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Your Higher Education Auditing Connection

ACUA Kick Starters

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- Developed by ACUA members with subject matter expertise
- Focused on higher education specific topics

https://acua.org/Audit-Tools/ACUA-Kick-Starters

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Stay Updated

- The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.
- News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend one of our upcoming conferences:

Audit Interactive
April 5 – 8, 2020
Nashville, TN

AuditCon
September 13 – 17, 2020
San Antonio, TX

- Contact ACUA Faculty for training needs.

Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
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- Present a webinar.
- Become a Mentor
- Write an article for the C&U Auditor.
- Write a Kick Starter.

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- Search the Membership Directory to connect with your peers.
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Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Kick Starters
- Risk Dictionary
- Mentorship Program
- NCAA Guides
- Resource Library
- Internal Audit Awareness Tools
- Governmental Affairs Updates
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AUDIT Interactive

A Higher Education Collaborative Experience

April 5–8, 2020 Nashville, TN • Loews Vanderbilt Hotel

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BAKER TILLY AND ACUA WEBINAR

Part 2: Best practices for preventing fraud and misreporting in admissions and institutional data reporting

bakertilly
now, for tomorrow.

SJU

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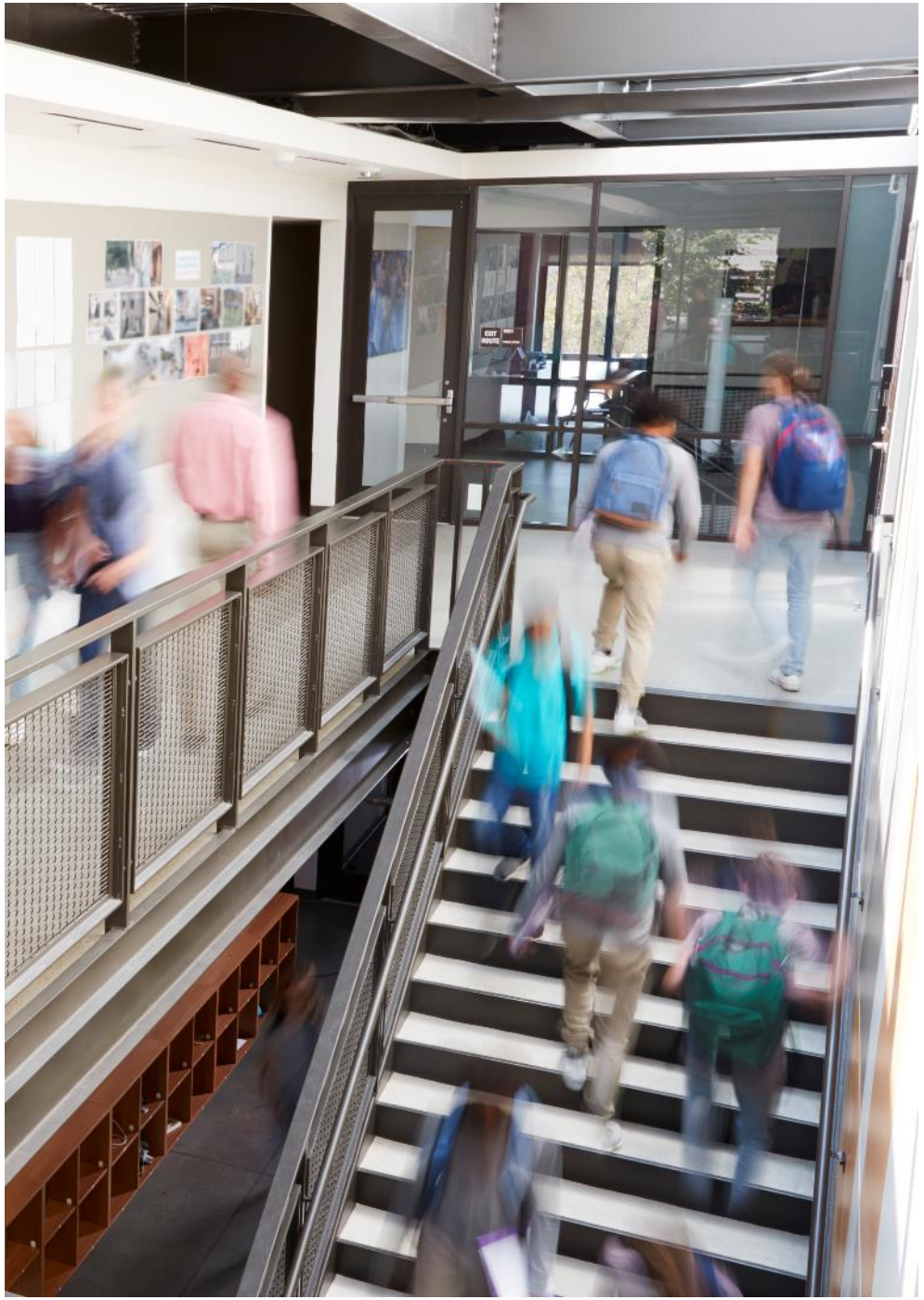

