goal.	In Progress; scheduling fieldwork and requesting data Report presentation planned for April 2023
Academic Program Process Review – Transfer Pathways (assurance): Assess impacts of and needed enhancements to the transfer pathway program. Specifically, evaluate performance of the program against its original goals; review the performance metrics and data available to assess for coverage across all key categories (e.g., student success, retention, institutional performance, and academic program performance). Determine the extent to which four-year institutions are honoring transfer pathways, as well as evaluate opportunities of enhancement within the program.	In Progress; fieldwork planned for November and December 2022 Report presentation planned for April 2023
Controlled Use of Admin Privileges (assurance): Review college and university controls and use of system administrative privileges, part of the Information Security Top 5 Security Domains, to evaluate whether appropriate processes and controls are in place to ensure system administration access and privileges are appropriately controlled in a manner that only allows the administrator to conduct the activities needed to complete assigned tasks. Previous "Top 5" audits included reviewing data classification and vulnerability management.	In Progress; fieldwork planned for November and December 2022 Report presentation planned for March 2023

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Part 3 – New Projects

Project Objective	Status
Ethics, Employee Conduct, and Fraud Review (advisory/assurance): Review Minnesota State's Employee Code of Conduct and Fraud Policy and benchmark against similar systems to provide best practice recommendations. Advise on how to implement a proactive approach to fraud management. Review processes designed to ensure Minnesota State is complying with the state ethics requirements and internal ethics policies. Evaluate the monitoring structures in place.	In Progress; finalizing scope Report planned for June 2023

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Part 4 – FY23 Audit Committee Workplan

Operational	Policy Considerations	Strategic
November 2022 - Review Audit Results & Approve Release of Audited Financial Statements	**June 2023** - Project Results: Ethics, Employee Conduce & Fraud	**November 2022** - FY23 Audit Committee Workplan
November 2002 - Closed Joint Audit/Finance - IT Audit Results, IT Security Audit Update, Information Security Briefing		**April 2023** - Project Results: Equity 2030
January 2023 - Select External and Internal Audit Firms		**April 2023 -** Academic Program Process Review – Transfer Pathways
March 2023 - Project Results: Financial Internal Control Assessments		**June 2023** - Review and Approve FY24 Internal Auditing
March 2023 - Project Results: Controlled Use of Admin Privileges		**As needed -** Committee of the Whole: Ongoing NextGen Risk Review Updates
March 2023 - Federal Compliance Testing Over Student Financial Aid & HEERF Programs		
May 2023 - Risk Assessment Update		
March 2023 - Finance & Facilities Committee approve External and Internal Audit Contracts		

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Board of Trustees

FY2023 Board Committee Work Plan
Audit Committee

	Oct 2022	Nov 2022 *Joint with Leadership Council*	Dec 2022	Jan 2023 *Joint with Leadership Council*	Feb 2023	March 2023	April 2023	May 2023	June 2023
Operational		Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit CLOSED Joint Audit & Finance Committees 1.) CliftonLarsonAllen IT Segment Audit Results 2.) Internal Audit IT Security Audit Update 3.) Minnesota State Information Security Briefing		Select External Audit Firm for Systemwide External Auditing Services		Project Results: Financial Internal Control Assessments Project Results: Controlled Use of Admin Privileges Federal Compliance Testing Over Student Financial Assistance and Higher Education Emergency Relief Fund Programs Finance Committee will approve External and Internal Audit Contracts		Risk Assessment Update	
Board Policy Considerations									Project Results: Ethics, Employee Conduct and Fraud Review

Bold = action items needing committee and board approval

Blue font = joint committee presentation

Italics = tentative topic

		Nov 2022 *Joint with Leadership Council*	Dec 2022	Jan 2023 *Joint with Leadership Council*	Feb 2023	March 2023	April 2023	May 2023	June 2023
	Oct 2022								
Strategic		FY23 Audit Committee Workplan and Update		COW- NextGen Risk Review #9			Project Results: Equity 2030 Project Results: Academic Program Process Review - Transfer Pathways COW- NextGen Risk Review #10		Review and Approve Fiscal Year 2024 Internal Auditing Plan

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