

## **Audit Division**

The [MIT Audit Division](#) serves the MIT Corporation Risk and Audit Committee (Committee) and Institute management by providing assurance and advice to management on the processes that achieve the Institute's mission and recommending improvements.

The division delivers audit and advisory services to provide confidence that MIT is:

- Following processes that are compliant with policies, laws, regulations, and contracts
- Presenting information that is accurate and reliable
- Keeping assets safe
- Managing resources efficiently and economically
- Adhering to ethical practices

These services evaluate academic, research, and administrative processes, and include support to the annual financial statement audit conducted by PricewaterhouseCoopers.

### **Accomplishments and Highlights**

The division met its overriding goal for the 2021 Plan to deliver clear and impactful evaluations and advice with value added recommendations in consideration of the dynamic environment of change created by the pandemic. It completed the fiscal year 2021 plan of audit and advisory engagements despite moderate client delays as Institute management focused attention on more immediately pressing needs arising from the Covid-19 threat during the fiscal year. Division operations successfully continued throughout FY2021 in a fully remote mode according to Institute guidance. Occasional opportunities for onsite fieldwork presented, for which access authorization was granted. Throughout the year, division management purposefully reached out to constituents across the Institute to understand pandemic impacts to operations and identify areas for division support.

### **Quality Assurance Improvement Program**

In addition to regular standards update and deliverable review activities, a series of voluntary discussions for staff provided an opportunity for exchanges on specific topics designed to enhance staff understanding of audit processes, inform audit management decisions, and increase the division's effectiveness. Examples of discussion topics include critical thinking models and assessing design effectiveness of controls. Division manager level meetings also engaged conversation on audit practices and data integrity. Project work focused on updating audit methodology, refreshing the format and content of the customer satisfaction survey customarily sent to line management at the close of assurance and advisory engagements, and developing dashboards for audit results and productivity.

Professional standards promulgated by the Institute of Internal Auditors (IIA) and adhered to by the division require the conduct of a quality assessment review (QAR) once every five years by a qualified independent assessor. The last QAR on behalf of the division was performed in April 2016. Audit management planned to engage a subsequent evaluation for the spring of 2021 but decided to defer this activity to spring 2022 in light

of significant management effort toward the implementation of a new audit system of record coupled with senior management attention focused on efforts to return to campus. Consultation with the IIA highlighted that a reasonable delay of a QAR (up to a year) would not impact the division's ability to continue to perform under the International Standards for the Professional Practice of Internal Auditing (Standards) or state so in division reports; the division maintained a robust QAIP that included ongoing monitoring and internal periodic assessments, which is a key measure reflecting overall conformance.

### **Transition to New Audit System of Record**

As management and reporting needs continued to evolve, the division decided to replace the 16-year-old audit software application. After thorough research and benchmarking with colleague research universities and Boston companies, AuditBoard, a software as a service, was selected. AuditBoard was identified as a robust governance, risk and compliance (GRC) option offering a dynamic operational audit module coupled with built-in dashboards and automated workflow offering the potential to interface with audit clients. Implementation began in the spring, and formal cutover was anticipated in September 2021. Implementation presented opportunity to further reengineer engagement processes to enhance efficiency and ensure continued compliance with the Standards.

### **Risk Assessment for 2022 Audit Plan**

The 2022 Plan was developed through the efforts of the division management team and senior auditors based on interactions with campus and Lincoln Laboratory management and staff during the year, prior year audit findings/coverage, visiting committee reports, information and insights from peer higher education internal audit organizations, and continuous monitoring of external forces and issues in higher education. Management considered risks identified in the Top Risk Dashboard compiled by Risk Management and Compliance Services, strategic plans and significant initiatives of the Institute, and expected and unexpected effects of Covid-19–related decisions that could adversely affect internal control processes. Plan input included management discussions held quarterly with Risk Management and Compliance Services. Division management purposefully deferred 2022 Plan discussions with campus stakeholders so as not to interfere with Covid-19 rapid response. Engagements planned for FY2022 included assessments in operational areas where policies and procedures were written or refreshed to direct operations in remote and in-person work modes.

### **Lincoln Laboratory Audit Services Alignment Elevated**

For many years, the Lincoln Laboratory Audit Services (LLAS) team has been aligned with the Financial Services Department at the laboratory. In December 2020, LLAS alignment was elevated to the newly formed Ethics and Compliance Assurance Office (ECAO), which operates under the Director's Office. The ECAO serves as the primary Lincoln Lab liaison to and interface with LLAS; the ECAO facilitates the coordination of planning for, conduct of, and management responses to LLAS engagements.