INTRODUCTIONS

Today's webinar moderator

Lisa Gendusa
ACUA Virtual Learning Director
Internal Auditor
Texas State University System

INTRODUCTIONS

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INTRODUCTIONS

Today's speakers

Chris Garrity CPA, CIA, CFE, CGMA, MBA
Director of Internal Audit
Saint Joseph's University

Adrienne Larmett MBA, CRA
Senior Manager
Baker Tilly

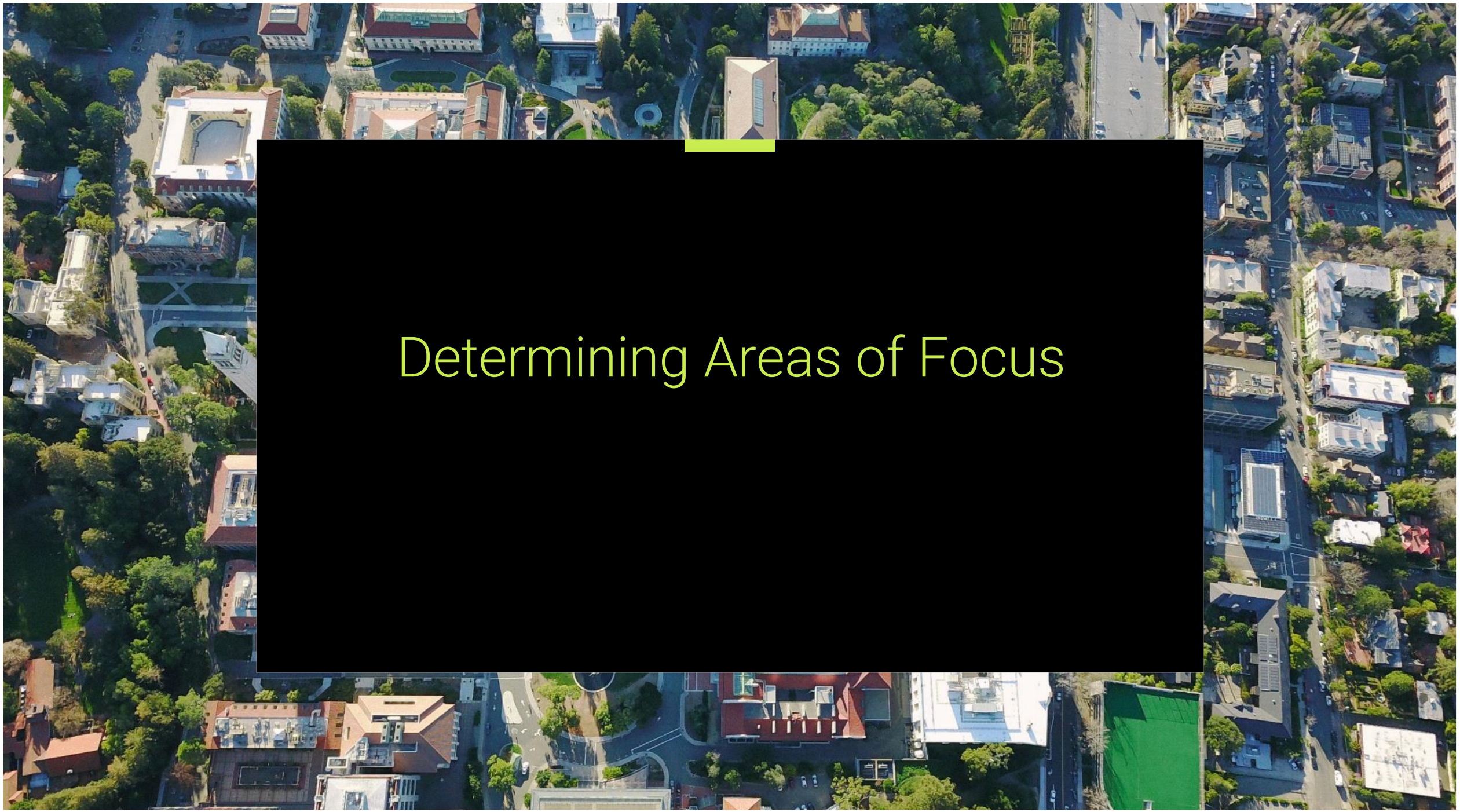
Kimberly Macedo CIA, PMP
Senior Manager
Baker Tilly

