



**BOARD OF TRUSTEES  
AUDIT SUBCOMMITTEE  
John R. Jakubek, Chair  
Michael A. Peterson, Vice Chair  
David C. Deibel  
Charles T. George  
Lexi E. Rager**

**Wednesday, September 5, 2018  
1:00 p.m. or immediately following  
previous meeting**

**Tod Hall  
Board Meeting Room**

**AGENDA**

**A. Disposition of Minutes for Meeting Held June 7, 2018**

**B. Old Business**

**C. Committee Item**

**1. Discussion Items**

- Tab C.1.a. a. Audit Matrix Open Audit Recommendations Update**  
This matrix tracks the progress of the implementation of recommendations for improvement or correction made by internal and external auditors.  
Sarah Gampo, Director of Internal Audit, will report.
- Tab C.1.b. b. FY18 Fourth Quarter Internal Audit Plan Update**  
Sarah Gampo, Director of Internal Audit, will report.
- Tab C.1.c. c. Anonymous Reporting Hotline Stats Update**  
Sarah Gampo, Director of Internal Audit, will report.
- d. Enterprise Risk Management Update**  
Sarah Gampo, Director of Internal Audit, will report.
- e. Update on External Audit**  
Neal McNally, Vice President for Finance and Business Operations, will report.
- f. Cybersecurity Update**  
Chris Wentz, Director of IT Security Services, will report.

**D. New Business**

**E. Adjournment**

# AUDIT RECOMMENDATIONS STATUS - FY2019 Q1

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline <i>Revised Deadline</i> Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
<b>2014-02-01 Payroll Time Entries</b> PT Segregation of Duties Apr. 2014  Financial High  Finance and Business Operations, Legal 1/31/2016 <i>3/31/2019</i> DEADLINE REVISED	There is a lack of segregation of duties for manual payroll time entries. There are employees who have the ability to enter manual time entries without additional approval or verification. This lack of segregation of duties increases the risk that incorrect or fraudulent paychecks may be issued. Manual time entries should be tracked and an individual should be assigned to confirm the validity of all manual time entries. This individual should not have access to create a manual time entry.	The Payroll Department, based on approved source documentation, is responsible to enter hours/time for the minority of hourly timesheets that were not electronically processed through self-service Banner. As a compensating control, a report will be developed to identify any hours manually entered. This report will be compared to the source documents by a different individual than the individual entering from the source document. Also, the Banner HR/Payroll security role classes were reviewed and the number of individuals with both duties has been reduced and segregated.	Implementation date was revised to hold recommendation open during FY19 HR-Payroll Process Review Engagement. Issues noted in recommendation will be assessed during this engagement.	Reports needed to implement corrective action are still under development by IT. FY19 Internal Audit plan includes a review of the payroll process; during the engagement Internal Audit will assess this audit recommendation.
<b>2014-02-02 Payroll Processing</b> PT Segregation of Duties Apr. 2014  Financial Moderate  Finance and Business Operations, Legal 12/31/2015 <i>3/31/2019</i> DEADLINE REVISED	There are 4 individuals with the ability to process/calculate payroll. Of these individuals, they all have ability to generate paychecks and add/approve hours, and 3 have access to record payroll in the general ledger and the ability to make general ledger entries. This lack of segregation within the process of generating the payroll creates and increases risk of error or fraud within a paycheck or payroll. We recommend a review of the workflow steps from running (calculating) the payroll through the financial recording of the payroll and reassign rights in the system to maximize segregation of duties.	Security access has been redesigned to limit the ability to perform the above workflow to only the Associate Controller. These functions are necessary for the Associate Controller in order to supervise the Payroll Department as well as the general accounting functions in the Controller's Office. However, any manual entry of hours by the Associate Controller will be reviewed in the audit report mentioned in Management's Response to Audit Finding & Recommendation #2. The security access for all of the other individuals mentioned has been segregated between entering, processing payroll, generating checks, and posting to the ledger.	Implementation date was revised to hold recommendation open during FY19 HR-Payroll Process Review Engagement. Issues noted in recommendation will be assessed during this engagement.	Reports needed to implement corrective action are still under development by IT. FY19 Internal Audit plan includes a review of the payroll process; during the engagement Internal Audit will assess this audit recommendation.
<b>2014-02-03 Manual Payroll Checks</b> PT Segregation of Duties Apr. 2014  Human Resources Moderate  Finance and Business Operations, Legal 12/31/2015 <i>3/31/2019</i> DEADLINE REVISED	There is a lack of segregation of duties with the manual (off-cycle) check process. There are individuals who can print manual checks and who have access to the check stock. An individual who has the ability to generate a manual (off-cycle) check should not have access to the check stock.	In order to segregate duties, the individuals who had access to the blank check stock no longer have the ability to initiate a manual check except for one person. As a compensating control, any manual entry of hours by that person will be reviewed in the audit report mentioned in Management's Response to Audit Finding & Recommendation #2.	Implementation date was revised to hold recommendation open during FY19 HR-Payroll Process Review Engagement. Issues noted in recommendation will be assessed during this engagement.	Payroll has identified a report and is currently evaluating whether it could be used to perform a periodic review. FY19 Internal Audit plan includes a review of the payroll process; during the engagement Internal Audit will assess this audit recommendation.

