

**To: Members of the Audit and Enterprise Risk Committee**

**From: Madina Sabirova, Chief Audit Executive**

**Date: April 2023**

**Re: Audit Plan for Calendar Year 2023**

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## **BACKGROUND**

The higher education sector is experiencing a change at an accelerating rate. While an environment of constant change and disruption creates opportunities for institutions to differentiate themselves, it also creates a growing array of risks that can quickly derail the strategy. Given these considerations, and with a focus on risks and resources, audit projects planned for 2023 were developed from a risk-based perspective to ensure that critical and emerging risks are appropriately considered.

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.

It is based on the current staffing level of five auditors, and it allows for a flexible risk-based approach to ensure an efficient and effective deployment of Internal Audit resources to the key priorities in the Audit Plan and considerations for changes in the risk environment.

## **AUDIT PLAN DEVELOPMENT PROCESS**

The 2023 Audit Plan is driven by a dynamic risk assessment, as part of the ERM program, enabling a more proactive risk monitoring and a responsive risk mitigation activity with the focus on risk coverage rather than campus or process coverage.

Each project on the Audit Plan was derived from and mapped to either a top risk or a spotlight risk identified through the ERM process with the objective of advancing the University's mission and strategic goals.

In 2023, Internal Audit's focus is on an agile approach and on risk drivers to address the evolving risk landscape. As Internal Audit becomes aware of emerging risks or incidents that warrant an investigation, additional projects will be added to the Audit Plan and others might be re-prioritized based on staff availability and risk profile.





In addition, several recurring audits were added to the plan in support of the external financial statement audit.

Another input into the audit plan was a formal Information Technology General Controls (ITGC) risk assessment aimed to identify relevant applications/systems and prioritize them for testing each year. The ITGC risk assessment, which is fully integrated in the overall Internal Audit Risk Assessment Process, serves as an IT system prioritization exercise and is the basis for the development of the ITGC scope reflected in the ITGC focused audits on the Audit Plan.

A total of 39 projects were included in the 2023 Audit Plan (excluding follow-up reviews, which do not typically result in the audit report). Additionally, 10 projects from the 2022 Audit Plan (currently in progress) are planned to be completed during the 2023 calendar year.

Refer to [Appendix A](#) for the listing of projects included in the 2023 Audit Plan.

Below is a depiction of the top risks for the University in each pillar and category grouped by a common risk theme. The 2023 Audit Plan includes audits to address the risk areas listed below.

|   | Top Risks   |   |  |
|---|---|---|--|
|  <p><b>Student Success, Wellbeing &amp; Safety</b></p>       | <ul style="list-style-type: none"> <li>• Student mental health and wellbeing (including student athletes, graduate students) and housing</li> </ul>             | <ul style="list-style-type: none"> <li>• Enrollment</li> </ul>  |  |
|  <p><b>Human Capital Vision and Strategies</b></p>           | <ul style="list-style-type: none"> <li>• Talent management and Excellence at scale (acquisition, retention and development, and succession planning)</li> </ul> | <ul style="list-style-type: none"> <li>• Faculty and staff mental health and wellbeing</li> </ul>   |  |
|  <p><b>Academic &amp; Research Competitive Advantage</b></p> | <ul style="list-style-type: none"> <li>• Academic and Research Competitive Advantage [University and program rankings and memberships (AAU)]</li> </ul>         | <ul style="list-style-type: none"> <li>• Expansion and academic programs (Indianapolis Campus, School of Business)</li> </ul>                   | <ul style="list-style-type: none"> <li>• Research governance and compliance</li> </ul> |
|  <p><b>Security, Compliance, Campus</b></p>                  | <ul style="list-style-type: none"> <li>• Compliance (regulatory and legal, research, and athletics)</li> </ul>  | <ul style="list-style-type: none"> <li>• IT Security (National/Classified Research Security, cyber-security and incident management)</li> </ul> | <ul style="list-style-type: none"> <li>• Campus operations and safety</li> </ul>       |

## 2023 AUDIT PLAN HIGHLIGHTS

Projects on the 2023 Audit Plan are directly correlated to the risk distribution and risk domains identified through the ERM process.

