



## **POLICIES AND PROCEDURES**

### **Management and Coordination of External Audits**

#### **ISUPP 2290**

##### *POLICY INFORMATION*

**Policy Section:** *Finance*

**Policy Title:** *Management and Coordination of External Audits*

**Responsible Executive (RE):** *Chief Financial Officer*

**Sponsoring Organization (SO):** *Finance*

**Effective Dates:** *2-15-2008, 7-9-2008, 11-26-2012; June 1, 2018*

**Last Reviewed:** *November 2023*

## **I. INTRODUCTION**

This document establishes guidance to help ensure the efficient and effective management and coordination of audits, reviews, and investigations undertaken at Idaho State University (ISU or University) by external auditors. External Audits and reviews may be conducted by an external CPA firm under contract to conduct mandated annual audits of the University's financial statements and compliance with procedures related to the receipt and use of federal funds (A-133 Single Audit); a CPA firm performing the required audit of the University's public radio station; federal and state auditors performing reviews of various programs and/or grants; and by auditors contracted to audit ISU's athletic operations in accordance with NCAA requirements. This ISUPP is meant to assist University departments and responsible staff in meeting their obligations during an External Audit. These obligations are to the University, the State of Idaho, governmental agencies, and other constituencies that provide funds/resources to the University.

## **II. DEFINITIONS**

- A. **External Audits:** External Audits consist of audits of the University's financial statements and compliance with federal regulations (A-133 Audit) conducted by a CPA firm, and other audits and reviews conducted by auditors from CPA firms and federal, state and other regulatory agencies.

- B. **Entrance Conference:** The Entrance Conference takes place before the audit field work begins, and provides an opportunity for the auditors and designated University employees to meet and engage with each other. The Entrance Conference should include the external auditors' formal presentation of the audit plan, process, purpose, scope and timing as well as the information the auditors plan to review during the audit.
- C. **Exit Conferences:** An Exit Conference generally takes place at the conclusion of the external auditors' field work in order for the auditors to formally review with management the results of the audit, including findings and recommendations. The external auditors should have informally reviewed their findings and recommendations with staff and resolved any issues prior to the formal Exit Conference. The Exit Conference provides management an opportunity to hear and respond to issues that may not have been completely resolved during fieldwork and to respond to the audit findings and recommendations. Audits of limited scope may not warrant a formal Exit Conference.

### III. POLICY STATEMENT

The University and its employees shall cooperate fully with external auditors and reviewers and shall provide all documents and information requested by the auditors during the audit or review. External auditors and University personnel involved in External Audits or reviews will follow prescribed procedures to facilitate the audits and reviews. The Chief Financial Officer and University Controller shall oversee all External Audits and reviews.

External auditors and reviewers shall arrange all initial contacts through a designated central point of contact (CPC). If external auditors or reviewers make contact with someone other than the CPC, the individual who is contacted must inform the CPC of such contact and direct the auditors to the CPC. The CPC for External Audits shall be the Chief Financial Officer, who may delegate that authority to other senior executives depending on the program being audited or reviewed.

### IV. AUTHORITY AND RESPONSIBILITIES

- A. The Chief Financial Officer is authorized to oversee External Audits and may delegate their authority to another senior executive who will work directly with the external auditor(s) during the conduct of the audit(s). The CFO shall inform the individual designated to be the CPC of all known aspects of the audit. Prior to commencement of the audit, the CFO, or designee, may schedule an Entrance Conference with the auditors and University management. The CFO, or designee, will introduce the auditor(s) to the designated CPC who will in turn introduce the auditors to University personnel in the functional area being

audited. The CFO, or designee, may inform the director of internal audit of impending External Audits. At the conclusion of an External Audit, the CFO, or designee, may schedule an Exit Conference with the auditors and management during which audit results, including findings and recommendations, can be presented and discussed.

B. The designated CPC will ensure that:

- Office space and any necessary equipment are reserved and available for the external auditors
- Knowledgeable individuals are available to assist the external auditors
- A functional employee is designated to work directly with the external auditors
- Relevant records are in good order and readily available
- Audit schedule and requirements are received and distributed
- Audit Lead Schedules are prepared and delivered timely to the external auditors
- Interviews are scheduled to minimize disruption of departmental activities
- Audit findings and recommendations are communicated to the OFBA/VPFBA, and are resolved and responded to in writing before the external auditors issue their draft audit report.

C. If a University department is contacted directly by an external auditor without prior notification of the proposed audit from the CFO or designated CPC, that department must notify the CFO and provide contact information and details regarding the proposed audit.

D. The External Auditors are expected to formally notify the University's CFO in advance of proposed audits. The notice should state details of the Audit Plan, including the purpose and scope of the audit and the dates of the audit field work.

## **V. PROCEDURES TO IMPLEMENT**

A. Audit Field Work

From the time the audit commences until it is complete, the CPC will keep the CFO apprised of the audit's progress, auditors' findings and recommendations, and any issues that could hinder the timely completion of the audit. In addition, the CPC will help ensure that information is promptly and candidly provided to auditors and audit questions are promptly resolved.

## B. Audit Reports and University Responses

Management shall respond to auditors' findings and recommendations before the auditors issue their draft audit report. Auditors will provide their draft audit report to ISU management (head of the organizational unit being audited and the CFO/CPC) for review and comment. The external auditors will release the final drafts of the audited financial statements and A-133 Audit to the CFO/CPC and to the Audit Committee of the State Board of Education for its review and acceptance. After the Audit Committee has accepted the audits as final, the CFO will distribute copies to designated members of management.