



Risk Assessment  
& Internal Audit Plan - 2017/2018

**OREGON TECH  
RISK ASSESSMENT AND INTERNAL AUDIT PLAN – 2017/2018**

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## **Risk Assessment and Internal Audit Plan – 2017/2018**

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### **Executive Summary**

This document provides the results of the annual risk assessment for Oregon Tech (the Institution) and fiscal year 2017/2018 internal audit plan. The development of the internal audit plan was based on the results of an Institution-wide risk assessment process. The objective of the risk assessment was to identify the departments, offices, areas, units, or processes that pose the greatest risk to the Institution and then to align internal audit resources, where appropriate, to best help the Institution achieve its objectives. The internal audit plan contains key information on the planned audit activity for fiscal year 2017/2018 and was based on the results of the annual risk assessment process. All internal audit services are provided by Kernutt Stokes LLP (IA).

IA's objectives for fiscal year 2017/2018:

- Interview key members of the Institution's management,
- Identify major themes for the Oregon Tech Board of Trustees (the Board) and Institution management to consider,
- Provide an analysis of the top 10 audit units and the associated risks attributable to those units,
- From the identified potential risks associated with top 10 audit units, identify the Top 20 risks by determining the impact, likelihood, and velocity of the risks to the Institution,
- Review the top 20 risks identified with management and, considering timing and budgetary restraints, select a variety of audits that could be performed in the 2017/2018 fiscal year,
- Provide the Institution with value added recommendations to: improve controls, policies, processes; mitigate identified risks; and increase efficiency of its operations,
- Monitor the Institution's Fraud, Waste, and Abuse Ethics Hotline.

During the 2016/2017 fiscal year a new University President took office and several other key members of management were replaced and/or hired including: Human Resources Director, VP of Finance and Administration, Director of Emergency Preparedness, Director of Title IX, Interim Athletic Director, Provost, VP Enrollment Management, Chief Information Officer, Director of Facilities, and more. Transitions of leadership always carry risks, and while many of those risks have been considered as part of larger issues, the full individual effects of these changes in leadership have not been specifically evaluated.

## **Risk Assessment Methodology**

The objective of a risk assessment is to align internal audit resources to those processes that pose the highest risk to the Institution's ability to achieve its objectives. Additionally, it is designed to give the Board a comprehensive risk profile of the Institution which could aid in strategic decision making and allocation of resources. A well-developed risk assessment model will provide an efficient way to:

- Determine the audit units of the Institution
- Measure the risk of each audit unit and identify high risk activities
- Rank the audit units according to risk
- Rank the major activities within audit units according to risk
- Estimate the time necessary to complete potential audits
- Determine the best allocation of resources to perform the audit options
- Develop annual and long-term strategic audit plans

The risk assessment process is a highly collaborative process facilitated by IA, designed to cast a wide net to understand the Institution's risk profile. Heavy reliance is placed on audit unit heads and key Institution management to provide input into the risks that are present in their respective units. Additionally, IA reviews risk assessment models and processes used by peer institutions and utilized their experience and knowledge of Institution operations to ensure relevancy in the risk assessment model. To focus on appropriate areas, IA considered the strategic plans and initiatives of the Institution. IA identified the audit units (a distinct, department, office, area, unit, process, etc. that contains activities structured to obtain common objectives) within the Institution and changes or situations impacting each of these audit units.

In fiscal year 2016/2017 IA developed a risk profile of the entire Institution. This was an extensive process which was accomplished using a Department Risk Questionnaire sent to fifty-eight individuals representing all forty-three audit units. IA performed follow up interviews with twenty four questionnaire respondents, including the Interim President, four Vice-Presidents, select members of the Board, and the Institution's external auditors. For fiscal year 2017/2018 IA conducted new interviews with 10 key members of the Institution's management including the President, Vice-Presidents, and select others. Information from these interviews was used to update the risk profile for changes occurring during the year and new concerns or risks that may have arisen. IA also used their own experience working with the Institution during the year to elevate or reduce risks as considered appropriate. For high risk audit units, a list of identified risks was developed and evaluated across various risk categories summarized below.

The following risk categories were considered in the development of the risk assessment and internal audit plan:

- |                     |   |
|---------------------|---|
| • Strategic Risk    | Impairment to implementation of the strategic mission of the Institution.   |
| • Operational Risk  | Impairment of the ability to carry out the operations of the Institution.   |
| • Compliance Risk   | Failure to comply with laws, regulations, and policies of the Institution.  |
| • Financial Risk    | Loss of financial resources, assets, or opportunities.  |
| • Reputational Risk | Risk that public image or reputation is damaged by actions of an audit unit or individual connected to the Institution. |

## **Interview Response Themes**

Listed below is a summary of themes consistently encountered by IA while conducting interviews during the risk assessment update. The themes are summarized here to provide Institution management and the Board with the responses to risks or situations that were presented as being most pervasive throughout the Institution.

