

# **Internal Audit**

Office of Internal Audit

## **Introduction**

To provide independent, objective assurance and consulting services designed to add value and improve the University's operations. To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Services provided by the Office of Internal Audit indirectly effect the student environment.

## Performance Objective 1 Improve coverage of risk assessment.

### 1 Assessment and Benchmark

Benchmark: A Risk Assessment matrix is used to assess the audit universe (all possible auditable areas). A systematic evaluation of each auditable area is followed resulting in an overall risk level. This matrix is used to determine what audits will be included in the annual audit plan. Internal Audit will set a goal of including at least eight high risk audits in the annual audit plan.

Annually, a scheduled audit plan is created using the above risk assessment matrix. This audit plan outlines scheduled audits, however is flexible enough to allow for unexpected modifications.

#### 1.1 Data

Academic Year	# of new audits in annual audit plan	# of follow up audits in annual audit plan
2013-2014	4	3
2014-2015	2	3
2015-2016	4	2
2016-2017	4	4
2017-2018	7	2

2016-2017:

The annual audit plan consisted of four new audits to be conducted plus four follow-up audits of which all were considered high risk areas based on the risk assessment matrix.

Six audits were completed during the 2016-2017 year. Of the six audits completed, two audits were from the 2015-2016 plan year, three were planned follow-up audits, and one was an unplanned audit. Also, two additional audits began during the 2016-2017 year and are currently in progress. In addition to the performance of audits, Internal Audit has performed many research and consulting tasks to assist MSU management in their daily operations, serves as the campus ethics liaison providing guidance regarding compliance issues or concerns, maintains the campus reporting hot-line, and undergoes continual professional training.

2017-2018: The annual audit plan consisted of seven new audits to be conducted plus two follow-up audits of which all were considered high risk areas based on the risk assessment matrix. In addition, two audits were carried forward from the previous audit plan.

Two audits were completed during the 2017-2018 year. Two audits are currently in progress. Several reasons contributed to the delay of the in audit completions. The Director of Internal Audit hired an additional Internal Auditor at the end of the 2016-2017 and has spent time training and getting this person acclimated to the auditing processes, a substantial amount of time was designated to research new auditing software and sitting through demos, training, etc., and the Quality Assurance and Improvement Program Self Assessment with Validation designated time was greatly understated due to the expansion of the assessment procedures which were unknown to IA at the time. The 2018-2019 audit plan has been reduced to designate time to properly setup the new audit software so that we can expand upon the methods for risk assessment. Upon completion of this process, the office of Internal Audit will have better efficiencies, communication, and documentation of processes.

#### 1.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Internal Audit is in the process of purchasing a software program that has a built in risk assessment tool. This software will allow for a more efficient evaluation of both Enterprise as well as Engagement Risks for determining areas of needed audit focus. Again, this will assist in improving efficiencies of the office.

The 2017-2018 audit plan includes two audits from the previous year, six new audits and has two listed follow-up audits. In addition, the Quality Self Assessment & Validation review will be performed along with other administration, research, consulting, and training responsibilities.

2017-2018:

Internal Audit purchased AutoAudit and is currently in the process of setup and implementation. The 2018-2019 audit plan has been reduced to allow for more time to be designated to the lengthy setup time in order to properly utilize the risk assessment tools.

## Performance Objective 2 Improve oversight controls and efficiencies on campus.

### 1 Assessment and Benchmark

Benchmark: 100% of the management survey results to score a category of "good" or higher in the following areas:

- Accountability:
  - The internal audit activity assesses the adequacy and effectiveness of the University's processes for controlling its activities and managing its risks.
  - Reports significant issues related to the processes for controlling the activities of the University and its affiliates, including potential improvements to those processes, and provides information concerning such issues through resolution.
  - Periodically provides information on the status and results of the annual audit plan and the sufficiency of department resources.
  - Coordinates with other control and monitoring functions (risk mgmt, compliance, security, legal, external audit).
- Responsibility:
  - Evaluates and assesses significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion (#18).
  - Assists in the investigation of significant suspected fraudulent activities within the University and notifies management and the audit committee of the results (#19).
  - Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each audit engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement (#20).

