Southern Oregon University
Board of Trustees

Resolution
Adoption of Fiscal Year 2027 Internal Audit Plan

Whereas, Southern Oregon University has a duty to responsibly manage, invest, allocate, and spend its resources;

Whereas, Southern Oregon University has contracted a certified internal auditor to provide independent and objective evaluations, assessments and advisory services that help manage and mitigate risk, ensure compliance, and add value to the University;

Whereas, the internal auditor will work closely with the Board of Trustees, University leadership, faculty, and staff to conduct and coordinate a range of internal audit functions for the University;

Whereas, the internal auditor has developed, for approval by the Board, an internal audit plan for Fiscal Year 2027 as presented in the June 18, 2026 meeting materials (see Attachment A); and

Whereas, the Executive, Audit, and Governance Committee of the Board of Trustees has completed a satisfactory review of the Fiscal Year 2027 Internal Audit Plan, and has requested the auditor 1) update the auditable units of the university for accuracy, and 2) complete the outstanding activities the Fiscal Year 2026 Internal Audit plan; and

Whereas the Executive, Audit, and Governance Committee acknowledged anticipated amendments to the Fiscal Year 2027 Internal Audit Plan that may be necessitated by the implementation of the SOU Vitality plan; Now, therefore,

Be it resolved, that on the recommendation of the Executive, Audit, and Governance Committee the Board of Trustees of Southern Oregon University hereby approves and adopts the Fiscal Year 2027 Internal Audit Plan, including the requested amendments; and

Be it further resolved, the Board of Trustees hereby instructs the internal auditor and the officers of the university to take all actions and steps deemed necessary and proper to implement the Internal Audit Plan.

DATE: June 18, 2026

VOTE:

Bailey	Non-Voting
Barry	Yes
Buckley	Yes
Chavez	Yes
Clough	Yes
Everson	Yes
Fuentes	Yes
Geryak	Non-Voting
Harwood	Yes
King	Yes
Kruger	Yes
Lee	Yes
Santos	Yes
Schepmann	Yes
Shelby	Yes
Stephenson	Yes
Thalden	Yes

Recorded by,

Sabrina Prud'homme
University Board Secretary

<u>ATTACHMENT A</u>

Southern Oregon University
Fiscal Year 2027 (FY27)
Internal Audit Plan

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Portland State University
Center for Internal Audit

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PLAN OVERVIEW

AUDIT PLAN – Exhibit A

The internal audit plan covers a 12 month period beginning July 1, 2026 through June 30, 2027. This plan includes internal audit services selected based on the results of the entity wide risk assessment performed by Portland State University's (PSU) Center for Internal Audit (C4IA), who has been contracted by Southern Oregon University (SOU) to provide internal audit services, and discussions with SOU's Chief Audit Executive (CAE) and Vice President of Finance and Administration (VPF&A), Dr. Carson Howell.

PRIORITIZED POTENTIAL AUDITS – Exhibit B

C4IA prioritized the university's departments, or auditable units, by sorting the units from highest risk to lowest risk based on scoring criteria used for the entity wide risk assessment. The C4IA analyzed the results to determine if risk ratings were consistent with what professional judgment would expect. In addition, the C4IA considered significant changes in processes auditable units are currently undergoing and/or will be undergoing in the near future to help identify the timing of when an internal audit could occur. This resulted in the prioritized ranking of internal audit services. Please note that the Honors College was removed as an auditable unit for next year.

RISK FACTOR DEFINITIONS AND SCORING CRITERIA – Exhibit C

C4IA established risk criteria, based on best practices implemented by other internal audit providers throughout higher education, to be used in determining the overall risk for each potential audit unit. C4IA scored risk for each auditable unit by: receiving input from key stakeholders throughout the university; scoring the complexity of each unit; scoring the significance of the impact an error and/or weakness would have to the university as a whole if a detrimental event were to occur in that unit; scoring the significance of expenditures flowing through the unit; scoring risk based on the amount of time that has elapsed since an internal audit has occurred in the respective audit unit, and; scoring risk based on the C4IA's professional judgment.

