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 as follows:

> Audit: Provides independent, objective assurance and advisory activity designed to add value and improve university operations. Audit helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

> Risk Management: Facilitates the enterprise risk management (ERM) program by creating and maintaining the framework to effectively identify, assess and manage enterprise risk. The role does not include supervision of the risk services department that administers the university insurance programs.

> Compliance: Coordinates the institutional compliance program and the distributed processes that support compliance across the university. Compliance serves in a consultative role, meaning the position does not have specific programmatic or operational duties, but does have authority to escalate matters as needed.

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 tables outline the audit reports issued, the 2020 audit plan engagements in process and the results of follow-up reviews of open recommendations due on or before December 31, 2019, for the internal audit function within the OARC.

The OARC believes management actions planned or taken for recommendations made are responsive and demonstrate a commitment to continually improving operations.

❖ **Audit Reports Issued and Engagements in Process**

Engagement Status and Risk Rating	Audit Objective
Research Conflict of Interest Program *Issued - High Priority*	Reviewed the research conflict of interest program for compliance with reporting requirements. Several program improvements are taking place, including updating policies pertaining to disclosures and follow up. Improvements to information systems are also planned. The initiatives will enhance the understanding and compliance with research conflict of interest disclosure and training requirements.
NCAA Football Bowl Subdivision Attendance Certification *Issued - Low Priority*	Evaluated the 2019 OSU Athletics Football Attendance Certification to confirm minimum attendance required by the NCAA. OSU attendance complies with NCAA rules.
Decentralized Revenue Operations Audit *Issued - Medium Priority*	Reviewed the control structure over decentralized accounts receivable and the setting of internal and external fees. The Controller is strengthening the program by re-examining policies over non-student accounts receivables and the fee setting process. The improvements will result in improved financial reporting and collections and will streamline operations.
Office of the President Internal Control Review *Fieldwork*	Planned audit to help facilitate a successful presidential transition by providing assurances over fiscal and operational controls and practices within the Office of the President.
College of Forestry Fiscal Audit *Fieldwork*	Planned audit to assess if the College of Forestry's financial projections are materially accurate and complete.
IT Data Integrity Review of Oregon State Management Reports (External) *Fieldwork*	Planned information technology (IT) audit of the IT general and application controls around the quarterly fiscal management reports and projections.

❖ **Status of Audit Recommendations Due Per Action Plans**

Report *Risk Rating* Date Issued	Total from Audit Report	Previously Closed	Closed During Period	Open
IT Vendor Management *High Priority* Issued: February 10, 2017 Original due date: December 31, 2017	3	1	2	0
Scholarship Process *Medium Priority* Issued: August 7, 2018 Original due date: June 30, 2019	5	4	0	1
Office of Global Opportunities Review *Medium Priority* Issued: December 5, 2017 Original due date: December 31, 2018	4	1	3	0
4-H Program Control Review *High Priority* Issued: May 13, 2019 Original due date: December 31, 2019	3	0	1	2
University Housing & Dining Services IT Systems *Medium Priority* Issued: November 28, 2018 Original due date: June 30, 2019	4	2	2	0
Electron Microscopy Facility Accounting Process *Medium Priority* Issued: March 4, 2019 Original due date: December 31, 2019	2	1	1	0
Staff Fee Privileges Complaint Summary *Medium Priority* Issued: June 26, 2019 Original due date: December 31, 2019	2	0	2	0

April 3, 2020 Board of Trustees Meetings

Report *Risk Rating* Date Issued	Total from Audit Report	Previously Closed	Closed During Period	Open
Ship Operations Internal Control Review *High Priority* Issued: September 18, 2018 Original due date: December 31, 2019	7	0	7	0
Cash Handling Complaint Summary *Medium Priority* Issued: September 5, 2019 Original due date: October 31, 2019	3	0	3	0
Grand Total	**33**	**9**	**21**	**3**

The internal audit function is also managing the university hotline coordination and fiscal complaint engagements, external audit coordination and internal quality control and consulting initiatives.

ENTERPRISE RISK MANAGEMENT (ERM) ACTIVITIES

The OARC continues to facilitate the university ERM program with senior leaders and the Board. The top six ERM risk topics are receiving continual support by leadership and the Board.

The chief audit, risk and compliance executive continues to team with the Division of Finance and Administration and other university leaders to champion a culture of informed and balanced risk decision-making in order to achieve objectives. These efforts are resulting in improved training and enhanced resources.

OARC is working 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 activities outlined in the 2020 work plan. The OARC continues to provide consultation, guidance and thought partnership for compliance partners' projects and work in the following focus areas: lab safety, Title IX and Clery, data privacy and security, foreign influence/national security, safety of minors and emerging areas.

Planning has begun for the 2020 major compliance projects, including: Americans with Disabilities Act (ADA) assessment of compliance efforts and 30 year anniversary celebration, conflicts of interest (COI) and conflicts of commitment (COC) policy and process evaluation, and the development of routine compliance reporting for deans.

Ongoing responsibilities continue to be managed, including: leadership for quarterly Compliance Executive Committee meetings; ethics consultations, training and outreach; policy consultation; and participation on certain compliance and risk committees.

April 3, 2020 Board of Trustees Meetings

STAFF RECOMMENDATION

Staff recommends that the Executive & Audit Committee approve the April 2020 OARC progress report.