Session summary

- The fallout and consequences from recent scandals in admissions and institutional data reporting continue to play out
- In Part 1 of our webinar series on this topic, we provided an overview of the admissions and data reporting landscapes, identified how the fraud and misreporting occurred and the ensuing impacts on institutions, shared common operational challenges in both areas, and presented high-level approaches for evaluating controls in both admissions and data reporting
- In today's webinar we will explore audit approaches and plans in greater detail

Session objectives

- Determine which areas of the admissions and data reporting processes to evaluate
- Develop comprehensive documentation and data request lists to help gain a better understanding of the admissions and data reporting control environment
- Define key risks and related controls in admissions and data reporting in support of developing a risk control matrix
- Identify key process owners and stakeholders who should provide feedback as part of the audit process
- Develop testing procedures for admissions and data reporting to evaluate the effectiveness of controls



Determining Areas of Focus

Considerations

- Need to understand the desired outcomes
- Develop very specific scope objectives
- Identify appropriate project champions
- Consider coordinating the review with General Counsel and under privilege

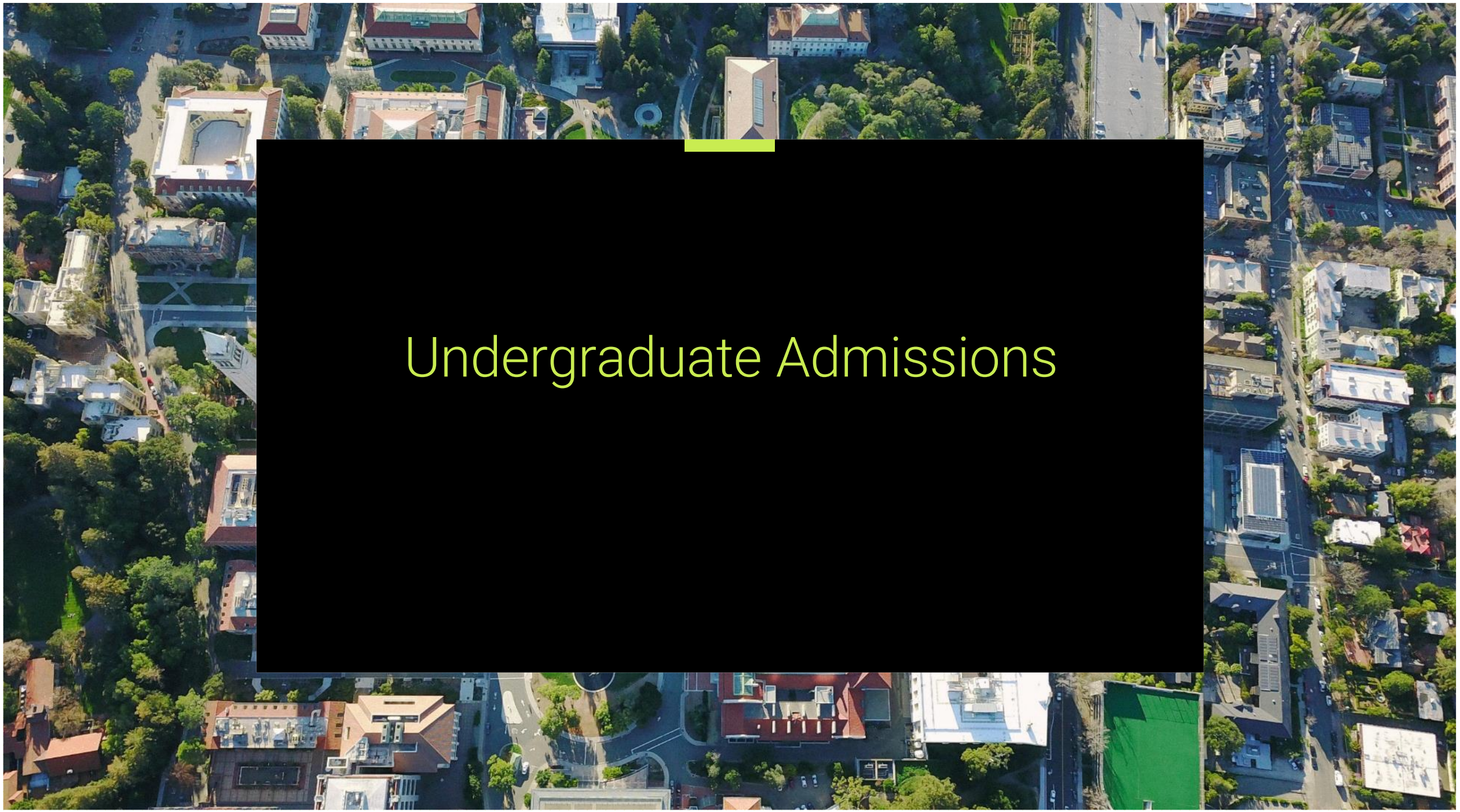
Suggested areas of focus

- Undergraduate Admissions – strategy and operations
  - Could include holistic evaluation of enrollment management strategy and operations including recruitment, admissions, and financial aid
- Undergraduate Admissions – admissions decision process
  - Could include special admits
- Graduate Admissions – processes and controls
- Graduate Admissions – technology and system accuracy and completeness
- Institutional Data Reporting – IR operations and controls
- Institutional Data Reporting – survey data accuracy

Polling question #1

Have you performed an assessment to evaluate areas of risk within the admissions and or institutional data reporting processes?

a. Yes, for both areas
b. Yes, for admissions only
c. Yes, for institutional data reporting only
d. No, I have not performed an assessment



Undergraduate Admissions

UNDERGRADUATE ADMISSIONS

Potential audit objectives

- Identify potential risk areas for non-compliance with university policies and practices, improper decision-making or mismanagement related to the university's admissions processes, and determine whether there are controls in place to mitigate the risks identified
- Determine the appropriateness of roles, reporting and communication lines, definition of authority, and the effectiveness of personnel involved in the admissions process
- Understand how admissions related controls are established, communicated and trained on, and assess the design of controls to address key risks
- Evaluate whether effective monitoring controls are in place over the admissions process
- Identify unintended consequences; specifically, assess what other areas of the university could be impacted by control breakdowns in the admissions process

Key process owners

- Director of Admissions
- Dean of Enrollment Management
- Director of Advancement and Alumni Relations
- Provost
- Associate Deans
- Chancellor
- Program Directors
- IT personnel (e.g. system administrators)
- Associate Admissions Directors
- Athletics compliance (e.g., Athletic Director)
- Registrar(s)