- **Cultural & administrative growth**

Many of those interviewed commented on the culture at Oregon Tech remaining “small” even while the Institution has experienced significant growth and success in the last few years.

Common thoughts expressed included a general frustration regarding staff not being willing to take ownership of work or make decisions, and a lack of Institution-wide understanding of the bigger picture. It was also felt that the Institution is stuck in a reactive vs. proactive culture that waits for a problem to occur before really searching for a way to solve it. It was noted that administrative growth has lagged behind both student and faculty growth in a way that has potentially impeded a cultural shift toward becoming a larger and better functioning university, and that has made it difficult to create more empowered employees. Additionally, many noted that they felt there was a lack of sufficient training for both faculty and staff that has also impeded growth commensurate to the Institution’s size.

- **Policies and procedures**

Several of those interviewed noted that the Institution has many outdated, inadequate, or inefficient policies and procedures, and that this is a pervasive problem across all departments. Many of the current policies and procedures carry-over from a time when the Institution was smaller, or have simply been adopted from the larger and now defunct Oregon University System without ever modifying them to fit Oregon Tech specifically. This issue was tied to the aforementioned lag in cultural growth of the Institution into a larger organization. It was also communicated that the Institution still has many manual processes that could or should be automated, and that there is an excess of hard-copy paperwork and storage that would be better managed in electronic form. In many cases these outdated policies simply create inefficient work; however, in some cases concern was expressed that they could actually create compliance, financial, or safety issues for the Institution if not corrected or updated.

- **Information Technology**

All interviewees expressed thoughts or concern regarding the Institution’s IT environment. These concerns centered around various IT related issues such as cybersecurity issue response planning and insurance, investment and upgrading of IT systems, the quality and timeliness of data being used to make decisions, improvements to the overall data governance structure, electronic and information technology (EITA) compliance, and protection and retention of sensitive information. Overall there was positivity toward the recent changes being made in that department including the hiring of an experienced CIO; however, it was universally believed that there is still a long way to go for the Institution to be fully protected and considered in-line with or above their peers in the market; as a technical institute would generally be expected to be.

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- Deferred maintenance of buildings and grounds**

Most interviewees noted that the facilities at both campuses are in need of upgrades, improvements, and in some cases complete replacement. It was noted that some of the more recently constructed buildings do not seem built for the long-term growth the Institution is planning for, and that they are already falling into disrepair. These concerns were expressed not only from a safety standpoint, but also from a recruiting standpoint for students, faculty, administrative staff, and potential donors and supporters. It was generally believed that the growth the Institution has experienced has been in-spite of the campus facilities and condition, and there is worry that there may come a point where it will become a hindrance in some or all of the ways noted above.

- Campus safety**

Interviewees noted concerns regarding safety issues at both campus locations. Most noted that some improvements have been made over the last year, but that the Institution is still well behind what would be considered an acceptable or ideal state. Specific concerns expressed related to the lack of campus cameras, insufficient lighting, insufficient signage, difficult ADA accessibility, insufficient plan and training related to campus-wide emergency events, visibility of security staff, physical security of campus grounds, building safety hazards in student dorms, and outdated physical security of buildings.

- Student communications**

Several respondents noted concerns regarding the quality of the Institution's communication with students and prospective students across multiple areas including: admissions, financial aid, emergency management, and social media. Respondents felt that communication with students was disaggregated, confusing in some cases, and overall mismanaged in ways that have or could cause embarrassment and potentially reputational harm.

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### **Analysis of Institution Audit Units and Associated Risks**

Based on questionnaire results and discussions with executive management, the top 10 Institution audit units are listed alphabetically. The determination of the top 10 audit units was based on the results of the annual risk assessment performed by IA. See Appendix A for a full ranking of all audit units.

<b>Audit Unit</b>
Athletics
Business Affairs
Campus Security
Emergency Management
Facilities Management
Human Resources and Affirmative Action
Information Technology
Office of the Provost and Academic Affairs
Procurement, Contracts, & Risk Management
Title IX

Having identified the top 10 audit units, each unit was evaluated for individual risks within each respective unit. Risks were determined by the questionnaire and interview process as well as through review of peer institution risk models. The most significant potential risks are summarized in the following table.

<b>Audit Unit</b>	<b>Summary of Potential Risks</b>
Athletics	<ul style="list-style-type: none"><li>• NAIA compliance</li><li>• Title IX compliance</li><li>• Contract procurement and administration</li><li>• Internal control over cash collection, revenues, and expenditures</li><li>• Condition of facilities and equipment</li><li>• Changes in management</li><li>• Sufficient and appropriate insurance coverage</li><li>• Student athlete medical evaluations and records</li><li>• Award processing and communication of financial aid</li><li>• Alcohol and drug policies and enforcement</li></ul>

