

## MINUTES

### JOINT FINANCE/AUDIT COMMITTEE & ACADEMIC AFFAIRS AND ENROLLMENT MANAGEMENT COMMITTEE

#### UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

September 5, 2024

The Finance/Audit Committee and the Academic Affairs and Enrollment Management Committee of the University of Southern Indiana Board of Trustees met in a joint session on Thursday, September 5, 2024, in the Griffin Center on campus. Present were Trustees W. Harold Calloway; John M. Dunn; Fouad L. Hamami '25; Timothy M. Hollander; Christine H. Keck; C. Wayne Kinney '77; and Jeffrey L. Knight. Trustees Ronald D. Romain '73 and Christina M. Ryan were absent. Trustee John M. Dunn served as chair for this joint session. Also in attendance were Interim President Steven J. Bridges '89 M'95; Interim Provost Shelly B. Blunt; Assistant Vice President for Finance and Administration Jeffrey M. Sickman '94 M'00; Vice President for Marketing and Communication Kindra L. Strupp M'22; Vice President for Development Andrea R. Gentry '05; Interim Vice President for Student Affairs Pamela F. Hopson D'23; Vice President for Strategic Enrollment Management Troy A. Miller; Vice President for Government Affairs and General Counsel Aaron C. Trump; Vice President and Director of Athletics Jon Mark Hall; Faculty Senate Chair Nicholas D. Rhew and Student Government Association President Tamia N. Smith '25.

Trustee Dunn called the meeting to order at 9:45 a.m.

#### **1. REPORT ON THE VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND**

Mr. Dunn called on Assistant Vice President Sickman, who reported that the Voluntary Employees' Benefit Association (VEBA) Trust was created in 1995 to establish a long-term investment vehicle to partially fund future retiree benefit costs for medical, dental, and life insurance.

Mr. Sickman introduced Neil Heppler Senior Institutional Advisor with Mariner Wealth Advisors and the investment advisor for the VEBA Trust, to provide the annual performance report for period ending June 30, 2024. He reviewed the VEBA Trust performance summary since its inception December 31, 1995, peer performance comparisons, and the VEBA Trust market value history. Additionally, he provided an overview of USI's VEBA Trust asset allocation which has a market value of \$29,594,844 as of June 30, 2024. There were no manager changes over the past year, and one small-cap growth manager is currently on the watch list. Mr. Heppler concluded his report by reviewing the investment program fee analysis.

#### **2. VEBA TRUST INVESTMENT POLICY STATEMENT REVIEW**

Mr. Dunn called on Assistant Vice President Sickman for the annual review of the Investment Policy Statement for the VEBA Trust. Mr. Sickman directed the Committee to Attachment A, the current version of the VEBA Trust Investment Policy. USI is recommending no changes this year but will record in the minutes that the policy was reviewed by the committee. The committee chair's signature on the policy documents the review and signifies its approval for use by management. No action is required by the committee.

#### **3. UNIVERSITY INVESTMENTS UPDATE**

Mr. Dunn called on Assistant Vice President Sickman for the University investments update. Mr. Sickman reminded the Committee in addition to his work with the VEBA Trust, Neil Heppler and Mariner Institutional advise the University on its investment portfolio of unrestricted funds. He will provide an update on the University investment portfolio as of June 30, 2024, and offer context about the current market and its relation to both the VEBA and University portfolios. The University Investment Policy was approved by the Finance/Audit Committee in March, which is why it is not included in today's agenda.

Mr. Heppler reviewed USI's investment portfolio performance summary noting the returns are presented net of investment management fees. The USI portfolio is benchmarked against a Balanced Index comprised of 80% of the Bloomberg Intermediate U.S. Government/Credit Index and 20% of the BofA 1-3 Year

Government/Credit Index. Asset allocation for the portfolio is 21% in short-duration investments and 79% in intermediate-term investments. The target allocation for the intermediate portfolio is 80% of invested assets. . The market value of investments at fiscal year-end totaled \$105,089,184. Mr. Heppler concluded his report by reviewing the investment program fee analysis and current economic indicators including the growing importance of the S&P's top-weighted stocks and GDP growth. In addition, he presented data on unemployment rates, 2- and 10-year treasury yield spread, international equity variations, and S&P 500 index valuations as recession indicators.

**4. APPROVAL OF RECOMMENDATION FOR 2025-2026 HOUSING RATES**

Mr. Dunn called on Mr. Sickman for a review of the recommendation for the 2025-2026 housing rates.

Mr. Sickman reported student housing at USI includes 43 buildings in the McDonald and O'Daniel apartment complexes and four residence halls totaling nearly 2,200 assignable spaces. For Fall 2024, student housing occupancy opened at 92% of assignable spaces, an increase from 81% for Fall 2023. Mr. Sickman proposed an increase of \$90 per semester for the 2025-2026 academic year for the most common occupancy contract, two students per bedroom. The proposed rate will be \$2,654 for this double-occupancy room. Over the past three years, rent has increased an average of 6.05% according to the U.S. Bureau of Labor Statistics while USI housing rates have increased approximately 1% on average for most housing contracts. In addition, the Board approved a Constant Rate Program for the 2023-2024 and 2024-2025 academic years. The program locks room rates if the student lives in University Housing continuously. Committee approval of the 2025-2026 housing rates will allow the full Board to vote on the proposed rates at its regular meeting later today.

On a motion by Mr. Calloway, seconded by Mr. Kinney, a recommendation to the Board of Trustees for approval of the following 2025-2026 housing rates was approved.

<u>FALL OR SPRING SEMESTER</u>	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
<u>McDONALD or O'DANIEL APARTMENT</u>			
Two Bedroom: Two students per bedroom	\$2,564	\$2,654	7-01-25
One student per bedroom	4,471	4,627	7-01-25
One Bedroom: Two students	3,049	3,156	7-01-25
One student	5,634	5,831	7-01-25
<u>GOVERNORS, NEWMAN, O'BANNON, or RUSTON HALL</u>			
Two Bedroom: Two students per bedroom	\$2,564	\$2,654	7-01-25
One Bedroom Studio: One student	3,049	3,156	7-01-25

Students who live in housing will have \$50 in Munch Money added to the proposed housing rates above for use in any venue on campus.

**SUMMER SESSIONS**

Summer session rates are pro-rated to fall and spring semester rates.

**5. APPROVAL OF 2025-2026 MEAL PLAN RATES**

Mr. Dunn called on Mr. Sickman for a review of the recommendation for the 2025-2026 meal plan rates.

Mr. Sickman directed the Trustees to the proposed meal plan rates for 2025-2026 listed in the agenda. The current rates for 2024-2025 are listed as well. Total meal plans purchased for Fall 2024 are currently up approximately 10 percent compared to Fall 2023.

The recommended rates were composed in collaboration with Sodexo to ensure that the University is remaining apprised of national trends and maintaining a balance between two things students value—affordability and flexibility. For 2025-2026, USI plans to consolidate 13 meal plans into 7 meal plans. The number of meals available per week and the Munch Money included in the current Red, White, and Blue plans will increase. The Red Eagle Plan will increase from 14 meals per week and \$450 in Munch Money to 19 meals per week and \$500 in Munch Money. The White Eagle Plan will increase from 11 meals per week and \$510 in Munch Money to 14 meals per week and \$600 in Munch Money. The Blue Eagle Plan will increase from 9 meals per week and \$670 in Munch Money to 10 meals per week and \$700 in Munch Money. These changes were a response to feedback from students and their parents, including student-athletes, who were looking for larger meal plans.

