

University of Wisconsin – Whitewater
Division of Administrative Affairs

**Internal Audit
Office Planning and Review**

Executive Summary
October 2003

Background

UW-System Internal Audit had, from merger in 1971, performed all official financial audits such as tuition and fees, financial aid/federal grants, auxiliaries, etc. at all UW institutions. In addition, four institutions (Madison, Milwaukee, Eau Claire, and Stevens Point) had their own internal auditor positions. In 1997, UW-System reorganized its Internal Audit department mission from financial auditing into a program review model titled the Office of Operations Review and Audit. UW-System and the Board of Regents then mandated each campus have a full time internal audit program. .5 FTE and a \$25,000 base budget adjustment were allocated to each institution to defray the cost of the position.

The Internal Audit unit was formally established by UW-Whitewater as a department within the Division of Administrative Affairs in 1998. Over the previous 10 years, attempts had been made to establish an internal audit program but the position's job description was split between several departments and never effectively fulfilled the audit role. Charge-backs to Auxiliary Operations and Financial Services augmented the UW System and Division GPR funding to allow a position focused entirely on internal auditing.

The Department reports to the Vice Chancellor for Administrative Affairs. However, it is empowered to report audit matters directly to the Chancellor and to UW System Administration as deemed necessary.

Objectives

The Internal Auditor is assigned the responsibility for carrying out an Internal Audit program. The Internal Audit Office is an independent appraisal activity established to conduct reviews of operations and procedures and to report findings and recommendations as a service to UW-Whitewater management. An Audit Advisory Committee consisting of representatives from Budget and Financial Services, Auxiliaries, and Academics meet with the Auditor annually to provide input and direction in formulating the yearly audit plan. Generally 5-7 major audits are scheduled along with on-going audits such as procurement cards and cash handling. Priorities are determined through risk assessment based on experience. In addition, several audits are added each year as the urgency or need demands. The audit plan is shared with UW System Office of Operations Review and Audit to provide the Board of Regents assurance basic core audit areas are examined.

The mission of Internal Audit is to provide management with the assurance Institution policies and procedures are properly followed and assets are safeguarded. The department supports the University's goals through objectives such as:

- Recommending controls for the prevention and detection of fraud, embezzlement, and misappropriation of assets.
- Providing financial analyses to determine the effectiveness of programs.
- Appraising the economy and efficiency with which resources are employed.

- Assuring revenues are accounted for accurately and the propriety of expenditures for continued program development.
- Reviewing operations and programs to ascertain whether results are consistent with established goals and objectives.
- Providing a resource for Institution, UW System and State policy inquiries by departments.

The successful outcome of these objectives may be measured by the completion of the annual audit plan, relevance of audits to stakeholders needs, the satisfaction of stakeholders, cost recoveries realized, and individuals assisted other than by audits.

Improvements

A Campus Evaluation Team (CET) consisting of the Controller, Vonnie Buske and Budget Planner, Mike Cohen administered a questionnaire to obtain feed back from stakeholders. The questionnaire was e-mailed to those audited in the past four years. The questionnaire revealed a high level of satisfaction with services and performance. While positive feedback is reassuring, one of the major benefits from the survey was identifying opportunities for improvement in certain areas. Specifically:

- I. Making institution staff more aware of Internal Audit services and its role. Additionally, the process of suggesting possible future audit areas was not well known.
- II. A review of departments surveyed revealed a lack of contact with academic departments. The preponderance of audits related to auxiliary and financial operations.
- III. Lack of prior audit recommendation follow-up to verify corrective steps have been taken.

Action Plan

1. Revamping the department web site will be accomplished in the next several months. The site presently is out of date and generally not in keeping with a more modern and open image. The audit schedule for the year will be posted. Constituents will be encouraged to make suggestions for audits in a more user-friendly process.
2. Visits will be made with Deans and Directors to advise them of available services outside formal audits such as rate reviews, process improvements, and consultation prior to implementation of new systems.
3. Exploring the possibility of presenting current and future audit issues to the Chancellor's Administrative Staff meeting on a semi-annual basis.
4. We will work with the Provost's office to determine how best to include Academic areas in the audit plan at least by 2004-2005.
5. A better tracking system will be implemented to improve follow up on a more consistent and timely basis.