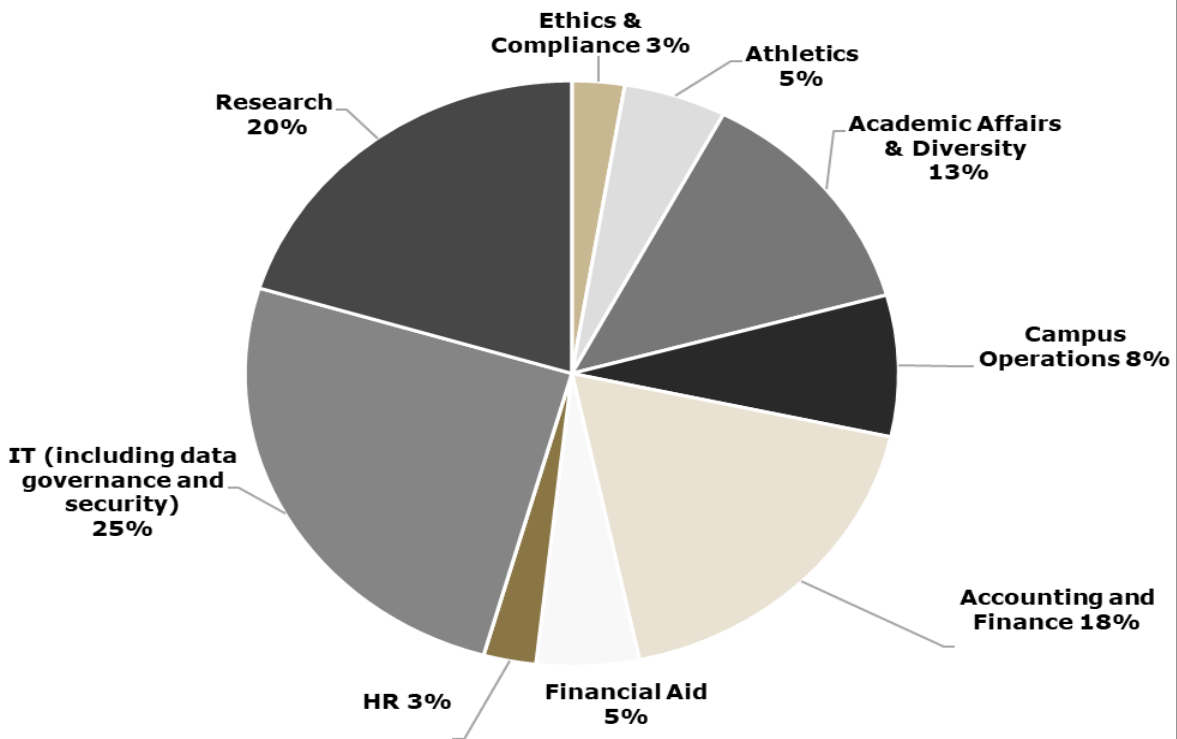
2023 Audit Plan highlights:

- A risk-based approach was utilized to develop the 2023 Audit Plan.
- Audit plan projects were primarily derived from the top inherent operational risks, top IT risks, and spotlight risks identified via the 2022 Enterprise Risk Management risk assessment process.
- Internal Audit will continue to support the external audit and complete financial result-related audit procedures in cooperation with Plante Moran.
- The risk environment will be monitored throughout 2023 to allow for agility in addressing any changes that may occur during the year, including the assessment of moderate level risks.

Integrated with the 2023 Audit Plan is the independent validation of risk management activities that will include the test of design and operating effectiveness of measures, processes, and controls put in place by management to mitigate top ERM risks.

