What Makes a Successful Audit?
Criteria:

- Successful partnership with department staff
  - Timely delivery of information
  - Being prepared to meet with audit team
  - Setting meeting expectations
  - Asking questions

- Project completed within negotiated time frame

- Timely communication by Internal Audit of any observations and recommendation and by management for responses/action plans
Audit Steps
Audit Introduction

• Area Management will receive an email informing them of the upcoming audit.
Introduction Meeting

- An Audit Introduction Meeting is held with area management and the audit team.
- The purpose of this meeting is to:
  
  - Conduct Introductions.
  - Determine key processes and controls that should be included as part of the review.
  - Discuss any areas that should be provided with special attention.
Planning

• During Planning:

  Research to Gain Understanding of Area

  Identify Controls

  A Preliminary Assessment of the Adequacy of Existing Controls is in Progress

• Documentation will be requested and meetings will be held between members of the audit team and area management and staff, to gather information about the area being audited.
Audit Scope

• Once planning has been completed:
  • Engagement level risk assessment will be conducted by the audit team to determine the focus of the audit.
  • The focus of the audit is communicated to area management through an Audit Objectives Memo.

• Agreement is Reached
• Timeline of Audit Determined
Fieldwork

Consists of:
- Talking with area staff
- Testing for compliance with applicable university policies and procedures and laws and regulations
- Assessing the adequacy of internal controls
Communication

• Throughout fieldwork, the audit team will discuss any potential findings with area management as they arise.

• In addition, area management and the audit team will conduct a mid-audit meeting to confirm known findings and provide a status of the audit.
Audit Completed

• Hold an Exit Meeting to:
  • Discuss and Concur on Audit Findings
  • Preliminary Discussion on Next Steps and Action Plans
  • Answer Questions
Audit Report

• After the exit meeting, the audit team will draft an audit report.

• This report consists of:
  • Distribution List
  • General overview of the area
  • Purpose and scope of the audit
  • Overall conclusion
  • Details describing the findings and recommended solutions

• This will be presented to area management for their review and comments.
Report Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>• No significant observations noted.</td>
</tr>
<tr>
<td></td>
<td>• Control environment appears sound.</td>
</tr>
<tr>
<td></td>
<td>• High level risks are adequately controlled.</td>
</tr>
<tr>
<td>Effective with opportunity for improvement</td>
<td>• Minor observations and/or opportunities for improvement were noted.</td>
</tr>
<tr>
<td></td>
<td>• Control environment appears otherwise sound.</td>
</tr>
<tr>
<td></td>
<td>• High level risks are adequately controlled.</td>
</tr>
<tr>
<td>Insufficient and requires improvement</td>
<td>• At least one noted observation is rated as “High”.</td>
</tr>
<tr>
<td></td>
<td>• Control environment requires improvement.</td>
</tr>
<tr>
<td></td>
<td>• Some high level risks are not adequately controlled.</td>
</tr>
<tr>
<td>Not adequate</td>
<td>• Requires senior management’s immediate attention.</td>
</tr>
<tr>
<td></td>
<td>• Lack of attention could lead to significant losses.</td>
</tr>
<tr>
<td></td>
<td>• Control environment considered unsound.</td>
</tr>
</tbody>
</table>

Reports are rated according to the following criteria:
Response

- Once the report is finalized, if needed, the audit team will request management response:
  - Action plan to correct the problem
  - Plan owner
  - Expected completion date
Report Distribution

• Copies of the audit report are sent to:
  • Area management
  • President
  • Executive Vice President
  • Financial Vice President
  • General Counsel
  • Others, depending on the type of audit
Feedback/Survey

- After the final report is issued, a survey will be provided to the auditee in which they can provide feedback regarding their recent audit experience.
Audit Committee

• A summary of the audit report is provided to the Finance and Audit Committee.
Follow-up

• Follow-up will occur after the expected completion date.
  • Auditor may email to verify that area management has implemented the agreed-upon corrective actions.

• Auditee can submit notification and/or evidence of Audit results

• Internal Audit will then update the board on the issues.