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.
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>
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<tbody>
<tr>
<td><strong>Effective</strong></td>
</tr>
<tr>
<td>• No significant observations noted.</td>
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<tr>
<td>• Control environment appears sound.</td>
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<tr>
<td>• High level risks are adequately controlled.</td>
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<tr>
<td><strong>Effective with opportunity for improvement</strong></td>
</tr>
<tr>
<td>• Minor observations and/or opportunities for improvement were noted.</td>
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<tr>
<td>• Control environment appears otherwise sound.</td>
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<tr>
<td>• High level risks are adequately controlled.</td>
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<tr>
<td><strong>Insufficient and requires improvement</strong></td>
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<tr>
<td>• At least one noted observation is rated as “High”.</td>
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<tr>
<td>• Control environment requires improvement.</td>
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<tr>
<td>• Some high level risks are not adequately controlled.</td>
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<tr>
<td><strong>Not adequate</strong></td>
</tr>
<tr>
<td>• Requires senior management’s immediate attention.</td>
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<tr>
<td>• Lack of attention could lead to significant losses.</td>
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<tr>
<td>• Control environment considered unsound.</td>
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</tbody>
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*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
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.
• In the future, auditee will have opportunity to provide feedback to each auditor.