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Audit Unit	Summary of Potential Risks
Business Affairs	<ul style="list-style-type: none"><li>• Unauthorized or illegitimate distributions</li><li>• Outdated, inadequate, or inefficient policies and manual or non-routine procedures</li><li>• Cash management, receipts, and disbursements</li><li>• Contract management</li><li>• Expense reimbursements, P-cards, corporate credit cards</li><li>• Integrity of financial projections</li><li>• Campus fixed asset and inventory utilization and tracking</li><li>• Capital accounting and debt compliance</li><li>• Significant and consistent employee turnover</li><li>• Lack of training and expertise</li></ul>
Campus Security	<ul style="list-style-type: none"><li>• Lack of video surveillance and cameras, insufficient lighting and signage on campus</li><li>• Physical security of buildings - particularly building access control and antiquated key systems</li><li>• On campus sexual assault or harassment</li><li>• Campus violence or threatening persons</li><li>• Insufficient training for staff, faculty, and students</li><li>• Staffing and visibility of personnel at remote campuses</li><li>• Visitor management and soft-point access control</li><li>• Clery Act compliance</li><li>• Social privacy concerns (threats from drones, smartphone recordings, etc.)</li></ul>
Emergency Management	<ul style="list-style-type: none"><li>• Insufficient training and education for staff, faculty, and students</li><li>• Natural disaster response plan</li><li>• Campus violence or threat</li><li>• Lack of attention or customization for remote campuses</li><li>• Lack of effective department customization</li><li>• Inexperienced or insufficient management and staff</li><li>• Reactive vs proactive planning measures</li><li>• Insufficient internal and external communications</li><li>• Facilities create poor visibility and communication issues during an event</li><li>• Mutual aid agreements</li></ul>

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Audit Unit	Summary of Potential Risks
Facilities Management	<ul style="list-style-type: none"><li>• Capital project management – new major projects</li><li>• Deferred maintenance of buildings and grounds</li><li>• ADA accessibility – inherent challenges with hilly terrain</li><li>• Inclement weather response</li><li>• Outdated facilities master plan and infrastructure assessment</li><li>• Student housing safety issues</li><li>• Employee utilization, minor projects, maintenance and janitorial planning</li><li>• Insufficient funding</li></ul>
Human Resources and Affirmative Action	<ul style="list-style-type: none"><li>• Outdated, inadequate, or inefficient policies and procedures</li><li>• Information security and privacy</li><li>• Affirmative action and non-discrimination practices</li><li>• Insufficient staff and faculty training</li><li>• Performance evaluations</li><li>• Affordable Care Act compliance</li><li>• ADA accessibility</li><li>• Recruitment, selection, and hiring practices and procedures</li><li>• Workplace safety</li><li>• Payroll and time keeping</li><li>• Pay and benefits inequality, classification, and eligibility</li></ul>
Information Technology	<ul style="list-style-type: none"><li>• Cybersecurity</li><li>• Business email compromise policies and response plan</li><li>• Protection of confidential information and personally identifiable information</li><li>• Outdated, inadequate, or inefficient policies and procedures</li><li>• Localized back-ups of data at risk in natural disaster scenarios</li><li>• Change management (access and permissions)</li><li>• Network integrity and system capacity</li><li>• EITA compliance and planning</li><li>• Software pre-implementation review</li><li>• IT and core business strategic alignment</li></ul>

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<b>Audit Unit</b>	<b>Summary of Potential Risks</b>
Office of the Provost and Academic Affairs	<ul style="list-style-type: none"><li>• Management of faculty workload, benefits, &amp; paid time off</li><li>• Leadership turnover and unfilled positions</li><li>• Insufficient support staff</li><li>• Inequality of work distribution and linkage to compensation</li><li>• Faculty conflict of interest</li><li>• Promotion and tenure planning</li><li>• Course planning and mapping</li><li>• Incorporation of state funding model with retention and completion objectives</li><li>• Academic quality</li><li>• Graduation rates</li></ul>
Procurement, Contracts, & Risk Management	<ul style="list-style-type: none"><li>• Outdated, inadequate, or inefficient policies and procedures</li><li>• Selection, administration, and review of contracts</li><li>• Vendor selection, evaluation, and review</li><li>• Change order abuse</li><li>• Unbalanced bidding</li><li>• Bid collusion</li><li>• Split purchases</li><li>• Inadequate purchase thresholds</li><li>• Contract review (for both legal and business purpose)</li><li>• Cost mischarging</li></ul>
Title IX	<ul style="list-style-type: none"><li>• Outdated, inadequate, or inefficient policies and procedures</li><li>• Sufficiency and experience of staffing</li><li>• Insufficient education and training for staff, faculty, and students</li><li>• Complaints process</li><li>• Investigation, documentation, and retention compliance</li><li>• Internal and external incident communications</li><li>• Reputational damage</li><li>• Loss of federal funding</li><li>• Victim and whistleblower care, protection, communication, and confidentiality</li><li>• Nondiscrimination notifications</li></ul>

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### **Identification of Top 20 Institutional Risks**