The remaining four block plans will offer options of 25, 50, or 75 meals per semester with Munch Money amounts ranging from \$500 to \$1,100 to provide students with options that meet a wide range of dining and financial needs. With this added flexibility, the rates of some meal plans will increase while the rates of other meal plans will decrease. The proposed cost of the default meal plan, the White Eagle Plan, will increase by \$84 or 3.2%, which equates to less than \$6 a week. Committee approval of the 2025-2026 meal plan rates will allow the full Board to vote on the proposed rates at its meeting later today.

On a motion by Mr. Calloway, seconded by Mr. Kinney, a recommendation to the Board of Trustees for approval of the following 2025-2026 meal plan rates was approved.

<u>FALL OR SPRING SEMESTER</u>	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
Red Meal Plan	\$ 2,616	\$ 2,850	7-01-25
White Meal Plan	2,616	2,700	7-01-25
Blue Meal Plan	2,616	2,600	7-01-25
New Meal Plan	----	1,600	7-01-25
Titanium Meal Plan	1,545	1,400	7-01-25
Platinum Meal Plan	1,205	1,200	7-01-25
Gold Meal Plan	948	995	7-01-25

## 6. REVIEW OF COMPLETED AUDITS AND ANNUAL AUDIT PLAN

Mr. Dunn called on Assistant Vice President Sickman who noted that a second internal audit report to the committee was added because the volume of information reviewed is difficult to accommodate in a single meeting. He directed the committee to the full report and audit plan in Attachment B.

Mr. Sickman introduced Director of Internal Audit, Brad Will, for the report. Mr. Will reviewed two assessments that were completed year-to-date. He shared his conclusions and reviewed actions to be taken as a result of the following:

- Drug Free Schools & Communities Act Compliance - The audit approach included reviewing policies related to alcoholic beverages and drug use included in the Student Code of Conduct and the University Handbook. A review of the content and the methods by which the University distributes the notification of the drug and alcohol prevention program for compliance with the regulations. Review of the 2020-2022 Biennial Review report for compliance with the regulatory requirements.
- Administrative Appeals - The audit approach included reviewing the description of the Administrative Appeals Committee, interviews with the committee chair, appeals administrator, associate registrar, and the registrar's senior administrative assistant, review of survey results from members of the committee, and analysis of administrative appeal decisions from January 2023 through March 2024.

Mr. Will also reviewed other audit and advisory activities including uncollectible student accounts analysis; update of internal control documents for state auditors; Conflict of Interest Disclosures audit; monitoring and

advising on IT security initiatives; Housing & Residence Life user system access review; and Federal Student Aid Compliance.

Mr. Will concluded his report by providing an audit recommendation status update and referred the Trustees to Attachment B for a summary of audits and other activities conducted by the Internal Audit Department during 2024.

## **7. REPORT OF CONSTRUCTION CHANGE ORDERS ISSUED BY THE ASSISTANT VICE PRESIDENT FOR FINANCE AND ADMINISTRATION**

Mr. Dunn called on Mr. Jeff Sickman for a review of the construction change orders issued by the assistant vice president for Finance and Administration and previously approved by the Construction Committee. Attachment C contains change orders related to the Wellness Center and the Health Professions projects. Nine of the change orders are below the \$50,000 threshold therefore does not require Board approval. Interim President Bridges approved those change orders prior to his interim appointment in July. Eight of those change orders were smaller items required to bring the Wellness Center project to completion on time. The final change order below \$50,000 was for the Health Professions Center project. It included changes to wall plans necessary to accommodate the next phase of that project, which was not part of the original design.

Two of the change orders listed in Attachment C exceed \$50,000 and required the approval of the Construction Committee.

Health Professions change order 12 for \$106,588 related to the installation of 22 large flat-panel monitors in classrooms. The monitors will be used instead of traditional overhead projectors to synchronize the technology used in this phase of the project with the upcoming fourth phase. The change was the result of a collaboration between USI Information Technology and an outside audio-visual consulting expert.

Wellness Center change order 24 for \$52,032 related to the removal and replacement of 25 lockers in the Public Safety locker rooms. The new, larger lockers will better suit the needs of the area, and the existing lockers from the area will be removed and used elsewhere in the Wellness Center and other areas on campus.

Trustees Calloway, Kinney, and Knight approved these change orders by email as required by the procedure. The last step in the approved change order process is the presentation of this information to the Finance/Audit Committee and the full Board today. Because the change orders were approved previously, no action is required by the Committee.

## **8. ACADEMIC AFFAIRS UPDATE ON RETENTION**

Trustee Dunn called on Interim Provost Blunt to provide an Academic Affairs update on retention. Dr. Blunt began by reviewing Fall to Fall retention for first-time full-time Baccalaureate-seeking students from 2012-2022. USI's overall retention rate for these students over the past few years has remained in the 69% range. The Fall 2023 first-year retention target is 70% or 875 students over the four colleges and University Division.

Dr. Blunt provided an overview of the retention efforts and initiatives employed Spring 2024. Those included a Slate email campaign, Rock'n Registration event, follow-up by departments and colleges, registration tabling events in the University Center, and continued outreach through the summer. The outcome as of September 3, shows each college surpassed its target goal raising the preliminary retention rate for Fall 2023 to 75.2%. Final retention rates will be calculated following census day on September 13, 2024. Dr. Blunt concluded her report by highlighting the new Fall 2024 retention initiatives including the Business curriculum re-design.

## **9. REPORT ON PARENT ENGAGEMENT PLATFORM**

Trustee Dunn called on Vice President Miller to provide a report. Following a brief program introduction, Mr. Miller asked Executive Director of Undergraduate Admissions Rashad Smith to give a detailed report.

CampusESP is a comprehensive parent engagement platform that allows Colleges and Universities to personalize parent outreach, connect meaningfully by providing relevant information, and measure the enrollment results and is part of Undergraduate Admissions' Slate ecosystem. CampusESP is trusted by over 400 colleges and 9 million families. USI's Family Hub utilizes CampusEsp as a one-stop shop for prospective

USI parents to access information such as admission information, parent events, deadlines, FAFSA information, planning tools for college, and more. The USI Family Hub was launched to over 8,000 prospective families. Families easily gained access by creating an account through an automated email and link sent through Slate. Once the family member creates an account and logs in for the first time, they are taken directly to an onboarding form where they can customize their experience and complete their profile.

USI has leveraged Slate and CampusESP to guide students and their families through the admissions funnel from initial inquiry to admittance and registration. On average, prospective parents receive 24 personalized emails from CampusESP throughout the enrollment cycle. The program tracks and scores family interactions and assigns a Parent Promoter Score. Efforts are then focused on those prospective families deemed “highly engaged” by their score. Lastly, the student enrollment data in Slate and the family engagement data in CampusESP are integrated to create clear analytics that help improve USI’s recruitment and enrollment strategy.

There being no further business, Trustee Dunn called the joint committee meeting adjourned at 11:02 a.m.

## **UNIVERSITY OF SOUTHERN INDIANA VEBA TRUST INVESTMENT POLICY**

### **INVESTMENT POLICY - GENERAL**

The purpose of the investment policy (the "policy") is to define the attitudes, philosophy, and goals of the Finance/Audit Committee of the University of Southern Indiana Board of Trustees (the "Board of Trustees" or the "Board") for investing the VEBA (Voluntary Employees' Benefit Association) Trust Fund (the "Fund"). In addition, the policy defines the investment guidelines that will be provided to the investment managers. These guidelines address the structure necessary to achieve a diversified portfolio, including asset classes, allocation targets, and management styles. This portfolio should be capable of achieving significant long-term returns while maintaining acceptable levels of risk. The policy will further define the measurable industry standards that will be used to monitor and evaluate the performance attained by investment managers. While this policy defines the current guidelines for managing the Fund's investments, it is intended that it will be reviewed regularly and modified to meet the evolving financial environment.