AUDIT ENTITIES – Exhibit D

Exhibit D provides an overview of the audit universe at the university (i.e., "what is auditable"). Defining the audit universe is a critical step in helping plan future internal audits at the university. Each auditable unit must be distinct and contain activities structured to obtain common objectives. For the FY27 entity wide risk assessment, there are 33 auditable units.

FY27 INTERNAL AUDIT PLAN

EXHIBIT A

July 1, 2026 through June 30, 2027

Engagement #	Engagement Title	Timeframe*	Comments
Annual Risk Assessment	FY28 Annual Risk Assessment	March - April 2027	Required annually by IIA *Standards*. Management Survey
Planned Audit			
2027-1	Business Services - Purchase Card Audit	July - December 2026	
2027-2	Enrollment Services - Fraud Risk Management	January - June 2027	
Other Services			
Investigatory Services	General Counsel - EthicsPoint Hotline Administration	Fiscal Year 2027	Monitor hotline, triage reports, investigate fraud/waste/abuse.
Advisory Services	Service Center - Purchasing/Contract Services	Fiscal Year 2027	
Advisory Services	VPF&A - Enterprise Risk Management	Fiscal Year 2027	
Advisory Services	Information Technology - 4.1 Payment Card Industry (PCI) Compliance	Fiscal Year 2027	
Advisory Services	VPF&A - General & Financial Policy Review	Fiscal Year 2027	
Advisory Services	Information Technology - Sensitive Data	Fiscal Year 2027	

* Dates may be adjusted as needed to avoid a negative impact on SOU projects, available staff and resources.

Description of Engagements

Audit #	Description
2027-1	C4IA will plan and perform an audit in Business Services to obtain reasonable assurance that internal controls related to SOU's purchase card program are effective and operating as designed.
2027-2	C4IA will plan and perform an audit in Enrollment Services to obtain reasonable assurance that internal controls related to fraud risk mitigation, prevention, detection and deterrence are effective and operating as designed.
Risk Assessment	The annual risk assessment forms the basis of the next fiscal year's internal audit plan. This is required to demonstrate conformance to the *Standards*.
Investigatory Services	The internal audit plan includes time to triage the EthicsPoint hotline reports and review areas of concern. This work involves preliminary review, documentation, and coordination with management to ensure issues are appropriately assessed and incorporated into existing processes.
Advisory Services	Advise the Service Center regarding purchasing/contracting service delivery, best practices, university process integration and internal control.
Advisory Services	Advise the VPF&A regarding enterprise risk management functional maturity, university/compliance function integration, governance reporting, etc.
Advisory Services	Advise CISA on 4.1 Payment Card Industry (PCI) Compliance, integration with revenue activities, and internal control.
Advisory Services	Advise the VPF&A regarding general and financial policies including best practices, research, functional integration and internal control.
Advisory Services	Advise CISA on sensitive data process locations, policy review, and internal control.