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline <i>Revised Deadline</i> Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
<b>2015-03-02 Tracking Faculty Workload</b> PT Academic Processes Feb. 2015  Financial Low  Academic Affairs, Legal 12/31/2016 <i>12/31/2018</i> ON SCHEDULE - REVISED	We recommend that further research be done to determine if the Banner System has the capability to calculate and track teaching hours, non-teaching time, and total faculty workload, and if the system does, then the use of the system should be implemented.	Banner has the ability to monitor faculty workload, and there is faculty workload non-teaching capability. A more detailed analysis of Banner system capabilities should be completed. The academic division is currently working with the Registrar's office to implement a full year scheduling and registration system; this system will make much of the data available at an earlier time and improve tracking and reporting processes.	on schedule - no change to report at this time	Data reconfiguration is necessary before corrective action noted in management response can be implemented.
<b>2017-01-02 Reporting from YSUF</b> YSUF Agreement Audit May 2017  Financial N/A  Finance and Business Operations 12/31/2017 <i>6/30/2018</i> CLOSED	Quarterly reports from Foundation are not consistent with reporting obligations in the agreement and do not include information necessary to project cash flows for longterm financial planning. <ul style="list-style-type: none"> <li>Monitor Foundation reporting for compliance with agreement</li> <li>Evaluate the need for supplemental reporting</li> <li>Periodically evaluate the adequacy of reporting from Foundation</li> </ul>	The Foundation's reporting requirements in the agreement are presently under review. Management agrees that procedures should be developed that more clearly define reporting requirements.	Revised Development and Service Agreement with YSUF through June 30, 2020 was approved by YSU Board of Trustees at June 2018 meeting. With finalization of the agreement, YSUF Agreement audit recommendations have been considered and are deemed closed.	Pending finalization of agreement with YSUF
<b>2017-01-03 Individual gift support review</b> YSUF Agreement Audit May 2017  Financial N/A  Finance and Business Operations 12/31/2017 <i>6/30/2018</i> CLOSED	Individual gifts paid in multiple increments that in total exceed \$100,000 may not be identified to ensure supporting documentation is obtained; in addition, this threshold is not reviewed for appropriateness on a periodic basis. <ul style="list-style-type: none"> <li>Periodically evaluate criteria for obtaining and reviewing supporting documentation for significant gifts</li> <li>Ensure sufficient information is obtained from the Foundation to identify gifts meeting above criteria</li> </ul>	Criteria will be developed to facilitate additional support detail regarding monthly gift transfers from the Foundation. Executive oversight committee will collaborate with Foundation staff to develop a reporting template(s) as a means of improving gift documentation.	Revised Development and Service Agreement with YSUF through June 30, 2020 was approved by YSU Board of Trustees at June 2018 meeting. With finalization of the agreement, YSUF Agreement audit recommendations have been considered and are deemed closed.	Pending finalization of agreement with YSUF
<b>2017-01-04 Coordinating fundraising efforts</b> YSUF Agreement Audit May 2017  Financial N/A  Finance and Business Operations 3/1/2018 <i>6/30/2018</i> CLOSED	Procedures for coordinating fundraising efforts between the Foundation and division/college/department are not in place. Reporting from the Foundation to individual University units is not in the agreement and does not appear to be in place. Enhance coordination of division/college/department level fundraising efforts with the Foundation with institutional procedures. Ensure procedures include periodic reporting from the Foundation and reporting obligations are documented in the agreement.	Management agrees and will develop and implement institutional procedures to enhance and align fundraising activities with the Foundation.	Revised Development and Service Agreement with YSUF through June 30, 2020 was approved by YSU Board of Trustees at June 2018 meeting. With finalization of the agreement, YSUF Agreement audit recommendations have been considered and are deemed closed.	Pending finalization of agreement with YSUF

