PURDUE
U N I V E R S I T Y™

January 29, 2018

To: Members of the Audit and Insurance Committee

      Tom Spurgeon, Chair
      JoAnn Brouillette
      Malcolm DeKryger

Fr: Peg Fish, Director of Audits

Re: Audit Plan for Calendar Year 2018

The projects planned for 2018 cover a wide array of risks and opportunities, but with a focus on institutional transformation. The plan is intended to maximize audit resources and provide reasonable coverage that aids the Board of Trustees, leaders, and managers in discharging governance, executive, and management responsibilities.

The University's audit universe consists of a dynamic multitude of objectives and activities, which have been considered accordingly.

The enclosed plan provides a summary of the anticipated use of audit resources during 2018. It is aligned with the University's objectives and is designed, utilizing a flexible approach, to allow for adjustments based on the University's continual state of change.

Enclosure

c: Chairman Mike Berghoff
    President Mitch Daniels
    Treasurer Bill Sullivan
    Provost Jay Akridge
    Assistant Treasurer Jim Almond
    Corporate Secretary Janice Indrutz
    Legal Counsel Steve Schultz

The purpose of this report is to communicate the breadth of planned audit activities addressing financial, operational, compliance, and strategic risks to the University.

AUDIT PLAN DEVELOPMENT

The plan includes consideration of major institutional initiatives including regional campus redesign, business transformation, and reshaping the technology infrastructure. It also links enterprise risk management concepts of risk drivers and impact measures.

Risk drivers

- emerging technologies
- data integrity and security
- size and complexity of operations
- unauthorized access to data
- ineffective and inefficient data management

- major changes in operations, staff, or systems
- potential risk of financial and/or data loss
- increased regulatory impacts
- operations subject to a high-level of public scrutiny
- unexpected operating results

Impact measures

- Fiscal (incurred cost and lost opportunity)
- Interruption (in mission critical activities)
- Reputation
- Safety (loss of life or injury)
- Strategic (not aligned with the strategic plan)

The plan is designed with flexibility to facilitate unanticipated strategic or operational initiatives. The scope of the work of the external auditors has been considered in order to provide optimal audit coverage for the institution.

AUDIT RESOURCE PLANNED ALLOCATION

Planned Allocation of Audit Resources		
	Estimated Project Hours	Percent of Total
Audits (Planned)	11,645	81%
Audits (Unplanned)	1,000	7%
Client Support	555	4%
Non-Client Contact	1,140	8%
Total	14,340	100%

Total audit coverage (planned and unplanned) is estimated at 88% and is based on eight professional staff. Seven percent (7%) of total projected audit resources have been reserved for unplanned audits. This will allow for flexibility in addressing emerging risks, anonymous allegations, and requests.

Approximately four percent (4%) of staff total resources are budgeted for client support. This category includes estimates for overseeing the anonymous reporting program, external audit support, and enterprise risk management initiatives.

Non-client contact, eight percent (8%), consists primarily of office initiatives and professional staff development. It is anticipated that additional training needs will exist as new systems are placed into production during 2018.

Communications from various organizations including the Association of College and University Auditors, the American Institute of Certified Public Accountants, the Association of Certified Fraud Examiners, and the Information Systems Audit and Control Association aid staff in gaining knowledge of current trends and issues impacting higher education and the auditing profession.

AUDIT COVERAGE PLANNED

Seventy-one (71) audits are included in the plan, 66 new and 5 in-process.

Campus Coverage

Planned Percentage, Audit Hours, and Number of Audits by Campus*

	Audit Hours	Number
Fort Wayne (17%)	1,940	10
Northwest (7%)	805	4
West Lafayette (76%)	8,900	57

*Enterprise-wide systems and associated processes are reflected in West Lafayette coverage

Fort Wayne Planned Audit Coverage
- Academic and Student: campus security authority, identity management, scholarship processes, system application controls for financial aid, and federal aid recipient withdrawals
- Financial: asset transfers, foundation financial statements, and leasing contracts
- Information Technology: infrastructure and production control

Northwest Planned Audit Coverage
- Academic and Student: campus security authority and scholarship processes
- Information Technology: backup/recovery and production control

West Lafayette Planned Audit Coverage
- Academic and Student Affairs: credit evaluation database and speech/audiology operations
- Athletics: basketball and football ticket sales
- Engagement: extension office
- Financial: cash and investment validations (2), contract administration (3), foundation financial statements (2), inventory, operational audits (2), and revenue (4)
- Human Resources: recruitment roles/workflow
- Information Technology: academic computing, authentication, backup/recovery, change management, cloud applications, database administration, intrusion prevention, interfaces, logging, network segmentation, research environment, server administration (2), storage, transformation projects for EAM, HCM, and Finance (12), VOIP, vulnerability management, and web site hosting
- Regulatory: healthcare covered entity risk assessment and tuition tax statement
- Research: effort reporting, research compliance, and classified assessments (4)

Metrics are summarized for all locations, based on the primary higher education risk category. With focus on transformation projects and continuous change in the infrastructure, as well as data integrity and security emphasis, Information Technology continues to be planned with the largest percentage.