#### 1.1 Data

Accountability:

Year	% scoring good or higher in all of the categories	Average score
2013-2014	91.67%	3.67/4.00
2014-2015	100%	4.00/4.00
2015-2016	67%	3.25/4.00
2016-2017	100%	3.14/4.00
2017-2018	100%	3.33/4.00

Mission and Scope of Audit Work:

Year	% scoring good or higher in all of the categories	Average score
2013-2014	95.83%	3.83/4.00
2014-2015	100%	4.00/4.00
2015-2016	75%	3.22/4.00
2016-2017	100%	3.50/4.00
2017-2018	100%	3.25/4.00

Responsibility:

Year	% scoring good or higher in all of the categories	Average score

2013-2014	83.3%	3.67/4.00
2014-2015	100%	4.00/4.00
2015-2016	67%	3.33/4.00
2016-2017	100%	3.00/4.00
2017-2018	100%	3.44/4.00

[2018\\_Management Survey Results](#) [PDF 1,474 KB 7/13/18]

### 1.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Maintain - Continue to monitor survey data.

2017-2018:

There have been various projects in which Internal Audit have been asked to either research or "look into" that have been not reported in an actual audit report that contribute to process improvements. A goal for Internal Audit is to utilize the new auditing software to better track these miscellaneous requests. The software will allow increased documentation for audits performed as well as the miscellaneous projects, the findings and recommendations associated with each audit or project, communications with management, risk assessment documentation, and allow for tracking of time for each project. All of these and more are tied to the survey tools utilized for proper monitoring of the overall audit functions.

## Performance Objective 3 Regularly review compliance with Institute of Internal Auditors (IIA) standards.

### 1 Assessment and Benchmark

Benchmark: 100% of the management survey results to score a category of "good" or higher in the following areas:

- Independence and Objectivity:
  - Maintains an independent mental attitude.
  - Objectivity of the internal auditor.

[Internal Auditing Activity Management Survey](#) [PDF 1,255 KB 6/18/18]

### 1.1 Data

Independence and Objectivity:

Year	% scoring good or higher in all of the categories	Average score
2013-2014	91.67%	3.75/4.00
2014-2015	100%	4.00/4.00
2015-2016	67%	3.00/4.00
2016-2017	100%	3.50/4.00
2017-2018	100%	4.00/4.00

### 1.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Maintain - Continue to monitor survey data.

2017-2018:

The Institute of Internal Auditors (IIA) International Standards of Professional Practice of Internal Auditing (Standards) requires internal auditors to maintain independence and objectivity through placement in the organization, mental attitudes, and refrain from functioning as a member of the management team with regards to making operating decisions. Internal audit strives to provide guidance through advising and consulting based on laws, regulations, and factual information that allow management personnel to make educated decisions.

[Organizational Chart for the University of Louisiana System](#) [DOCX 28 KB 7/6/18]

### 2 Assessment and Benchmark

Benchmark: Self Assessment Quality Assurance Review with Independent Validation – This is an assessment of the Internal Audit function for compliance with the International Institute of Internal Auditor's Standards. A result of general compliance or partial compliance is desired.

## 2.1 Data

2017-2018:

The Quality Assurance and Improvement Program Self-Assessment with Independent Validation results stated that McNeese State University's Internal Audit activity generally conforms to the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. This opinion, which is the highest of three possible ratings, means an audit charter, policies, procedures, and practices are in place to implement requirements of the Standards necessary to ensure independence, objectivity, and proficiency of the internal audit function.

Internal Audit will implement the items identified as opportunities for improvement. The next Quality Assurance and Improvement Program Self-Assessment with Independent Validation will be performed in 2023.

[C2\\_Self Assessment with Validation Report](#) [PDF 1,229 KB 7/6/18]

### 2.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Maintain – Continue to monitor The International Standards for the Professional Practice of Internal Auditing (Standards) for any revisions to standards and implement as necessary.

2017-2018:

Internal Audit will implement the opportunities of improvement identified in the Quality Assurance and Improvement Program Self-Assessment with Independent Validation (QAIP) by both the assessor and the validators. A formal annual self assessment will be implemented and the next QAIP will be performed in 2023 as required by the Institute for Internal Auditors (IIA).

## Performance Objective 4 Seek out professional development opportunities.

### 1 Assessment and Benchmark

Benchmark: Retaining professional Certifications of Certified Public Accountant and Certified Internal Control Auditor through continuing education.

- Maintain the minimum requirement of 40 hours of continuing professional education over a two year period to maintain the CICA license.
- Maintain the minimum requirement over the annual reporting period January 1 through December 31. This requirement varies depending on the licensure date of each CPA, however each consecutive two years must total 80 hrs for the two years.

#### 1.1 Data

Maintain the minimum requirement of 40 hours of continuing professional education over a two year period to maintain the Certified Internal Control Auditor (CICA) certification:

2016-2017:

For the current reporting period of January 1, 2017 through December 31, 2018, the Internal Auditor has obtained 28 CPE credits as of July 13, 2017.

2017-2018:

For the current reporting period of January 1, 2017, through December 31, 2018, the Director of Internal Audit has obtained 54 CPE credits as of July 6, 2018, with an additional 25 CPE credits scheduled in the upcoming months.