Documentation

- Strategic documents
- Organization charts
- Technology
- Policies and procedures manuals
- Admissions guidance on:
  - Evaluation guidelines
  - Special recruits
- Position descriptions
- Sample forms used in the admissions process
- Training materials for all applicable parties

UNDERGRADUATE ADMISSIONS

Key risks

- Admissions decisions made with incomplete applications
- Application reviewers do not have appropriate training or guidance for application review or decision-making, leading to inconsistent decision-making
- Inaccurate applications due to lack of verification of application information
- Lack of documentation or explanation for admission decisions made for students not meeting minimum admissions criteria
- Limited resources to conduct adequate application reviews
- Scholarships granted without supporting documentation and/or not meeting requirements for scholarships
- Conflict of interest with admissions reviewers or other parties on campus and applicants
- Inconsistent or inaccurate data due to numerous systems used for admissions

UNDERGRADUATE ADMISSIONS

Design and operating effectiveness of controls

- Application process
- Review process
- Acceptance process
  - Approvals
  - Requirement exceptions
- Technology
- Communication and training procedures
- Special admits

Testing procedures

- Interview key individuals involved in the undergraduate admissions process to understand university-wide admissions standards and requirements
- Review applicable university policies, procedures, and other documentation related to admissions to understand:
  - Organizational structure and reporting lines
  - Definition of authority over various elements of decision-making
  - Staffing, including job descriptions and required skillsets
  - Roles and responsibilities of key personnel
  - Roles and authority of involved individuals outside admissions
  - Use of admissions software