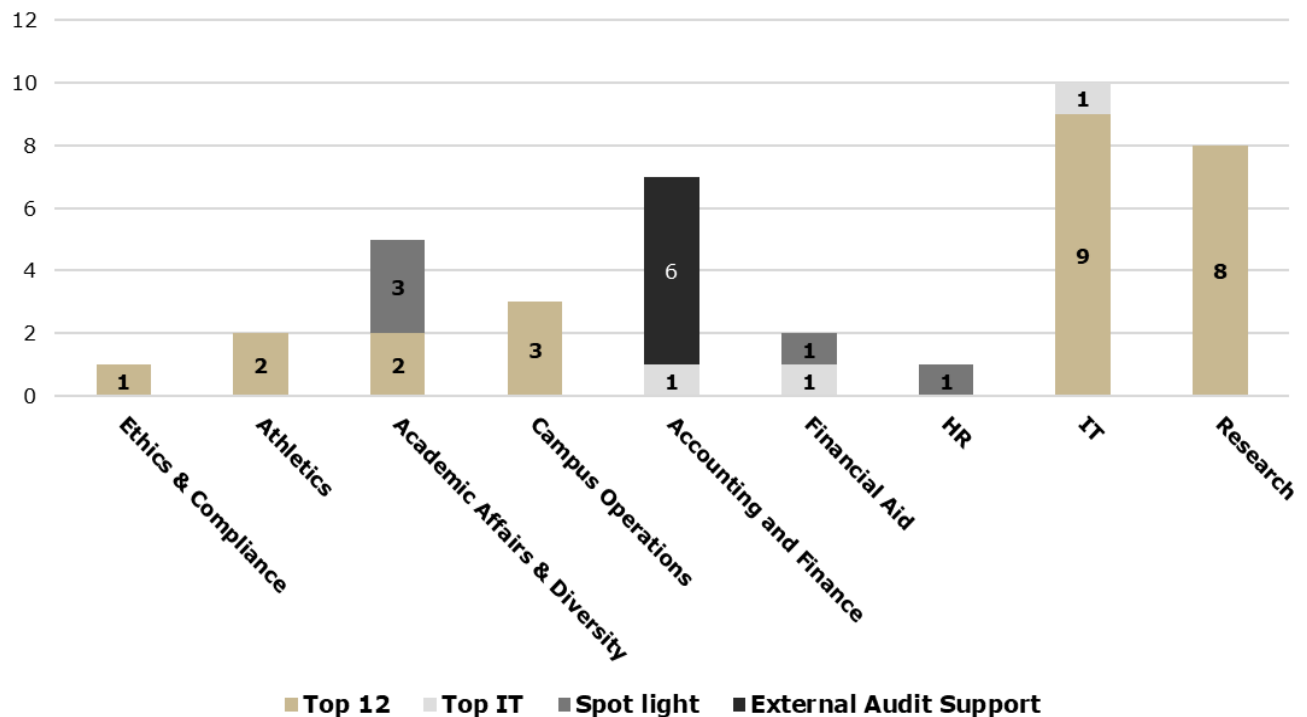
Presented below are the audit projects by functional area which align with the risk drivers/top risks identified within each function.