### **INVESTMENT PHILOSOPHY**

The VEBA Trust Fund was established with the intent of providing a revenue stream that will be utilized to partially fund future costs of the University of Southern Indiana's (the "University") post-retirement health benefit plan. Since inception, the assets in the VEBA Trust Fund have been allowed to grow through additional investments, reinvestment of current income from the asset base, and capital appreciation of the asset base. During this time no distributions were taken from the Fund. Beginning in fiscal year 2017-2018, the first annual distribution from the Fund was taken to fund a portion of the University's post-retirement health benefits. The investment philosophy for this fund will be based upon the goal of maintaining the purchasing power of the Fund into the future by exceeding the rate of inflation by the amount of the distribution rate of the Fund.

Investment decisions for the Fund will be based upon the continuing belief in a free enterprise society supported by publicly owned businesses; therefore, the Fund's assets should be invested in high quality equity and debt securities of these businesses. It is also recognized that in any economy or over any appreciable time period there will probably be an inflationary loss of purchasing power of the Fund's assets. Historically, over the extended periods of time, equity investments generally have grown through dividends and appreciation at a faster pace than inflation, and it is expected that such a trend will continue. Consequently, over the long run, equity investments generally provide the best hedge against inflation and a deterioration of the asset base.

The investment objectives of the Fund call for a disciplined and consistent management philosophy that accommodates the occurrence of those events that might be considered reasonable and probable. They do not call for a philosophy that represents extreme positions or opportunistic styles of investing.

The investment portfolio of the Fund will be diversified as to both fixed income and equity holdings. The purpose of diversification is to provide reasonable assurance that no single investment or class of investments will have a disproportionate or significant impact on the total portfolio. The purpose of fixed income investments is to provide a highly predictable and dependable source of income, to reduce the volatility of the total portfolio market value, and, when appropriate, to provide a source of funds for other investments. The purpose of equity investments is to provide current income, growth of income, and appreciation of principal with the recognition that this requires the assumption of greater market volatility and risk of loss.

The Fund will not be directly or internally managed by the Board of Trustees, the Finance/Audit Committee, or University officials. An investment consultant will be utilized to act as a fiduciary in

providing information, analysis, and recommendations to University management and the Finance/Audit Committee on various aspects of the VEBA Trust Fund's investment program. Multiple investment managers will be retained by the fund to manage the assets to (1) provide greater diversification of investment judgment, investment opportunity, and risk exposure, and (2) create a positive influence on performance through independent monitoring of each manager.

Investment managers will be selected from strongly established and financially sound organizations that have a proven and demonstrable record in managing funds with characteristics similar to those of the Fund. Selection will depend upon factors established by the Finance/Audit Committee from time to time. These factors will include the competitive structure of the investment manager's custodial and management fee schedules.

The Finance/Audit Committee has considered the financial implications of a wide range of asset allocation policies, and this policy describes the prudent investment process deemed appropriate. Further, in seeking to fulfill its obligations under this policy, the Finance/Audit Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (hereinafter referred to as "UPMIFA" and added to Indiana Public Law as Indiana Code Sections 30-2-12-0.5 through 30-2-12-18).

As summarized for the purpose of this policy, UPMIFA requires that all investment actions and decisions must be based solely on what is in the best interest of the VEBA Trust Fund and conform to fundamental fiduciary duties of loyalty and impartiality. The Finance/Audit Committee is under a duty to the University to manage the Fund's investment assets as a prudent investor would, in light of the assets' purposes, scope, objectives and other relevant circumstances.

UPMIFA further requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund. In making and implementing investment decisions, the Finance/Audit Committee has a duty to diversify Fund investments unless, under special circumstances, the purposes of the Fund are better served without diversifying. The Finance/Audit Committee also must act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

## **DISTRIBUTION RATE**

Effective July 1, 2014 the University eliminated the post-retirement health care benefit for all new hires and for existing benefits-eligible employees whose age plus years of service as of July 1, 2014 is less than 57 points and whose benefits-eligible service as of July 1, 2014 is less than 10 years. Since the cost of the post-retirement health care benefit will cease to exist in the future, it is not the intent of the University to maintain the VEBA Trust Fund in perpetuity. As funding needs require, especially as the benefit ceases, the corpus of the Fund may be completely spent on post-retirement health care benefits.

For the near-term, University management has determined that an annual target distribution rate of 4.5% from the Fund is a reasonable and prudent use of the investment proceeds to partially fund the University's post-retirement health benefits costs. The distribution rate may vary from year to year depending on the University's funding need. Each year University management will review the funding need for the post-retirement health benefits cost and determine the amount of drawdown needed from the Fund. Setting a target distribution rate of 4.5%, does not preclude University management from exceeding this rate if warranted. Management will report the distribution rate or distribution amount to the Finance/Audit Committee and will review the financial status of the Fund annually with the Finance/Audit Committee.

## **FUND INVESTMENT OBJECTIVES**

The long-term investment objectives of the VEBA Trust Fund are:

- (1) To exceed the general rate of inflation by the amount of the distribution rate;
- (2) To establish a diversified investment portfolio between fixed and equity securities;
- (3) To establish further diversification among various asset classes within the fixed and equity pools; and
- (4) To maximize total return utilizing prudent levels of risk.

## ASSET ALLOCATION MIX

Historical performance results and future expectations suggest that equities will provide higher total investment returns than fixed-income securities over a long-term investment horizon. Investments in equities also carry with them increased exposure to market volatility and risk of loss of principal. Based upon the time horizon and current distribution rate for future distributions of the VEBA Trust Fund, the investment goals of the Fund, and prudent risk tolerances, the following asset allocation guidelines are deemed appropriate for the investment of Fund assets.

## ALLOCATION

<u>Investment Type</u>	<u>Target</u>	<u>Range</u>
Equities	70%	65% - 75%
Fixed Income & Cash	30%	25% - 35%

Investments should not exceed the minimum and/or maximum levels for more than 30 days without the written authorization of the Finance/Audit Committee. University management, in consultation with the investment consultant, has discretion to move within the ranges as an expression of University management and the investment consultant's confidence or concern for the securities markets.

## EQUITY ASSET CLASS DIVERSIFICATION

Within the equity portion of the portfolio, the Fund seeks to further diversify among different equity investment approaches based upon market capitalization, geographic domicile and investment style. These investment approaches and their target allocations are presented below.

<u>Asset Class/Style</u>	<u>Target</u>
<u>Equities</u>	
U.S.Large Capitalization	45%
International	13%
U.S. Small/Mid Capitalization	<u>12%</u>
Total Equities	70%

These target allocations are intended to be general guidelines. Movement among the various asset classes from time to time will be considered normal. The asset class target mix percentages are long-term in nature. The Finance/Audit Committee does not believe that short-term market timing will add value to the portfolio over the long run.

## INVESTMENT RESTRICTIONS

Any investment manager is specifically prohibited from investing trust assets in the following securities and transactions:

- (1) Short sales or purchases on margin
- (2) Purchase of options



- (3) Direct investments in commodities or real estate
- (4) Letter stock or other unregistered securities
- (5) Private placements
- (6) Bonds rated less than “BBB/Baa”
- (7) Foreign debt issues
- (8) Derivatives for speculative purposes
- (9) Other investments which would appear to violate the fiduciary responsibility of the fund

## **PERFORMANCE OBJECTIVES**

The Finance/Audit Committee will periodically review the performance of the investment managers based upon the performance objectives detailed below. It is generally expected that the performance objectives will be achieved over rolling five (5) year periods.

### **U.S. Large Capitalization Equity**

The annualized total return of large capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Standard & Poor's 500 Stock Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment managers or funds utilizing a similar investment style.

### **International Equity**

The annualized total return of international equity portfolios should equal or exceed the annualized total return generated by the Morgan Stanley Capital International All Country World ex – U.S. (ACWI ex US) Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of international equity mutual funds utilizing a similar investment style.