FY27 ENTITY WIDE RISK ASSESSMENT

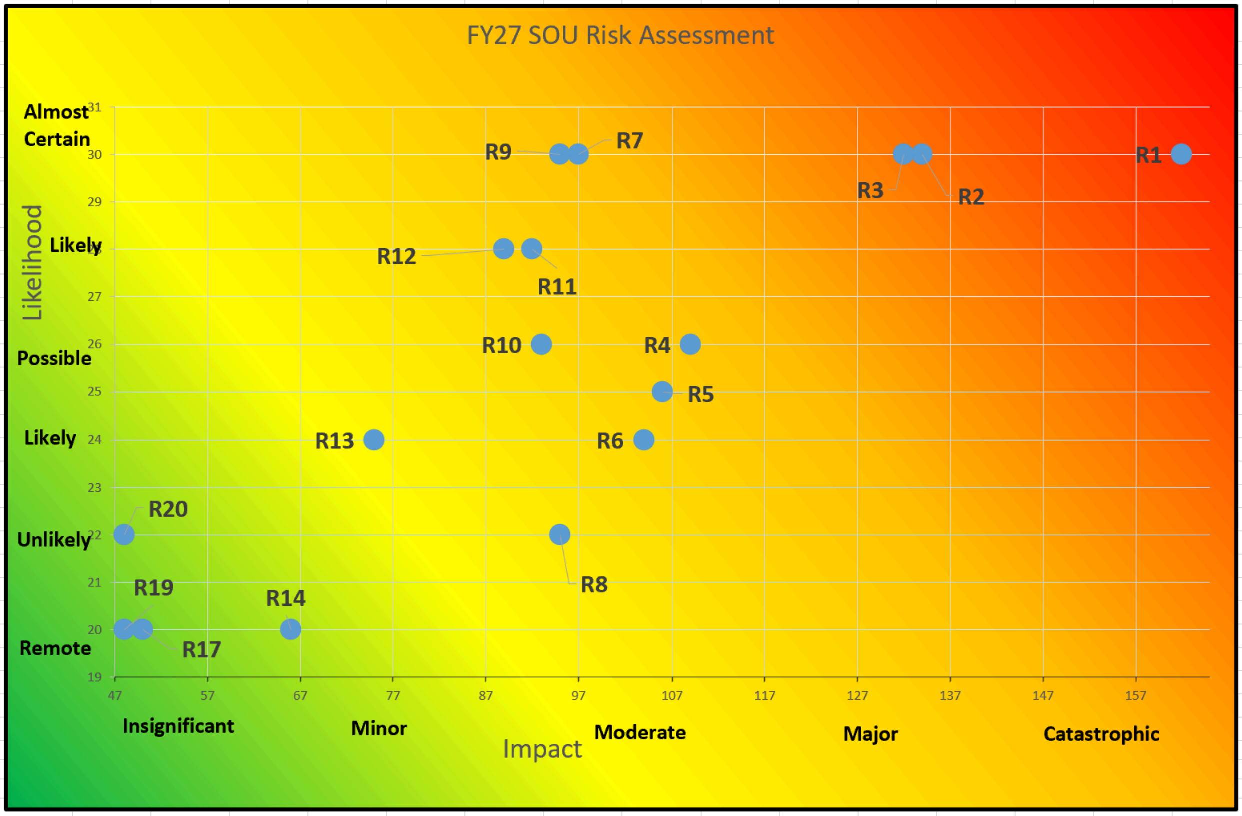
EXHIBIT B

FY27 Prioritized Audit Risk Model – Auditable Units

Auditable Unit	Risk Assessment Survey Score	Complexity of Department and Impact to University	Last Time Audited Score	Financial Significance Score	FY27 Risk Score	Risk Ranking	Risk Category	FY27 C4IA Plan
Office of Information Technology (IT)	30	5	-	10	162	1	H	Yes^
Enrollment Management and Student Affairs	30	3	-	20	134	2	H	No^
Finance and Administration	30	2	25	10	132	3	H	Yes^
Office of Institutional Research	26	1	25	10	109	4	H	Yes^
University Advancement and Grants Administration	25	1	7	20	106	5	H	No^
Provost Office and Bridge Program	24	1	25	10	104	6	H	No
Financial Aid Office (FAO)	30	1	25	10	97	7	M	No^
Payroll and Human Resources	22	1	25	10	95	8	M	No^
Equity, Diversity, and Inclusion (EDI)	30	1	25	10	95	9	M	No
President's Office	26	1	25	10	93	10	M	No
Athletics	28	1	25	10	92	11	M	No
Registrar's Office and Admissions	28	4	7	20	89	12	M	No
Oregon Center for the Arts	24	1	25	10	75	13	M	No
Dean of Students, Gender & Sexuality Justice	20	3	5	5	66	14	M	No
Title IX	16	1	9		57	15	M	No
Jefferson Public Radio (JPR)	12	4	-	20	51	16	M	No
Student Health and Wellness Center	20	3	-	20	50	17	M	No
Hannon Library	12	2	25	5	49	18	L	No
Student Activities and Clubs	20	2	9	10	48	19	L	No
Parking Services	22	-	25	5	48	20	L	No
Housing, Family Housing, and Food Services	18	2	25	20	46	21	L	No
Schneider Museum of Art	18	5	-	20	43	22	L	No
Environmental Health and Safety	15	3	25	20	41	23	L	No
Division of Undergrad Studies	10	2	-	10	36	24	L	No
Division of Social Sciences	10	2	25	10	35	25	L	No
Division of Science, Technology, English, and Math	10	1	25	10	35	26	L	No
Division of Education, Health, and Leadership	10	4	-	20	35	27	L	No
Division of Humanities and Culture	10	3	15	5	35	28	L	No
Division for Business, Communications, and Environmental Science	10	3	25	20	35	29	L	No
Bookstore (Barnes and Noble Outsourced)	10	3	-	20	35	30	L	No
Office of International Programs	14	1	25	10	29	31	L	No
Campus Public Safety Office (CPSO)	20	2	7	10	28	32	L	No
Honors College								
Facilities, Maintenance, and Plant (FMP)	15	3	7	10	24	33	L	No