### Audit Plan Projects by Functional Area

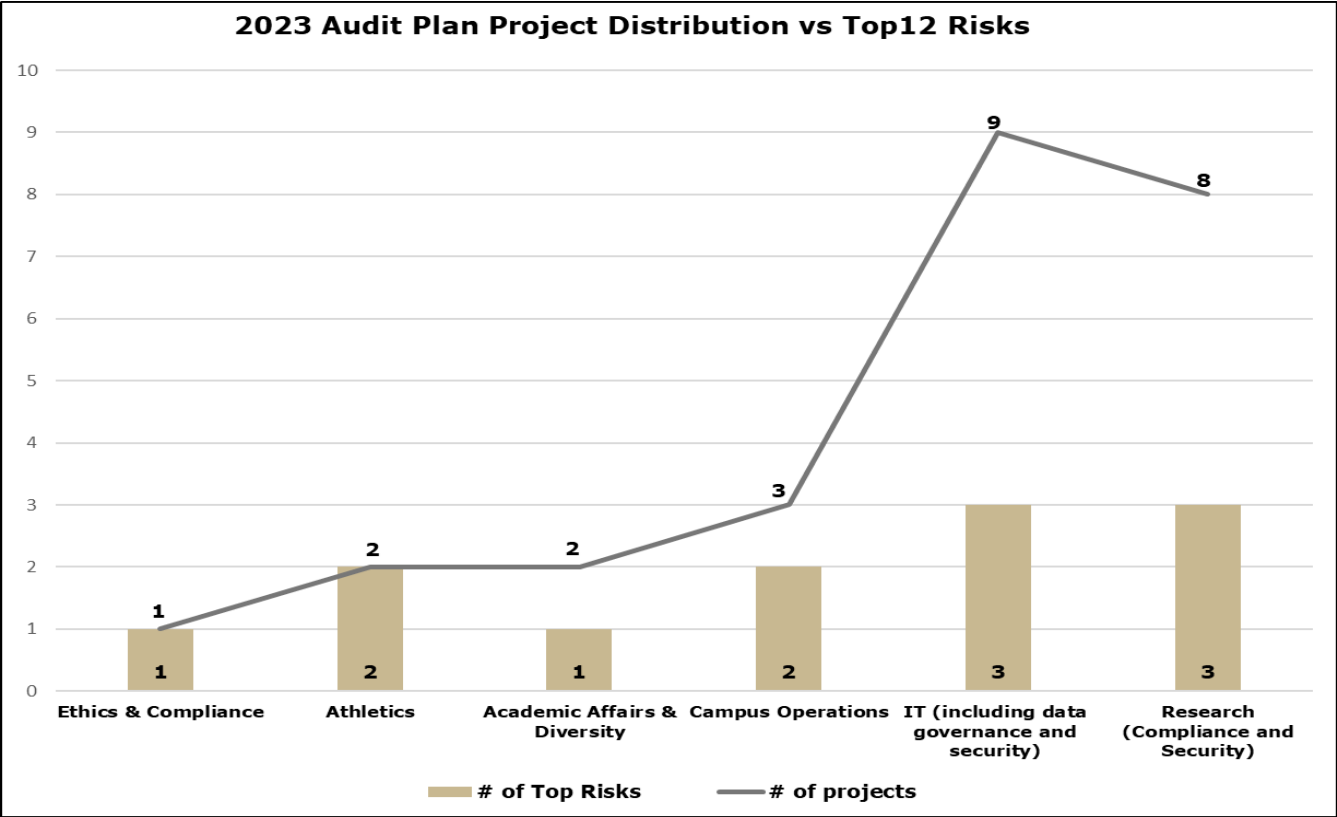


As depicted below, the audit projects in each functional area/risk domain were mapped to top and spotlight risks identified through the ERM process. Recurring audits were added to support the external audit efforts and included in the Accounting and Finance category. Top IT risk category includes systems identified through the ITGC risk assessment exercise.

