Internal Audit Update

April 10, 2026

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Agenda

Action Item: Approval of the Internal Audit Annual report

Discussion

- Enterprise Risk Management (ERM) Program Update
- 2026 Audit Plan Overview

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Enterprise Risk Management Program Update

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ERM Program Overview

2022 | 2023 * | 2024 * | 2025 * | 2026

First ERM Risk Assessment Completed

Phase 4 Reviews

- Athletics Compliance
- Campus Safety
- Distributed IT
- IT Vendor Management
- IT Cyber & Data Security
- Enrollment
- Insurance
- Legal Compliance
- Power Plant Ops
- Research Governance, compliance and security

Phase 4 Reviews

- Student Athlete Safety and Care
- Data Governance
- Data Security and Handling (Research)
- University System Strategy
- Indianapolis Expansion
- IT Governance
- Research governance, compliance and security

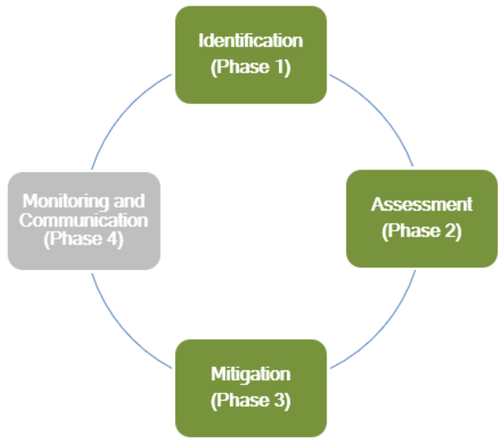
Focus shifted to ERM follow-up, remediation support/consulting

Remediation support in advisory role

Phase 4 Reviews

- Research Funding
- IT Governance and Infrastructure
- Student Athlete Mental Health