"^" highhat definition: External audit testing provides some coverage for these auditable units by either auditing financial transactions or compliance via the university's external auditing firm or the Secretary of State Oregon Audits Division. For example, Information Technology receives some review each year under the external audit for Gramm-Leach-Bliley Act compliance requirements.

Please note the significant scoring methodology change between FY26 and FY27 to create a greater range of risk score sensitivity. For this reason, the FY26 risk score was removed from this fiscal year's table.



Risk Factors	Risk Name	Impact	Likelihood
R1	Office of Information Technology (IT)	162	30
R2	Enrollment Management and Student Affairs	134	30
R3	Finance and Administration	132	30
R4	Office of Institutional Research	109	26
R5	University Advancement and Grants Administration	106	25
R6	Provost Office and Bridge Program	104	24
R7	Financial Aid Office (FAO)	97	30
R8	Payroll and Human Resources	95	22
R9	Equity, Diversity, and Inclusion (EDI)	95	30
R10	President's Office	93	26
R11	Athletics	92	28
R12	Registrar's Office and Admissions	89	28
R13	Oregon Center for the Arts	75	24
R14	Dean of Students, Gender & Sexuality Justice	66	20
R15	Title IX	57	16
R16	Jefferson Public Radio (JPR)	51	12
R17	Student Health and Wellness Center	50	20
R18	Hannon Library	49	12
R19	Student Activities and Clubs	48	20
R20	Parking Services	48	22
Action Category			
	Make Due		
	Manage		
	Modify		
	Monitor		
	Mitigate		

FY27 RISK FACTORS, SCORING CRITERIA, & INTERNAL AUDIT PLAN APPROVAL PROCESS

EXHIBIT C

Overview of Entity Wide Risk Assessment

Management Risk Assessment Survey Score – In FY26, C4IA coordinated an improved risk assessment survey of 16 managers, and 4 staff with compliance responsibilities to get input on risks. C4IA scored the responses based on the C4IA's collective professional experience, observations of these auditable units, and related risks in higher education to arrive at the **likelihood score** (y/vertical axis). The highest score possible for this section of the risk assessment was 30 points and the lowest was 10 points.

This year the following auditable units were defaulted to the highest range:

- Finance and Administration
- Office of Information Technology
- Financial Aid Office
- Enrollment Management & Student Affairs
- Equity, Diversity, and Inclusion (EDI)

Risk Assessment Interview Score – C4IA held 6 interviews with executive management to help gain an understanding of risks and obstacles each auditable unit was facing and to gain a more thorough understanding of the duties and responsibilities of each. C4IA asked stakeholders questions on where these managers saw both internal and external risks. C4IA indicated a complexity/impact score of 0 or 1 on strategic, operational, financial, information technology, and legal/compliance. With each auditable unit scoring 1-5, the result of which multiplies the management risk assessment survey score.

