

**Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda**

1. Call to Order/Roll/Declaration of a Quorum (8:00am) *Chair Vince Jones*
 2. Consent Agenda *Chair Vince Jones*
 - 2.1 [Approval of the Minutes of the June 30, 2020 Meeting](#) 1
 3. Reports - none
 4. Action Items
 - 4.1 [Acceptance of the Internal Audit: Educational Partnerships and Outreach](#) 3
(8:05am) (30 min) *Kernutt Stokes, LLP*
 - 4.2 [Internal Auditing Services RFP Update and Re-issuance Authorization](#) 22
(8:35am) (15 min) *VP Brian Fox*
 5. Discussion Items - none
 6. Other Business/New Business (8:50am) (10 min) *Chair Vince Jones*
- Adjournment (9:00am)



**Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
And virtually via Teams
June 30, 2020
8:15am – 9:15am**

**Finance and Facilities Committee
also Sitting as the Audit Committee
DRAFT MINUTES**

Trustees Present:

Vince Jones, Chair

Jessica Gomez (in person)

Nagi Naganathan, President

(in person)

Grace Rusth (in person)

Mike Starr (in person)

Paul Stewart

Other Trustees present:

Trustee McClure (in person)

University Faculty and Staff Present:

Brian Fox, VP Finance and Administration (in person)

Erin Foley, VP Student Affairs and Dean of Students (in person)

David Groff, General Counsel (in person)

Scotty Hayes, Information Technology Consultant (in person)

Tom Keyser, Dean College of ETM

Don McDonnell, Associate Professor MIT

Joanna Mott, Provost

Dan Peterson, Dean College of HAS

1. Call to Order/Roll/Declaration of a Quorum

Chair Jones called the meeting to order at 8:17am. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of the April 2, 2020 Meeting

With no amendments proposed, the minutes for the April 2, 2020 meeting stand as published.

3. Reports

3.1 Fiscal Operations Advisory Council – none

3.2 Fiscal Year 2020 Third Quarter Dashboard

VP Fox reviewed the quarterly dashboard in the agenda packet including financials, facility construction projects, and internal and external audits. He noted the Legislature will relook at the universities' capital requests in the fall session; our request was for the renovation of Boivin Hall.

Trustee Stewart joined the meeting at 8:27am.

Chair Jones requested VP Fox to summarize the general fund monthly report for the full board prior to the budget presentation. He identified the board approved a negative budget of \$1.8M and the forecast is now a deficit of \$120K. He acknowledged the work of the staff and faculty to reduce the deficit. He encouraged the trustees and staff to look at future projects so we can have "shovel-ready" projects when the economy starts to recover.

4. Action Items

4.1 Approval of the 2020-2021 Committee Work Plan

VP Brian Fox reviewed the PowerPoint included in the written agenda report. He noted the need to look at both short- and long-term budget scenarios based on the anticipated reduction of state funding for universities. He recommended to adopt tuition and fees at the same time the board approves a budget based on the legislative cycle in 2021. He explained the current funding formula is currently being re-evaluated by HECC and a new formula is estimated in August. **Trustee Starr** recommended the university improve enrollment and retention to reduce the reliance on the state.

Chair Gomez moved to approve the 2020-2021 Committee Work Plan. **Trustee Starr** seconded the motion. With all other trustees present voting aye, the motion passed unanimously.

5. Discussion Items - none

6. Other Business/New Business -none

7. Adjournment

Meeting was adjourned at 9:20am.

Respectfully submitted,



Sandra Fox
Board Secretary

ACTION ITEM

Agenda Item No. 4.1

Internal Audit Report

Summary

Internal Audit has completed the Educational Partnerships and Outreach (EPO) audit within Academic Affairs. The audit is dated June 26, 2020. Fieldwork was completed during spring term of the 2019-2020 Academic Year and included interviews and data collection from staff within EPO, Academic Affairs, Business Affairs and Information Technology Services departments.

Internal audit results are classified into three categories; findings, observations, and process improvement recommendations in declining order of significance.

The Educational Partnerships and Outreach audit identified five (5) findings, one (1) observations and one (1) process improvement recommendations spanning across several audit objectives. These include items related to Dual Credit – Student Enrollment, Articulation Agreements, Summer Programs and University Strategy.

Management has identified appropriate remediation plans to all findings, observations and process improvement recommendations.

Additional detail can be found in the attached internal audit report.