### Audit Plan Projects by Risk Type

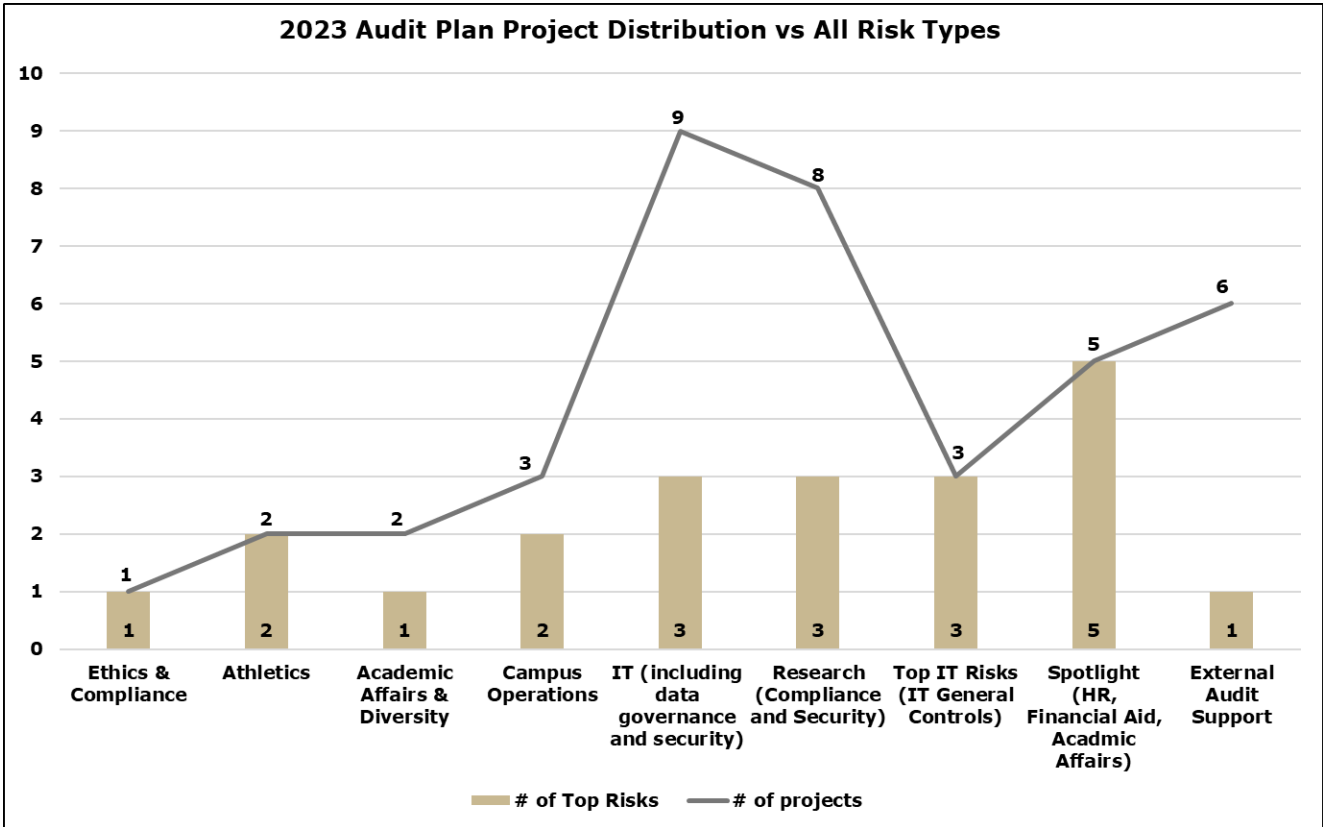


As mentioned above, the 2023 audit plan is directly tied to either top or spotlight risks identified through the ERM risk assessment. As such, below are the audit projects that map directly to a top risk in each risk category (25 out of a total 39 audits were mapped directly to Top12 risks), which is not a one-to-one distribution. As seen below, some research and IT related risks were broken down into multiple components and require multiple audit projects to address.



