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:
  
  1. Research to Gain Understanding of Area
  2. Identify Controls
  3. 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

- **Effective**
  - No significant observations noted.
  - Control environment appears sound.
  - High level risks are adequately controlled.

- **Effective with opportunity for improvement**
  - Minor observations and/or opportunities for improvement were noted.
  - Control environment appears otherwise sound.
  - High level risks are adequately controlled.

- **Insufficient and requires improvement**
  - At least one noted observation is rated as "High".
  - Control environment requires improvement.
  - Some high level risks are not adequately controlled.

- **Not adequate**
  - Requires senior management’s immediate attention.
  - Lack of attention could lead to significant losses.
  - Control environment considered unsound.
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
  • University Controller
  • 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.
Feedback/Survey

• In the future, auditee will have opportunity to provide feedback to each auditor.