Financial Significance Score – Where we had divisional financial data, C4IA modified auditable unit risk scores by 0-10% based on a range of expenditures the auditable unit processed during FY26. The primary concept of the risk scoring for this attribute was that as the value of expenditures increases in a unit, the risk for that unit directly increases. Some auditable units are manually adjusted either due to insufficient data, data affected by timing such as period 9 versus 14, or are defaulted to a higher range based on experience.

Financial Impact	Multiplier
> $10,000,000	110%
$9,999,999 to $5,000,000	108%
$4,999,999 to $2,500,000	106%
$2,499,999 to $1,000,000	104%
$999,999 to $0	102%

Last Time Audited Score - C4IA assigned a risk score to each auditable unit based on how much time has elapsed since an internal or external audit was conducted over a portion of the respective auditable units. As we believe full, rotating audit coverage is no longer a realistic possibility in higher education in the current resource environment with significant changes in highly complex regulatory compliance, this risk score of 0, 5, 7, 9 or 25 points, based on a relative range, is being added to the total risk score rather than being a 0-20% multiplier in previous years.

The Last Time an Internal Audit was Performed	Risk Points
Never Audited	25
Audited 10+ yrs. Ago	15
Audited 8-9 yrs. Ago	9
Audited 5-7 yrs. Ago	7
Audited 3-4 yrs. Ago	5
Audited within last 2 years	0

Total Risk Score - To obtain the total risk score for each auditable unit, C4IA took the auditable unit's survey scoring, multiplied it by the interview modifier, then added a financial significance score, and then added a last time audited factor. This is the **impact score** (x/horizontal axis).

The greatest possible total risk points is (30*5)(110%)+25 = 190.

The least possible total risk points is (10*1)(102%)+0 = 10.2 rounded to 10.

Finally, to help designate high, moderate, and low risk auditable units, C4IA used a formula with conditional formatting.

Internal Audit Plan Approval Process Flowchart

C4IA coordinates a risk assessment survey.

C4IA interviews a sample of key stakeholders to receive input into the annual risk assessment and internal audit plan and to discuss potential risks and controls implemented to mitigate those risks. The input from the interviewees is then scored as a multiplier of the risk assessment survey scores. Additional points are given for financial significance and the last time audited.

The draft annual internal audit plan and the results of the annual risk assessment are presented to Executive Audit and Governance Committee (EAGC) at the April meeting. EAGC and C4IA finalize the units to be audited over the next fiscal year based on review and discussion.

C4IA conducts internal audit projects in accordance with the approved internal audit plan.

AUDITABLE UNITS DEFINED

EXHIBIT D

Auditable Units
Summary Descriptions

1. **Athletics –** Athletics includes: Athletic Administration and general athletic operations; men's sports program, women's sports programs, Sports Information, sport camps, Marketing Department, Raider Athletics, Dance Team, Cheerleading, Sports Band, IFC Revenue Pool, Athletic Game Management, sports travel, and the Trainer department. Athletics is budgeted under Organization Codes 261100 through 270000.

2. **Bookstore (Barnes and Noble) –** This audit unit encompasses the outsourced bookstore operations and the contractual agreement with Barnes and Noble for outsourced bookstore services.

3. **Campus Public Safety Office (CPSO) –** CPSO provides a safe and secure environment for SOU students, employees and visitors to express freedom of intellectual growth and responsible global citizenship. CPSO is budgeted under Organization code 481000.

4. **Dean of Students, Gender & Sexuality Justice -** The Office of the Dean of Students, along with the various resource centers offered to students, helps to support the campus community and promotes individual student success and retention. This audit unit is budgeted under Organization Codes 510000 through 533000.

5. **Division for Business, Communications, and Environmental Science –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division for Business, Communications, and Environmental Science. This audit unit is budgeted under Organization Codes 354000 through 354030.

6. **Division of Education, Health, and Leadership –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division of Education, Health, and Leadership. This auditable unit is budgeted under Organization Codes 355000 through 355022.

7. **Division of Humanities and Culture –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division of Humanities and Culture. This auditable unit is budgeted under Organization Codes 356000 through 356022.