Staff Recommendation

Internal Audit recommends that the Audit Committee of the Board of Trustees accept the attached Educational Partnerships and Outreach internal audit.

Attachments

[Internal Audit](#)

[PowerPoint Presentation](#)



Educational Partnerships and Outreach
Internal Audit Report
June 26, 2020



To: Board of Trustees and Management of Oregon Tech

From: Kernutt Stokes, Internal Auditors (IA)

Date: June 26, 2020

Subject: Internal Audit of Oregon Tech's Educational Partnerships and Outreach Office

EXECUTIVE SUMMARY

The objective of this audit was to conduct a review of academic agreements related to the effectiveness and appropriateness of existing policies and procedures for administration of academic agreements, compliance and reporting, and the organization of documentation surrounding new, transfer, and dual enrollment students admitted through the academic agreements process as part of the 2019/2020 Internal Audit Plan approved by the Board of Trustees.

Results of the audit are classified into three categories. The categories are defined below, ranking from most consequential to least.

- **Finding** – More serious in nature, a finding is an instance of a breakdown or partial breakdown, leading to a potential failure of the University's objectives. A finding requires immediate corrective action.
- **Observation** – An instance of a minor deviation from an otherwise well-implemented process. An observation requires noting in the audit report and should be evaluated and corrected as resources and time allow.
- **Process Improvement Recommendation (PIR)** – An instance of a potential improvement opportunity. A recommendation does not require action, but is encouraged for improvement.

| Focus Area | Page | Findings | Observations | PIRs |
|----------------------------------|------|----------|--------------|----------|
| Dual Credit – Student Enrollment | 4 | 2 | - | 1 |
| Dual Credit – Teachers | 7 | - | - | - |
| Dual Credit – Courses | 7 | - | - | - |
| Articulation Agreements | 8 | 2 | - | - |
| Summer Programs | 11 | - | 1 | - |
| University Strategy | 12 | 1 | - | - |
| Total | | 5 | 1 | 1 |

For a detailed explanation of the results please refer to the individual objectives contained in the body of this audit report.

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BACKGROUND

The mission of the Educational Partnerships and Outreach Office (EPO) is to support institutional and state goals by cultivating and maintaining partnerships with area high schools and connecting faculties, community colleges, and universities to provide increased educational opportunities and resources for students. EPO also provides hands-on learning experiences for youth in science, technology, engineering, and mathematics (STEM) programs.

The largest programs EPO facilitates include:

- Dual Credit – EPO coordinates teacher and course approvals by faculty liaisons, advises and registers students, manages contracts with school districts and education service districts, and fulfills state compliance and reporting.
- High School Transition – EPO advises students on campus, coordinates student testing, and manages orientation and access.
- Articulation Agreements – EPO facilitates faculty approvals of individual courses, coursework sequences, and transitions within degrees with community colleges to support transfer students.
- Youth Programs – EPO runs summer programming for youth including Lego camp, summer STEM camp, and Kids Hoo Code. EPO handles registration, payment collections, and coordination of camp operations.

Based on the annual risk assessment, IA focused on the following areas and objectives:

- **Dual Credit – Student Enrollment** – EPO facilitates registration of high school students into Dual Credit program. EPO also manages contracts with school districts, education services districts, and individual students to collect payments for courses. Registration of high school students is manual process. EPO is also faced with timing challenges due differences in terms between Oregon high schools and Oregon Tech.

Objective: Determine if student payments for dual credit courses are collected in a timely manner and recorded appropriately.

- **Dual Credit – Teachers** – Dual Credit classes must be taught by high school teachers who meet the minimum qualifications set forth by Oregon Tech Departments and subject-area faculty liaisons.

Objective: Ensure high school teachers are qualified to teach Dual Credit courses based on minimum qualifications set forth by Oregon Tech Departments and subject-area faculty liaisons.

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- **Dual Credit – Courses** – Oregon Tech faculty collaborates with each high school teacher to complete course articulations, which include course outcomes/objective alignment, required assignments, grading policies, and overall requirements to participate and stay active in the program. Oregon Tech adheres and follows the Dual Credit Standards and the Sponsored Dual Credit Standards set forth by the Oregon Department of Education and the Higher Education Coordinating Commission.

Objective: Verify dual credit courses being offered to students have been properly reviewed and approved according to state guidelines.

