

2014 Internal Audit Plan

Office of Internal Audit

Board of Regents

Audit Committee

June 13, 2013

Topics

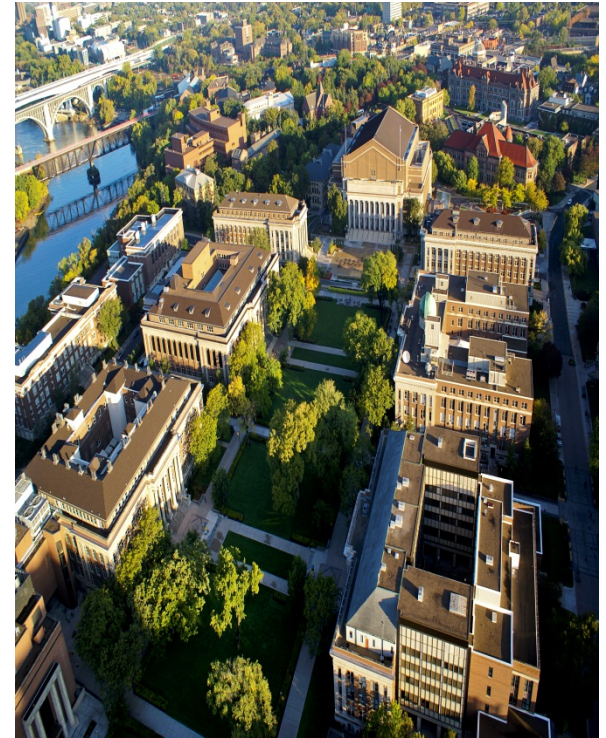
- Risk Assessment and Plan Development
- FY 2014 Audit Plan
- FY 2013 Audit Results

Office of Internal Audit Portfolio

- Audits
- Investigations/Special Projects
- Audit Advisory Services

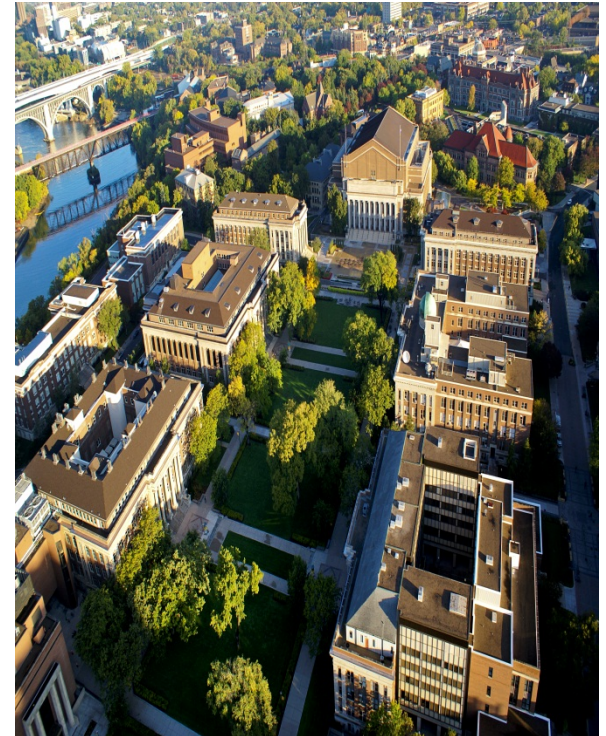
Developing the Annual Plan

- A risk-based assessment of the University forms the foundation of the internal audit plan.
 - External Risk Assessment
 - Internal Risk Assessment
 - Operational Risk Assessment
 - Overall Risk Assessment
- Provides the basis for the rational deployment of limited audit resources.