UNDERGRADUATE ADMISSIONS

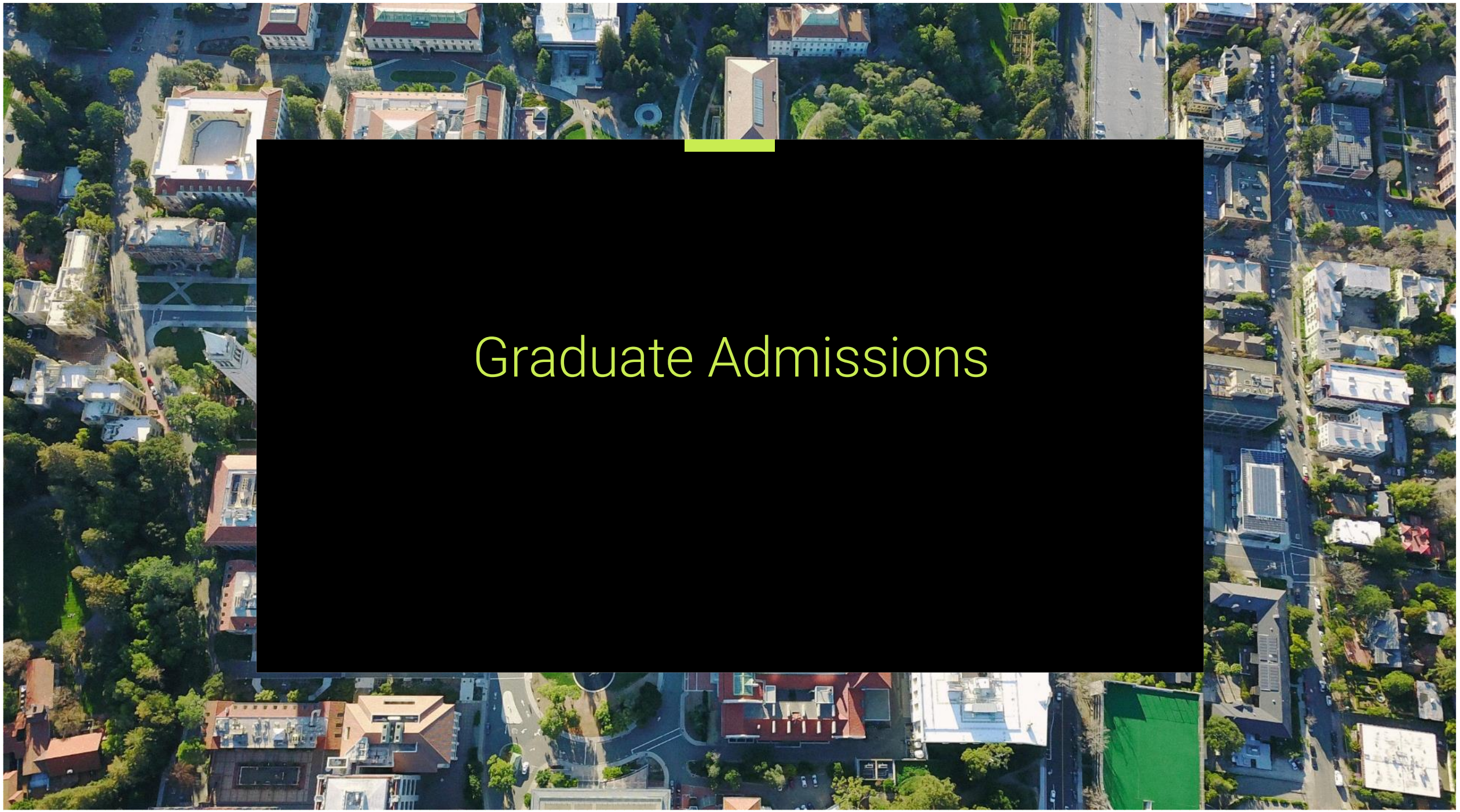
Testing procedures (*cont.)*

- Test a sample of admits within potential high risk areas to:
  - Assess consistency with admissions policies and procedures
  - Assess sufficiency of documentation maintained to support decision-making
  - Verify the prospective student's credentials were verified prior to granting admission
- Sample testing could include verifying an applicant's:
  - Academic profile (e.g., GPA and test scores)
  - Application for completeness
  - Special talents

Polling question #2

Does your institution have separate admissions processes for special admits, and if so, has Internal Audit evaluated them?

a. Yes, and yes, Internal Audit has evaluated them
b. Yes, but no, Internal Audit has not evaluated them
c. No, we do not have separate processes for special admits
d. I'm not sure


Graduate Admissions

GRADUATE ADMISSIONS

Potential audit objectives

- Define key risks and related controls in graduate admissions in support of developing a risk control matrix
- Determine which areas of the graduate admissions processes to evaluate
- Develop comprehensive documentation and data request lists to help gain a better understanding of the graduate admissions control environment
- Identify key process owners and stakeholders who should provide feedback as part of the audit process
- Develop testing procedures for admissions to evaluate the effectiveness of controls

GRADUATE ADMISSIONS

Additional considerations

- Graduate program hours greater than 10%-20% of overall credit hours