- **Articulation Agreements** – EPO coordinates over 150 articulation agreements and transfer guides with over 20 community colleges on an annual basis.

Objective: Ensure articulation agreements are processed timely, correctly implemented, and adhered to.

- **Pre-College Outreach** – EPO runs summer programming for youth including Lego camp, summer STEM camp, and Kids Hoo Code. EPO handles event coordination, student registration, and payment collections.

Objective: Gain understanding of EPO youth programming offered and how EPO measures outreach

- **University Strategy** – EPO reaches out to early access students by offering credits and specialized courses to non-current and potential students. The resources used in providing their services must be supported by an alignment with overall University strategy for educational goals, student demographics, and founding principles.

Objective: Determine if EPO resources are being utilized to accomplish Oregon Tech’s overall goals and objectives.

SCOPE AND METHODOLOGY

Our audit was conducted in accordance with the guidelines set forth in the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing. The standards set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department.

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To achieve the audit objectives, IA discussed EPO's programs, responsibilities, and related policies and procedures with EPO staff. Since EPO changed leadership in July 2019, many policies and procedures were in the process of being updated during the audit. For compliance testing, IA utilized the policy in place for the period being tested. For efficiency analysis, IA used EPO's most current process.

IA conducted interviews with the Director and Assistant Director of EPO, the Provost & Vice President of Academic Affairs, and employees in the Business Affairs Office (BAO) and Information Technology (IT) departments.

The scope of this audit included policies, procedures, and agreements for the 2018/2019 and 2019/2020 academic years.

AUDIT RESULTS

Dual Credit – Student Enrollment

- **Objective:** Determine if student payments for dual credit courses are collected in a timely manner and recorded appropriately.

| Findings | Observations | PIRs |
|----------|--------------|------|
| 2 | - | 1 |

- **Audit work performed:** IA reviewed collection reports specific to dual credit tuition payments for three terms. IA summarized collection data below.

| Term | Number of Dual Credit Students Billed | Dual Credit Tuition | Amount Collected After Registration Closed | | | Amount Uncollected as of May 2020 | |
|--------------|---------------------------------------|---------------------|--|-----------------|----------------|-----------------------------------|------------|
| | | | 1 Month | 2 Months | 3 months | | |
| Fall 2019 | 1,590 | \$149,450 | \$46,832* | \$7,347 | \$6,196 | \$27,508 | 18% |
| Winter 2019 | 927 | 86,725 | 28,171* | 4,885 | 2,025 | 28,735 | 33% |
| Spring 2020 | 1,487 | 130,175 | 47,172* | 13,440 | N/A | 47,797 | 37% |
| Total | 4,004 | \$366,350 | \$122,175 | \$25,672 | \$8,221 | \$104,040 | 28% |

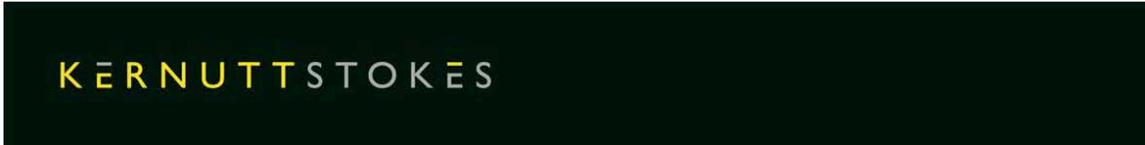
*Does not include Promise Programs



1) **Finding:** IA noted a 43% collection rate during the term that a student is enrolled in a course. It is possible for a student to enroll in a subsequent term with a balance due from a prior term due to the timing of an account being marked past due.

Recommendation: IA recommends EPO and BAO evaluate the acceptability of the above collection rates and determine if it aligns with the University’s strategy. Additionally, IA recommends EPO review communication methods to notify students with outstanding tuition balances.

| Management response | Responsible Party | Target Date |
|---|----------------------------|------------------|
| <p>Management respectfully agrees. EPO will develop a three-step process for dual credit to improve timeliness and rate of collection. The steps will include:</p> <ul style="list-style-type: none"> (1) student application, (2) registration, and (3) payment remittance processes. <p>In addition, EPO will research ways to effectively utilize the University’s current enrollment system to maximize collection of payment prior to registration, and effective management of payment collections.</p> <p>EPO will also evaluate an efficient notification process and work term-by-term to contact students to collect outstanding tuition. EPO initiated one new notification processes in spring term 2020. A texting campaign was initiated to collect dual credit tuition. This first text campaign resulted in a 10% response rate and resolved subsequent tuition payments.</p> <p>EPO will work with the offices of ITS, Admissions, BAO, and Registrar for process and system implementations.</p> | <p>VP Academic Affairs</p> | <p>Fall 2021</p> |





2) **Finding:** EPO has dual credit students fill out applications online and then EPO staff manually transfer information from the online application into Banner.