The significant Institution risks, identified previously, were evaluated based on the impact, likelihood, and velocity that each risk would have based on standard internal audit practices. The top 20 Institution risks were then plotted on a heat map (see page 11). Below is the criteria used to make those evaluations:

Likelihood: The chance that a risk could occur and impact the Institution. Likelihood is represented by the vertical axis of the heat map. Likelihood is determined and evaluated based on the following factors:

Descriptor	Frequency		Probability
Almost Certain	Immediate	Very often or expected	90% chance
Likely	<= 3 months	Often or multiple times per year	60%-90% chance
Possible	12 months	Periodically or annually	30%-60% chance
Unlikely	24 months	Occasionally or bi-annually	10%-30% chance
Rare	60 months	Rarely or remote possibility	<10% chance

Velocity: The speed at which a risk can occur and have a material impact on the Institution. Velocity is represented by the size of the point plotted on the heat map such that the larger the point, the faster the potential onset of the risk. Velocity is determined and evaluated based on the following factors:

Descriptor	Speed	Time Period
Fast	Rapid or instantaneous onset with little or no warning	Occurs within hours or a few days
Moderate	Quick onset with some warning requiring a response	Occurs in a matter of a couple of weeks or months
Slow	Slow onset with enough warning to attempt remedy	Occurs over many months or years

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Impact: The extent of the consequences a risk could have on the Institution. Impact is plotted on the horizontal axis of the heat map. Impact is determined and evaluated based on the following factors:

Descriptor	Strategic	Operational	Compliance	Financial	Reputational	Safety
Extreme	Loss of confidence by all stakeholder groups. Potential closing of Institution.	Enterprise wide. Inability to continue normal operations across entire Institution. Multiple board members or senior leaders leave.	Board and/or management indictments. Significant prosecution and fines. Large scale legal action. Regulatory sanctions.	Financial cost or lost opportunity greater than \$5M	Significant and long-term national negative media coverage. Major loss of market share.	Loss of life
Major	Loss of confidence by two or more stakeholder groups. Multiple changes in senior leadership. Significant changes to Institution's strategic plan. Potential closing of multiple Institution branches or services.	Significant interruptions to Institution operations. Some senior leaders leave. High turnover of experienced staff. Not perceived as an employer of choice.	Management challenges. Large legal liabilities. Reports to regulators requiring major corrective action. Regulatory fines.	Financial cost or lost opportunity between \$1M - \$5M	Substantial state-wide media coverage. Potentially temporary or remediable situation. Significant loss of market share.	Permanent or significant injury
Moderate	Loss of confidence by more than one stakeholder group. Changes in senior leadership or staffing. Significant changes to Institution's execution of strategic plan.	Moderate interruptions to Institution operations. Widespread staff morale problems and high turnover.	Review of management decisions. Legal action considered or reserved for. Report of breach to regulator with immediate corrective action implemented. Regulatory investigation.	Financial cost or lost opportunity between \$100K - \$1M	Minor local media coverage. Likely temporary and remediable. Potential harm to market share.	Minor injury
Minor	Loss of confidence by one stakeholder group. Refinements or adjustments to Institution's strategic plan and/or execution.	Minor interruptions to Institution operations. General staff morale problems and increasing turnover.	Management unaffected. Minimal liabilities. Reportable incident to regulator with no follow-up required. Increased regulatory attention.	Financial cost or lost opportunity between \$25K - \$100K	Local media coverage easily remedied. No harm to market share.	Chance of injury and perception of danger
Incidental	Minor concern by 1 or more stakeholder groups. Minimal or no changes to Institution plans.	Minimal or no interruption to Institution operations. Isolated staff dissatisfaction.	Minimal or no liabilities. Not reportable to regulator. No regulatory impact.	Financial cost or lost opportunity less than \$25K	No impact	No injuries, perception of safety

