

EXAMPLE - NDUS Audit recommendation tracking spreadsheet

Report	Entity	Category	Recommendation	Action Plan/Management's Response	Person Responsible	Timeline	Implemented	Notes
<u>NDUS yr end 6-30-11</u>	NDUS	Prior recom not impl.#3	During the 2009 and subsequent audit we recommended that the NDUS review internal audit staffing levels at UND and NDSU. Current Status: A review was done during fiscal year 2011 and a new internal auditor was hired at the Board Office, however, the review also determined that UND and NDSU were understaffed but no additional staff was hired. The new Director of Internal Audit has been assigned to develop a new audit budget to include additional staff. Due to the many potential risks the NDUS and particularly UND and NDSU face, public image being a significant one, additional internal audit staff could help reduce these risks.	<i>Agree. A staffing report was presented to the SBHE BAFC in November 2011. In follow-up to this report, the BAFC Chair directed the NDUS Director of Internal Audit to prepare a plan to address: level of staff resources needed to adequately meet responsibilities, reporting relationship of system and campus internal audit staff to SBHE, and uniformity of audit plan and program. This plan will be presented to the BAFC on February 15, 2012.</i>	Bill Eggert		Completed	5/1/12- Plan approved during the March 2012 BAFC meeting. 1 Internal auditor starting 7/1/12, 1 compliance starting 1/1/13, both allocated to the campuses and 1 fte starting 7/1/13 funded by the state. However, further discussion with Dr. Shirvani indicate a potential change in this proposal.
<u>NDUS yr end 6-30-11</u>	NDUS	Prior recom not impl.#4	In the 2010 audit we recommended the SBHE improve its financial and accounting oversight by ensuring that: • An accounting and financial management manual is written and adopted; • Internal controls are adequate and reviewed periodically; and • Appropriate action is taken to implement audit recommendations. Current Status: • The Controllers Group is working on an accounting manual, but it has not been finalized or adopted as of the issuance of this report. • While reviewing the segregation of duties grids completed by the schools, we noted many conflicts regarding personnel and their duties, concluding that internal control was not adequate and was not being reviewed. • It is not clear based on the number of unimplemented recommendations that appropriate action has been taken to ensure recommendations are implemented.	<i>Accounting Manual: Agree. The original targeted completion date was December 31, 2011. The update was approximately 85 – 90% complete by that date, but full completion has been delayed until March 31, 2012, due to an extended health-related absence of the Director of Financial Reporting during this period.</i> <i>Segregation of Duties: Agree. Individual campuses agree with and can support some of the proposed changes. However, others will require additional time for review and discussion, in coordination with NDUS Director of Internal Audit. This review will be completed and changes made, as appropriate, by June 30, 2012. In addition, segregation of duties review will continue to be a part of the NDUS internal audit plans.</i> <i>Internal Control: Disagree. Although the NDUS has extensive internal controls in place, we will always continue to strive for improvement. Additional personnel resources are needed to ensure the level of SAO desired controls, and also, for appropriate training and compliance oversight. Appropriate internal controls and formal training is an integral part of the NDUS internal audit methodology and the NDUS Director of Internal Audit will explore various platforms (video, presentations, etc.) to conduct training on internal controls and will implement a plan by June 30th, 2012. Campus accounting staff participates in annual training, which in part, addresses internal control issues.</i> <i>Implement Audit Recommendations: Agree. The NDUS Office</i>	Robin Putnam		Completed	The update of the accounting manual was completed on March 28, 2012. Please be aware that the manual is not a static document and will be updated going forward when it is necessary to do so.

<u>NDSU yr end 6-30- 11</u>	UND Alumni, UND Rsch Found, UND Fellows, NDSU 4-H Found.	Prior recom not impl.#5	During the 2010 audit we recommended that all foundation financial statements be presented in their respective reports in compliance with SBHE policy 340.2, paragraph 3. Current Status: All 2011 component unit reports were filed on a timely basis. However, four foundations (UND Alumni, UND Research Foundation, UND Fellows, and NDSU 4-H Foundation) submitted audit reports where current assets/liabilities were not separated from noncurrent assets/liabilities as required by Board Policy 340.2. NDSU 4-H Foundation and the UND Research Foundation subsequently revised their statements to include current and noncurrent assets.	<i>NDSU: Agree. NDSU will continue to work with the ND 4H Foundation to have their balance sheet displayed in the classified format in the future, for correct and timely submission.</i> <i>UND: Agree. UND Alumni Foundation, UND Fellows, and UND Research Foundation originally issued audited financial statements that did not separately present current and noncurrent assets and liabilities, but were later revised consistent with policy requirements. UND will send timely reminders to the foundations in the future.</i>				
<u>NDSU yr end 6-30- 11</u>	NDSU, NDUSO, and UND	11-1 Internal auditor	<ul style="list-style-type: none"> • All NDUS internal audit staff obtains adequate CPE to enhance their audit skills and professional development and comply with IIA continuing education standards. • All NDUS internal audit shops undergo an external assessment of their quality assurance programs, at least once every five years by a qualified, independent reviewer. 	<i>Agree. While we agree that on-going training is extremely important and helpful, workload demands coupled with staff and budget resource constraints may not permit CPE of 80 hours every two years.</i> <i>Agree. NDUS will plan on having an independent review performed in FY 2016, and at least once every 5 years thereafter. Due to the newness of the System wide internal audit function, it will take time to ensure all the IIA standards are in place and well documented, before an external review would be appropriate or useful.</i>	Bill Eggert		Completed for year 1	8 CPE's earned via Larson Allen training on 5/2/12. 32 CPE's earned via NACUBO seminars in Denver May 22-24
<u>NDSU yr end 6-30- 11</u>	NDSCS, NDSU, NDUSO, WSC	11-3 GASB 40 risk disclosures	We recommend NDSCS, NDSU, NDUSO, and WSC implement proper monitoring procedures to ensure that their deposit and interest risk disclosures are prepared in accordance with GASB 40.	<i>NDSCS: Agree. NDSCS will develop procedures for the FY12 year-end close that ensure that the required disclosures are prepared in accordance with GASB 40.</i> <i>NDSU: Agree. NDSU reported an incorrect amount on NDUSO's Deposit template. We are aware of the error and it won't be repeated on next year's template.</i> <i>NDUSO: Agree. The NDUSO errors were the result in formula errors in the spreadsheets used to prepare the financial statements. Greater care in the future will be taken to ensure formulas are correct.</i> <i>WSC: Agree. WSC will properly monitor procedures to ensure that our deposit and interest risk disclosure are prepared in accordance with GASB 40, effective June 30, 2012.</i>	Robin Putnam	In process		11-3 – GASB 40 Risk Disclosures – The formula errors will be fixed during the update of the FY12 spreadsheets. This will occur prior to submitting the FY12 footnote templates to the auditors. In addition, LarsonAllen is conducting a training session on this topic in the annual CG training that will take place on May 2 nd .