### **U.S. Small/Mid Capitalization**

The annualized total return of small/mid capitalization domestic equity portfolios should equal or exceed the annualized total return generated by the Russell 2000 Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

### **U.S. Intermediate Fixed Income**

The annualized total return of domestic intermediate fixed income portfolios should equal or exceed the annualized total return generated by the Bloomberg Intermediate Government/Credit Index, net of fees, and provide positive risk-adjusted returns. Investment managers' and mutual funds' returns in this category should exceed the median of a peer group of investment advisors or funds utilizing a similar investment style.

## **INVESTMENT CONSULTANT RESPONSIBILITIES**

An investment consultant will be utilized to act as a fiduciary in providing information, analysis, and recommendations to University management and the Finance/Audit Committee on various aspects of the VEBA Trust Fund's investment program including the following:

- Strategic and tactical asset and sub-asset class allocation guidance to support the VEBA Trust Fund's investment portfolio objectives.
- Selection and monitoring of investment managers.
- Reporting of portfolio and investment manager performance relative to agreed upon benchmarks and timeframes. This includes preparation of performance evaluation reports for University management and the Finance/Audit Committee.
- Monitoring the investment managers relative to their organizational structure, investment style, and compliance with this investment policy.

## **INVESTMENT MANAGER RESPONSIBILITIES**

It is expected that the investment managers will assume the following responsibilities in managing the VEBA Trust Fund assets:

- Comply with the provisions of the Investment Advisors Act of 1940.
- Invest the assets with the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities.
- Communicate in writing with the Finance/Audit Committee the performance results and current holdings in the portfolio.
- Manage the assets under its care, custody, and/or control in accordance with the investment policy's performance objectives and guidelines set forth herein.

## **ROLE OF THE FINANCE/AUDIT COMMITTEE**

The responsibility of the Finance/Audit Committee of the Board of Trustees is to provide direction for the investment of the financial assets of the University of Southern Indiana VEBA Trust Fund. The specific responsibilities are as follows:

- To establish and maintain policies and guidelines for the investments of the fund assets
- To determine the appropriate allocation ranges among classes of investments
- To engage and terminate the services of investment consultants and managers
- To monitor investment returns and review the performances of investment managers
- To report to the Board of Trustees

## **MONITORING OF INVESTMENT MANAGERS**

The Finance/Audit Committee of the Board of Trustees is responsible for monitoring of the stewardship of the investment managers. From time to time, the Finance/Audit Committee may meet individually with the investment consultant and/or investment managers. During these meetings, the Finance/Audit Committee will focus on reports about:

- Managers' compliance with the investment policies developed by the Finance/Audit Committee
- The most recent economic environment and projected future changes in that environment
- Significant changes in the manager's organization, investment philosophy, and/or key personnel
- Comparisons of the investment manager's results with the appropriate benchmark standards as outlined in the investment policy



## **UNIVERSITY OF SOUTHERN INDIANA**

### Internal Audit Report

Prepared by

Bradley V. Will, CPA  
*Director of Internal Audit*

Kendra Groeninger  
*Internal Audit Manager*

Report No. USIA24-1  
 March 18, 2024

## Audit Report Drug Free Schools & Communities Act Compliance

### Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the processes and procedures for providing annual written notification to all students and employees about the drug and alcohol prevention program				
Assess the content of the annual notification for compliance with the Drug-Free Schools and Campuses Regulations				
Verify the University has conducted biennial reviews of its drug and alcohol prevention program				

#### Introduction

Our report of the internal audit of Drug Free Schools and Communities Act compliance is presented below. We would like to thank Dr. Laurie Berry, Catherine Champagne, Lynn Melms, and Sam Preston who contributed positively to our results.

#### Background Information

The Drug and Alcohol Abuse Prevention Regulations implement the requirements of the Drug Free Schools and Communities Act Amendments of 1989. The act and its implementing regulations require that institutions of higher education adopt and implement a drug prevention program to prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by all students and employees on school premises or as part of any of its activities. As a condition of receiving Title IV Federal Student Aid, institutions must certify the adoption and implementation of a drug prevention program through their Program Participation Agreement with the Department of Education. An institution that fails to implement and certify its drug prevention program as required by the regulation is not eligible to receive funds under any federal program.

The regulations require that the drug prevention program include the following:

1. The annual distribution in writing to each employee, and to each student who is taking classes for any kind of academic credit, except for continuing education units, of:
  - a. Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
  - b. A description of the applicable legal sanctions under local, state, or federal law for the unlawful possession or distribution of illicit drugs and alcohol;

Report No. USIA24-1  
March 18, 2024

- c. A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
  - d. A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
  - e. A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, state, and federal law), and a description of those sanctions for violations of the standards of conduct.
2. A biennial review of the program to:
    - a. Determine its effectiveness and implement changes to the program if they are needed; and
    - b. Ensure that the disciplinary sanctions are consistently enforced.

This report is based on a review of the University's policies and procedures related to drug and alcohol prevention. The audit approach included reviewing policies related to alcoholic beverages and drug use included in the Student Code of Conduct and the University Handbook. We reviewed the content of and the methods by which the University distributes the notification of the drug and alcohol prevention program for compliance with the regulations. We also reviewed the 2020-2022 Biennial Review report for compliance with the regulatory requirements.

The **objectives** of the audit were to:

- Evaluate the processes and procedures for providing annual written notification to all students and employees about the drug and alcohol prevention program;
- Assess the content of the annual notification for compliance with the Drug-Free Schools and Campuses Regulations; and
- Verify the University has conducted biennial reviews of its drug and alcohol prevention program.

#### Conclusion

The results of our audit procedures indicate opportunity for moderate improvement with respect to providing the annual written notification to all students and employees and opportunity for minor improvement with respect to the content of the annual notification and the completion of biennial reviews.

Management will take or has taken the following actions:

- Identifying the official notice to students and employees of the drug and alcohol prevention program;
- Distributing the official notice to students and employees of the drug and alcohol prevention program;
- Including a conclusion section in the biennial review report; and
- Reconvening the Substance Abuse Committee, reporting annually to the president, and obtaining presidential approval of the biennial review report.

No additional action or response is required.

Bradley V. Will  
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Distribution: Dr. Laurie Berry  
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Report No. USIA24-1  
March 18, 2024

## Drug Free Schools & Communities Act Compliance Audit Report

### Observations and Responses

#### Identifying the official notice to students and employees of the drug and alcohol prevention program

**Observation:** Various elements of the University's drug and alcohol prevention program are documented in the Student Code of Conduct, on the Dean of Students website, on the Recreation, Fitness & Wellness website, and in the University Handbook (employee handbook). The biennial review report prepared in compliance with the Drug Free Schools and Communities Act also contains information about the program. However, there is not a notification document for students and employees that contains all five of the elements required by the regulations.

**Risk:** The lack of a notification document containing all the elements required by the drug and alcohol abuse prevention regulations may lead to a finding of non-compliance and potentially impact the University's eligibility to participate in Federal Student Aid programs.

**Response:** The Dean of Students and Assistant Director of Human Resources will work with the Substance Abuse Committee to identify and/or develop the official notifications for students and employees by July 1, 2024, to include the following elements of the drug and alcohol prevention program:

1. Standards of conduct that prohibit possession, use, or distribution of illicit drugs and alcohol;
2. A description of applicable legal sanctions under federal, state, or local laws for the unlawful possession or distribution of illicit drugs and alcohol;
3. A description of the health risks associated with the use of illicit drugs and abuse of alcohol;
4. A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are currently available to employees or students; and
5. A clear statement that the institution will impose discipline on students and employees for violations of the standards of conduct and a description of those sanctions.

The notifications will also be included for reference in the biennial review report to be issued by December 13, 2024.