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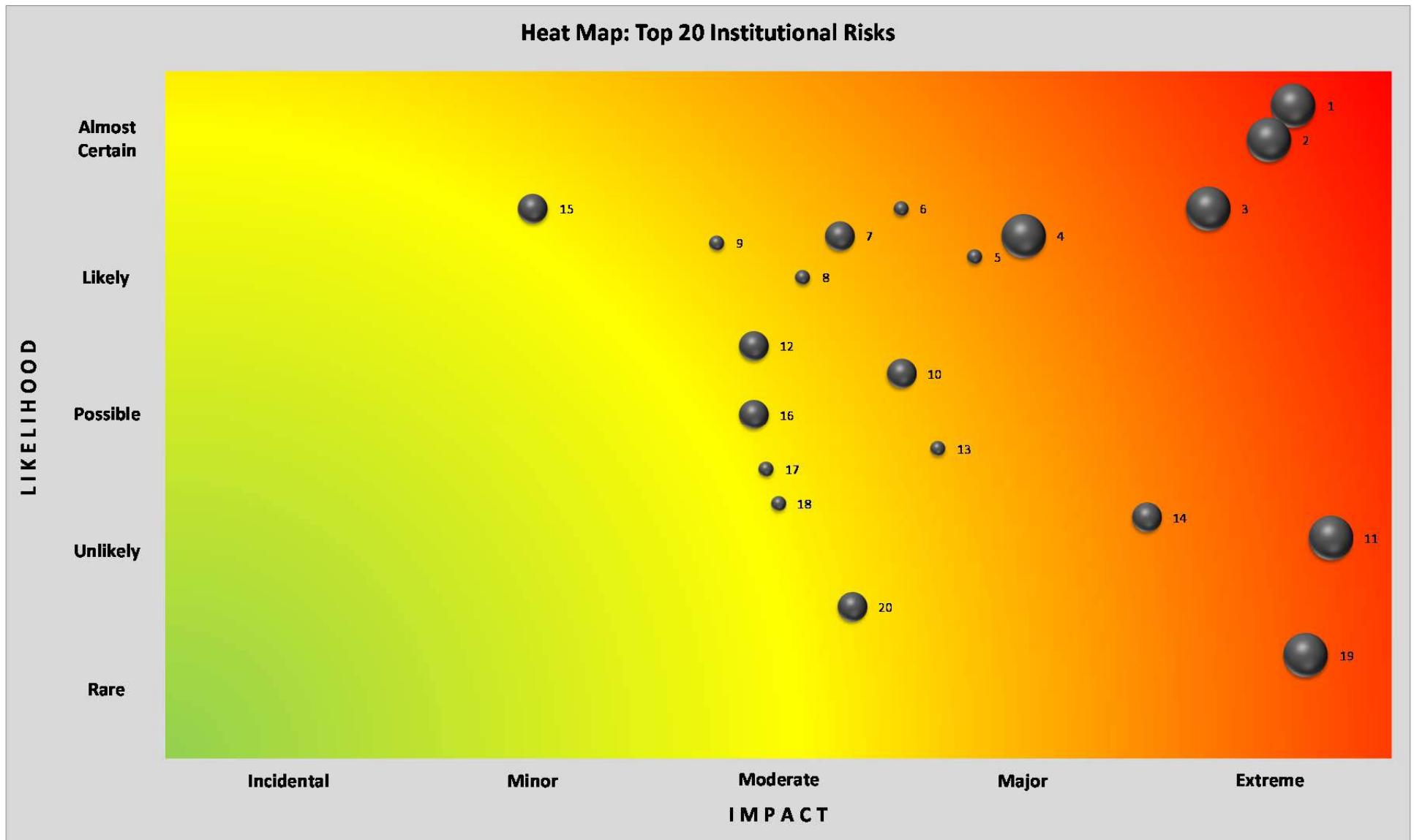
## Risk Assessment and Internal Audit Plan – 2017/2018

The chart below represents the top 20 highest risks to the Institution. They are ranked from highest risk to lowest based on the results of the risk assessment performed by IA.

<b>Risk Rank</b>	<b>Audit Unit(s)</b>	<b>Description of Risk</b>	<b>Risk Area(s)</b>
1	Information Technology	Cybersecurity	Strategic, Operational, Compliance, Financial, Reputational
2	Information Technology	Business email compromise: policies and response plan	Strategic, Operational, Compliance, Financial, Reputational
3	Information Technology	Protection of confidential information and personally identifiable information, compliance with EITA standards	Strategic, Compliance, Financial, Reputational
4	Business Affairs	Unauthorized or illegitimate distributions – insufficient training, culture, and processes	Financial, Reputational
5	Various (Business Affairs, Campus Security, Emergency Management, Human Resources and Affirmative Action, Title IX)	Insufficient training for staff, faculty, and students	Operational, Compliance, Financial, Safety
6	Office of the Provost and Academic Affairs	Mismanagement of faculty workload, benefits, and paid time off	Strategic, Operational, Financial
7	Title IX	Sufficiency and experience of staffing	Compliance, Financial, Reputational
8	Facilities Management	Deferred maintenance of buildings and grounds	Strategic, Operational, Reputational, Safety
9	Various (Business Affairs, Human Resources and Affirmative Action, Information Technology, Procurement, Contracts, & Risk Management, Title IX)	Outdated, inadequate, or inefficient policies and manual or non-routine procedures	Operational, Financial
10	Various (Athletics, Business Affairs, Procurement, Contracts, & Risk Management)	Contract procurement, administration, and review	Compliance, Financial, Reputational
11	Various (Campus Security, Emergency Management)	Campus violence or threat – response planning and training	Operational, Reputational, Safety
12	Various (Athletics, Auxiliaries, Business Affairs)	Internal controls over cash, revenues, and expenditures	Financial
13	Athletics	NAIA and Title IX compliance	Operational, Compliance, Reputational
14	Facilities Management	Capital project management – new major projects	Operational, Financial
15	Business Affairs	Expense reimbursements, P-cards, Corporate Credit Cards	Financial
16	Human Resources and Affirmative Action	Information security and privacy	Compliance, Reputational
17	Procurement, Contracts, & Risk Management	Vendor selection, evaluation, and review	Compliance, Financial, Reputational
18	Campus Security	Lack of video surveillance and cameras, insufficient lighting and signage on campus	Reputational, Safety
19	Various (Emergency Management, Information Technology)	Natural disaster response planning	Operational, Financial, Reputational, Safety
20	Human Resources and Affirmative Action	Affirmative action and non-discrimination practices	Compliance, Reputational