8. **Division of Science, Technology, English, and Math –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division for Science, Technology, English, and Math. This audit unit is budgeted under Organization Codes 357000 through 357025.

9. **Division of Social Sciences –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division of Social Sciences. This auditable unit is budgeted under Organization Codes 358000 through 358025.

10. **Division of Undergraduate Studies –** This auditable unit represents one of the seven academic divisions and includes all academic courses and financial transactions under the Division of Undergraduate Studies. This auditable unit is budgeted under Organization Codes 359000 through 359100.

11. **Enrollment Management and Student Affairs – Enrollment Management and Student Affairs helps to provide access to students interested in attending SOU.** Departments included in this unit include Veterans Services, Disability Resources, Recreation Center, Student Union, eSports Program, Career Fair, and Sign Interpretation. This audit unit is budgeted under Organization Codes 536010 through 544241 and includes 583000 through 586300, but excludes 543100 through 543761 and 544211.

12. **Environmental Health and Safety –** Environmental Health and Safety helps to ensure a SOU is safe for employees, students, visitors and the environment. Environmental Health and Safety is budgeted under Organization Code 482000.

13. **Equity, Diversity, and Inclusion (EDI)-** EDI is committed to promoting an inclusive process by working together to ensure equitable access to opportunities, benefits, and resources for all faculty, administrators, students, and community members. EDI is budgeted under Organization Codes 110021 and 321300.

14. **Facilities, Maintenance, and Plant (FMP) –** FMP strives to expertly maintain the SOU campus and provide exceptional services to support the education and development of SOU students. FMP includes surplus property sales, fleet management, and campus sustainability. FMP is budgeted under Organization Codes 471009 through 476400.

15. **Finance and Administration-** The Finance and Administration audit unit includes the Budget Office, Business Services, Departmental Services, the Service Center, Student Services, Printing & Copy Services, Mail Services, Campus Planning, and the budget for the SOU Board. Finance and Administration is budgeted under Organization Codes 422100 through 460910 and includes Organization Codes 476500, 484200, and 484210.

16. **Financial Aid Office (FAO) –** The Financial Aid Office assists SOU students with merit scholarships, departmental scholarships, and external scholarships. FAO is budgeted under Organization Codes 560000 and includes all Title IV financial aid and state aid funds. Note - The Internal Audit Office broke the Financial Aid Office out separately from Enrollment Management and Student Affairs as Financial Aid has unique federal regulations to comply with related to the handling of Title IV federal financial aid funds.

17. **Hannon Library –** SOU's Hannon Library is integral to the success of all learners at SOU. The Hanon Library helps to advance information literacy and lifelong learning by teaching diverse learners to navigate and understand increasingly complex information environments. The library is budgeted under Organization Codes 361100 through 366100 and 544211.

18. **Housing, Family Housing, and Food Services –** This audit unit includes Housing Administration, Housing Conferences, Residence Life, Food Services & Contracted Food Services, Residence Hall Maintenance, and the EAAC Bike Program. These functions are budgeted under Organization Codes 543100 through 543700 and 547100 and 336100.

19. **Jefferson Public Radio (JPR)-** The mission of the JPR is to help feed the human intellectual and creative spirit of Southern Oregon and Northern California communities striving to build a diverse community of informed citizens through fact-based journalism and programs that stimulate civic discourse, inspire community engagement, celebrate music and foster the art of storytelling. JPR is budgeted under Organization Codes 231000 through 237000.

20. **Office of International Programs –** International Programs is SOU's resource for international educational activities and works closely with faculty, staff, students, scholars, the local community, and international alumni in supporting initiatives to internationalize the university. This unit also is responsible for SEVIS compliance at SOU. International Programs is budgeted under Organization Code 325100.

21. **Office of Information Technology (IT) –** SOU IT helps to support students and employees with their technology needs at SOU. In addition to supporting students and staff, IT provides enterprise system support, cybersecurity and training, assistance with software and telecommunication needs, and general IT governance at SOU. IT is budgeted under Organization Codes 371000 through 378680.