#### Distributing the official notice to students and employees of the drug and alcohol prevention program

**Observation:** The Drug Free Schools and Campuses Regulations require institutions of higher education to annually distribute notification in writing, to each employee and each student, information about the drug and alcohol abuse prevention program. According to the Department of Education's (DoE) guide, "Complying with the Drug-Free Schools and Campuses Regulations," merely making the materials available does not satisfy the requirements of the regulations, as that does not ensure distribution to all students and employees.

The University's biennial review report indicates that students and employees are notified of alcohol and drug policies in the following ways:

1. The annual notification document can be found on the Dean of Students website.
2. All incoming students receive a brochure in their orientation packet that summarizes USI's alcohol and other drug policies and complete an online training called, "Alcohol Edu."
3. USI's alcohol and other drug policies are included in the Academic Course Bulletin (as webpage links within the online bulletin) and students must acknowledge that they are aware of the Code of Student Conduct, which includes those policies.
4. The University Handbook is reviewed during new employee orientation.
5. Each year the faculty and staff sign their reappointment letters acknowledging that they will continue to serve in accordance with the policies laid out in the University Handbook.

Report No. USIA24-1  
March 18, 2024

**Risk:** The notification methods cited in the biennial review may not meet the distribution requirement of the regulations.

**Response:** The Dean of Students and Assistant Director of Human Resources will work with the Substance Abuse Committee to evaluate the methods of distribution cited in the biennial review and consider distributing the notification to all students and employees via email as an additional method to ensure compliance with the distribution requirement. The target date for implementing any additional methods of notification is August 30, 2024.

#### **Including a conclusion section in the biennial review report**

**Observation:** Although the University's biennial review report contains information supporting the evaluation of the effectiveness of its program, there is not a specific section regarding the outcome of the evaluation that indicates changes that may be needed or whether no changes are required. Also, while the review contains a statement that the University has consistent disciplinary sanctions and a table of violations and sanctions imposed, it is not clear whether the reviewers concluded consistency of enforcement nor how that conclusion was reached.

**Risk:** The biennial review report may not satisfy the regulatory requirements due to the lack of documented conclusions which could impact the University's eligibility to participate in Federal Student Aid programs.

**Response:** The Assistant Program Director of Student Wellness, Dean of Students, and Assistant Director of Human Resources will work with the Substance Abuse Committee to incorporate conclusions in the biennial review report regarding the effectiveness of the alcohol and drug abuse prevention program, recommended changes to the program, if any, and a clear conclusion regarding consistency of sanction enforcement and an explanation of how consistency of enforcement was determined. These items will be incorporated in the biennial review report to be issued by December 13, 2024.

#### **Reconvening the Substance Abuse Committee, reporting annually to the president, and obtaining presidential approval of the biennial review report**

**Observation:** The description of the Substance Abuse Committee in the University Handbook indicates that the committee is charged with making appropriate reports and recommendations to the president on at least an annual basis. In addition, the DoE guide suggests that the president should review and sign the biennial review report.

Based on discussions with the Dean of Students, Assistant Director of Human Resources, Assistant Program Director of Student Wellness, and Interim Director of Public Safety, the Substance Abuse Committee has not been active for several years. In addition, there is no documentation of annual reporting to the president, nor has the president signed the biennial review report.

**Risk:** The lack of documentation for reporting to the president and evidence of presidential review of the biennial report may be interpreted as a failure to comply with University policy and the requirements of the Drug-Free Schools and Campuses Regulations.

**Response:** The Dean of Students and Assistant Director of Human Resources will work with the Office of the President to reconvene the Substance Abuse Committee by July 1, 2024. The committee will provide annual reports to the president in accordance with the description in the University Handbook and provide the biennial review report to the president for review and signature by May 15, 2025.

Report No. USIA24-2  
 May 31, 2024

## Audit Report Administrative Appeals

### Results at a Glance

Audit Objectives:	RISK MITIGATION			
	Adequate Controls & Practices	Opportunity for Minor Improvement	Opportunity for Moderate Improvement	Opportunity for Significant Improvement
Evaluate the adequacy of the Administrative Appeals Committee description and purpose				
Determine whether appeals reviewed by the committee are within the scope of its duties and decisions are consistent				
Review the efficiency and effectiveness of the appeals process				

#### Introduction

Our report of the internal audit of the Administrative Appeals process is presented below. We would like to thank Tim Fitzgibbon, Heather Odom, Jennifer Day, and the members of the Administrative Appeals Committee who contributed positively to our results.

#### Background Information

The Administrative Appeals Committee is described in the University Handbook as a committee, appointed by the president, which reviews written appeals by students of decisions made by administrators related to residency status, fee refunds or assessments, calendar deadlines, and other relevant student-administrative decisions, including medical withdrawals. The committee is comprised of the following representatives: director of advising (committee chair), dean of students, dean of the School of Graduate Studies, associate dean of the Romain College of Business, director of Student Financial Assistance, associate registrar, bursar, president of the Student Government Association (SGA), and another student recommended by SGA.

Administrative appeals typically involve a student's request for one or both of the following: refund or credit of tuition and fees to the student's account and/or grade changes to reflect the student was withdrawn from the term. The committee meets once a month to review and act upon submitted appeals.

This report is based on a review of the University's policies and procedures related to student appeals. The audit approach included reviewing the description of the Administrative Appeals Committee, interviews with the committee chair, the appeals administrator, associate registrar, and the registrar senior administrative assistant, review of survey results from members of the committee, and analysis of administrative appeal decisions from January 2023 through March 2024.



Report No. USIA24-2  
May 31, 2024

The **objectives** of the audit were to:

- Evaluate the adequacy of the Administrative Appeals Committee description and purpose;
- Determine whether appeals reviewed by the committee are within the scope of its duties and decisions are consistent; and
- Review the efficiency and effectiveness of the appeals process.

#### Conclusion

The results of our audit procedures indicate opportunity for moderate improvement with respect to the Administrative Appeals Committee description and purpose and the efficiency and effectiveness of the Administrative Appeals process. We noted opportunity for minor improvement with respect to ensuring appeals reviewed by the committee are within the scope of its duties and consistency of appeal decisions.

Management will take or has taken the following actions:

- Clarifying the Administrative Appeals Committee purpose;
- Streamlining grade change approvals related to administrative appeals;
- Implementing an electronic administrative appeals form and workflow; and
- Identifying students who are not attending and have not made any payment arrangements.

No additional action or response is required.

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Report No. USIA24-2  
May 31, 2024

## Administrative Appeals Audit Report

### Observations and Responses

#### Clarifying the Administrative Appeals Committee purpose

**Observation:** The description of the Administrative Appeals Committee located on the University Administrative Appeals website states that the purpose of the committee is to determine if there is fault on the part of the University in regard to administrative issues. Alternatively, the description in the University Handbook states that the committee reviews written appeals by students of decisions made by the administrators related to residency status, fee refunds or assessments, calendar deadlines, and other relevant student-administrative decisions, including medical withdrawals. Based on a review of the Administrative Appeals approved by the committee from January 2023 through March 2024, only about 34% were associated with a University fault. In addition, a survey of the committee members revealed that half the members do not believe the committee has a clear purpose and charter.

**Risk:** The lack of a clear purpose and scope for the Administrative Appeals Committee increases the risk that administrative appeal decisions are not made in accordance with management's expectations.

**Response:** The committee agrees that the purpose and scope of the Administrative Appeals Committee needs to be clarified and updated in both the University Handbook and the University website. It is also noted that the membership of the committee needs to be clarified and documented. Currently, the membership of the committee does not reflect the membership as stated in the University Handbook. Finally, the committee recommends that the chair of the committee be given full voting rights. The target date for completion of these items is September 30, 2024.

#### Streamlining grade change approvals related to administrative appeals

**Observation:** The current workflow for processing administrative appeals requires the appeals administrator (AA) to forward appeals approved by the committee to the Office of the Provost for review and approval of grade changes.