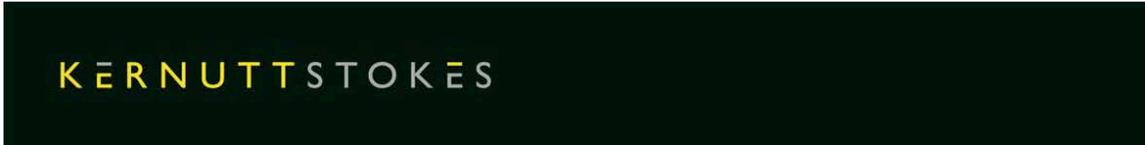
Recommendation: IA recommends performing a cost-benefit analysis on a registration platform that integrates with Banner. Manual data entry is an inefficient use of EPO staff time and elevates the potential for entry error. In the meantime, consider lower cost options of the manual entry such as work/study candidates.

| Management response | Responsible Party | Target Date |
|--|---------------------|----------------------|
| Management respectfully agrees. Finding resolved May 2020 upon completion of SLATE/Banner integration process as reported by Admissions and ITS. | VP Academic Affairs | May 2020 (Completed) |

3) **PIR:** CashNet, the system used to collect payments from students reject student payments if the name on the card does not match the student’s account. When this occurs, EPO must manually obtain and track the student’s payment.

Recommendation: IA recommends Oregon Tech find a solution that allows the payer and student to both be identified when receiving payment.

| Management response | Responsible Party | Target Date |
|--|---------------------|-------------|
| <p>Management respectfully agrees. EPO will work with the BAO to determine CashNet system reporting capabilities for rejected payments.</p> <p>Additionally, as part of implementation of the Finding #1, collection of payment prior to registration would eliminate issues that may arise from CashNet payment rejections.</p> <p>EPO will work with the offices of BAO, ITS, Admissions and Registrar for process and system implementations.</p> | VP Academic Affairs | Fall 2021 |





Dual Credit - Teachers

- **Objective:** Ensure high school teachers are qualified to teach Dual Credit courses based on minimum qualifications set forth by Oregon Tech departments and subject-area faculty liaisons.
- **Audit work performed:** For five teachers, IA reviewed the ‘Dual Credit Program Instructor Approval and Articulation Agreement’ and related documentation supporting the teacher is qualified. IA selected five teachers and reviewed the dual credit requirements for each teacher’s qualifications compared to the courses the teacher was approved to teach to assess if the difficulty level of the course and topic appeared appropriate.

| Findings | Observations | PIRs |
|----------|--------------|------|
| - | - | - |

Dual Credit - Courses

- **Objective:** Verify dual credit courses being offered to students have been properly reviewed and approved according to state guidelines.
- **Audit work performed:** IA compared the ‘Dual Credit Program Instructor Approval and Articulation Agreement’ requirements to the ‘Dual Credit Standards and the Sponsored Dual Credit Standards’ set forth by the Oregon Department of Education and the Higher Education Coordinating Commission. IA reviewed ‘Dual Credit Program Instructor Approval and Articulation Agreement’ for 5 courses to determine that each course was properly articulated and approved. Tests included determining approval of the course syllabus was obtained from an Oregon Tech professor and approved by Oregon Tech faculty liaison.

| Findings | Observations | PIRs |
|----------|--------------|------|
| - | - | - |





Articulation Agreements

- **Objective:** Ensure articulation agreements are processed timely, correctly implemented, and adhered to.
- **Audit work performed:** IA gained an understanding of articulation agreements through interviews and correspondence with EPO staff as well as reviewing approved articulation agreements between the University and community colleges. IA obtained a listing of students currently utilizing articulation agreements as of April 2019 and compared it to the approved articulations.