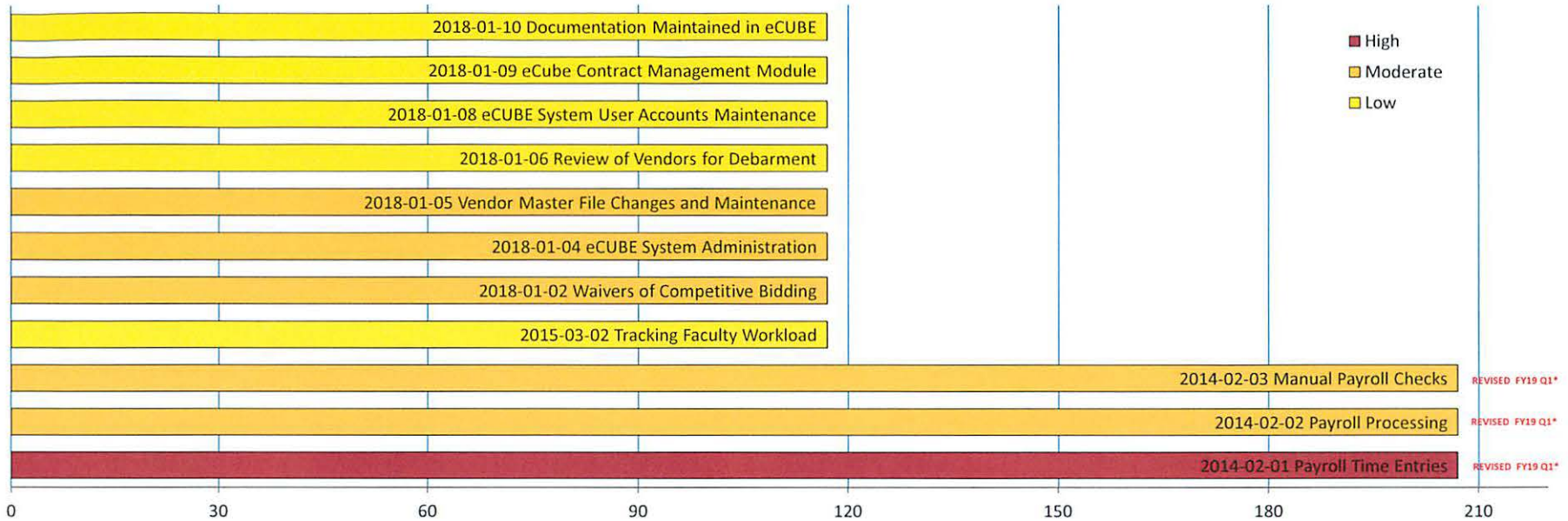
Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline <i>Revised Deadline</i> Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
<b>2017-01-07</b> <b>Affiliated Organizations Policy</b> YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 3/1/2018 <i>6/30/2018</i> CLOSED	University's Affiliated Organizations Policy requires the University have representation on the Foundation's Board; however, this requirement is not in the agreement and the University cannot ensure compliance. Review University Affiliated Organizations Policy and ensure it aligns with the relationship between the Foundation and the University and the fundraising service agreement.	Management agrees and will submit a revised policy to the Board of Trustees for review and consideration.	Revised Development and Service Agreement with YSUF through June 30, 2020 was approved by YSU Board of Trustees at June 2018 meeting. With finalization of the agreement, YSUF Agreement audit recommendations have been considered and are deemed closed. Affiliated Organizations policy next review is 2020.	Pending finalization of agreement with YSUF
<b>2017-01-08</b> <b>Gifts for Benefit of University Policy</b> YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 3/1/2018 <i>6/30/2018</i> CLOSED	Gifts for the Benefit of the University Policy authorizes the University to refuse gifts but does not identify who within the University has this authority. Enhance Gifts for the Benefit of the University Policy by identifying who within the University is authorized to refuse a gift to the University.	Management agrees and will submit a revised policy to the Board of Trustees for review and consideration.	Revised Development and Service Agreement with YSUF through June 30, 2020 was approved by YSU Board of Trustees at June 2018 meeting. With finalization of the agreement, YSUF Agreement audit recommendations have been considered and are deemed closed. Gifts for the Benefit of the University next review is 2020.	Pending finalization of agreement with YSUF
<b>2018-01-01</b> <b>Conflicts of interest in purchasing</b> Procurement Audit 5/22/18 Financial High Finance and Business Operations 6/30/2018 CLOSED	Conflict of interest procedures do not include evaluation of potential conflict prior to requisition approval. Develop and document procedures to systematically evaluate purchases from vendors with potential conflicts.	Conflict of Interest procedures will be updated and distributed to staff. Staff training will be conducted. New Vendor Form will be revised to incorporate conflict of interest verification.	Procedures for evaluating conflicts of interest have been developed and documented. Correction action has been implemented. Audit recommendation has been addressed and is closed.	N/A - new
<b>2018-01-02</b> <b>Waivers of Competitive Bidding</b> Procurement Audit 5/22/18 Financial Moderate Finance and Business Operations 12/31/2018 ON SCHEDULE	Waivers of competitive bidding require only approval of Procurement Director and financial manager of the requesting department. Implement a review by the Vice President for Finance and Business Operations to approve or deny bid waiver requests after they are reviewed and approved by the Procurement Director.	There is a new Director of Procurement Services effective May 16, 2018. Evaluation of the recommendation will continue as an additional review of the Bid Waiver process.	on schedule - no change to report at this time	N/A - new

