

Office of Audit, Risk and Compliance Progress Report

EXECUTIVE SUMMARY

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

The OARC performs independent internal audits, plans and oversees the university enterprise risk management (ERM) process, coordinates the institutional compliance program and administers the OSU Accountability & Integrity hotline. The OARC's mission is to enhance and protect organizational value by providing risk-based and objective assurance and advice.

This report highlights the status of audit activity since the last EAGC meeting. This report also provides a summary of the Accountability & Integrity hotline program activity for calendar year 2025, including accomplishments and ongoing strategic actions. The program is proactively detecting issues, safeguarding institutional resources and fostering a culture of ethical behavior. The compliance and enterprise risk program activity outlined in the respective annual program reports is progressing in accordance with plans.

AUDIT ACTIVITIES

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

Audit Reports Issued and Engagements in Process

Engagement <i>Status and Rating</i>	Audit Objective
Workday Payroll Module Control Design Audit <i>Summarizing Results</i>	The OARC is finalizing an audit of the Workday Payroll module implementation control design. Workday is part of the Administrative Modernization Program (AMP). The objective of the audit was to ensure payroll controls are properly designed and integrated with information technology (IT) general controls and business processes. The OARC is working with the AMP team to finalize the results and audit report.
Capital Construction Audit – Jen-Hsun Huang and Lori Mills Huang Collaborative Innovation Complex <i>Fieldwork</i>	The OARC engaged an external audit firm to conduct a construction audit of the Jen-Hsun Huang and Lori Mills Huang Collaborative Innovation Complex. The audit, which is being conducted in stages, will ensure compliance with contract terms and conditions. Additionally, it will verify that construction charges are adequately supported, documented and appropriately allocated to the project.

Engagement Status and Rating	Audit Objective
Facilities Work Order Process <i>Fieldwork</i>	The OARC is conducting an audit of the work order process within Facilities Services, an area within the Facilities Planning and Management unit of the Division of Finance and Administration. The objective of the audit is to assess the work order process and system controls to ensure accurate, timely, effective and efficient processes.
Veterinary Practice Management System (ezyVet) Information Technology General Controls (ITGC) <i>Fieldwork</i>	The OARC is performing an ITGC audit of ezyVet, a veterinary practice management system implemented in 2025 by the Gary R. Carlson, MD, College of Veterinary Medicine (CCVM). The objective of the audit is to confirm post-implementation IT controls for the new system are designed, documented and operating to meet CCVM objectives for confidentiality, integrity, availability and operational resilience. The audit is also reviewing IT controls around the integrations between the new system and other IT systems utilized to support CCVM operations, including the Lois Bates Acheson Veterinary Teaching Hospital.

Status of Audit Recommendations Due Per Action Plans

OARC completed a review of the status of open audit recommendations. We noted the following:

- ✓ Six of the twenty-six open audit recommendations were not completed and are now past due. Given the priority of these past-due recommendations, the OARC will complete a second follow-up.
- ✓ Five of the eight audits with open recommendations successfully implemented all their action plans, which enhanced procurement processes, fraud detection practices as well as information security practices for a key third-party information system.

We believe management actions are in place to address all the open audit recommendations.

Report Title <i>Priority</i> Date Original Report Issued Follow-up Review Number	Total from Audit Report	Previously Implemented	Implemented During Period	Still in Progress-Past Due
Institutional Research Data <i>High Priority</i> Issued: May 2, 2023 Fourth follow-up	3	2	1	0
Third-Party Information Security Risk Management <i>High Priority</i> Issued: September 17, 2024	4	0	0	4

Report Title Priority Date Original Report Issued Follow-up Review Number	Total from Audit Report	Previously Implemented	Implemented During Period	Still in Progress- Past Due
First follow-up				
Concur <i>High Priority</i> Issued: June 10, 2025 First follow-up	5	0	5	0
Employment Eligibility Practices <i>High Priority</i> Issued: July 25, 2025 First follow-up	2	0	1	1
Application Security Audit - Maxient <i>Medium Priority</i> Issued: April 8, 2025 First follow-up	4	0	4	0
Procurement Process <i>Medium Priority</i> Issued: January 5, 2024 Second follow-up	6	3	3	0
Materials Management Internal Control Review <i>Medium Priority</i> Issued: December 13, 2024 First follow-up	4	0	3	1
Unallowable Expenditures Complaint <i>Medium Priority</i> Issued: August 11, 2025 First follow-up	3	0	3	0
Grand Total	31	5	20	6

The OARC is also performing ongoing management of the university hotline and fiscal complaint investigations, external audit coordination, control assessments and data analytics.

2025 ACCOUNTABILITY AND INTEGRITY HOTLINE PROGRAM SUMMARY

The OARC continues to administer the OSU Accountability & Integrity hotline in support of the OSU strategic plan *Prosperity Widely Shared* and the OARC strategic goal: support an ethical community and culture. The OSU Accountability & Integrity hotline program provides a confidential, anonymous reporting mechanism for students, employees, and other university stakeholders to report concerns. By providing an anonymous reporting tool for the OSU community, the hotline proactively detects issues, helps to safeguard institutional resources, mitigate risks, and foster ethical behavior throughout our community.

The hotline program's goals are to promote broad awareness and to ensure the timely resolution of complaints. The OARC has determined that the hotline program at OSU is effective. This is determined in the following ways:

- ✓ **Benchmarking:** The number of complaints received by OSU through the hotline was consistent with the average reported by peer institutions. This suggests that OSU is in line with comparable universities in terms of hotline activity. The types of complaints submitted this year closely mirrored previous years. The top three categories included human resources, fiscal matters, and equity and inclusion. These categories remained the top areas of concern for both OSU and its peer institutions; however, OSU observed a notable rise in student conduct complaints through the hotline. This category became the second highest for OSU, indicating a shift in reporting trends compared to past years.
- ✓ **Source of complaints:** In 2025, concerns were reported by all members of the OSU community (students, parents, employees and community members) and received for 67% OSU's key functional units.
- ✓ **Efficiency of Complaint Resolution:** 96% of complaints received in 2025 were addressed by January 31, 2026, up from 90% in 2024.

In 2025, the Director of the Integrity Hotline Program continued to strengthen the program through expanded collaboration and targeted outreach. The Director partnered with the OARC's Director of Analytics and Assurance Services to deliver training to nine administrative units and five colleges and collaborated with University Human Resources to conduct an FYI Friday training session and presented at a monthly UHR/Payroll forum. These efforts increased awareness of the hotline, clarified reporting expectations and reinforced consistent response practices across the university. Below is a summary comparison of the 2025 complaints.

2025 Hotline Complaint Metrics and Status

Complaint Status	2022	2023	2024	2025
In Process (OARC)	-	-	-	2
Follow-up on Referral	-	-	-	2
Closed	57	94	87	89
Total Complaints	57	94	87	93

The statistics in this report are limited to those reported through the Accountability & Integrity hotline or directly to the OARC. Complaints are also received by other offices throughout the campus, such as Equal Opportunity and Access, and are reported separately.

RECOMMENDATION

Staff recommend the Executive, Audit & Governance Committee approve the Office of Audit, Risk and Compliance's March 2026 Progress Report.