

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

INFORMATION ITEM

**REVIEW RESULTS OF AUDIT RISK ASSESSMENT,
INCLUDING INFORMATION TECHNOLOGY AUDIT**

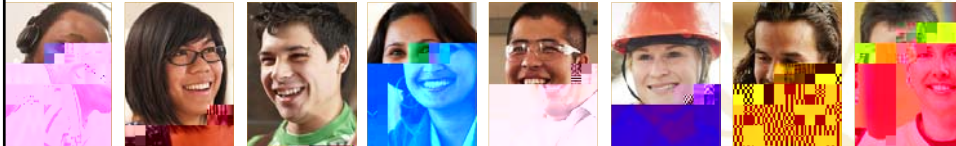
A three-staged risk assessment identified enterprise, financial, and information technology risk factors. The attached PowerPoint presentation documents the results of this work.

Date Presented to the Board of Trustee: June 19, 2013

Minnesota State Colleges and Universities

Fiscal Year 2014

Audit Risk Assessment Results



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June 19, 2013

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.

Overview

§

Audit Risk Assessment



Focus Areas

Strategic Risks



Strategic Risks

- § Strategic Framework – adopted by board in January 2012
- § Strategic Workgroups (Future of Higher Education, System of the Future, Workforce of the Future)
 - § Draft strategies and recommendations to be presented in June 2013
 - § Final report planned for fall 2013
 - § Results could impact future internal audit projects
- § Focus of May 2013 Enterprise Risk Management Study Session





Financial Risks



Financial Risks: Institution

Metrics Used

Metric Category	Factors Measured
Audit (points = 350)	Time since last internal control and compliance audit and the



Financial Risks: Institution

Overall Results

Risk	Results	Number of Colleges and Universities	
		May 2013	May 2012
High	350	7	5
Medium	< 350 and 200	15	15
Low	< 200	16	18
Range of Scores		45 410	35 420

* Total includes accredited colleges and universities and the system office



Financial Risks: Institution

Institutions with High Financial Risk

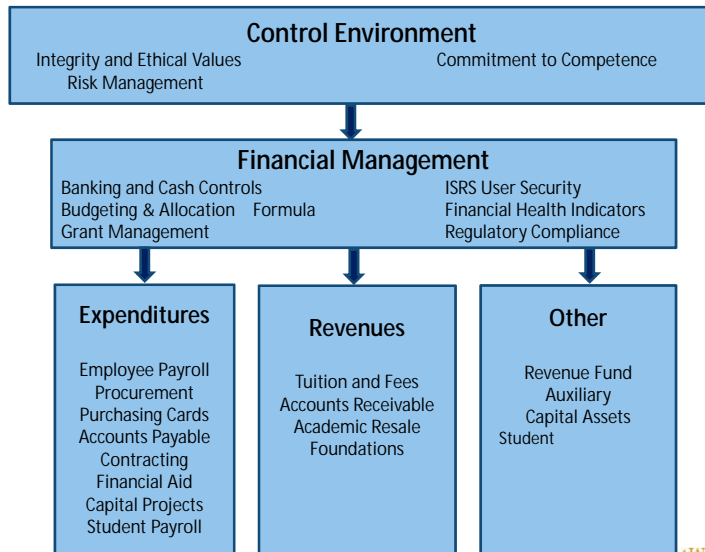
1. Southwest Minnesota State University
2. Winona State University
3. Minnesota State University Moorhead
4. Minneapolis Community & Technical College
5. Hennepin Technical College
6. Minnesota State University, Mankato
7. Dakota County Technical College

§ Contributing Factors

- § Over ten years since last comprehensive internal control & compliance audit
- § Material financial activity
- § Complex operations
- § Large number of ISRS users with incompatible security access