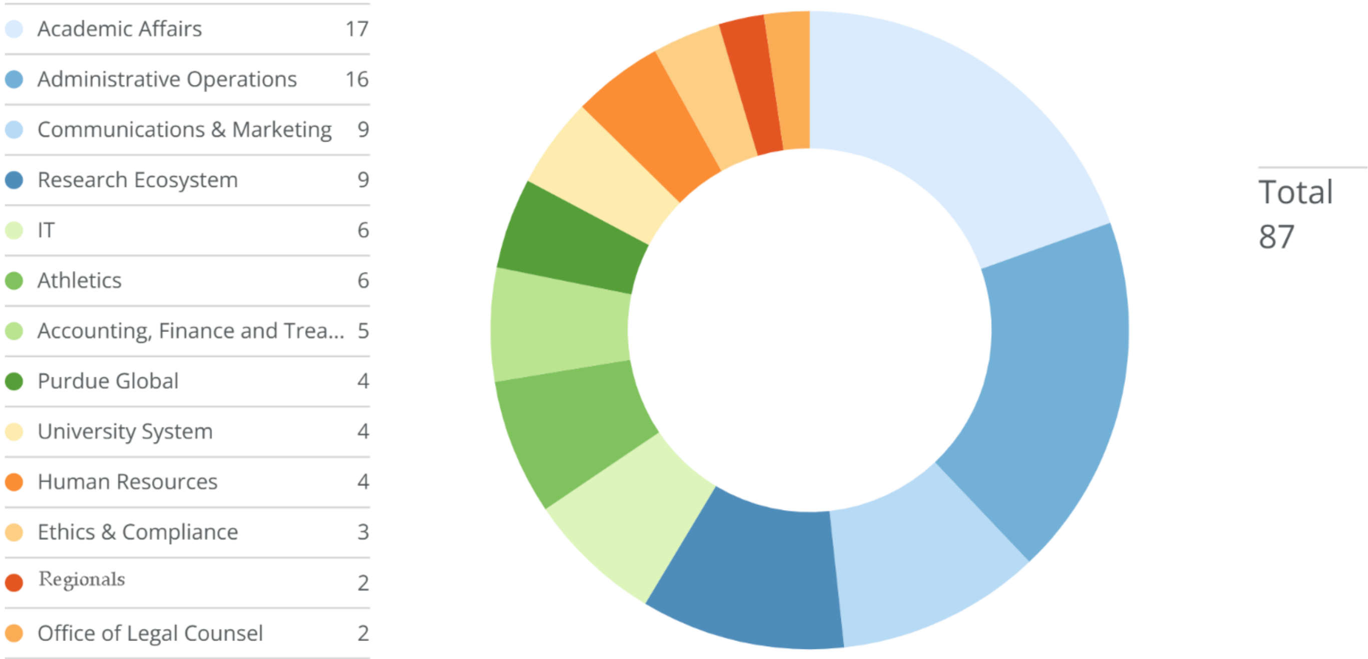
TODAY



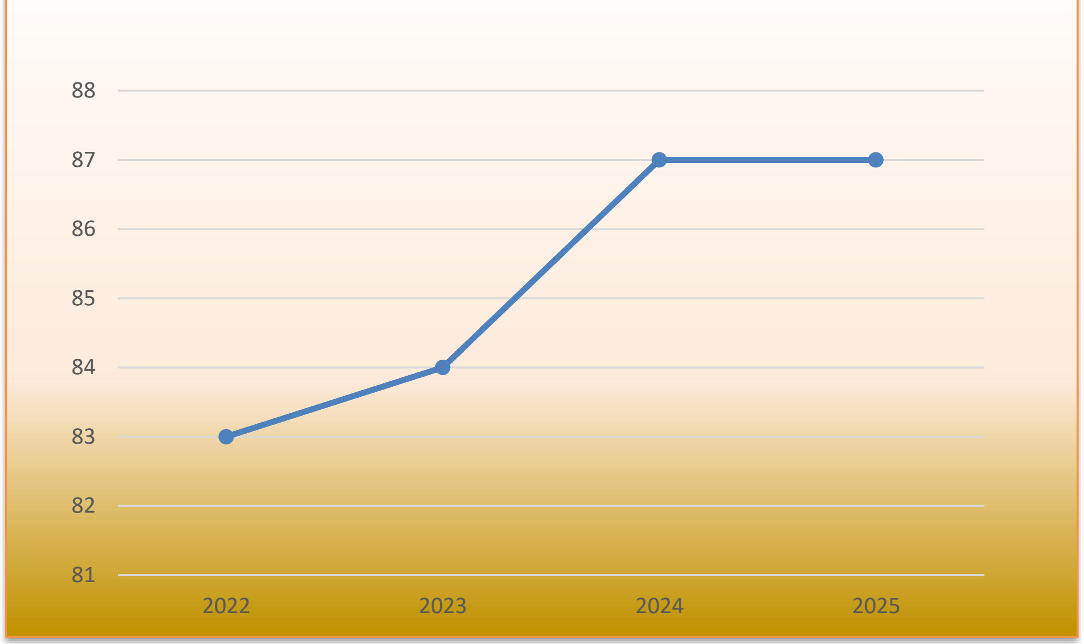
* *Annual ERM risk assessment completed*

2025 ERM Risk Assessment Results - Overview

Risk Count by Functional Area



Year over Year Risk Universe Count*



87 total risks and assessments confirmed with risk recorders and functional area leadership for the 2025 ERM risk cycle; no change in net risks from the 2024 cycle

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2025 ERM Risk Assessment - What changed from 2024?

Risk Modifications

Risk Title	*Prior Score*	*New Score*	*Updates*
Asset Release & Modification	5	**6**	Changed from “Asset Release” to “Asset Release & Modification” to include risk of inappropriately modified assets (AI modifications).
Capital Programs incl. Future R & R	4	**8**	Changed from “Capital Programs” to “Capital Programs including Future Repair & Rehabilitation” to include risk of future R&R (i.e. deferred maintenance).
Faculty Partnership	6	**4**	Changed from “Shared Governance” to “Faculty Partnership” to align with regulatory updates contained in the Indiana Budget Bill
International Travel Programs Management	7	**8**	Changes triggered by the 2025 visa/vetting changes and elevated chance of operational disruption.
Modern College Athletics Era Operational and Financial Model	6	**8**	Changes triggered by the 2025 House vs. NCAA settlement
Research Funding	5	**9**	Significant shifts/volatility of federal funding, government shut-down/uncertainty

Looking Ahead

- **Value and Engagement**: Engaging more closely with all university entities and tailoring risk assessment criteria
- **Proactive and Agile Approach**: Creating a system to monitor risks and pilot key risk indicators

2026 Audit Plan Overview

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2026 Audit Plan Summary

- ERM work complements the Audit Plan, addressing top risks
- 15% of projects are advisory
- 27% IT, 49% Integrated Operational, 10% Compliance and 15% Financial

- Audit projects align with risk drivers
- Projects derived from the 2025 ERM assessment.
- Of the 41 projects: 35% address Top12, 15% external audit support, 12% IT top risks, 29% Moderate risks and 12% relate to strategic programs