



HLC Accreditation 2020-2021

Evidence Document

Office of the President

Internal Audit

Internal Audit Activities and Plans: Annual Report to Regents Fiscal Affairs and Audit Committee

Additional information: Report submitted January 16, 2019



WICHITA STATE
UNIVERSITY

Internal Audit Activities and Plans

Annual Report to Regents Fiscal Affairs and Audit Committee

Report Date: **January 16, 2019**

Prepared By: **Chris Cavanaugh, Director of Internal Audit**

Distribution:

Regents Fiscal Affairs and Audit Committee

John W. Bardo

Richard D. Muma

ABOUT THE DIRECTOR

Chris Cavanaugh, Director of Internal Audit

**Certification**

Certified Fraud Examiner
Certified Public Accountant
Certified Pragmatic Compliance Specialist

Education

Master of Business Administration - Pittsburg State University
Bachelor of Science in Business Administration - Pittsburg State

Professional Experience

Director of Internal Audit, Wichita State University (beginning in 1991)
Assistant Vice President for Internal Audit, Farm Credit Bank of Wichita
Auditor and Tax Accountant, Grant Thornton CPAs

INTRODUCTION TO ANNUAL REPORT

Purpose

This report is in response to the Kansas Board of Regents requirement that each state university internal audit department shall report annually to the Board's Committee on Fiscal Affairs and Audit, summarizing the prior year's activities and plans for the coming year.

Organizational Independence

As in past years, I will use this occasion to confirm to the Kansas Board of Regents, through its Fiscal Affairs and Audit Committee, the organizational independence of the internal audit activity at Wichita State University. My reporting line is appropriate and effective, and no restrictions have been placed on the scope of my work.

Statement on Material Financial Weakness or Fraud

Wichita State University had no internal audits reporting material financial weakness or fraud in the past year, or any specific audit finding warranting further review by the Fiscal Affairs and Audit Committee.

ACTIVITIES IN 2018

Internal Audits and Collaboration with External Auditors

Internal Audit of Restricted Disbursements from the WSU Foundation

Verified compliance with donor restrictions for funds disbursed to the university by the Wichita State University Foundation for Fiscal Year 2017. Met with the Foundation's audit committee to review audit results.

Review of University-Controlled Affiliated Corporations for Fiscal Years 2016 and 2017

Fulfills Kansas Board of Regents requirement related to the scope of work of the Regents universities' internal auditors. This review also provided an opportunity to begin compiling materials for the five-year management review conducted by BKD for the Kansas Board of Regents next scheduled for 2021.

Wichita State University Intercollegiate Athletic Association, Inc.

Collaborated with the Athletic Association's external audit firm to complete its 1) annual financial statement audit and 2) NCAA-specified agreed-upon procedures engagement, thus satisfying the requirements of NCAA Bylaw 3.2.4.15.

KMUW-FM Radio

Collaborated with the station's external audit firm to complete its 1) annual financial statement audit and 2) annual financial report of non-federal financial support. Both reports are required by Corporation for Public Broadcasting (CPB) grant requirements. The Community Service Grant KMUW received from CPB for 2018 totaled \$196,444.

Consulting and Advisory

HIPAA Policy Review and Risk Assessment

Worked with a group led by Associate General Counsel Misha Jacob-Warren to review and update the university's HIPAA Policy. In concert with the policy review, we also explored options to engage a consulting firm to perform a HIPAA risk assessment.

Small Consulting Projects

Researched and answered Senior Associate Athletic Director Becky Endicott's questions about nonresident alien income tax withholding. Advised KMUW GM Debra Fraser about accounting and matching requirements for a CPB subaward received through UMKC for "Regional Journalism Collaboration." Met monthly with Director of Student and Accounts Receivable Robyn Bongartz to discuss topics of mutual interest, particularly those related to the processing of payments received by WSU.

Consulting and Advisory (continued)

WSU Policy Manual Transition

Worked with General Counsel's Office and Media Resources Center to ensure a smooth transition for their assuming responsibility for *WSU Policies and Procedures Manual* maintenance that was previously performed by the Office of Internal Audit.

University-Controlled Affiliated Corporations Financial Statements and Tax Returns

Reviewed audited financial statement drafts and tax returns prior to their publishing and filing at the request of the financial officers and audit firm partner. This review dovetails with the affiliated corporations review for the Board of Regents.

Outreach Initiatives

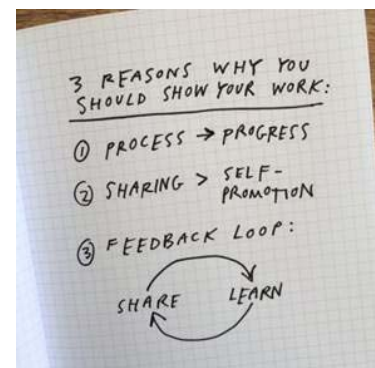
Case in Point Newsletter

Continued monthly distribution of the newsletter to a subscriber list that has grown to over 150 persons from about 40 initially. Recent topics include concepts of control, forward-looking focus of risk management and "three lines of defense" as a risk management and control strategy.

WSU Audit Update Blog

Trained on the Omni Update (OU) Campus web platform and researched how to use its news feed feature for commencing an Internal Audit blog to communicate items of interest about internal audit, compliance, risk management and control. Posted first blog entry in September with ten subsequent entries through December.

Poor risk management can divert time and money away from a university's mission, or the mission of its individual colleges, departments or programs. Adopting the "Show Your Work" philosophy of writer and artist Austin Kleon, the blog allows me to promote the role of internal audit, share items of interest, and raise awareness of risk management issues in higher education and their potential impact.



AustinKleon.com - Used by Permission

My goal as Director of Internal Audit is to help foster a risk-intelligent community that is alert to and proactively manages risk at WSU.

Continuing Professional Education

Kansas Regents Universities Internal Auditor Training Day

Finalized preparations for this annual event that rotates among the universities, followed by hosting the event Friday, August 3, at the CMD training facility.

Internal audit author/blogger Mike Jacka, writer/artist Austin Kleon, and compliance expert Kristy Grant-Hart are my principal influences so I centered the day's activities on their teachings, sharing videos, leading discussions, and facilitating brainstorming exercises.

Mike Jacka was our guest speaker and participated in the day's activities. The principal themes of his talks, "Essential Auditor Attributes" and "Purpose of Internal Audit," provided opportunities to reflect and discuss Internal Audit's role at our universities.



Mike Jacka

Association of College and University Auditors Annual Conference

Earned continuing professional education (CPE) credits in an array of audit, compliance and risk management topics. Annual CPE maintains several professional memberships and certifications. Conference was in New Orleans, Louisiana, from September 9-13.



Microsoft Power User Certificate

Earned the "Power User" designation by taking a suite of courses taught by WSU's Microsoft Office Specialist Master Ali Levine.

Quotable

"There are only two things I look for in any internal audit candidate. The first, and most important, is evidence of creativity. The second is inquisitiveness."

Mike Jacka

"Creativity is very much a verb. Creativity is a way of being. Everyone can be more creative if they learn the way of operating."

Austin Kleon

PLANS FOR 2019

1. Collaborate with external auditors in regard to university-controlled affiliated corporations and KMUW-FM Radio.
2. Conduct internal audit of restricted disbursements from the WSU Foundation.
3. Prepare requisite educational pieces for WSU Audit Update blog and Case in Point newsletter.
4. Conduct review of university-controlled affiliated corporations for FY 2018.
5. Update repository for Regents five-year management review documents.
6. Conduct additional internal audit or consulting projects as priorities arise.



Kansas Regents Universities Internal Auditor Training Day