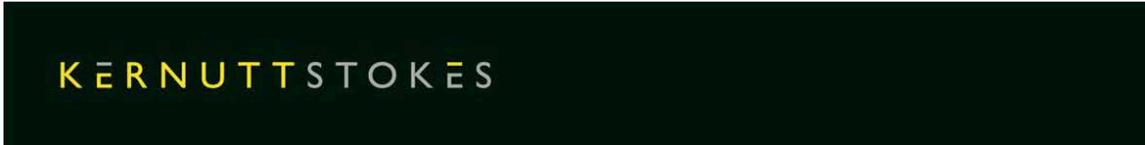
| Fiscal Year | Approved Articulations | # of Colleges | Students Using at April 2019 | Transfer Students |
|-------------|------------------------|---------------|------------------------------|-------------------|
| FY16-17 | 121 | 21 | 9 | 827 |
| FY17-18 | 133 | 20 | 4 | 803 |
| FY18-19 | 136 | 21 | 7 | 731 |
| FY19-20 | 126* | 19 | Not available | 766 |
| Total | 516 | | 25** | 3,127 |

* Only 65 articulation agreements for the FY19-20 academic year had been approved as of April 10, 2020.

** Of the 25 students on articulation agreements in April 2019, 5 have no applicable year listed.

| Findings | Observations | PIRs |
|----------|--------------|------|
| 2 | - | - |

- 1) **Finding:** EPO does not currently have an effective method to accurately measure how many students are utilizing articulation agreements. Students must self-identify during registration if they are using an articulation agreement. As of April 2019, only 25 students had self-identified they were using an articulation agreement while 175 articulation agreements or renewals were planned for the academic year. It appears EPO resources are being wasted renewing agreements that are not being utilized by students.





Recommendations:

- i. IA recommends management do an analysis of past utilization of articulation agreements to determine possible causes of low usage by students. IA also believes EPO should assess how effective communications about articulation agreements are and whether changes need to be made to provide more awareness to students.
- ii. IA recommends a system be established to track articulation agreement usage going forward.
- iii. IA recommends EPO management use articulation agreement usage data to determine if an articulation agreement benefits the University and if an articulation should be renewed.

| Management response | Responsible Party | Target Date |
|---|----------------------------|------------------|
| <p>Management respectfully agrees. EPO revised the articulation process, a year-long effort started in November 2020 and completed June 2020. Revisions have resulted in process simplifications.</p> <p>In addition, a single articulation agreement has been put into place with each community college partner (CC) for the University's Bachelor of Science Applied Technology and Management (BAS), reducing the number of BAS CC agreements from 48 to 11.</p> <p>Additionally, the revised agreement lists all approved programs on a single page resulting in an easier renewal process.</p> <p>Additionally, EPO is working with the Registrars' Office to determine effective tracking of students that are on articulation agreements; and will also work with Admissions and the Registrar to automate this tracking process.</p> <p>EPO has drafted a new form using SLATE, allowing students to notify the correct stakeholders that they are following an executed articulation agreement. This new form, effective date September 2020 will provide EPO with usage data for analysis over articulation agreement benefits and renewals.</p> | <p>VP Academic Affairs</p> | <p>Fall 2020</p> |

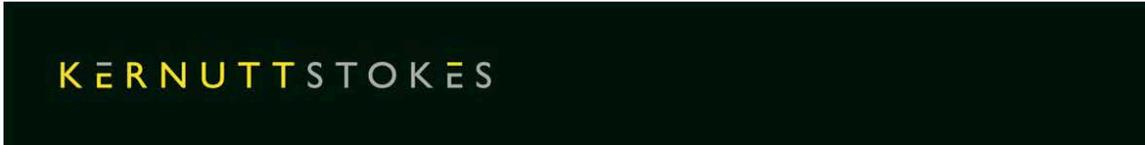




2) **Finding:** IA reviewed the renewal process for FY19-20 academic year. As of April 30, 2020, only 65 out of 126 articulation agreements for the FY19-20 academic year had been approved. This means that students at community colleges do not have an approved articulation agreement to use as a guide for determining what courses to take. Per inquiry with management, the process for renewing articulation agreements is manual. EPO prints the articulation agreement and the physical copy is routed throughout the University until all the required signatures are obtained. This significantly delays the approval process. Students typically use prior year approved articulations as a guide but articulations do change sometimes and a student could be taking a course at a community college that will not be a credit towards that articulation.