### **Departmental and Staff Transitions**

Nichole Valois, senior auditor for the campus audit services team, left the division in November 2020. Valois had been with the division for about seven years.

Antwon Ward, senior auditor for the LLAS team, left the division in March 2021. Ward had been with the division for more than 12 years.

At the close of the fiscal year, three and a half senior internal auditor positions remained open as the Institute closely monitored hiring during the pandemic emergency: one and a half on campus and two at Lincoln Lab.

### **Professional Development and Certification**

Professional standards required a continuous level of professional development to ensure competence and enhance proficiency. Management worked with each staff member to ascertain individual needs for growth and development and planned training accordingly; staff attended various conferences, seminars, and webinars. A full day of management training on the theme Beginning with the End in Mind: Maximizing Effectiveness within the Audit Plan Cycle was offered. Two members of the management team attended Audit Beyond, a conference hosted by AuditBoard, an industry premiere event focused on GRC. With business travel suspended due to Covid, the division proactively acquired an online subscription to the cRisk Academy which was accessible remotely and available 24/7 to all staff and featured training tracks on a wide range of topics related to audit, risk, governance, and information technology.

Professional certification for staff members was held out as a goal and maintained through a program for personal professional development. The division held 21 certifications collectively. Two senior auditors, Jie Jiao and Edgar Berrios, earned the Certified Internal Auditor designation.

One way internal auditors stayed informed about improvements and current developments in internal audit standards, procedures, and techniques was by volunteering in professional organizations and presenting at conferences and seminars. Michael Moody, Institute auditor, served on the Association of College and University Auditor's (ACUA's) Membership Committee. Moody also served as an ACUA mentor for the third time.

Presentations and participation included the following:

- “Keys to Prudent Fiscal Management” by Kallie Firestone, Michelle Jackson, Michael Moody, and Carter Stubbs to administrators in the School of Humanities, Arts, and Social Sciences; Schwarzman College of Computing; School of Science; School of Architecture and Planning; School of Engineering; and the Working Group for Support Staff
- “Fall 2020 Salary Certification Survey Results” by Kallie Firestone and Michelle Jackson to the Research Administration Coordinating Council

Martha Jane Gagnon and Michelle Jackson attended the Ivy+ Audit Direct Reports two-part conference virtually hosted by Columbia University in October and February. Subsequently, Columbia hosted two virtual working group meetings which Martha Jane Gagnon, Michelle Jackson and Carter Stubbs attended to discuss data analytics and audit universe development. Tara Fournier and Martha Jane Gagnon attended the Federally Funded Research and Development Center Audit Consortium annual meeting hosted by the Applied Physics Laboratory in May. Michael Moody virtually participated in a research roundtable hosted by Duke University in March.

## Institute Activities

MIT's governance structure was supported by a strong system of committees and councils. The Division's participation in these groups presented another opportunity to engage internal control expertise. It provided access to venues where information and opinions were shared openly and promoted trusting relationships with administrators at all levels.

Michael Moody served on the following Institute standing committees: Advisory Committee on Research Administration; Budget and Finance Steering Group; Policy and Procedures Coordinating Group of the International Coordinating Committee; Research Administration Coordinating Council; Risk and Compliance Advisory Team; and was a standing guest of the Information Technology Governance Committee. He also served on the ad hoc Data Classification Working Group and regularly attended the Institute's COVID update meetings.

The division continues to support the data analysts and data scientists group for administrative staff across the Institute to connect and share thoughts and experiences on leveraging data within local areas. The leaders have regrouped and plan a relaunch, having gained additional support and involvement from new areas around MIT. The group continues to build a community of administrative data professionals at MIT, dismantle departmental barriers, advance analytics and data practices at an Institute level, and support related professional development opportunities.

The campus audit services information technology (IT) team continued to meet with a local group of four other IT audit teams across higher education peer institutions located within and around Boston. The group meets quarterly to discuss relevant topics and share ideas that have benefitted audit work.

As a Leader 2 Leader alumna, Martha Jane Gagnon participated in alumni programming. On a rotational basis, division staff attended faculty meetings throughout the academic year and shared takeaways at staff meetings.

**Michael J. Moody**  
**Institute Auditor**