Audit Recommendation Number / Name	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
Audit Date Issued Risk Category Risk Level Division Original Deadline <i>Revised Deadline</i> Current Status				
<b>2018-01-03 eCUBE Requisition Approval Overrides</b> Procurement Audit 5/22/18  Financial Moderate  Finance and Business Operations 5/21/2018 CLOSED	Several eCube users in Procurement are assigned to a user group that enables the user to override other approvals in the workflow. Evaluate the eCUBE user group permission that enables a user to override approvals to determine if it can be removed.	Buyer role in eCUBE has been updated to turn off ability to override requisition approval rules and approve requisitions on behalf of other approvers.	As noted in management response, override ability was removed from buyer role in eCube. Correction action has been implemented. Audit recommendation has been addressed and is closed.	N/A - new
<b>2018-01-04 eCUBE System Administration</b> Procurement Audit 5/22/18  Information Technology Moderate  Finance and Business Operations 12/31/2018 ON SCHEDULE	System administrator users have ability to manually create eCube user accounts ("direct logins"), circumventing the controls of automated creation of users from Banner. Evaluate structure of system administration to ensure monitoring of elevated system administration accounts. Strengthen controls around manually created eCUBE "direct login" accounts.	Site administration has been removed from anyone with a buyer role in eCUBE system. Roles of individuals with site administration access will be reviewed, availability of system activity logs will be evaluated. Based on system review, certain roles require setup as direct logins. Procedures will be updated to require all direct logins follow same approval process as requestors and approvers.	on schedule - no change to report at this time	N/A - new
<b>2018-01-05 Vendor Master File Changes and Maintenance</b> Procurement Audit 5/22/18  Financial Moderate  Finance and Business Operations 12/31/2018 ON SCHEDULE	Procedures for changes to vendor master file not consistently implemented. Vendor master file not periodically reviewed for duplicate records. Ensure supporting documentation for changes to vendor master file are complete and maintained. Review vendor master file for duplicates and scrub eCube vendor list against Banner vendor master file at least annual.	Staff were reminded of procedures for set up of new vendor. New Vendor Form will be revised to incorporate conflict of interest verification. Vendor maintenance procedures will be updated for procedures for additions, changes, and inactivation of vendor records and annual review of records.	on schedule - no change to report at this time	N/A - new
<b>2018-01-06 Review of Vendors for Debarment</b> Procurement Audit 5/22/18  Financial Low  Finance and Business Operations 12/31/2018 ON SCHEDULE	Purchases processed outside of eCube are not reviewed for debarment from state or federal funding (for purchases on federal grants). Ensure procedures include verification vendors are not debarred from state or federal (for purchases on federal grant) purchasing.	New Vendor Form will be revised to add a review and verification that vendor was not debarred from state or federal funding. Departmental procedures for processing purchase orders in eCUBE will be reviewed and updated to incorporate standards, including responsibilities of buyers and information required to be maintained. Training on any updates will be provided to relevant staff.	on schedule - no change to report at this time	N/A - new