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### **Internal Audit Plan**

The internal audit plan covers the period beginning July 1, 2017 through June 30, 2018. This plan includes internal audits selected based on the results of the risk assessment performed by IA, input from various stakeholders and managers throughout the Institution, and input and approval from the Board. The internal audit plan is designed to direct IA resources in an effective and efficient manner.

IA uses a three-year risk assessment model with annual updates to prioritize audit coverage and ensure timely reviews of high exposure areas.

IA performs three primary activities – audits, management advisory services, and investigations. IA's focus is to actively work within the Institution to assist management in addressing strategic, financial, operational, reputational, and compliance risks and exposures. IA focuses on both Institution-wide and department level processes and control systems. In order to focus audit resources, the work completed by other audit professionals and compliance officers across the Institution were considered in setting the overall audit plan and in planning the work conducted on any specific project. Additionally audits may be performed at the express request or instruction of the Board or Institution management regardless of where that risk may rank in the annual risk assessment.

The types of audits that can be performed by IA are as follows:

- Performance Audits - Examines the use of resources to evaluate whether they are being used in the most effective and efficient manner to fulfill the organization's mission and objectives. Performance audits may include some elements of the other audit techniques listed below.
- Financial Audits - Focuses on accounting and reporting of financial transactions, including commitments, authorizations, receipt, and disbursement of funds. This type of audit verifies that there are sufficient controls over cash and other assets, and that there are adequate process controls over the acquisition and use of resources.
- Compliance Audits - Reviews adherence to laws, regulations, policies, and procedures. Examples include federal and state law, Trustee policies, organizational, or departmental directives. Recommendations based on findings or observations typically call for improvements in processes and controls intended to ensure compliance with the regulations noted.

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*Audit Plan for Fiscal Year 2017/2018:*

Audit Unit	Audit Focus**	Budget*	Timeframe	Covered Risks
Annual Risk Assessment	Update Institution-wide risk assessment for 2017/2018 as required by internal audit professional standards to aid in selection of annual audit work.	150 hours	June 2017 – September 2017	N/A
Monitor Fraud, Waste, and Abuse Ethics Hotline	Monitor reports made to the Fraud, Waste, and Abuse Ethics Hotline, as well as items reported directly to IA during the annual risk assessment process or throughout the year. Coordinate with Human Resources, Institution management, and the Board for appropriate follow-up.	20 hours	July 2017 – June 2018	N/A
Business Affairs	<u>Accounts Payable</u> – process and controls: policies, procedures, and testing of disbursements (routine, non-routine, electronic, and manual); process mapping; review of training manual; review adequacy of internal controls and segregation of duties; thresholds for review and approval.	200 hours	TBD	4,5,9,12
Office of the Provost and Academic Affairs	<u>Management of faculty workload, benefits, and paid time off</u> : review faculty workload planning; review faculty benefits and benefit guidelines; review usage of paid time off (vacation, sick leave, personal leave, etc.); review faculty time tracking procedures.	120 hours	TBD	5,6,9
Business Affairs	<u>Expense reimbursements, P-cards, and corporate credit cards</u> : review various department expense reports and reimbursements; administration of the campus procurement and credit card program - documented delegations of authority, current policies and procedures; reconcile credit card bank files to campus bank statements; credit card set-up, maintenance and deactivation policies.	100 hours	TBD	15

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Audit Unit	Audit Focus**	Budget*	Timeframe	Covered Risks
Auxiliaries: Student Health Center	Fiscal review: proper execution of contracts and agreements, cost reimbursement review, budget management.	90 hours	TBD	9,12
Prior Audit Follow-up	Updates to Telecom contracting structure with adoption and implementation of Skype for Business. Implementation of management responses to 2016/2017 review of tuition remissions.	20 hours	March 2018 – May 2018	N/A
<b>Total Budget</b>		<b>700 hours</b>		

\* Budgeted hours are approximate and may change depending on project scope to be determined by IA, Institution management, and the Board. Hours shown are provided for discussion and planning purposes.

\*\* In selecting specific audit projects for inclusion in the audit plan, emphasis was placed on both providing coverage to the Institution's top risks and riskiest audit units, as well as to requests from Institution management and the Board. Some audits may carryover for completion into 2018/2019 depending on the optimal time for review. This is part of a normal audit process where audits begun in the last few months of the year are completed and issued early in the following year.

