AUDIT, RISK AND COMPLIANCE COMMITTEE

Internal Audit

September 23, 2021
DEPARTMENT ORG CHART

Kent Erdahl

Kristin Bell  Larry Westbrook  Alex Murray
DEPARTMENT STAFFING

• Hired two auditors in August
  – Replaced the auditor that resigned in 2019
  – Replaced IT auditor who resigned in June

• At full staffing strength for first time since 2019
AUDIT TEAM

• Kristin Bell, CPA, CIA
  – Eight years with W&M Internal Audit; three with W&M accounting
  – Eleven years of other relevant audit and accounting experience

• Larry Westbrook, CPA, CISA, CFE
  – Twenty plus years of audit/accounting experience including nine years with KPMG

• Alex Murray
  – Five years of Auditor of Public Accounts experience
  – Two years of private industry internal audit experience
RECENT AUDITS

W&M IT Data Center Audit
• Tested two data centers for compliance with an IT internal control framework
• Improvement opportunities include:
  – restricting and controlling access to data centers,
  – addressing fire suppression system, and
  – testing backup power sources
• IT has established timely corrective action plans
Athletics Ticket Office Audit
Audit occurred during Ticket Office system transition-testing focused on evaluating how existing processes could be enhanced

• Recommended use of system to generate improved management reporting and create efficiencies
• Recommended evaluation of complimentary ticket process including who gets comp tickets, and tracking of unused tickets
AUDIT PLAN STATUS

Completed:
Athletics Internal Control Review and Donor Restriction Compliance audit
W&M Data Center audit
Athletics Ticket Office audit

In-Process:
Admissions audit (Reporting phase)
RBC IT Security audit (Fieldwork phase with enhanced scope)
Law School Internal Control review (Fieldwork phase)

Scheduled for CY 21:
School of Education Internal Control review
Arts & Sciences Internal Control review

Cancelled
Remote work impact on internal control environment project (APA assessed as part of their audit)
Small purchase charge card monitoring (stopped monitoring as of July 1, 2021)
QUALITY ASSURANCE

• Internal Audit QA review completed this summer
• Auditing Standards require an independent review on a five-year cycle
• QA Objectives:
  – Verify that audit activity is meeting IIA Standards
  – Identify improvement opportunities to enhance value
• Provides the Committee and senior management assurances regrading department activity
QA RESULTS

• QA testing involved: interviews, surveys of auditees, and workpaper review
• *Generally Conforms* opinion
• Noted no non-compliance with Standards
• Improvement opportunity:
  – Add auditor; allocate costs
ERM UPDATE

• Identifying key metrics associated with identified risks
  – Allow for measurement and active monitoring

• Provide updated heat map in November
# FOLLOW-UP SCORECARD

<table>
<thead>
<tr>
<th>Audit/Date</th>
<th>Follow-up</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Fixed Assets (4/16)</td>
<td></td>
<td>Full remediation</td>
</tr>
<tr>
<td>Conference Services (2/17)</td>
<td>Dec</td>
<td>(A)</td>
</tr>
<tr>
<td>Donor Compliance (3/17)</td>
<td>Nov</td>
<td>(A)</td>
</tr>
<tr>
<td>Advancement Gift Accounting (9/18)</td>
<td>Dec</td>
<td>(A)</td>
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<tr>
<td>Student Employment (1/19)</td>
<td>Nov</td>
<td>(A)</td>
</tr>
<tr>
<td>Financial Aid (4/19)</td>
<td>Nov</td>
<td>(A)</td>
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<tr>
<td>International Travel (7/19)</td>
<td>Dec</td>
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(A): Corrective action noted with some action items remaining.
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<td>RBC IT Security (8/19)</td>
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<td>Full remediation</td>
</tr>
<tr>
<td>Sponsored Programs (1/20)</td>
<td>Oct</td>
<td>(A) Full remediation</td>
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<tr>
<td>VIMS IT General Control (4/20)</td>
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<tr>
<td>President’s Office (5/20)</td>
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<td>Full remediation</td>
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<tr>
<td>IT Penetration Testing (6/20)</td>
<td>Oct</td>
<td>(A) Full remediation</td>
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<tr>
<td>Highland Audit (10/20)</td>
<td>Dec</td>
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<tr>
<td>RBC IT Security (11/20)</td>
<td>Oct</td>
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<tr>
<td>Athletics IC/Donor Spend (4/21)</td>
<td>Nov</td>
<td></td>
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<tr>
<td>W&amp;M Data Center (6/21)</td>
<td>Jan</td>
<td></td>
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QUESTIONS