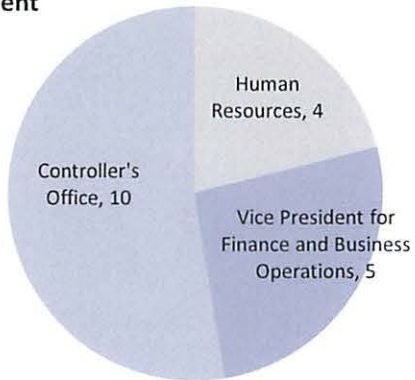
Audit Recommendation Number / Name	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
Audit Date Issued Risk Category Risk Level Division Original Deadline <i>Revised Deadline</i> Current Status				
<b>2018-01-07 Capturing and Reporting Cost Savings</b> Procurement Audit 5/22/18  Financial Low  Finance and Business Operations 6/30/2018 CLOSED	Procedures have not been developed for capturing or determining and reporting the corresponding cost savings for purchase under each one of these policy and procedure requirements.	Develop procedures for capturing or determining and reporting corresponding cost savings for purchases made in accordance with university purchasing policy. Though a high level cost savings analysis was completed for the Governor's Taskforce report a, spreadsheet will be created and maintained beginning with FY19. This spreadsheet will capture cost savings for purchases made by utilizing group purchasing agreements, obtaining three quotes, and through competitive selection process.	Procedures for capturing, tracking, and aggregating cost savings have been developed, documented, and implemented. Corrective action has been implemented. Audit recommendation has been addressed and is closed.	N/A - new
<b>2018-01-08 eCUBE System User Accounts Maintenance</b> Procurement Audit 5/22/18  Financial Low  Finance and Business Operations 12/31/2018 ON SCHEDULE	Periodic review of eCUBE user list against a list of active employees is not performed. Procedures for changes to manual direct login accounts not documented. There are a large number of inactive eCube user accounts.	At least annually, scrub eCUBE user list against active employees list. Document procedures for ensuring direct login account access is removed timely. Evaluate purging inactive eCUBE accounts. eCUBE System User Account Maintenance procedures will be updated to incorporate procedures for additions, changes, and inactivation of user accounts as well as annual review of records for possible inactivation and purging.	on schedule - no change	N/A - new
<b>2018-01-09 eCube Contract Management Module</b> Procurement Audit 5/22/18  Financial Low  Finance and Business Operations 12/31/2018 ON SCHEDULE	eCube contracts module not consistently implemented.	Evaluate fully implementing the eCUBE contracts module for enhancing contract compliance monitoring. Director of Procurement Services will evaluate eCUBE contract module and determine if it is an appropriate solution for contract compliance monitoring and managing contract expiration and milestone tracking.	on schedule - no change to report at this time. Note: Procurement is in the process of evaluating the current contract management capabilities of eCube against the needs of the University.	N/A - new
<b>2018-01-10 Documentation Maintained in eCUBE</b> Procurement Audit 5/22/18  Financial Low  Finance and Business Operations 12/31/2018 ON SCHEDULE	Few instances were noted where manual supporting documentation maintained in eCUBE was not consistent across all transactions or was not complete.	Ensure departmental procedures include standards for documentation captured and maintained in eCUBE. Ensure procedures are documented and communicated to relevant Purchasing Department staff. Departmental procedures for processing purchase orders in eCUBE will be reviewed and updated to incorporate standards, including responsibilities of buyers and information required to be maintained in eCUBE. Relevant staff will be trained on any updates.	on schedule - no change to report at this time	N/A - new