- Consider an integrated audit with specific IT procedures if a deployed SRM (e.g. testing interface between SRM and ERP such as Banner)
- If NCAA Division I Basketball / Football programs with graduate level athletes, incorporate NCAA compliance procedures (e.g. Graduate Transfer Rule)
- Third Party Online Program Manager (Graduate Programs)

GRADUATE ADMISSIONS

Key documentation and process owners

- Strategic documents
- Organization charts
- Technology
- Policies and procedures manuals
- Position descriptions
- Sample forms used in the admissions process (may be in SRM)
- Training materials for all applicable parties
- Personnel: Provost, Deans, Associate Deans, Program Directors, Graduate Offices, IT personnel (e.g. system administrators), Undergraduate Admissions (if applicable), Athletics compliance, Registrar(s)

GRADUATE ADMISSIONS

Key risks

- Reputation
- Strategic
- Financial / Operational
- Compliance
- IT
- Fraud
- Overall risk score

GRADUATE ADMISSIONS

Key areas to evaluate

- Strategy
- Governance
- Culture
- Operating structure
- Marketing and Advertising
- Roles and responsibilities
- Technology (SRM) / Processes
  - Data Standards, Application, Review, Acceptance, Enrollment
- Special circumstances

GRADUATE ADMISSIONS

Design and operating effectiveness of controls

- Application process
- Review process
- Acceptance process
  - Approvals
  - Provisional process (e.g. one course)
  - Waivers
- Technology
- Communication and training procedures
- Special admits (5th year athletes)