#### 1.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Continue trainings throughout the year to meet requirements.

2017-2018:

Continued Education requirements for the CICA have been fulfilled. The next reporting period will begin January 1, 2019.

### 2 Assessment and Benchmark

Benchmark: Maintain the minimum requirement of 40 hours of continuing professional education over a two year period to maintain the CICA license.

## 2.1 Data

Maintain the minimum requirement of continued professional education to maintain the Certified Public Accountant (CPA) certification:

2016-2017:

For the current reporting period of January 1, 2017, to December 31, 2017, the Director of Internal Audit has received 27 CPE credits and the Internal Auditor has received 25 ½ CPE credits as of July 13, 2017. All courses taken qualify for credit under the following categories: Accounting and Auditing, Taxation, Professional Ethics, and Specialized knowledge and applications. A cumulative total of 73 credit hours have been earned for the three years 2016-2018 for the Director of Internal Audit. This is the first reporting period for the Internal Auditor.

2017-2018:

For the current reporting period of January 1, 2019, to December 31, 2018, the Director of Internal Audit's (DIA) has received 13 CPE credits and the Internal Auditor has received 14 CPE credits as of July 6, 2018. An additional 25 CPEs are currently scheduled to be taken by both auditors within the upcoming months. Additional training will be sought to fulfill the reporting requirements before year end. All courses taken qualify for credit under the following categories: Accounting and Auditing, Taxation, Professional Ethics, and Specialized knowledge and applications.

### 2.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Maintain.

2017-2018:

Continued Professional training will be sought to fulfill reporting requirements. The Director of Internal Audit is also researching the various certifications to allow for our professional growth and knowledge for specialization and utilization within the department. With the ever changing world of technology, we are strongly leaning towards a Certification of Information System Auditor certification (CISA). This will allow us to better understand and evaluate IT systems, functions, segregation duties, etc.

## 3 Assessment and Benchmark

Benchmark: Maintain the minimum requirement of two hours of education and training regarding the provisions of the Code of Governmental Ethics.

### 3.1 Data

2016-2017:

For the calendar year 2017, the Director of Internal Audit/Ethics Liaison has received three CPE credits on the Louisiana Code of Governmental Ethics.

2017-2018:

For the calendar year 2018, the Director of Internal Audit/Ethics Liaison has received three CPE credits on the Louisiana Code of Governmental Ethics and seven CPE credits for Louisiana Professional Ethics.

### 3.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:

Maintain.

2017-2018:

Annual training requirements for Ethics Liaisons have been met for the 2018 calendar year and will be obtained for each calendar year.

## 4 Assessment and Benchmark

Benchmark: Represent McNeese State University in professional organizations.

### 4.1 Data

2016-2017:

All audit personnel continue to participate as an active member of the LACUA, IIA, and ACUA organizations. The Director

of Internal Audit represented MSU in the Louisiana Association of College and University (LACUA) professional organization by holding the office of Secretary for the 2007-2008 fiscal year, the office of Vice President for the 2008-2009 fiscal year, and the office of President for the 2009-2010 fiscal year.

2017-2018

All audit personnel continue to participate as active members of the Louisiana Association of College and University Auditors (LACUA), Institute of Internal Auditors (IIA), and the national Association of College and University Auditors (ACUA) organizations. The Internal Audit has been asked to represent and serve as a member of the LACUA Budget Committee for the upcoming year.

#### 4.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:  
Maintain.

2017-2018:  
When opportunities arise the Auditing personnel will serve and represent McNeese State University and the Internal Audit profession as a leader in a respectful and professional manner.

### Performance Objective 5 Strive for a high level of management and customer satisfaction.

#### 1 Assessment and Benchmark

Benchmark: 100% of both the management and customer survey results to score a category of "good" or higher.

[Internal Audit Customer Satisfaction Survey](#) [PDF 714 KB 7/10/18]

[Internal Auditing Activity Management Survey](#) [PDF 1,255 KB 6/18/18]

#### 1.1 Data

Management and Customer Survey Results:

Year	Response rate	% scoring "good" or higher on overall satisfaction
2013-2014	80%	99.3%
2014-2015	56.25%	100%
2015-2016	55%	83.5%
2016-2017	38%	100%
2017-2018	42%	100%

[2018\\_Customer Survey Results](#) [PDF 899 KB 7/6/18]

[2018\\_Management Survey Results](#) [PDF 1,474 KB 7/6/18]

#### 1.1.1 Analysis of Data and Plan for Continuous Improvement

2016-2017:  
Internal Audit is in the process of investing in a software program that will assist in improving the efficiencies of the audit process. This includes timeliness and accuracy of information communicated to management.

2017-2018:  
Internal Audit has recently purchased an audit software that will provide better efficiencies for the audit process. This year will consist of a significant amount of time designated to proper set up of the program to provide the best results for all.