Financial Risks: Functional Areas



Financial Risks: Functional Areas

Risk Assessment

§ Internal Audit and Finance staff assessed risk

§ Risk considerations included

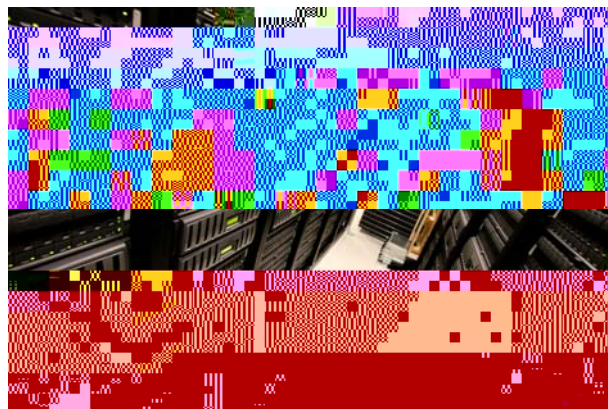
- § Materiality
- § Transaction volume and complexity
- § Susceptibility to Fraud
- § Compliance requirements
- § Past audit history

§ Individual High Risk Areas

- | | |
|-----------------------------|----------------------------------|
| J Grant Management | J Equipment Inventory |
| J Employee business expense | J Student Activity Funds |
| J Tuition and fees | J Academic Resale Activities |
| J Financial Aid | J Capital Project Administration |
| J Bookstore Operations | J Banking and cash controls |
| | J Purchasing cards |



Information Technology (IT) Risks

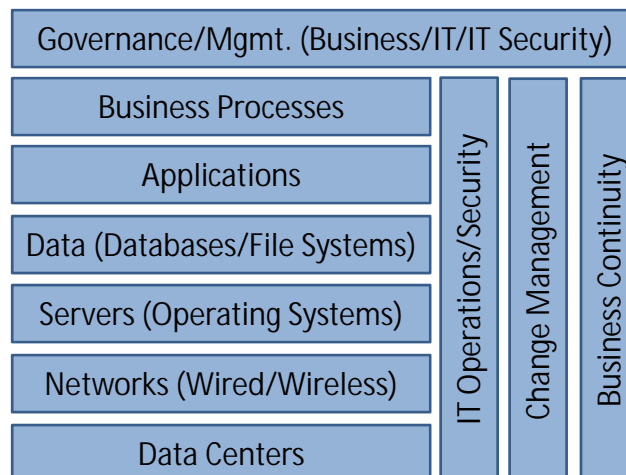


Broad Categories of Risk

- § **Confidentiality** – Private or not public data or system reported information is protected from unauthorized disclosure or use
- § **Integrity** – Data and system reported information is complete and accurate
- § **Availability** – Computer systems and data will be accessible (“up and running”) when needed



Layers of Risks/Controls



MnSCU Computing Environment

- § System office manages wide area network and mission critical enterprise technologies
 - § Learning Management System (LMS)
 - § Enterprise Resource Planning (ERP) system supports business functions including accounting, human resources, payroll, student registration, grades, transcripts and financial aid
 - § Data Warehouse
 - § Vulnerability Management System (VMS)
 - § Identity and Access Management (IAM) System
- § Each college and university manages own data center(s), local area networks and other institution specific info. systems

Audit System/Data Classification & Prioritization

Confidentiality	High	System contains sensitive or private data
	Medium	System contains data of unknown classification
	Low	System does not contain sensitive or private data
Integrity	High	System collects, transmits, processes or stores important data that may be used to make significant decisions
	Medium	Data is important to the business function or mission
	Low	Data is not important to the business function or mission
Availability	High	System must be available at all times
	Medium	System can experience some down time or limited availability outside of normal business hours
	Low	System can experience extended downtime or no availability required outside of normal business hours
Accessibility	High	System accessible via the Internet or a broad audience such as any MnSCU network/computer
	Medium	System with limited local network connectivity or select MnSCU networks and computers
	Low	Standalone system with limited or no network connectivity



IT Risk Areas

§ Enterprise Systems (LMS, ERP, Warehouse, VMS, IAM)

§ Data Confidentiality (High)

§ Business data (Student, employee, Dates, etc.)



IT Risk Areas

§ Institution Specific Systems

- § Difficult for Internal Audit to determine

- § What we do know about Institution IT

 - § Each responsible for managing/securing own networks, computers, and applications

 - § Commercial and custom applications are used

 - § Many copy ISRS data and store it in databases

 - § Employees and students access ent(en1Tf.21510rD4.00oDe:00iTc(r)124TD2o501Tfj2o50)T11Tf4.50TD0

