

Office of Audit, Risk and Compliance Progress Report

SUMMARY

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, plans and oversees the university enterprise risk management process and oversees the institutional compliance program. The OARC's mission is to enhance and protect organizational value by providing risk-based and objective assurance and advice.

This report provides a highlight and status report for the audit, enterprise risk management and compliance functions within the OARC and includes activities that have occurred since the last EAC meeting.

INTERNAL AUDIT ACTIVITIES

The following table outlines the audit reports issued and 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 Status and Risk Rating	Audit Objective
<p>Treasury Function Transition</p> <p><i>Issued – High Priority</i></p>	<p>The OARC contracted with a nationally recognized CPA firm with a specialty practice in treasury management practices. The audit concluded a majority of key controls are appropriately designed and implemented for the inflow (receipts/deposit), outflow of funds (vendor and student payments), reconciliation processes, and information technology general controls and application processes. Improvements to third-party service provider management, process documentation, and user access management were identified in the first of three audit phases. Management is developing action plans to implement the identified improvements.</p>
<p>Capital Construction</p> <p><i>Issued – Medium Priority</i></p>	<p>The OARC contracted with a nationally recognized construction auditing firm to perform an audit on the Cordley Hall capital construction project. The audit ensured that project costs are in alignment with contract terms and conditions. Improvements to contract language and billing practices were highlighted in the first of three audit phases. The improvements are being implemented.</p>

Engagement Status and Risk Rating	Audit Objective
Payroll Access Review <i>Summarizing Results</i>	The OARC is working with the Controller's Division to review the access controls within the payroll system to ensure all changes made are authorized.
Research Conflict of Interest Follow-up Review <i>Summarizing Results</i>	The OARC is working with the Research Office to evaluate the research conflict of interest process recommendations.
Vendor Change Management Follow-up Review <i>Summarizing Results</i>	The OARC is working with the Controller's unit to evaluate the open recommendations related to ongoing monitoring efforts.
4-H Program Control Review Follow-up Review <i>Summarizing Results</i>	The OARC is working with Extension and the 4-H Foundation to evaluate the open recommendations related to financial reporting.

Status of Audit Recommendations Due Per Action Plans

A review was completed of all open audit recommendations with action plans due as of December 31, 2020.

Report <i>Risk Rating</i> Date Issued	Total from Audit Report	Previously Implemented	Implemented During Period	Still in Progress- Past Due
College of Forestry Fiscal Audit <i>Medium Priority</i> Issued: May 7, 2020 Original due date: December 31, 2020	2	0	1	1
Extension Internal Control Review <i>Medium Priority</i> Issued: January 6, 2020 Original due date: June 30, 2020	4	2	0	2
Scholarship Process <i>Medium Priority</i> Issued: August 7, 2018 Original due date: June 30, 2019	5	4	0	1

Report Risk Rating Date Issued	Total from Audit Report	Previously Implemented	Implemented During Period	Still in Progress- Past Due
System Access Concerns Summary <i>Medium Priority</i> Issued: December 20, 2019 Original due date: December 31, 2020	4	0	3	1
The Office of the President Internal Control Review <i>Low Priority</i> Issued: May 7, 2020 Original due date: December 31, 2020	6	0	4	2
Grand Total	21	6	8	7

The 2021 audit plan included placeholders for information technology, police force implementation and federal compliance audit engagements. These engagements will continue to be prioritized as resources become available. The current priorities of the internal audit staff include activities relative to managing the university hotline, coordinating external audits and preparing for an external quality control review in 2021.

ENTERPRISE RISK MANAGEMENT (ERM) ACTIVITIES

The OARC continues to facilitate the university ERM program with senior leaders and the Board. The approved 2021 ERM topics are receiving ongoing support by leadership and the Board. OARC continues to routinely reach out to campus partners to support the prioritization of emerging risks and opportunities.

In 2021, Vice President for Research Irem Tumer, established a research risk management committee to help further support the research enterprise in prioritizing emerging risks and opportunities.

The OARC continues to also work with the Office of Insurance and Risk Management Services to identify best practices for maturity model assessments, which will be used by the OARC in further evaluations of the risk management practices employed throughout the university.

COMPLIANCE ACTIVITIES

Progress is being made on the compliance partner and project activities; and consultation, guidance and thought partnership for compliance partners continue.

This month, OSU is hosting an ADA30 Celebratory Symposium, which brings together disabled and nondisabled participants from OSU and beyond to cultivate discussion – via academic poster and paper sessions, community-oriented workshops, and facilitated discussions – around disability-related themes. This summer, an ADA working group will be convened to review compliance and best practices at OSU related to physical access to facilities, accommodations in the learning and working environment, and web accessibility. The conflicts of interest (COI)

and conflicts of commitment (COC) policy and process evaluation working group completed its draft report and recommendations, which are being routed for review; the implementation timeline is being coordinated with management actions being taken in response to the related internal audit (as reference above, *Status of Audit Recommendations Due Per Action Plans*).

Leadership for quarterly Compliance Executive Committee meetings; ethics consultations, training and outreach; policy consultation; and participation on compliance and risk committees also continue as planned.

STAFF RECOMMENDATION

Staff recommend that the Executive & Audit Committee approve the May 2021 OARC progress report.