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### Future Audit Projects

The following table depicts identified audit projects to be performed subsequent to the 2017/2018 year and going forward. To help identify potential projects, internal audits have been broken into two categories, Tier 1 and Tier 2. Tier 1 audits are larger projects based on areas identified as having high risk in the annual risk assessment, or areas specifically requested for audit by the Board or Institution management. Tier 2 audits are smaller projects that can be either one-off or of a recurring nature. IA recommends a mixture of Tier 1 and Tier 2 audits each year to provide optimum levels of coverage and focus on Institution risks.

Audit Unit	Audit Focus	Budget*	Timeframe**	Covered Risks
<b>Annual Activities:</b>				
Risk Assessment	Update the Institution-wide risk assessment as required by internal audit professional standards to aid in selection of annual audit work.	120-150 hours	Annually	N/A
Prior Audit Follow-up	Look back at audits performed in prior years to review progress and/or continued areas for improvement.	20-40 hours	Annually	N/A
Monitor Fraud, Waste, and Abuse Ethics Hotline	Monitor reports made to the Fraud, Waste, and Abuse Ethics Hotline, as well as items reported directly to IA during the annual risk assessment process or throughout the year. Coordinate with Institution management and the Board for appropriate follow-up.	20 hours	Annually	N/A
<b>Tier 1 Audits:</b>				
Information Technology	<u>Cybersecurity</u> : policies and procedures; insurance coverage for incidents; incident response plan; super user access and change procedures.	150-250	TBD	1,9
Business Affairs, Procurement, Contracts, & Risk Management, Athletics	<u>Contract procurement, administration, and review</u> : policies and procedures around contracts with third-parties including: vendor selection, vendor evaluation, change orders, bidding, purchase thresholds, legitimate business purpose, and compliance with government regulations.	150-250 hours	TBD	9,10,17
Emergency Management	<u>Emergency response plan</u> : internal, administrative, compliance, and operational controls over the campus-wide emergency operations plan and related management activities, including training and drills.	150-250 hours	TBD	5,11,19

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Audit Unit	Audit Focus	Budget*	Timeframe**	Covered Risks
<b>Tier 1 Audits (continued):</b>				
Facilities Management	<u>Capital project management</u> : policies and procedures for determining project management team, solicitation and selection of subcontractors; management of project costs.	150-250 hours	TBD	8,9,10,14 17
Information Technology	<u>Information systems implementation</u> : policies and procedures related to new information system purchase or development including testing of outputs, appropriate training, support, and authorizations of data access.	150-250 hours	TBD	3,9
<b>Tier 2 Audits:</b>				
Auxiliaries	<u>Controls over cash, revenues, expenditures, and sensitive information</u> : proper execution of contracts and agreements; cost reimbursement review; budget management, cash collection, protection of sensitive information.	60-150 hours	Annual – rotating focus	12
Information Technology	<u>Business email compromise</u> : policies and procedures in place; incident response plan; training; survey staff and faculty regarding understanding and response to an incident.	60-150 hours		2,5,9
Business Affairs	<u>Unauthorized distributions</u> : policies, procedures, and controls in place around distribution of funds, particularly related to electronic disbursements; proper thresholds in place for review and approval.	60-150 hours	TBD	4,5,9,12
Athletics	<u>Various administrative reviews</u> : policies and procedures; contract administration; cash collection; student athlete eligibility; travel safety; insurance coverage; medical evaluation policies; financial aid distribution and communication.	60-150 hours	TBD	10,12
Athletics and Title IX	<u>NAIA and Title IX compliance</u> : policies and procedures; student athlete eligibility; academic compliance; off-campus recruiting; award and distribution of financial aid; sports camps, practices, travel regulations.	60-150 hours	TBD	9,13

# OREGON TECH

## Risk Assessment and Internal Audit Plan – 2017/2018

Audit Unit	Audit Focus	Budget*	Timeframe**	Covered Risks
<b>Tier 2 Audits (continued):</b>				
Human Resources and Affirmative Action; Business Affairs	<u>Payroll</u> : salary classifications and benefits; pay compliance with salary classifications assigned to staff; benefits provided to eligible employees; review active and inactive employee listing.	60-150 hours	TBD	16,20
Human Resources and Affirmative Action	<u>Timekeeping</u> : compliance with policies and procedures related to timekeeping of student employees; reconcile disbursements to active employee listing; review pay rates for compliance with policy.	60-150 hours	TBD	9
Business Affairs	<u>Fixed asset and inventory tracking</u> : campus or select department fixed asset tracking procedures; purchase and disposal policies and procedures; select department inventory tracking practices; fixed asset or inventory utilization.	60-150 hours	TBD	9,10
Business Affairs	<u>Accounts receivable</u> : policies and procedures around collections; compare to best practices and peer institutions review for uncollectable or delinquent accounts, write-offs, etc., for outside parties, students, etc.	60-150 hours	TBD	5,9,12
Auxiliaries: Food Procurement	<u>Fiscal review</u> : proper execution of contracts and agreements; cost reimbursement review; budget management; cash collection controls.	60-150 hours	TBD	12
Human Resources and Affirmative Action	<u>Pay equity</u> : review of pay equity study related to faculty and review of internal administrative pay equity study.	60-150 hours	TBD	9,20
Human Resources and Affirmative Action	<u>Performance reviews</u> : process for faculty and administrative performance reviews; alignment with pay increases and promotions.	60-150 hours	TBD	9,20

\*Budgeted hours are approximate and may change depending on project scope to be determined by IA, Institution management, and the Board. Hours shown are provided for discussion and planning purposes.