Recommendation: IA recommends EPO develop a process that enables them to get all necessary articulation agreements updated prior to fall class registration.

| Management response | Responsible Party | Target Date |
|---|---------------------|-----------------|
| <p>Management respectfully agrees. EPO is currently revising its signature process to provide efficiencies. EPO began utilizing the University's new electronic signature software in winter 2020. Utilization of new software has resulted in noticeable reduced time needed to obtain approval signatures for agreement renewals.</p> <p>Additionally, the new software has resulted in efficiencies in articulation agreement tracking. EPO estimates that all renewals for 2019/2020 will be complete by June 2020. Over summer 2020, EPO will execute renewal of all 2020/2021 academic year articulation agreements, including publication, prior to the start of fall term 2020.</p> | VP Academic Affairs | August 30, 2020 |





Summer Programs

- **Objective:** Gain understanding of EPO youth programming offered and how EPO measures outreach.
- **Audit work performed:** IA interviewed management, reviewed summer programs offered, and capabilities of tracking software slate.

| Findings | Observations | PIRs |
|----------|--------------|------|
| - | 1 | - |

- 1) **Observation:** EPO is not tracking if early access students involved with Oregon Tech summer programs and other outreach events increased the likelihood of student attending Oregon Tech.

Recommendation: IA recommends EPO establish implementation timeline for SLATE improvements outlined by Grace Rusth:

1. Coordinate campus visits and follow up with potential students.
2. Analyze the impact of early access programming, both high school and middle school, on Oregon Tech recruiting, retention, and educational effectiveness.
3. Communicate with students introduced to Oregon Tech through EPO programs.
4. Cross campus collaboration and unification of K-12 efforts is necessary to fully develop a tracked and efficient enrollment pipeline.

| Management response | Responsible Party | Target Date |
|---|---------------------|-------------|
| <p>EPO transitioned summer camp registration to SLATE for K-12 event tracking, January 2020. Through SLATE utilization, EPO has been enabled to identify students participating in PreCollege events who are subsequently admitted to the University.</p> <p>Retroactive inclusion in SLATE not feasible. Impact tracking will require continuous use of SLATE for all campus events with a target audience of K-12 to include programs not currently overseen by EPO. EPO notes cross-campus collaboration and unification of K-12 efforts necessary to fully develop a tracked, efficient enrollment pipeline. EPO is working directly with Admissions to transition non-EPO events to SLATE.</p> | VP Academic Affairs | Completed |





| | | |
|--|--|--|
| <p>In addition, EPO is encouraging other University departments to do so as well. An alternative action for external departments with Pre-College events would be to consider greater collaboration with EPO to ensure consistent messaging and participant data tracking for all K-12 events.</p> | | |
|--|--|--|

University Strategy

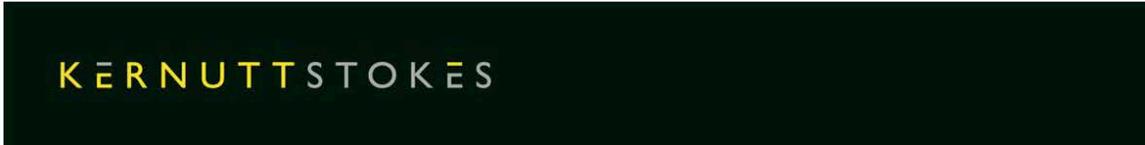
- **Objective:** Determine if EPO resources are being utilized to accomplish Oregon Tech’s overall goals and objectives.
- **Audit work performed:** IA interviewed Provost, Dr. Joanna Mott, to determine the current strategic goals of the University. IA reviewed courses being offered to dual credit students, articulation agreements established with community colleges, and summer programs being offered to youth for alignment with the University’s overall strategies.

| Findings | Observations | PIRs |
|----------|--------------|------|
| 1 | - | - |

1) **Finding:** During discussions with management and Dr. Mott, it was noted that there is currently no performance metrics in place to measure if EPO’s efforts are helping Oregon Tech achieve their overall objectives.

Recommendation: IA recommends EPO establish departmental objectives for each program that align with Oregon Tech’s overall strategies. IA recommends EPO is evaluated annually to determine their impact in the community and whether objectives need to be adjusted.

| Management response | Responsible Party | Target Date |
|---|---------------------|-------------|
| Management respectfully agrees. The Provost’s Office will work with EPO to identify measurable ways for EPO programs to be evaluated through the lens of the University’s strategic plan. | VP Academic Affairs | Fall 2021 |





ACKNOWLEDGEMENT

We appreciate the courtesy and cooperation we received from the EPO's management and staff throughout this audit. We appreciate the speed and efficiency with which they provided us with requested information throughout the course of the audit.

