Internal Audit at the University of Utah
Internal Audit

Activity and Coordination at the University of Utah
Utah Internal Audit Act

63I Chapter 5 Part 2(3)(a)
The University of Utah...shall establish an internal audit program under the direction of the Utah Board of Higher Education.

USHE Internal Audit Program

R567-4.1
Internal audit activities shall comply with IIA Standards.
Governance (Standard 2110)

• The internal audit activity must assess and make appropriate recommendations to improve the organization’s governance processes for:
  • Making strategic and operational decisions.
  • Overseeing risk management and control.
  • Promoting appropriate ethics and values within the organization.
  • Ensuring effective organizational performance management and accountability.
  • Communicating risk and control information to appropriate areas of the organization.
  • Coordinating the activities of, and communicating information among, the board*, external and internal auditors, other assurance providers, and management.

* “Board” in the Standards may refer to a committee or other body to which the governing body has delegated certain functions. The University of Utah has multiple boards that have delegated authority. Examples include the Board of Trustees Audit Committee and the Board of Directors of University of Utah Health.
Three Types of Audit Activities

• Assurance Services (Audits)

• Consulting Services

• Investigations
Auditing Services and Standards

• Assurance services involve the internal auditor’s objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters.

• The internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually. (Standard 2010.A1)

• The input of senior management and the board must be considered in this process. (Standard 2010.A2)
The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the:

- Achievement of the organization’s strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts. (Standard 2130.A1)
Consulting Services

• Consulting services are advisory in nature and are generally performed at the specific request of an engagement client.

• The nature and scope of the consulting engagement are subject to agreement with the engagement client.

• When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.
Consulting Standards

• The chief audit executive should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value, and improve the organization’s operations. (Standard 2010.C1)

• Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client. (Standard 2210.C1)

• Consulting engagement objectives must be consistent with the organization's values, strategies, and objectives. (Standard 2210.C2)
The Internal Audit activity should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

Internal providers include oversight functions that either report to senior management or are part of senior management. Their involvement may include areas such as:
- environmental,
- financial control,
- health and safety,
- IT security,
- legal,
- risk management,
- compliance, or
- quality assurance.
Coordination and Reliance (continued)

• Internal Audit leadership should meet with each of the providers to gather sufficient information so that the organization’s assurance and consulting activities may be coordinated.

• Examples of coordinating activities include:
  • Synchronizing the nature, extent, and timing of planned work.
  • Ensuring a common understanding of assurance techniques, methods, and terminology.
  • Providing access to one another’s work programs, workpapers, and reports.
  • Relying on one another’s work to minimize duplication of effort.
  • Meeting intermittently to determine whether it is necessary to adjust the timing of planned work, based on the results of work that has been completed.
Maintaining Independence

• Impairment to organizational independence may include, but is not limited to:
  • personal conflict of interest;
  • scope limitations;
  • restrictions on access to records, personnel, and properties;
  • and resource limitations, such as funding.
Maintaining Objectivity

• Impairment to individual objectivity may include, but is not limited to:
  • An internal auditor audits an area in which he or she recently worked.
  • An internal auditor audits an area where a relative or close friend is employed.
  • An internal auditor assumes, without evidence, that an area being audited has effectively mitigated risks based solely on a prior positive audit or personal experiences (e.g., a lack of professional skepticism).
  • An internal auditor modifies the planned approach or results based on the undue influence of another person, often someone senior to the internal auditor, without appropriate justification.
Hotline Reporting

• The internal Audit Department is responsible for managing the University’s ethics and compliance hotline:

  http://www.ethicspoint.com/
  (888) 206-6025

• Internal Audit investigates issues of fraud, waste, abuse, and noncompliance, when applicable.
• Reports are referred to other internal assurance providers when the complaint is within their area of responsibility.
Hotline Reporting

• The USHE Internal Audit Program (R567) requires the Chief Audit Executive or Vice President of Finance notify the Board of Regents audit manager regarding apparent fraud or misconduct with any of the following attributes:
  • significant embezzlement, theft, or other fraud;
  • concerns that may damage an institution’s reputation;
  • apparent misuse of institutional resources of at least $25,000;
  • issues that may be covered by the media; or
  • any other issue that requires attention from the Board of Regents or the Commissioner.