Polling question #3

Who has ultimate authority for graduate admissions decisions at your institution?

a. Dean of Graduate Admissions
b. Admissions personnel
c. Dean of the school or college
d. Faculty
e. I’m not sure

Institutional Data Reporting

INSTITUTIONAL DATA REPORTING

Potential audit objectives

- Assessing the efficiency and effectiveness of institutional data reporting operations and resources
- Identifying specific attributes and performing detailed testing for rankable data reported to *U.S. News and World Report* to evaluate effectiveness of internal controls for reporting institutional data or identifying gaps including acceptance rate, test scores, class standing, and yield

INSTITUTIONAL DATA REPORTING

Documentation

- Institutional Research Data Policy Statement
- Institutional Research Policy and Procedures
- Institutional Research web resources
- Protocol for Release of University Data
- U.S. News 2018 Best Colleges-Undergraduate Finance Survey
- U.S. News 2018 Best Colleges-Undergraduate Financial Aid Survey
- U.S. News 2018 Best Colleges-Undergraduate Main Survey
- U.S. News 2018 Best Online Education Graduate Survey
- U.S. News 2018 Best Online Engineering Graduate Survey
- U.S. News 2018 Best Online MBA Graduate Survey
- U.S. News 2018 Education Graduate Survey
- U.S. News 2018 Engineering Graduate Survey
- U.S. News 2018 MBA Graduate Survey

INSTITUTIONAL DATA REPORTING

Key risks

- Lack of understanding about what is being reported by the institution and from where
- Review process of data prior to submission
- Segregation of duties over preparation and review of data
- Business continuity
- Systems and data retrieval processes
- Misreporting data to relevant agencies (e.g., government agencies, accreditors, rankings agencies)
- Inducing attendance or giving based on false data

Key process owners

- Vice Provost for Institutional Research
- Assistant Vice Provost for Institutional Research
- Enrollment Service Center Systems Manager
- Senior Director of Information Systems
- Budget Office Director
- Budget Analyst
- Director of Financial Aid
- Financial Analyst
- Senior Director of Center for Career Services
- Manager: Graduate Program, College of Engineering
- Professor, College of Engineering

INSTITUTIONAL DATA REPORTING

Testing procedures

- Obtain an inventory of external organizations (e.g., rankings institutions, accrediting organizations) that the institution's schools, colleges, and administrative units report institutional data to regularly
- Review the inventory to understand the school or college contact for the report, the designated preparer of information, units that contribute to data collection, the data source, the reviewer, the current final approval, and other quality assurance information
- Review policies and procedures for receiving, storing, managing, and reporting data to select external organizations identified within the inventory of external organizations
- Review the organizational structure and interaction between departments, systems involved in data management and analysis and quality assurance procedures

INSTITUTIONAL DATA REPORTING

Testing procedures (*cont.*)

- Interview key personnel and perform walkthroughs to understand how externally reportable information on the inventory is collected, reviewed, and reported; specifically aim to understand policies and procedures related to data reporting and key controls
- Identify specific attributes and perform detailed testing for rankable data reported to *U.S. News* to evaluate effectiveness of internal controls for reporting institutional data or identify gaps
- Obtain and review supporting documentation for rankable reporting attributes data used for rankings, reported to *U.S. News*, agreeing the totals in aggregate to those reported to these organizations for the 2018 surveys (assessing the 2017 academic year)