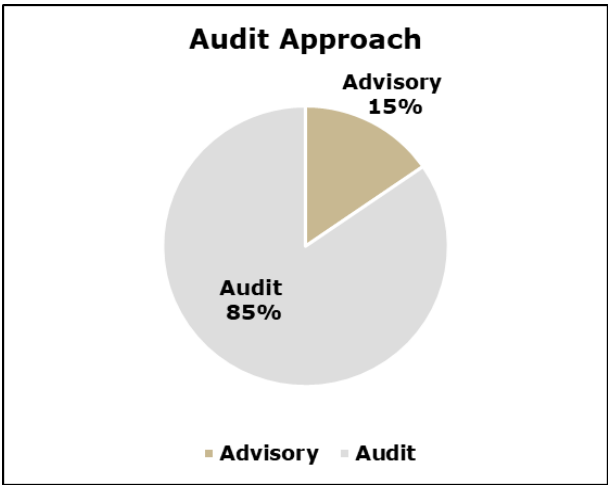
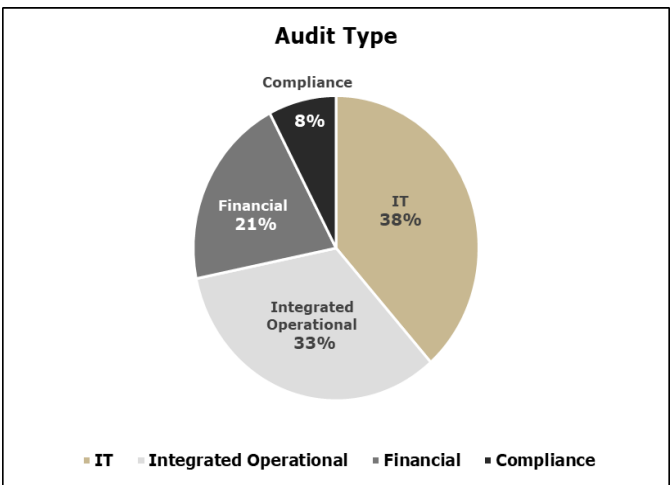
Below is the total distribution of audit projects (all 39) mapped to all risk types, with the addition of:

- *Top IT risks.* These risks are identified through the ITGC risk assessment exercise that do not directly map to a Top12 ERM risk category. However, due to the type of data processed by the system, require an audit to evaluate foundational IT controls. Three system audits were added to the plan in this category.
- *Spotlight risks.* These risks were identified through a qualitative analysis to address current stakeholder concerns and challenges. Five audit projects were added to the Audit Plan to address current organizational priorities.
- *External Audit Support.* 2023 Audit Plan includes six recurring audits in support of the University’s external financial audit. All six audits were mapped to a Financial Statements related ERM risk.



Below is the distribution of audit projects by audit type and by audit approach. Audit plan projects will focus on integrated operational, Information Technology, and financial audit support. Integrated operational audits will consider both process and IT/system risks and controls in their scope, when applicable. Compliance projects will indicate whether the University has complied with federal and/or state requirements.

In terms of the audit approach, the number of advisory projects will expand in 2023 in line with the shift in vision of positioning Internal Audit as a strategic function and trusted advisor to key stakeholders. Audit projects will provide an independent assessment and assurance regarding process design and operational effectiveness of controls. And advisory projects will allow Internal Audit to advise functional areas on adequate control considerations for key initiatives or projects.



## 2023 Audit Plan Projects Listing\*

***Internal Audit Plan includes testing/validation for each of the Top12 ERM risks either integrated into the projects below or planned for separately.***