**Risk:** This workflow creates an extra processing step and additional delays and inefficiencies in resolving student appeals.

**Response:** The committee recommends that the Office of the Provost have a representative attend the monthly appeals meetings so that appeal decisions can be finalized at the meeting. An alternative solution (dependent upon Provost approval) is that the committee's decision on grade changes is the final decision. Currently, the committee membership includes the dean of the School of Graduate Studies and deans from two of the colleges. If the committee is granted authority to approve grade changes, it is recommended that deans (or assistant deans) from all the colleges are represented on the committee and together with the dean of students, decisions on grade changes can be finalized at the meeting. The target date for implementing modifications to the grade change approval process is September 30, 2024.

#### Implementing an electronic administrative appeals form and workflow

**Observation:** Students who wish to submit an appeal to the Administrative Appeals Committee must do so by completing a fillable PDF form that is available on the University's website. After completing the form, the student must print the form, sign it, and submit it via email, regular mail, or fax to the Administrative Appeals Committee. Upon receiving the form, the AA must enter information in a spreadsheet that is used for summarizing and tracking the appeals decisions.

Report No. USIA24-2  
May 31, 2024

**Risk:** Although the PDF form is online and fillable, students must still print it for signature and submission. In addition, the intake process is not efficient because the appeal data must be manually entered into a tracking spreadsheet.

**Response:** The AA has created a new University appeals form which combines the previous administrative and medical appeals forms into one document. This will allow a student to choose the appropriate form from one location. A rough draft has been created in Slate and it is the committee's intention to make it available through that system. This new form and delivery system will allow for automatic routing and data will be automatically populated into a spreadsheet for ease of reporting. Currently, the issues of routing appropriate permissions still need to be addressed. The target date for implementation of the appeals form in Slate is December 31, 2024.

### **Identifying students who are not attending and have not made any payment arrangements**

**Observation:** Approximately 33% of the administrative appeals approved from January 2023 through March 2024, were students who either did not know they were enrolled and/or never attended the courses for which they were enrolled. The increase in online programs and use of electronic bills, emailed to the student's USI email address, have likely increased the risk that a prospective student could enroll for courses and either forget they enrolled or assume that their lack of attendance will result in their withdrawal and reversal of tuition and fees.

**Risk:** The lack of a process to identify students who never attended their courses and automatically withdraw them for non-attendance increases the risk that student accounts will become delinquent, and students will receive failing grades. This also increases the number of administrative appeals that must be reviewed by the committee.

**Response:** The Bursar will work with the Provost, Registrar, and Information Technology to develop a procedure to identify students who are not engaged in coursework and therefore should have courses dropped and charges removed from their account. The target for implementation of this procedure is December 1, 2024.

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2019

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Employment, Payroll, and Benefits</b>					
4. The current payroll processing schedule includes a bi-weekly payroll for support staff and temporary workers, a bi-weekly payroll for student workers, and monthly payroll for full-time faculty, administrative staff members, and adjunct faculty. The bi-weekly payrolls are paid one week in arrears, while the monthly payroll is paid current. The variety of payroll cycles creates complexities that impact the efficiency and effectiveness of payroll processing.	Low	Transition the monthly payroll to a bi-weekly payroll schedule that is one week in arrears.	Senior management has approved the transition of monthly payroll to a bi-weekly payroll schedule. The transition will be scheduled to occur following the implementation of an electronic time reporting system for both student employees and support staff in the fall of 2020 and spring of 2021, respectively.	8/1/2021  Revised: 7/1/2024 Fall 2025	
5. During the audit, payroll personnel indicated they have established an objective to increase the use of technology through the selection and implementation of an electronic time-keeping/time-tracking system. The current payroll processing environment relies heavily on hard-copy documents for tracking and reporting hours worked and employee time off (both paid and unpaid time). The University uses paper time sheets for employees to record their hours. In addition, personnel within the various departments summarize the hours from employee timesheets by recording them on a hard-copy recap document.	Moderate	Continue to pursue ways to increase the use of technology as it relates to time tracking and reporting for payroll. Depending upon the cost and amount of time required to implement a "package" solution, the payroll department could see near-term efficiency gains by replacing the paper recap documents with an electronic spreadsheet.	Human Resources has targeted the implementation of an electronic time and attendance reporting system to occur in three phases. The first phase will involve transitioning student employees to electronic time reporting in the summer or fall of 2020. The second phase will transition support staff to electronic time reporting in the spring of 2021. Lastly, monthly employees would be transitioned to electronic attendance reporting in the fall of 2021 or thereafter, depending on the ability to complete the first two phases as expected.	Phase 1: Fall 2020  Revised: Summer 2023  Phase 2: Spring 2021  Revised: Fall 2023 Spring/Summer 2024 Spring 2025  Phase 3: Fall 2021  Revised: Summer 2024 Fall 2025	Phase 1: Completed

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2020

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Bonds Payable Post-issuance Compliance</b>					
1. While the University works closely with bond legal counsel regarding bond compliance issues, post-issuance compliance guidelines or procedures have not been formally documented.	Moderate	Work with the University's bond legal counsel to formalize and document guidelines or written procedures associated with post-issuance bond compliance.	Finance and Administration will work with bond counsel to formalize and organize our efforts in documenting post-issue bond compliance. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021  Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024	
2. In order to comply with federal tax law, the University must measure private business use in each facility financed with tax exempt bonds. The University does not have a formal process for measuring and reporting private business use.	Moderate	Work with Special Events and Scheduling Services to obtain reporting of facility usage by third parties. This information should be used to measure private business use and create reporting for management to monitor and evaluate usage at least on an annual basis.	Business Office personnel will work with Special Events and Scheduling Services to obtain facility usage by third parties and document this usage. This project will start in fall 2020 with a completion expected by the end of January 2021.	January 31, 2021  Revised: March 31, 2021 January 31, 2022 May 31, 2022 December 31, 2022 June 30, 2023 June 30, 2024 December 31, 2024	

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2022

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Institutional and Outside Scholarship Controls</b>					
1. The current process for posting outside scholarships to student accounts involves manual manipulation of scholarship data by the Associate Bursar prior to uploading and posting the awards to student accounts.	Moderate	Investigate alternatives for posting outside scholarships to eliminate the need for manual manipulation by Bursar Office personnel.	The Associate Director of Student Financial Assistance will inquire of some peer institutions regarding the processing methods they use for posting outside scholarships. If no effective processing alternatives are identified, SFA will work with Information Technology and the Bursar's Office to implement a feed or upload eliminating the need for manual intervention.	March 31, 2023  Revised: December 15, 2023 August 1, 2024 July 31, 2025	