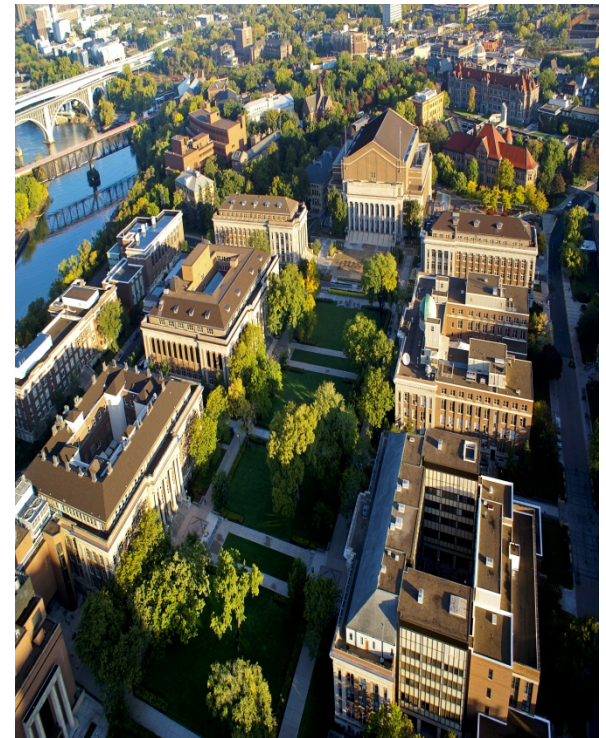
Developing the Annual Plan

- External Risk Assessment
 - Survey of research-intensive universities
 - Review of regulatory agencies, externally conducted surveys, professional discussion groups, etc.
- Internal Risk Assessment
 - Discussions with administrative leadership
 - Discussions with Board leadership



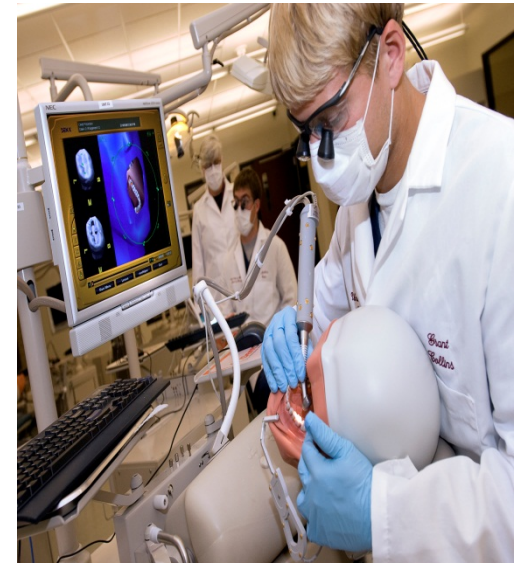
Developing the Annual Plan

- Operational Risk Assessment
 - Assuring that all University activities have been accounted for, and included in a defined auditable activity.
 - Assessing each auditable activity against a set of defined risk factors.



Operational Risk Factors

- Impact of activity on the University mission
- Impact of information technology
- Regulatory compliance issues
- Organizational change/turnover
- Complexity/diversity of operations
- Known or perceived control concerns
- Audit history
- Impact on University finances
- Assessment of activity's control environment