\*\*Timeframe is suggested based on a variety of factors. Times shown are provided for discussion and planning purposes and may be altered as goals or objectives change.

# OREGON TECH

## Risk Assessment and Internal Audit Plan – 2017/2018

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### Appendix A – Ranking of all Audit Units

Audit Unit	2017/2018 Rank	2016/2017 Rank
Information Technology	1	5
Business Affairs	2	6
Title IX	3	4
Emergency Management	4	8
Athletics	5	1
Human Resources and Affirmative Action	6	3
Facilities Services	7	10
Campus Security	8	12
Office of the Provost and Academic Affairs	9	26
Procurement, Contracts, & Risk Management	10	34
Office of the Vice President for Finance & Administration	11	23
Integrated Student Health Center/Student Health Services	12	17
Admissions	13	14
Campus Life & Multicultural Inclusion	14	13
Housing and Residence Life	15	18
Office of the President	16	7
Student Services - Wilsonville	17	20
Institutional Research	18	15
Academic Agreements	19	16
Wilsonville Campus	20	2
College of Health, Arts, and Sciences	21	9
Marketing & Communication	22	28
Budget and Resource Planning	23	30
Registrar's Office	24	19
College of Engineering Technology & Management	25	11
Student Affairs	26	21
Online Education	27	24
STEM Program	28	22
Academic Excellence	29	25
Seattle at Boeing	30	27
Strategic Partnerships	31	29
Retention	32	32
College Union	33	31
Student Success Group	34	33
Alumni Relations/Oregon Tech Foundation	35	39
Financial Aid	36	35
Sponsored Projects and Grant Administration	37	36
Archives & Records Management	38	38
Board of Trustees	39	37
Financial Oversight Advisory Committee (FOAC)	40	40
Library Services	41	41
Faculty Senate	42	42
Oregon Renewable Energy Center (OREC)	43	43

**Appendix B – Additional Emphasis**

This section provides additional background and/or emphasis on issues or risks previously presented. These issues are intended only for the consideration of Management and the Board.

- **Title IX compliance and risk**

Interviewees expressed concern regarding the Institution's current Title IX function. The concerns did not relate to any specific issue or instance on campus, but instead to the resources being directed toward compliance and prevention. It was noted that the Institution tends to be reactionary vs. proactive when addressing many risks, but that Title IX presents a bigger than normal risk that needs to be addressed now before an issue arises. It was believed that the Title IX efforts of the Institution need to be improved with more experienced staff, increased staff, updated and improved policies and procedures, and increased training for all staff and faculty at the Institution on an annual basis.

**Appendix C – Other Information**

In addition to the interview response themes outlined previously (page 3), some interviewees also expressed concern about the following issue. While this issue is not considered a formal risk it was thought useful to present these concerns to both Management and the Board for consideration. This information is intended only for Management and the Board.

- **Cultural alignment and communication between Klamath Falls and Wilsonville campuses**

During the 2016/2017 risk assessment many of the questionnaire and interview respondents expressed thoughts or concerns regarding the Institution's lack of strategic integration or alignment between the Klamath Fall and Wilsonville campuses. During the current year many of those same concerns were reiterated, although with a more refined focus and tone. In general the concerns communicated were not related to the Institution's overall strategy or purpose of the dual-campus structure, which is understood by the Institution's management. Instead the concerns were associated with the way the campuses seem often to be working at-odds with each other, as well as the way the Institution's overall strategy for growth has been communicated to the staff and faculty at both campuses. There is frustration that the campuses often seem to work in conflict, instead of in cooperation, with each other. There is also concern with the way certain administrative functions are shared between the campuses. Many, if not all, of these issues are understood to be common issues that dual-campus universities deal with.

Feelings were communicated that the Board and Management should take a more head-on approach in addressing the differences and purposes of the two campuses, perhaps by even openly acknowledging some of the difficulties that currently exist. It is believed that the Institution would benefit from creating a more formalized dual-campus framework, and by increasing communication between the campuses with more joint sub-committees with members from both campuses. Overall it was thought that the Institution needs to develop more buy-in from all faculty and staff regarding the overall Institution growth strategy and dual-campus framework in order to accomplish the Institution's goals. There is also apprehension that not addressing these issues now could potentially lead to even more issues in the future in places such as the upcoming Oregon Manufacturing Innovation Center in Scappoose.