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2023

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Purchasing Card (P-Card) Review</b>					
1. Review of activity reports indicates that some cardholders may not understand the importance of providing receipts and explanations of business purpose to their proxy for upload and expense allocation.	Moderate	Provide targeted training to P-card cardholders who rely on a proxy and have exhibited a pattern of failing to submit receipts and business purpose explanations.	The Business Office intends to provide targeted training to P-card cardholders who rely on a proxy. The delivery of the training is contingent upon filling the vacant accounts payable manager position. The target date for completion is six months following the hire date of the accounts payable manager.  Revised Response: Accounts Payable will work with its P-card monitoring vendor throughout 2024 to identify risks and target training based on those risks.	Six months after hire of accounts payable manager  Revised: Ongoing throughout 2024	
2. Several survey respondents who have been long-term P-card cardholders or proxies indicated that they were trained in person and were either unaware of the P-card training video or had never watched it.	Low	Publicize the P-card training video to all cardholders and proxies on an annual basis to remind them of its availability for review.	The Business Office will publicize the P-card training video to all cardholders and proxies on an annual basis to remind them of its availability for review. An email to all active cardholders and proxies containing a link to the video will serve as the first reminder and will be provided by January 31, 2024.  Revised Response: Accounts Payable will work with its P-card monitoring vendor throughout 2024 to identify risks and target training based on those risks.	January 31, 2024  Revised: Ongoing throughout 2024	Completed and ongoing
3. The P-card training video includes a segment outlining the process that cardholders should follow to report fraudulent charges on their card. The video states that the cardholder should contact PNC Bank and subsequently contact three other individuals within the University.	Low	Streamline the process for cardholders to report fraudulent charges by developing a Qualtrics form that cardholders could fill out, which could be routed to the appropriate internal recipients. The training video should also be updated to reflect the streamlined process.	Procurement will work with the accounts payable manager to create a more streamlined process for reporting fraudulent charges. The process will be developed with the accounts payable manager in a timeframe to be determined following the position being filled.  Revised Response: AP will address through evaluation of a potential new P-card program.	TBD - based on hire of accounts payable manager  Revised: July 2025	
4. There is currently not a mobile application for capturing and uploading P-card receipts, which increases the risk that receipts are not submitted timely.	Moderate	Investigate potential options for utilizing a mobile application for collection and submission of P-card receipts.	Procurement has identified two options for a mobile application for uploading P-card transaction supporting documents. Selection and implementation of a solution will be coordinated with the accounts payable manager in a timeframe to be determined following the position being filled.  Revised Response: AP will address through evaluation of a potential new P-card program.	Investigation: Completed  Implementation: TBD - based on hire of accounts payable manager  Revised: July 2025	
5. There are at least six individuals who are assigned as a proxy to more than nine cardholders. Two of the proxies were performing that role for approximately 30 cardholders.	Moderate	Work with the departments to determine an appropriate number of cardholders for each proxy based on staffing and transaction volume and explore ways to make the proxies' responsibilities more manageable.	The Business Office will work with the departments to determine an appropriate number of cardholders for each proxy. The target date for completion is six months following the hire date of the accounts payable manager.	Six months after hire of accounts payable manager  Revised: Ongoing throughout 2024	
6. As the University changes policy and procedure to increase use of the P-card for purchases of certain types and dollar amounts, cardholders may struggle to remember the types of products and services, vendors, and transaction amounts for which the P-card should be used.	Moderate	Work with Procurement to develop a decision tree or reference guide that outlines parameters cardholders should use to determine the appropriate method of purchase based on product/service type, vendor, and transaction amount.	The Business Office will work with Procurement to develop a reference guide that outlines parameters cardholders should use to determine the appropriate method of purchase. Due to the current vacancy in the accounts payable manager position, the Business Office has targeted December 1, 2024, to begin development of the reference guide.	December 1, 2024	

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2023

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Investment Policy Compliance</b>					
2. The Old National Wealth Management (ONWM) Agreement for managing a portion of the unrestricted fund investments does not reference USI. The agreement uses the term "Principal" and names Steve Bridges and Jeff Sickman in that role.	Low	Execute an amendment with ONWM to clarify that USI is owner of the investment assets.	The Vice President for Finance and Administration will execute an amendment with ONWM by May 31, 2024, to clarify that USI is owner of the investment assets and that he and Jeff Sickman are acting on behalf of the University.	May 31, 2024	Completed
3. The Fifth Third Bank investment management agreement for managing a portion of the unrestricted fund investments contains a provision allowing the managers to purchase certain types of investments prohibited by the University investment policy (e.g. short sales, forward contracts, options, and derivative transactions).	Moderate	Execute an amendment with Fifth Third to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	The Vice President for Finance and Administration will execute an amendment with Fifth Third Bank by May 31, 2024, to clarify that the University's investment policy shall control with respect to the investment assets which are prohibited.	May 31, 2024  Revised: December 31, 2024	
4. The Johnson Asset Management (JAM) investment management agreement for managing a portion of the unrestricted fund investments includes Exhibit 1, which is JAM's standard intermediate fixed income guidelines, which are slightly different from the USI investment policy.	Low	Execute an amendment with JAM to incorporate the University's investment policy into the agreement.	The Vice President for Finance and Administration will execute an amendment with JAM by May 31, 2024, to incorporate the University's investment policy into the agreement.	May 31, 2024	Completed
5. The University's Investment Policy for Unrestricted Funds, which was approved by the Board of Trustees in September 2023, contained some unintended changes due to a version control issue with the Word document.	Moderate	The absence of adequate version control over the investment policy may lead to unintended changes that have an adverse impact on the achievement of investment objectives.	The Vice President for Finance and Administration will present an updated investment policy to the Board at its meeting on March 7, 2024. In addition, going forward management will coordinate with FSPP to conduct a secondary review of investment policy drafts prior to Board approval.	March 7, 2024	Completed
<b>Name, Image and Likeness (NIL) Policy Compliance</b>					
1. NIL training provided as part of pre-season NCAA rules education may not correspond with the timing of NIL deals which may arise at any time throughout the course of the year.	Moderate	Develop additional NIL training and communication tools for student athletes reminding them of their obligation to report NIL deals to the athletic department and the NCAA rules prohibiting pay-for-play and recruiting inducements.	The associate director of athletics will develop additional NIL training and communication tools for student athletes reminding them of their obligation to report NIL deals and the NCAA rules prohibiting pay-for-play and recruiting inducements. The training and communication tools will be implemented by August 2024.	August 1, 2024  Revised: January 2025	
2. The USI NIL policy is not clear regarding the level of disclosure required and whether the athletes must disclose the terms of their NIL deal or provide a copy of the agreement. The policy also does not contain any specific consequences for an athlete's failure to disclose NIL activities.	Moderate	Modify the University NIL policy to include specific disclosure requirements regarding NIL deals, as well as consequences for student athletes who fail to comply.	The associate director of athletics will modify the University NIL policy to include specific disclosure requirements regarding NIL deals, as well as consequences for student athletes who fail to comply with the policy. The policy will be updated and NIL activity review procedures formalized by August 2024 in conjunction with new NCAA policy that goes into effect August 1, 2024.	August 1, 2024	Completed



University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2024

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
<b>Drug Free Schools and Communities Act</b>					
1. Elements of the University's drug and alcohol prevention program are documented in various locations. However, there is not a notification document for students and employees that contains all five of the elements required by the regulation.	Moderate	Identify and/or develop the official notifications for students and employees to include all the elements of the drug and alcohol prevention program required by the regulation.	The Dean of Students and Assistant Director of Human Resources will work with the Substance Abuse Committee to identify and/or develop the official notifications for students and employees by July 1, 2024, to include all the elements of the drug and alcohol prevention program required by the regulation.	July 1, 2024	Completed
2. The Drug Free Schools and Campuses Regulations require institutions of higher education to annually distribute notification in writing, to each employee and each student, information about the drug and alcohol abuse prevention program. The notification methods utilized by the University may not meet the distribution requirement of the regulations.	Moderate	Evaluate the methods of distribution cited in the biennial review and consider distributing the notification to all students and employees via email to ensure compliance with the distribution requirement.	The Dean of Students and Assistant Director of Human Resources will work with the Substance Abuse Committee to evaluate the methods of distribution cited in the biennial review and consider distributing the notification to all students and employees via email as an additional method to ensure compliance with the distribution requirement. The target date for implementing any additional methods of notification is August 30, 2024.	August 30, 2024	
3. The University's biennial review report does not include a specific section regarding the outcome of the evaluation of the effectiveness of its drug and alcohol abuse prevention program nor does it clearly state how or whether the reviewers concluded regarding the consistency of disciplinary sanction enforcement.	Low	Incorporate conclusions in the biennial review report regarding the effectiveness of the alcohol and drug abuse prevention program, recommended changes to the program, if any, and a clear conclusion regarding consistency of sanction enforcement and an explanation of how consistency of enforcement was determined.	The Assistant Program Director of Student Wellness, Dean of Students, and Assistant Director of Human Resources will work with the Substance Abuse Committee to incorporate conclusions in the biennial review report by December 13, 2024.	December 13, 2024	
4. The description of the Substance Abuse Committee in the University Handbook indicates that the committee is charged with making appropriate reports and recommendations to the president on at least an annual basis. However, the Substance Abuse Committee has not been active for several years, there is no documentation of annual reporting to the president, nor has the president signed the biennial review report as suggested by the Department of Education (DoE).	Moderate	The Dean of Students and Assistant Director of Human Resources should work with the Office of the President to reconvene the Substance Abuse Committee. The committee should provide annual reports to the president in accordance with the description in the University Handbook and provide the final biennial review report to the president for review and signature as suggested by the DoE guide.	The Dean of Students and Assistant Director of Human Resources will work with the Office of the President to reconvene the Substance Abuse Committee by July 1, 2024. The committee will provide annual reports to the president in accordance with the description in the University Handbook and provide the biennial review report to the president for review and signature by May 15, 2025.	Reconvene Committee: July 1, 2024  Annual reporting to the president: May 15, 2025	Completed and ongoing

