

Office of Audit, Risk and Compliance Progress Report

BACKGROUND

The Office of Audit, Risk and Compliance (OARC) provides a progress report to the president and the other Executive & Audit Committee (EAC) members to assist with their governance and oversight responsibilities as outlined in the EAC's charter.

The OARC performs independent internal audits, executes the university's enterprise risk management process, and oversees OSU's institutional compliance program. The OARC's mission is to enhance and protect the strength of OSU as an organization by providing objective, risk-based assurance and advice.

This report constitutes a status report for the audit, enterprise risk management and compliance functions within the OARC, covering activities that have occurred since the last EAC meeting. The primary purpose is to provide updates on internal audit activities. However, brief updates on compliance and enterprise risk are also included. In-depth information and updates on compliance and enterprise risk are provided annually as stand-alone reports.

INTERNAL AUDIT ACTIVITIES

The following table outlines the audit reports OARC has issued and the status of engagements in process. The OARC believes the actions taken or planned by OSU management are responsive and demonstrate a commitment to continually improving operations.

Audit Reports Issued and Engagements in Process

Engagement Status and Risk Rating	Audit Objective
Capital Construction Audit – Labor Review <i>Report Issued – High Priority</i>	The OARC contracted with an external audit firm to perform a review of construction labor rates. The audit identified opportunities to improve processes relative to validating hourly labor rates, confirming the rates charged to OSU in the monthly payment applications are in agreement with the contract and ensuring contractors comply with the audit clause provisions.
Unemployment Claims Consulting Review <i>Report Issued – Low Priority</i>	The OARC consulted with University Human Resources (UHR) and the Controller's Unit (CU) on the processes in place for unemployment claims which are reimbursed to the Oregon Employment Department (OED). Overall, process enhancements were put into place by UHR to proactively identify potentially fraudulent unemployment claims and ensure reimbursements to OED are for valid unemployment claims.
Information Technology (IT) Risk Assessment <i>Report Issued</i>	The OARC worked with University Information Technology and other decentralized IT areas on campus to identify the OSU IT risk universe, complete a risk assessment and identify OSU's planned IT audit priorities for the next three years.

<p>NCAA Compliance Review – student-athlete eligibility</p> <p><i>Summarizing Results</i></p>	<p>In conjunction with the technical support of an outside consultant, the OARC conducted a review of student-athlete academic support and eligibility compliance. The review concluded that OSU did not have any recent eligibility compliance violations. It identified opportunities to improve processes and collaboration among the offices responsible for student-athlete eligibility by clearly delineating roles and responsibilities, documenting procedures, and supporting ongoing staff professional development.</p>
<p>Criminal History Check Audit</p> <p><i>Summarizing Results</i></p>	<p>The OARC is working with University Human Resources and other campus partners to evaluate the criminal history check (CHC) process to ensure employees and volunteers with critical and/or security-sensitive duties obtain a CHC as required.</p>
<p>Access Controls</p> <p><i>Planning Fieldwork</i></p>	<p>The OARC is performing an audit of select policies, processes and best practices that support identity authentication, access authorization and the physical security of IT assets.</p>
<p>Environmental Health and Safety</p> <p><i>Planning Fieldwork</i></p>	<p>The OARC will perform an internal control review over Environmental Health and Safety operations to evaluate training, lab inspection, and chemical inventory and disposal procedures, ensuring compliance with regulatory requirements.</p>
<p>Capital Construction Audit – Arts and Education Complex</p> <p><i>Planning Fieldwork</i></p>	<p>The OARC will be contracting with a nationally recognized construction audit firm to validate that project costs are in alignment with contract terms and conditions on the Arts and Education Complex capital project.</p>

The other priorities of the internal audit staff include activities relative to managing the university hotline and coordinating external audits and contracts.

ENTERPRISE RISK MANAGEMENT (ERM) ACTIVITIES

The OARC continues to facilitate the university ERM program with senior leaders and the Board. The approved 2022 ERM topics are receiving ongoing support by leadership and the Board. The OARC continues to routinely reach out to campus partners to support the prioritization of emerging risks and opportunities.

COMPLIANCE ACTIVITIES

The OARC continues to provide coordination, consultation, and thought partnership to compliance partners across the university and is making progress on a number of priority projects currently underway. OARC coordinates the agenda for quarterly Compliance Executive Committee meetings of senior leadership; provides ethics consultations, training, and outreach; consults on compliance-related policies; and participates in a variety of compliance- and risk-related committees.

RECOMMENDATION

Staff recommends that the Executive & Audit Committee approve the May 2022 OARC progress report.