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February 1, 2021

MEMORANDUM

TO: Dr. Patrick K.P. Harter
Mr. Lucas E. P...
Mr. Joseph C. Arassada
Dr. Jason A. ...
Mr. Don...

FROM: Joe S... *[Signature]*

SUBJECT: Internal Audit Department
Audit Compliance Committee

Historically, the NSHE Internal Audit Department has developed an annual work schedule for review and approval. This schedule is developed and submitted for approval on a six-month rolling basis. In line with recent best practice developments and the increasing need for St. Nicholas, the Internal Audit Department will schedule committees to develop a risk assessment risk assessment process, which is summarized below:

- | <u>Risk Assessment Process</u> | |
|--------------------------------|--|
| ➤ | Continue our updates to the comprehensive list of risk factors in a collaborative fashion. |
| ➤ | Review the risk factors used to ensure they provide a complete view of the risks affecting NSHE. |
| ➤ | Apply risk factors to the current risk assessment to determine and prioritize risks. |
| ➤ | Solicit input from risk assessment management for current and future audit focus. |
| ➤ | Utilize data from NSHEFC to inform risk assessment. |

In addition to the risk assessment changes stemming from our Quality Assurance Review, we modified the format of our work schedule to explicitly highlight our 302 services beyond that of traditional assurance. The changes to our audit plan are summarized below.

Highlights of the System-wide FY 2021 Audit Plan (2nd half)

- NSHE Internal Audit will dedicate over 4,000 hours to planned, assurance-based audits spread across all important areas and systems.
- To facilitate agility, NSHE Internal Audit has dedicated roughly 1,000 hours to projects based on emerging risks and collaborative efforts with other agencies.
- A slight decrease in budgeted hours is budgeted for training/ administrative items. This is due to continuing education for the NSHE Internal Audit team (including the acquisition of new competencies), as well as external training opportunities for the department that are organized and well-positioned to add value to the institution.

Themes in the System-wide FY 2021 Audit Plan (2nd half)

- **Process vs. Transaction** – Internal audit will continue to focus on process-based audits, but will also efficiently through transaction testing.
- **Collaboration** – Internal audit will continue to work closely with other departments, ultimately leads to more effective audits. This theme relates to unplanned requests, as well as look to leverage excellent subject-matter experts around compliance.
- **Information Technology** – In addition to planned IT audits, we dedicate time within advisory requests for participation in important IT-related projects like NISSE cybersecurity framework reviews and critical follow-up with external review observation. We look for efficiencies in our annual security and electronic records audits.
- **Contribute to cost savings** – NSHE Internal Audit will continue to look for ways to alleviate costs. Several projects identified will lead to cost reductions, including direct assistance to the external auditors and PCI compliance reviews.

The detailed list of audits can be found on page 5. Please contact us if you have any questions or need additional information.

Nevada System of Higher Education
 Internal Audit Department
 Capacity Analysis Report
 Fiscal Year 2021 (2020-2021)

Personnel Hours (FTE) (9 FTE)	9,200	
Non-audit Hours (Professional, Administrative, Support)	1,400	16.8%
Training and Administrative Hours	520	6.2%
Utilizable Audit Hours	6,280	
Utilizable Audit Hours	6,280	
Audit Program - Planned (65%)	4,082	
Audit Program - Ad-hoc Requests/Consultations (20%)	1,256	
Audit Support Activities/routine management/Compliance	942	
Audit Program - Planned		
UNR - Unannounced	200	
UNR - Change in Leadership		
UNR - Hosting	50	50
DR - Human Resources - follow-up	50	50
TMCC - Revenue Controls	200	
TMCC - Child Care Center	100	300
WNC - Facilities Management - follow-up	50	50
GBC - Foundation*	100	
NSHE - Fiscal Sustainability Committee meeting	50	
NSHE - Finance	100	
NSHE - Risk	100	
NSHE - Non-Financial Statement Reporting	100	
NSHE - Title IX Policy Compliance	150	
NSHE - SCC Policy/Work/Analysis	100	
NSHE - External Audit Efforts	100	
NSHE - Change in Leadership*	50	
NSHE - Single Audit/Compliance (IT/HR/Information)	50	
NSHE - Quality Assurance Review (Self Assessment/Validation)	50	
NSHE - CARES Act review (student distributions)	50	1,500
IT - ERP Integration/Upgrade	200	
IT - PCI Compliance/Management	200	200
IT - PeopleSoft User Access Review	200	200
IT - Social Media		
IT - UDBA analysis	100	850
UNLV - Change-in-Leadership	150	
UNLV - Purchasing	150	
UNLV - Hosting	100	400
CSN - HR - Recruitment*	100	
CSN - IT - announced	150	2,500
NSC - Disability Resource Center	200	
NSC - Cashiering Services	150	350
Grand total - Planned audits		4,200

* Projected/Estimated