Operational Risk Assessment

163 auditable activities

- 23 high-risk activities
- 95 moderate-risk activities
- 45 low-risk activities

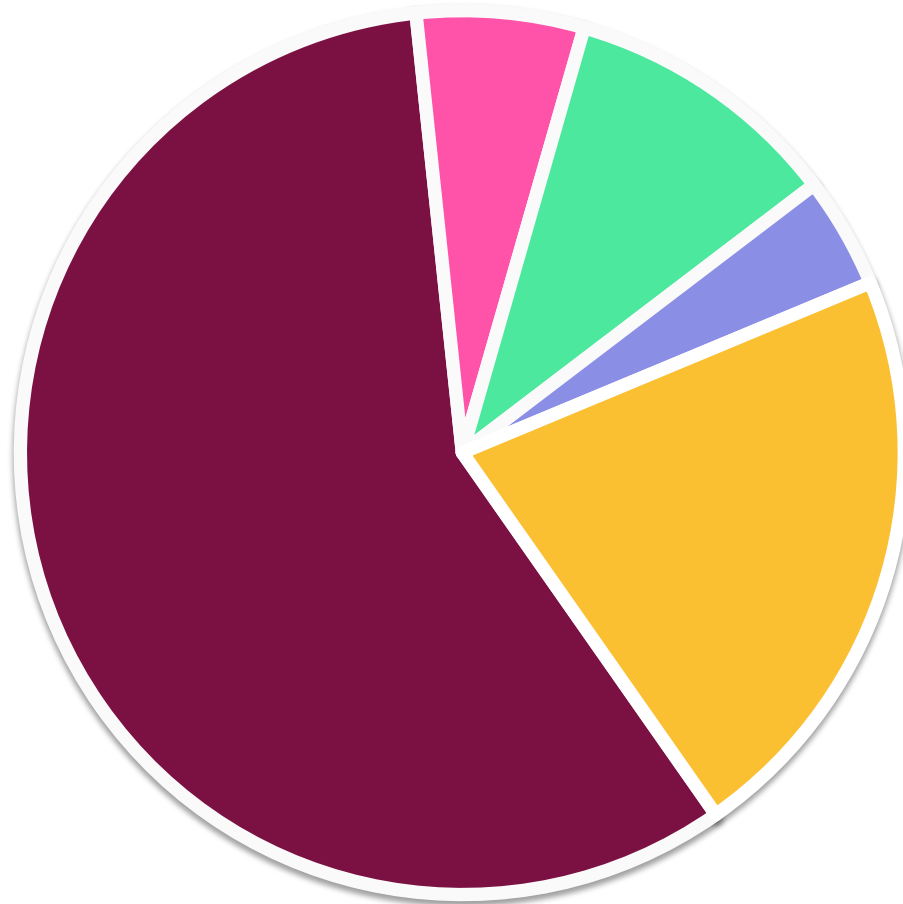


Overall Risk Assessment

Risks relevant for 2014

- Protection of the University's reputation/brand
- Stature of the AHC/School of Medicine
- Management of administrative costs
- Execution of the Enterprise System Upgrade Project
- Revitalization of human resources practices