## AUDIT RECOMMENDATIONS DASHBOARD 1st QUARTER FISCAL YEAR 2019

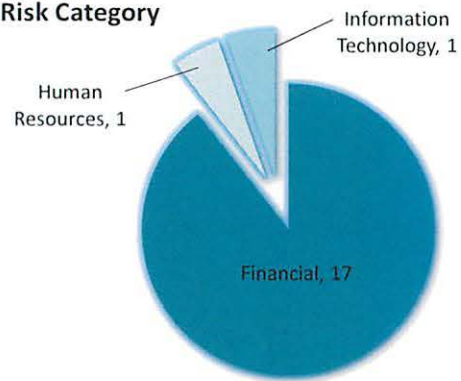
**Audit Recommendations - Days to Current Deadline from 9/5/18**



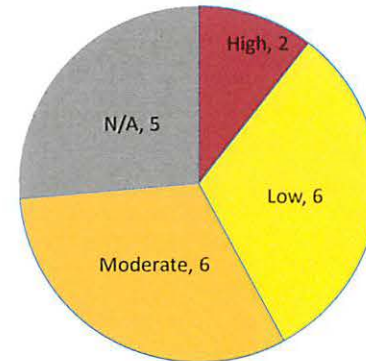
**Department**



**Risk Category**



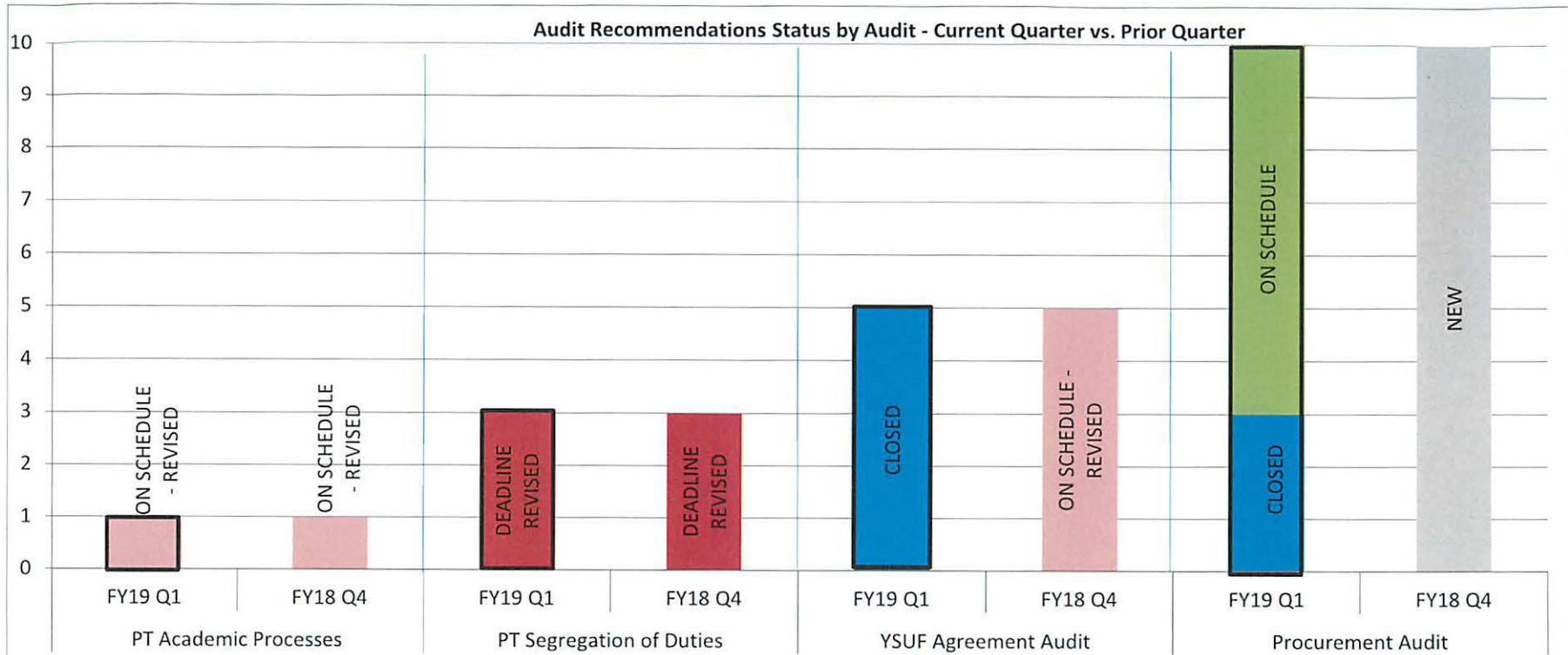
**Risk Level**



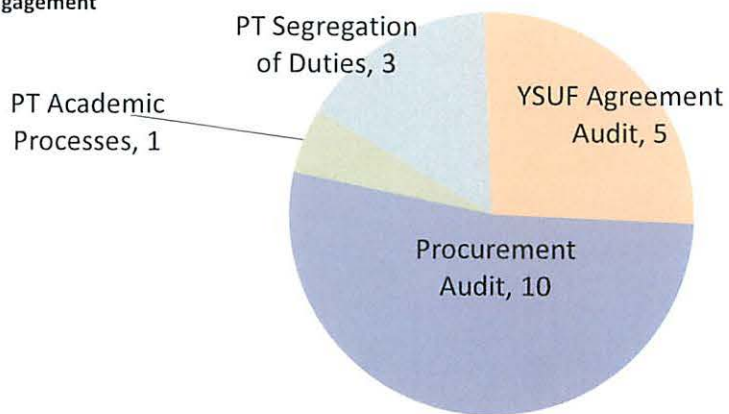
\* recommendation held open pending FY19 HR-Payroll Process Review engagement