22. **Office of Institutional Research –** The Office of Institutional Research provides timely and accurate statistical analyses that are integral to the strategic planning process for SOU including support for internal decision making and overall institutional effectiveness. The Office of Institutional Research is budgeted under Organization Code 255100.

23. **Oregon Center for the Arts**– This audit unit covers all academic departments under the Oregon Center for the Arts. This audit unit is budgeted under Organization Codes 335000 through 335013.

24. **Parking Services –** The Parking Services department provides parking services for the campus community through the use of creative, innovative and proactive measures that support the SOU mission. Parking Services is budgeted under Organization Code 483000.

25. **Payroll and Human Resources –** Payroll and Human Resources is part of the Division of Finance and Administration. Human Resources contributes to the educational mission of SOU by developing, implementing, and administering a wide range of personnel programs within the guidelines provided by State and Federal regulations, University Shared Services Enterprise, and SOU. Payroll functions as part of the broader Business Services Administrative Support Unit for SOU. Payroll is responsible for handling all aspects involving the processing of payroll for the campus, ensuring the accuracy of all compensation, deductions, benefits, the fundamental application of the collective bargaining agreements and complying with all State and Federal regulations. Payroll and Human Resources is budgeted under

Organization Codes 461000 through 464300. Note - The Internal Audit Office broke Payroll and Human Resources out separately from the Finance and Administration audit unit as Payroll and Human Resources have unique State and Federal regulations to comply with related to the hiring, employing, and paying for employee services at SOU.

26. **President's Office -** The President's Office includes Government Relations, the Office of General Counsel, and Internal Audit at SOU. The President's Office is budgeted under Organization Codes 110000 through 110070, but excludes 110021.

27. **Provost Office and Bridge Program –** The Provost Office plays a leading role in sustaining an environment of academic excellence at SOU with a strategic focus on the academic success of SOU students. The SOU Bridge Program is available to students graduating from an Oregon high school and is designed to help incoming students be successful via a pre-Fall session program. The Provost Office and Bridget Program is budgeted under Organization Codes 311000 through 313110, 321300 through 325999, and 359100; however, this audit unit excludes 313150 through 313207, 321300, and 323100.

28. **Registrar's Office and Admissions –** The Registrar's Office assists both the university and students with many different services including, but not limited to, student records, FERPA compliance, coordination of course schedules and the course catalog, and review of graduation requirements for students. The Admissions Office assists students interested in attending SOU with the application process. The Admissions Office also provides resources to the parents of students interested in SOU or students attending SOU. The Registrar's Office and Admissions is budgeted under Organization Codes 351000 through 352000.

29. **Schneider Museum of Art –** The Schneider Museum of Art, part of the Oregon Center for the Arts at SOU, is a vital force in the intellectual life of SOU that promotes an understanding of the visual arts within a liberal arts education. The Schneider Museum of Art is budgeted under Organization Code 380000.

30. **Student Activities and Clubs –** Student Activities and Clubs serve as a means to connecting with other students, providing leadership development and opportunities, appreciating diversity, encouraging civic engagement, and enhancing students' college experience.

Student Activities and Clubs is budgeted under Organization Codes 544242 through 544810.

31. **Student Health and Wellness Center –** The Student Health and Wellness Center provides access to a wide range of health services including primary medical care, mental health care, psychiatric care, preventive services and campus-wide health promotion. The Student Health and Wellness Center is budgeted under Organization Code 570000.

32. **Title IX –** SOU is committed to a timely, thorough and thoughtful response to concerns of alleged equity violations. SOU is also committed to providing an educational environment that is safe and accessible to all. In addition, SOU values due process, clarity of procedure and strives to ensure equal access for all members of the campus community. Title IX is budgeted under Organization Code 465000**.**

33. **University Advancement and Grants Administration –** University Advancement and Grants Administration helps SOU with donor and alumni relations and the administration of state, federal, and local grants that SOU may receive. University Advancement and Grants Administration is budgeted under Organization Codes 210000 through 220000 and 323100**.**