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Internal Audit Update

July 24, 2020

Internal Audit Update Agenda

- 2019/2020 – Project Status Update
 - Educational Partnerships & Outreach (EPO) – ISSUED
 - Special Projects & Grant Administration (SPGA) – IN PROCESS
 - Housing and Residence Life – IN PROCESS
 - Title IX - POSTPONED

- Fraud, Waste, & Abuse Ethics Hotline Update

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2019/2020 – Project Status Update

EPO - ISSUED

- Audit Objectives:
 - Review the dual credit student enrollment program for timely collection and appropriate recording.
 - Review dual credit teaching agreements to ensure high-school teachers in the program are qualified.
 - Review dual credit courses to ensure they meet state guidelines.
 - Ensure articulation agreements are processed timely, correctly implemented, and adhered to.
 - Examine the pre-college outreach program offerings and how EPO measures outreach.
 - Analyze if EPO resources are utilized in-line with OIT goals and objectives.
- Audit report included. Responses from OIT management address all identified issues along with target dates for implementation.
- Questions or discussion on report items:

| Findings | Observations | Process Improvement Recommendations |
|----------|--------------|-------------------------------------|
| 5 | 1 | 1 |

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2019/2020 – Project Status Update

SPGA – IN PROCESS

- Audit Focus Areas:
 - Award Administration and Organization
 - Financial Conflicts of Interest
 - Expenditure Tracking and Processing
 - Effort Reporting
 - Project Closeout
 - Procurement of Grant Assets
- IA work completed in April. SPGA management continues to work on developing an action plan and responses to all issues identified in collaboration with other OIT departments at this time. Final report will be issued upon completion and review of their action plan.
- Issues Identified (subject to change with final updates):

| Findings | Observations | Process Improvement Recommendations |
|----------|--------------|-------------------------------------|
| 13 | 5 | 6 |

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2019/2020 – Project Status Update

Housing and Residence Life – IN PROCESS

- Audit Focus Areas:
 - Record Retention
 - Resident Eligibility
 - Student Employee Records and Policies
 - Emergency Management of Residence Facilities
 - Guest and Visitor Policies
 - Fixed Asset Tracking and Maintenance
- IA fieldwork completed in mid-July. IA is working with OIT management to develop a report of issues and action plans. Anticipated report issuance between late July to mid-August.

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2019/2020 – Project Status Update

Title IX – POSTPONED

- Audit was postponed at OIT management request with approval of audit committee chair to allow new Associate VP of Human Resources to restructure and examine current processes.
- A new audit plan and potential date will be reviewed during the 2020/2021 risk assessment update.

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Fraud, Waste, and Abuse Ethics Hotline Update

2019/2020:

- 8 cases were submitted through the OIT hotline
- 1 case was opened through Oregon Secretary of State Audits Division
- All cases have been examined and reviewed:
 - 8 cases have been resolved and are closed
 - 1 case is in an ongoing monitoring process

2020/2021:

- There have been no cases submitted in 2020/2021
- There are no cases currently open

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Questions?

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ACTION ITEM

Agenda Item No. 4.2

Internal Audit RFP Update and Re-Issuance Authorization

Summary

The Finance and Facilities Committee at its regularly scheduled meeting on January 23, 2020 approved the issuance of a Request For Proposal (RFP) for Internal Audit Services (IA). Staff at that time recommended continuing an outsourced service model for IA services at the current service levels. This included a once every three year comprehensive risk assessment and risk-weighted audit plan, four audit engagements per year and management of the service levels Fraud, Waste and Abuse Hotline.

The university issued the above scoped Request for Proposal (RFP) for IA services, with a provider set to begin no later than July 1, 2020 to ensure continuity of operations and received five (5) qualified bids from regional and national accounting firms. Thorough and thoughtful evaluations of the RFPs were conducted by the review committee, comprised of Stephanie Pope, AVP Fiscal Operations, Michelle Meyer, Accounting Services Manager, and Richard Bailey, Professor of Accounting and Chair, Fiscal Operations Advisory Council. Much thanks and appreciation is due this group for their efforts.