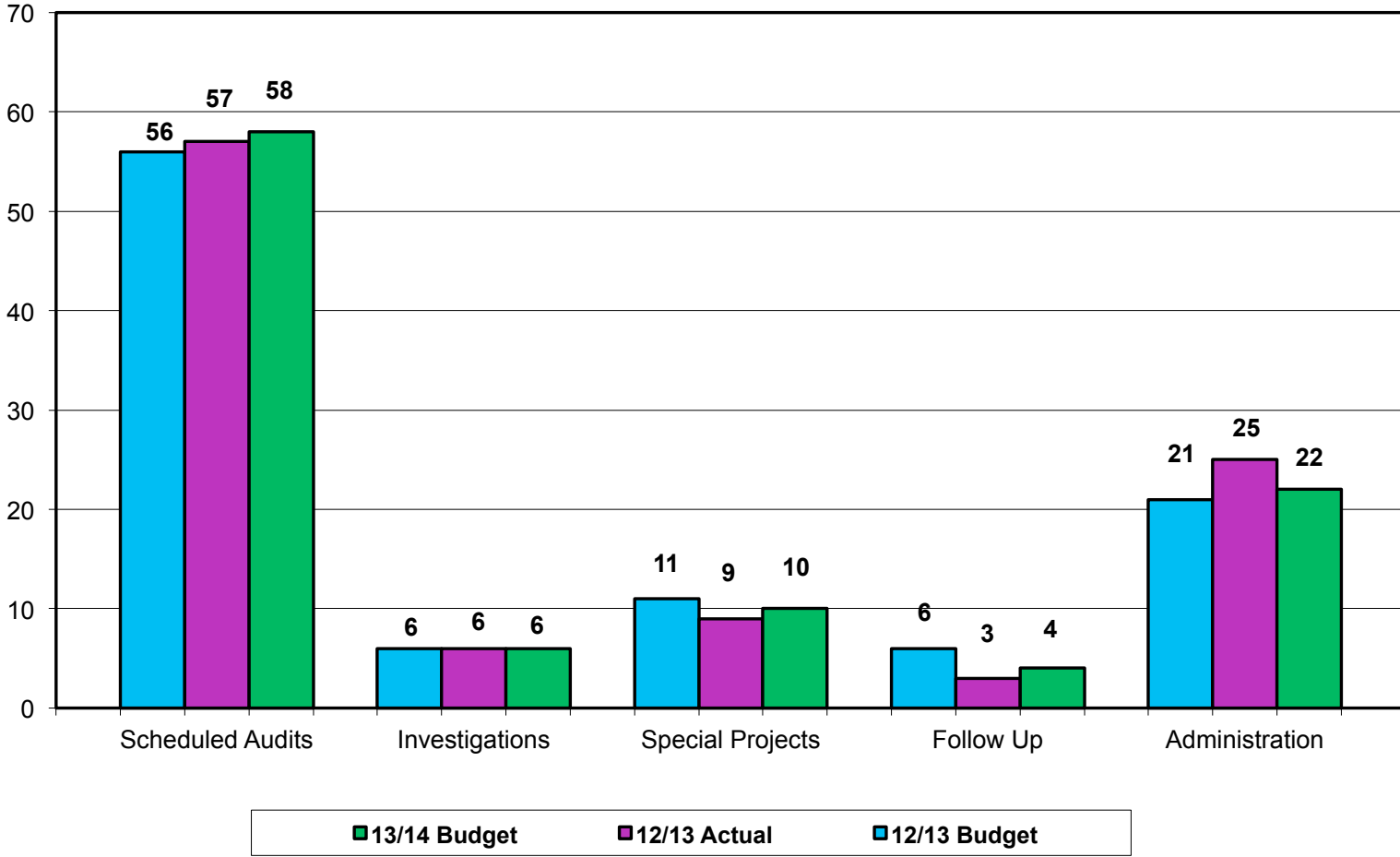
FY 2014 Allocation of Resources



- Scheduled Audits- 58%
- Investigations- 6%
- Presidential/Executive Requests - 10%
- Follow Up-4%
- Administration-22%

FY 2013 Allocation of Resources

COMPARISON OF AUDIT RESOURCES FOR FY 2013 AND FY 2014
Percent of Available Time



Deploying Audit Resources

We select activities for inclusion in the plan by considering and placing priority on coverage of:

- High-risk activities
- Major organizational components
- Institutional Risk Profile/ Risk Assessments
- Areas of strategic priority
- Management requests

Audit Plan Focus for 2014

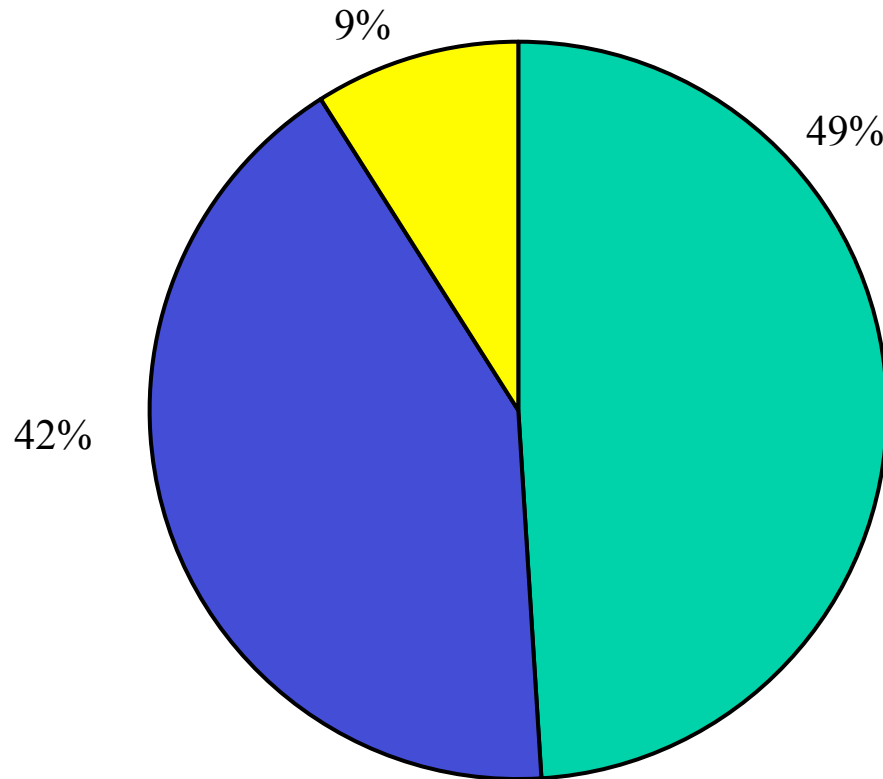
The 2014 audit provides coverage of:

- Remaining major institutional processes
- Unit audits in three TC colleges
- Fundamental information technology components
- Human resources activities
- The Enterprise Systems Upgrade Project



Flexibility will continue to be important

FY 2014 Breakdown by Type of Audit



■ Process 49% ■ Unit 42% ■ System 9%

69% of the planned process audits will involve unit testing.