| <b>Risk Type</b> | <b>Project Title</b>  | <b>Risk Domain</b>             | <b>Risk Area</b>                                      |
|------------------|---|--------------------------------|---|
| Top12            | Process and controls review for the following topics:<br>- Title IX<br>- Americans with Disabilities Act                      | Ethics and Compliance          | Legal and Regulatory Compliance                       |
| Top12            | Safety and care review  | Athletics                      | Athlete Safety and Care                               |
| Top12            | NCAA compliance<br>- NIL compliance<br>- Recruiting<br>- Eligibility (admissions and transfers)<br>- Boosters and fundraising | Athletics                      | NCAA Compliance                                       |
| Top12            | Enrollment Forecasting Process  | Academic Affairs and Diversity | Enrollment  |
| Top12            | Slate General Controls  | Academic Affairs and Diversity | Enrollment  |
| Top12            | Power Plant Vulnerability Management  | Campus Operations              | Power Plant Operations                                |
| Top12            | Power Plant Physical Security   | Campus Operations              | Power Plant Operations                                |
| Top12            | AlertUs IT General and Operational Controls   | Campus Operations              | Campus Safety   |
| Top12            | IT Incident Response (include ransomware)   | IT Operations                  | IT Incident Management                                |
| Top12            | SOC Review Process (PU & PG)  | IT Operations                  | IT Vendor Management                                  |
| Top12            | ITaP Patching/Updating Management   | IT Operations                  | Distributed Operating Environment                     |
| Top12            | DocuSign General Controls   | IT Operations                  | Distributed Operating Environment                     |
| Top12            | SAP GRC General Controls  | IT Operations                  | Distributed Operating Environment                     |
| Top12            | IT Log Management (including data exfiltration)   | Security and Privacy           | Cyber Risk/Data Security - Non-Research               |
| Top12            | Threat and Vulnerability Management   | Security and Privacy           | Cyber Risk/Data Security - Non-Research               |
| Top12            | Network Security/Endpoint Protection  | Security and Privacy           | Cyber Risk/Data Security - Non-Research               |
| Top12            | Network Segmentation  | Security and Privacy           | Cyber Risk/Data Security - Non-Research               |
| Top12            | Research Security Policy Update<br>Change Management (outside reportable activity)  | Research Ecosystem             | Research Operations and Partnership Security Strategy |
| Top12            | CMMC Readiness (DOD stress test)  | Research Ecosystem             | Research Operations and Partnership Security Strategy |

| Risk Type              | Project Title  | Risk Domain                    | Risk Area   |
|------------------------|--|--------------------------------|---|
| Top12                  | NISPOM Classified Research Assessment (including classified data security and safe destruction procedures) | Research Ecosystem             | Research Operations and Partnership Security Strategy |
| Top12                  | Export Controls & Foreign Influence Process Design Review  | Research Ecosystem             | Research Governance                                   |
| Top12                  | Research ERA System Pre-Implementation   | Research Ecosystem             | Research Compliance                                   |
| Top12                  | Conflicts of Interest Integrated Research Audit  | Research Ecosystem             | Research Compliance                                   |
| Top12                  | Research Process and Controls Review   | Research Ecosystem             | Research Compliance                                   |
| Top12                  | Research Cluster Audit Readiness   | Research Ecosystem             | Research Compliance                                   |
| Top IT Risk            | Banner IT General Controls - PWL   | Financial Aid                  | Compliance  |
| Top IT Risk            | SAP IT General Controls  | Accounting and Finance         | Financial Statements                                  |
| Top IT Risk            | Tableau IT General Controls  | Data Governance                | Data Management - Non-Research Operations             |
| Spotlight              | HERF/Single Audit follow-up  | Financial Aid                  | HEERF Grant Compliance                                |
| Spotlight              | Succession Planning  | Human Resources                | Succession Planning                                   |
| Spotlight              | AAU Membership Metrics   | Academic Affairs and Diversity | Research competitive advantage                        |
| Spotlight              | University Rankings  | Academic Affairs and Diversity | Academic competitive advantage                        |
| Spotlight              | Counseling EMR System General and Operational Controls   | Academic Affairs and Diversity | Faculty and Student Mental Health and Wellbeing       |
| External Audit Support | Banking and Cash Equivalent  | Accounting and Finance         | Financial Statements                                  |
| External Audit Support | Investments  | Accounting and Finance         | Financial Statements                                  |
| External Audit Support | Ross-Ade Foundation  | Accounting and Finance         | Financial Statements                                  |
| External Audit Support | PFW Foundation   | Accounting and Finance         | Financial Statements                                  |
| External Audit Support | Football Tickets   | Accounting and Finance         | Financial Statements                                  |
| External Audit Support | Basketball Tickets   | Accounting and Finance         | Financial Statements                                  |

*\*In 2023, Internal Audit continues to adopt an agile approach to the Audit Plan. As Internal Audit becomes aware of emerging risks or incidents that warrant an investigation, additional projects will be added to the Audit Plan and others might be re-prioritized based on staff availability and risk profile.*