INSTITUTIONAL DATA REPORTING

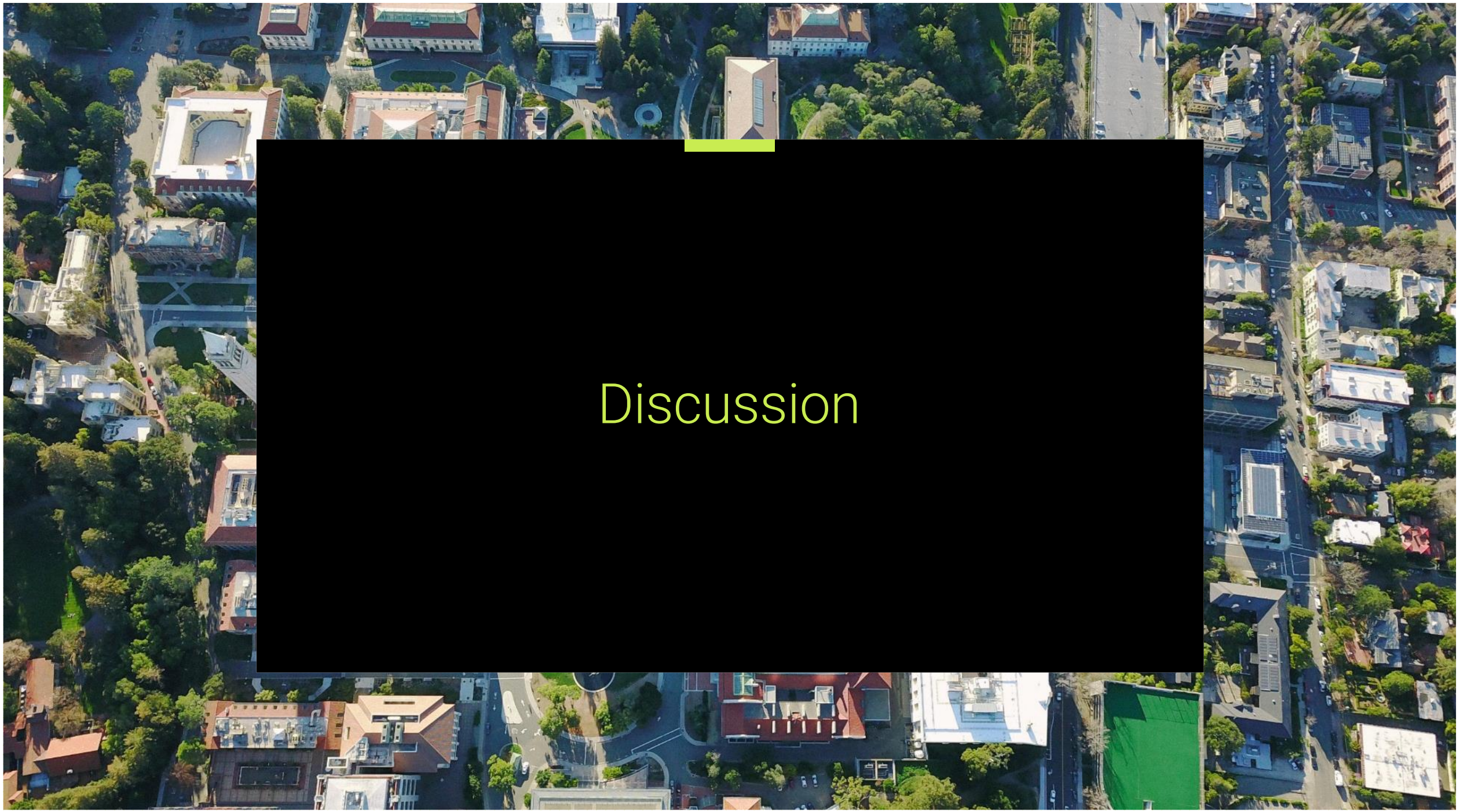
Testing procedures (*cont.*)

- Review the following commonly misreported and high risk quantitative items included in the University's 2018 *U.S. News and World Report* submissions:
  - Admissions and enrollment
  - Six-year graduate rates
  - Average faculty salary
  - Test scores (e.g., SAT/ACT, GMAT/GRE)
  - GPA (e.g., undergraduate GPA)
- Obtain the frozen datasets used to support the responses submitted to U.S. News for 355 attributes, re-calculate the select items, and compare that information to what is reported to *U.S. News*

Polling question #4

Who is responsible for reviewing and approving institutional data surveys and reports at your institution?

a. Central Institutional Research office
b. Provost
c. Dean of the relevant school or college
d. No designated authority or not sure



Discussion

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