

Part 5. Financial Services

Section II. Business Office

A. Internal Auditing Services (Updated 7-078)

1. General

The Internal Audit Department ~~of Auditing Services~~ is authorized by Idaho State University in compliance with the policies and procedures of the State Board of Education. The Director reports to the President and has the authority and responsibility to report directly to the Board if necessary. The objective of internal auditing is to assist University management and the Board in the effective discharge of their responsibilities by promoting effective controls at reasonable costs.

2. Scope

The scope of internal auditing encompasses the following activities and responsibilities:

- a. To prepare a plan for audits of all campus activities based on a risk analysis recomputed at least every two years. Include an annual plan of audits to be performed in the next two fiscal years, for submission to the President and the Board Audit Committee.
- b. To conduct audits of campus activities according to the annual plan submitted to the President.
- c. To contact the director of an area to be audited before an audit is begun, to conduct entrance and exit interviews to exchange information needed by both participants, and to keep the director informed of the progress of the audit and any problems which may have come up.
- d. To conduct change/petty cash fund counts and inventory tests at least annually.
- e. To conduct special investigations or reviews at the request of the President.
- f. In the case of suspected misappropriation on campus, to undertake prompt investigative action, coordinate campus organizations' involvement as necessary, and report the results to campus management and system-wide officials as necessary.
- g. To be available for consulting on the implementation of internal controls into new operations or financial systems being planned on campus.

3. Independence

To permit the rendering of impartial and unbiased judgments essential to the proper conduct of audits, internal auditors shall be independent of the activities they audit. Internal auditing is a staff function and, as such, has no authority to make operating decisions, to direct anyone in operations to take action, or to implement any of its own recommendations.

4. Access

The Department shall have full, free, and unrestricted access to all campus activities, records, properties, and personnel.

5. Responsibilities of Deans, Department Chairpersons, and Directors

Deans, department chairpersons, and directors are to be held responsible for seeing that corrective action on the internal auditor's reported deficiencies is either taken or planned. Within thirty (30) days after the internal audit review is submitted and discussed with them, the college or department will submit a formal written and signed response to the Director of Internal Auditing Services. The response will discuss each deficiency and what action has been taken or is being planned.

6. Report Distribution

The Department's final reports, including responses, are distributed to the audited area, its administrative head and the President.

7. External Auditor

The Board Audit Committee retains external auditors to perform financial audits of all State universities and of their various divisions which need compliance audits for other external agencies (i.e. financial aid). The regular University audits are performed annually. The others are conducted as needed.

The Internal Audit Department-~~of Auditing Services~~ cooperates with the external auditors by sharing its reports with them and by performing requested investigations, inventory checks, and cash counts as needed. All department chairpersons, deans, and directors, as well as the Internal Audit Department-~~of Auditing Services~~, shall assist the external auditors with their inquiries and requests for information or data. For information or verification about requests or inquiries, please contact the Controller or the Director of Internal Auditing Services.

