Audit Division

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

AD 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

AD completed the fiscal year 2020 plan of audit and advisory engagements despite moderate client delay as Institute management focused attention on more immediately pressing needs arising from the COVID-19 threat during the final quarter of the fiscal year. AD operations were successfully shifted remotely in mid-March upon the onset of the pandemic.

Quality Assurance Improvement Program

In addition to regular standards update and deliverable review activities, a series of voluntary discussions for the staff continued to provide an opportunity for exchanges on specific topics designed to enhance staff understanding of audit processes, inform AD management decisions, and increase AD's effectiveness. AD manager level meetings also focused on audit practices and data integrity. The process for compilation of reportable audit results data for periodic Corporation Risk and Audit Committee meetings was refined to ensure accurate trends and comparisons with prior years.

Support to Infrastructure for Technical Excellence Team

In the spirit of ensuring comprehensive technical infrastructure support, a newly formed team was positioned to coordinate technical support delivered to AD stakeholders, distribute and balance ownership of team responsibilities and activities, communicate initiatives and efforts to ensure stakeholder awareness and optimize effectiveness, and document team tasks. The team was composed of members representing all staff levels and AD functions, and guaranteed support to the audit system of record, coordination with centralized support, adequate security measures in place, and management of hardware, software, licenses, and related vendors.

Strategic Development Plan

Efforts continued throughout the year toward accomplishments supporting the AD strategic development plan. Upon the transition to remote work operations, AD management compiled a project list to organize efforts to enhance audit processes as well as update standards and guidance documentation, begin preparation for an intended quality assessment review by an independent party in calendar year 2021, and support staff members with availability in pandemic transition. In support of the pillar of Institute engagement within the strategic development plan, AD also prepared two posters for the annual fall poster session sponsored by the executive vice president and treasurer, entitled "A Spoonful of Sugar—Tips to Stay Healthy, in Compliance and in Control," and "Lincoln Laboratory Audit Services Does What?"

Risk Assessment for 2021 Audit Plan

The 2021 plan was developed through the efforts of the AD management team and senior auditors based on interactions with campus and Lincoln Laboratory management and staff during the year, prior years' audit findings and coverage, visiting committee reports, information and insights from peer higher education internal audit organizations, and continuous monitoring of issues in higher education. Unlike prior years, AD management made a conscious decision to defer 2021 plan discussions with campus management in order not to interfere with rapid response to the COVID-19 threat; planning meetings with Lincoln Laboratory management proceeded at management's request.

Departmental and Staff Transitions

Prachee Kulkarni, senior internal auditor for the campus team, joined the AD in October 2019 with more than seven years of financial, operational, and information technology audit experience in public accounting and the retail sector. Kulkarni holds a bachelor of science degree in accounting and a master's degree in accountancy, and has earned the certified public accountant and certified information systems auditor designations.

Edgar Berrios, senior internal auditor for the campus team, joined the AD in April 2020 with more than 14 years of audit, risk management, and compliance experience in several industries, including financial services, nonprofit, insurance, and public accounting. Berrios holds a bachelor of science degree in business administration with a concentration in accounting, and has earned the certified internal auditor and certified fraud examiner designations.

Vesna Zaccheo, senior audit services manager for the campus audit services team, retired from the AD in January 2020. Zaccheo had been with the AD for over 19 years.

Martha Jane Gagnon, associate audit director, was given increased responsibilities and named senior associate audit director. Carter Stubbs, audit supervisor on campus, was promoted to audit services manager, information technology and advisory services on campus. Michelle Jackson, audit supervisor at Lincoln Laboratory, was promoted to audit services manager at Lincoln Laboratory, and later transferred to campus as audit services manager, compliance and operations. Tara Fournier, senior auditor at Lincoln Laboratory, was promoted to audit supervisor at Lincoln Laboratory.

At the close of the fiscal year, a senior internal auditor position at Lincoln Laboratory and a 50% full time equivalent remained open as a result of the hiring freeze imposed across the Institute during the pandemic emergency.

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; and AD staff attended various conferences, seminars, and webinars. All staff training on the theme of maximizing effectiveness in the MIT community was offered in the following three segments: Clifton Strengths Based Finder focused on drawing out individual competencies; equity and diversity oriented bias training, entitled Making the Unconscious Conscious; and Leveraging Generational Differences and Relationship Management, which surveyed the most effective approaches and impactful values held by the workforce generations to better understand audit approach. The last training session was also offered to internal audit colleagues from neighboring universities on the MIT campus.

Professional certification for staff members was held out as a goal and maintained through a program for personal professional development. AD held 22 certifications collectively.

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 as the Association of College and University Auditor's (ACUA) liaison to the Council on Government Relations in which capacity he participated on the Costing Policies Committee. Moody also served as an ACUA mentor for the second time. Kallie Firestone, senior compliance specialist, served on the Educational Scholarship Fund committee for the National Council of University Research Administrators.

Presentations and participation included the following:

- "Becoming a Trusted Advisor by Branding Your Audit Department," by Moody at two annual industry conferences: one was hosted by ACUA, known as AuditCon, and the other by the MIS Training Institute, known as Audit World

- "Research Compliance in a Decentralized Environment," by Firestone and Zaccheo at AuditCon

- "Internal Audit at MIT," by Moody at the School of Engineering Junior Faculty Luncheon, and two additional presentations by Moody and Firestone to the School of Engineering administrators and Civil and Environmental Engineering administrators, titled "Site Visit: Recurring Themes and Five Keys to Prudent Fiscal Management"

- "Audit Division Site Visits," by Moody and Firestone for the Research Administration Coordinating Council

- A presentation to administration and faculty in the Department of Physics on the topic of research administration practices and related controls by Firestone, Stubbs, and Zaccheo

In June, the *College and University Auditor* journal published an article written by AD staff that featured the content of an earlier conference presentation by AD staff, entitled "Auditing Makerspaces on Campus." For the second time, the AD hosted the IVY+ Data Analytics conference, with over 16 participants from 14 institutions participating. Gagnon attended the Ivy+ Audit Direct Reports conference hosted at Vanderbilt University in October. In December, AD planned and hosted a continued telephonic meeting with the Pentana Northeast Higher Education User Group, which was attended by six other regional schools to discuss audit management solution best practices, synergies, and challenges. 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 AD'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.

Moody served on the following Institute standing committees: Advisory Committee on Research Administration; Budget and Finance Steering Group; the Data Classification Working Group; Payment Card Industry Sponsors; 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.

AD continued to support the Data Analysts and Data Scientists group for administrative staff across the Institute whose primary responsibilities encompass all things data. The group's mission was to build a community of administrative data professionals at MIT, break down departmental walls, advance analytics and data practices at an Institute level, and support related professional development opportunities. The group grew to 26 members over two years.

The AD information technology (IT) audit team initiated a local gathering of IT audit professionals from five peer institutions. The group met quarterly to discuss relevant topics and shared experiences, and planned to continue meetings accordingly.

In May, the MIT 2020 team organized and hosted interactive online charrettes open to staff, students, and faculty to think though academic options for fall 2020 within the COVID-19 realm. Gagnon acted as notetaker for two of the sessions.

Michael J. Moody
Institute Auditor