After consultation with the Chair of the Finance and Facilities Committee on proposal responses, engagement plans and unforeseen budget challenges created by the COVID-19 pandemic, staff recommends that the existing RFP will be cancelled and re-issued with a revised scope. This will allow for greater engagement of the Board in the selection process and to realize cost savings in the internal audit function.

If approved by the Committee, the university will issue a re-scoped RFP, adjusting the number of audit engagements down to no more than three per year, retain the comprehensive risk assessment, multi-year audit plan and Fraud, Waste and Abuse Ethics Line monitoring, while more explicitly outline travel and on-campus engagement criteria prioritizing face-to-face interaction (as appropriate once regular business travel and interaction is feasible absent exigent public health concerns) and adjust the review committee to include the Chair of the Finance and Facilities Committee, Vice President for Finance and Administration and Assistant Vice President for Fiscal Operations.

The university will retain the existing Internal Audit service provider, Kernutt Stokes, LLP in a de minimis trailing contract to remain active until a reissued RFP has been issued and a winning firm identified and operational. This will allow for the conclusion of all outstanding audit engagements and consistent monitoring of the Ethics Line. Existing terms and conditions, including hourly rates and limitations will remain in effect.

Draft Revised Internal Audit RFP Scope

Contractor shall provide an independent, objective examination and consulting activity designed to add value and improve Oregon Tech operations. This function will be designed to help Oregon Tech

accomplish goals by bringing a systematic, disciplined approach to evaluate effectiveness of risk management, control, and process and that the results of operations are consistent with goals and objectives. Contractor must uphold the principles of integrity, objectivity, confidentiality, and competency as defined in the AICPA Code of Professional Conduct and/or Institute of Internal Auditors – Code of Ethics. Contractor shall provide Oregon Tech with the services usually expected of a top quality accounting firm.

Oregon Tech management will be responsible for the risk management and internal control structure over the areas audited. Contractor shall have no direct responsibility or authority over any of the activities or operations that it reviews. Contractor shall not develop and install procedures, prepare records, or engage in activities which would normally be reviewed under their services.

Objectives:

Contractor shall meet the following draft objectives:

1. Risk Assessment. In conjunction with key Oregon Tech staff, Contractor shall perform a comprehensive Risk Assessment at the beginning of the contract term and thereafter at the discretion of the Audit Committee. The Risk Assessment will include financial and operational risks at Oregon Tech, and identify potential Internal Audits to identify and mitigate the impact of risks on university operations. Such risk assessment shall not include a financial statement review.
2. Annual Internal Audit Work Plan. In conjunction with key Oregon Tech staff and the Audit Committee of the Board of Trustees, contractor shall use the Risk Assessment as a guide to prioritize the areas for internal audit work to be performed throughout the term of the Contract. From the prioritization, a multi-year internal audit schedule shall be developed to encompass the necessary departments or functions. Contractor shall perform a maximum of up to ~~four~~ three audits each fiscal year. The audit schedule shall be reviewed with Oregon Tech administration on an annual basis and shall be adjusted accordingly to reflect any changes in the internal or external control environment. All work plans shall be approved by the Oregon Tech Board Audit Committee prior to execution.
3. In Person Interaction. Recognizing the importance of familiarity with the operating conditions, personnel and business environment, the contractor shall meet regularly with Oregon Tech Board Audit Committee as well as with executive staff of the university. Contractor shall make every attempt to present audit engagements to the Audit Committee in person at least once per year and to conduct audit engagements in person, establishing a regular, though periodic presence on campus during engagements and Board meetings. Travel will be mutually approved by both parties.
4. Campus Fraud, Waste, and Abuse Ethics Line. Oregon Tech currently receives service from a third party to provide the ability for anonymous reporting of real or potential fraud and abuse on the campus. Contractor shall be responsible for monitoring and case management of the Fraud, Waste, and Abuse Ethics Line (“Ethics Line”) tips. Contractor shall be the sole point of contact and coordinator for all questions, concerns, and follow-up issues related to

future Ethics Line tips. Any investigation of tips beyond clarifying, follow-up questions is outside the scope of this contract.

Recommendation

Staff recommend the Finance and Facilities Committee of the Board of Trustees, acting as the Audit Committee, authorize the President or designee to;

- 1) cancel the existing Request for Proposal (RFP),
- 2) issue a revised RFP for internal audit services utilizing the draft revised internal audit scope outlined in this document as a basis, making any technical corrections as necessary, and
- 3) award the contract to the winning proposer upon the recommendation of the RFP selection committee.