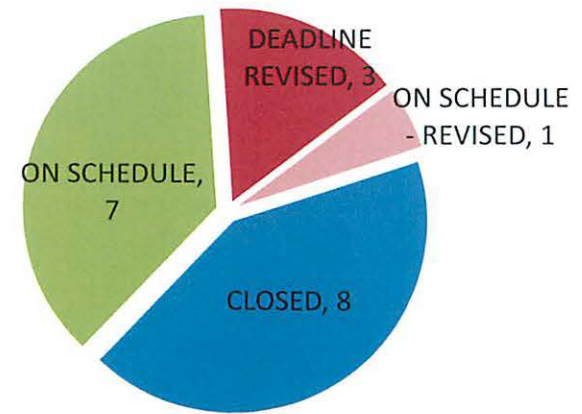
## AUDIT RECOMMENDATIONS DASHBOARD 1st QUARTER FISCAL YEAR 2019



### Audit Engagement



### Status



Youngstown State University  
Office of Internal Audit  
Audit Plan Quarterly Update  
Fiscal Year 2018  
July 1, 2017 - June 30, 2018

	July 2017 - June 2018							July - Sept		Comment
	July - Sept	Oct - Dec	Jan - Mar	Apr - Jun	FY18 to date as of June 30			FY19 Quarter 1	Budget	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Budget	Difference	Budget		
<b>Audit and Assurance:</b>										
Audit Engagements:										
Purchasing	230	176	114	14	534	445	(89)	-		
Grants/Research Compliance	-	10	26	241	277	440	163	90		
Payroll Process Review	-	-	-	42	42	-	(42)	65		planning and scoping in FY18Q4
Student Organizations	-	-	-	-	-	-	-	-		moved to FY19Q4 audit plan based on FY19 audit risk assessment
Continuous Auditing/Analytics	99	177	281	76	633	576	(57)	120		IDEA audit analytics software will be implemented beginning with FY18 Q4 analytics performed in FY19Q1
Open Audit Recommendation Follow-up	20	10	13	16	59	142	83	35		
Hotline Monitoring	2	5	16	5	28	60	32	15		
	351	378	450	394	1,573	1,663	90	325		
<b>Advisory</b>										
	-	-	67	11	78	180	102	70		
<b>Administrative &amp; Planning:</b>										
Administrative	87	61	62	60	270	218	(52)	45		
Audit Risk Assessment, Annual Planning, Audit Subcommittee Prep and Meetings	71	91	64	49	275	153	(122)	15		
Enterprise Risk Management assistance	-	25	32	28	85	100	15	20		
Professional Development & Training	4	30	11	22	67	40	(27)	30		FY19 Q1 includes 24 hours of training IDEA audit analytics software
Holiday, Vacation/Sick	84	91	30	25	230	220	(10)	80		
	246	298	199	184	927	731	(196)	190		
<b>Total Hours</b>	<b>597</b>	<b>676</b>	<b>716</b>	<b>589</b>	<b>2,578</b>	<b>2,574</b>	<b>(4)</b>	<b>585</b>		

**Internal Audit Department staffing resources:**

Internal Audit Director  
Internal Audit Intern (15-20 hours per week during Fall and Spring semesters)

\* difference in total hours from budget is due to variability in intern hour:

**YSU Anonymous Reporting Hotline**  
**Aggregated Statistics**  
 Fiscal Year 2019 Quarter 1  
 As of 8/3/18

Hotline Activity	Quarter 1	Fiscal Year To Date Total	Prior Fiscal Year Total
Open from previous quarter	-		
<b>Reports received</b>	1	1	8
<b>Closed</b>			
Unsubstantiated/insufficient information	-	-	4
Process enhancements noted	-	-	-
Formal investigation	-	-	-
Referred	-	-	<u>2</u>
<b>Total Closed</b>	-	-	6
<b>Under review at quarter end</b>	1		

Reporting Method	Quarter 1	Fiscal Year To Date Total	Prior Fiscal Year Total
Ethicspoint Phone	-	-	-
Ethicspoint Website	<u>1</u>	<u>1</u>	<u>8</u>
<b>Total:</b>	1	1	8

Reporter Anonymity	Quarter 1	Fiscal Year To Date Total	Prior Fiscal Year Total
Anonymous	1	1	8
Not anonymous	-	-	-
<b>Total:</b>	1	1	8