University of Southern Indiana  
 Audit Recommendations Matrix  
 Calendar Year 2024

AUDIT NAME	RISK RATING	RECOMMENDATION	RESPONSE	TARGET	STATUS
OBSERVATION					
<b>Administrative Appeals</b>					
1. There is not a clear, consistent purpose and scope for the Administrative Appeals Committee, which increases the risk that appeal decisions are not made in accordance with management's expectations.	Moderate	The Administrative Appeals Committee Chair should work with the Vice President for Strategic Enrollment Management and the Office of the President to clarify and document the purpose and scope of the Administrative Appeals Committee responsibilities. The purpose and scope should be communicated to the committee and updated in both the University Handbook and on the University website.	The committee will clarify the purpose, scope, and composition of the Administrative Appeals Committee in both the University Handbook and on the University website. The target date for completion of these items is September 30, 2024.	September 30, 2024	
2. The current workflow for processing administrative appeals requires the appeals administrator (AA) to forward appeals approved by the committee to the Office of the Provost for review and approval of grade changes.	Moderate	The Administrative Appeals Committee Chair should work with the Office of the Provost to streamline the Administrative Appeals process when grade changes are involved.	The committee recommends that the Office of the Provost have a representative attend the monthly appeals meetings. An alternative solution (dependent upon Provost approval) is that the committee's decision on grade changes is the final decision. The target date for implementing modifications to the grade change approval process is September 30, 2024.	September 30, 2024	
3. Although the appeals PDF form is online and fillable, students must print it for signature and submission. In addition, the intake process is inefficient because the appeal data must be manually entered into a tracking spreadsheet	Moderate	The Chair of the Administrative Appeals Committee and the AA should work with IT to transition the Administrative Appeal Form to an electronic form that can be automatically routed and from which data can be automatically populated in a data table for tracking and reporting purposes.	The AA has created a rough draft of a new University appeals form in Slate. This new form and delivery system will allow for automatic routing and data will be automatically populated into a spreadsheet for ease of reporting. The target date for implementation of the appeals form in Slate is December 31, 2024.	December 31, 2024	
4. There is not a process to identify and automatically withdraw students who never attended their courses, which increases the risk that student accounts will become delinquent, students will receive failing grades, and the students will need to submit administrative appeals.	Moderate	The Bursar should work with the Provost, Registrar, and IT to develop a mechanism to identify and cancel registration for students who are not engaged in coursework, have not utilized their USI email, nor have they taken any actions toward initiating payment.	The Bursar will work with the Provost, Registrar, and Information Technology to develop a procedure to identify students who are not engaged in coursework and therefore should have courses dropped and charges removed from their account. The target for implementation of this procedure is December 1, 2024.	December 1, 2024	

**University of Southern Indiana  
 Annual Audit & Advisory Services Plan  
 Calendar Year 2024**

QUARTER BEGINNING	AUDIT AREA	DESCRIPTION	HOURS
January 2024	Uncollectible Account Analysis	Analyze uncollectible student accounts for common themes and trends	150
	Drug Free Schools and Communities Act	Review institutional policies and procedures for compliance with regulatory requirements	200
	Administrative Appeals	Review institutional policies and procedures related to student appeals and application of policy for consistency	100
	Internal Control Documents for financial statement audit	Documentation of accounting and financial reporting controls for state auditors	125
April 2024	University Risk Management Committee	Facilitation of University Risk Management Committee activities	100
	IT Security Initiatives	Monitor progress on security findings from prior IT security and privacy audits & coordinating follow-up to past external audit reviews	200
	Registrar - Degree Conferral	Review controls over academic degree conferral	220
	Conflict of Interest Disclosures	Review process for educating and obtaining Conflict of Interest disclosures to comply with state and federal requirements	150
	Facility Operations Storeroom	Physical inventory observation	50
July 2024	Housing & Residence Life	Review new residential management software user access and controls over billing and residence contracts	200
	Athletics Grant-in-Aid	Evaluate NCAA compliance	240
	Federal Student Financial Aid	Review administration of federal student aid for compliance with federal requirements governing Title IV student aid programs	250
October 2024	External Audit Support	Support for external auditors performing federal financial aid audit and state aid agreed upon procedures	100
	Changes to Personal Information	Review policies and procedures for name changes, SSN changes, etc. across departments	220
	Authorized Driver Recertification	Review controls over driver recertifications	200

<b>Total Hours</b>	<b><u>2,505</u></b>
Hours Available	2,553
Hours available for unscheduled audits	48

**Summary of Construction Change Orders  
Authorized by the Assistant Vice President for Finance and Administration**

**HEALTH PROFESSIONS RENOVATION PHASE III – LL AND FIRST FLOOR**

**Empire Contractors – General Contractor**

<b>CO 011</b>	Adding light fixtures connected to emergency power. Adding power and data for an additional computer in the SIM patient rooms. Adding bracing to support Radiology equipment. Changes to wall plans due to design of HP Phase IV.	<b>\$ 11,070</b>
<b>CO 012</b>	Install electrical and wall infrastructure for the installation of 22 large flat panel monitors in classrooms.	<b>\$106,588</b>

**WELLNESS CENTER RENOVATION AND ADDITION**

**Empire Contractors – General Contractors**

<b>CO 008</b>	Relocate generator and dumpster. Location requires a brick finish. Add concrete form liner for Quiet Lounge	<b>\$ 39,665</b>
<b>CO 009</b>	Terra Cotta Supplier change due to availability and color match caused price increase.	<b>\$ 38,355</b>
<b>CO 011</b>	Original cover for columns became obsolete. Time crunch required local company to manufacture the wood covers.	<b>\$ 16,976</b>
<b>CO 012</b>	Additional access control for doors. Routing change for hot water loop. Increase in lintel structure. Public Safety 24 hr. Service window raised higher and size increase.	<b>\$ 18,088</b>
<b>CO 020</b>	Changed color of some painted spaces. Changed cap on long short wall to solid surface from drywall. Curtain wall metal color change.	<b>\$ 12,378</b>
<b>CO 021</b>	Replacement of existing drywall exposed to the outdoors during transition to the new floor and walls.	<b>\$ 15,163</b>
<b>CO 023</b>	Allowed overtime to help meet desired USI schedule.	<b>\$ 23,874</b>
<b>CO 024</b>	Remove and replace the 25 lockers selected and installed in the Public Safety locker rooms with larger lockers.	<b>\$ 52,032</b>
<b>CO 025</b>	Change in door hardware in Clinic. Additional blinds for Clinic.	<b>\$ 6,722</b>