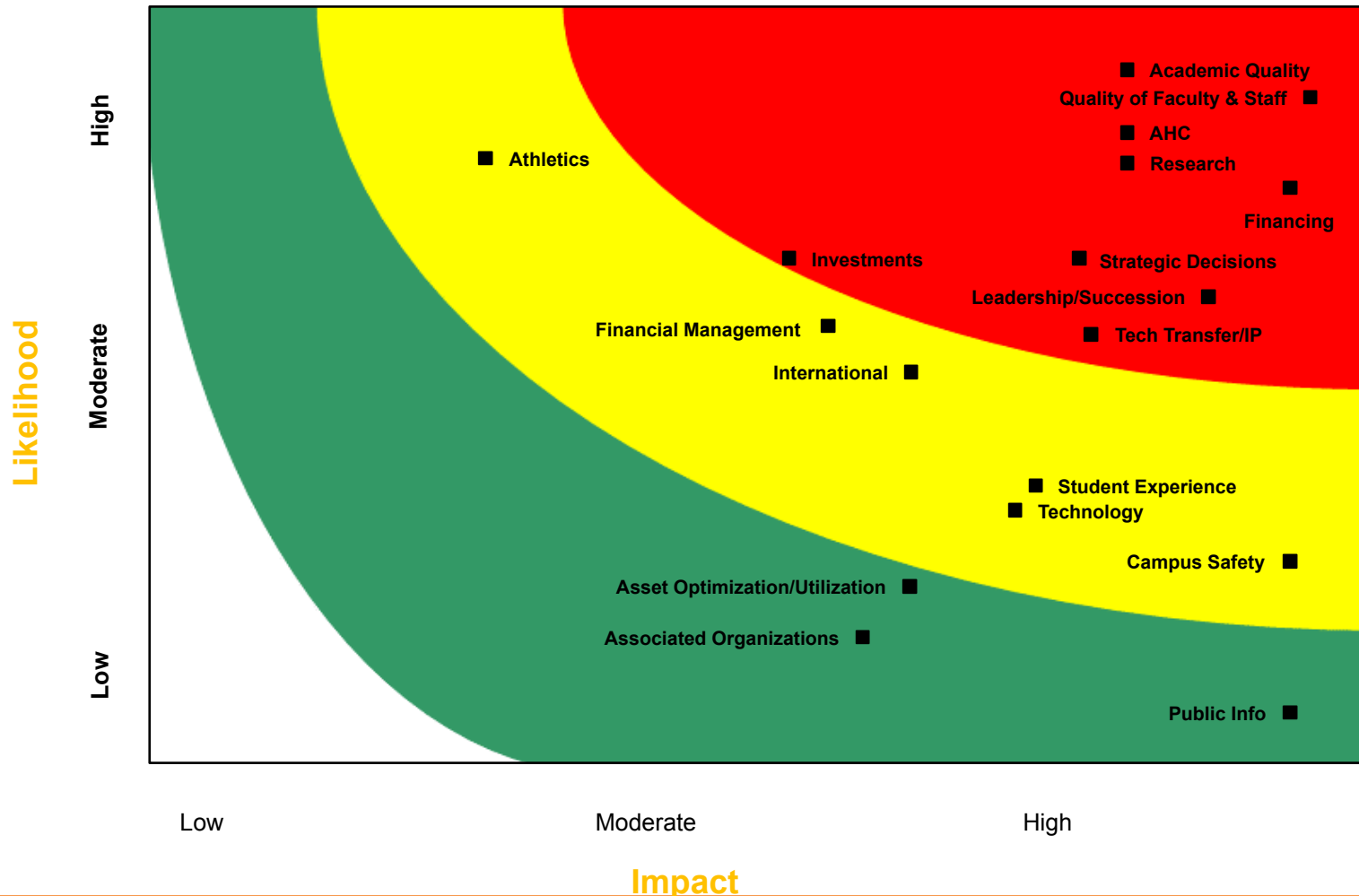
25% of the planned process audits are considered high risk.

FY 2014 Audit Coverage by Major Component



- AHC 13%
- Provost 15%
- CIO 20%
- U Services 5%
- Finance 13%
- Executive 5%
- Human Resources 2%
- Research 7%
- Coordinate Campuses 20%

Institutional Risk Profile



Audit Coverage of Institutional Risks

Unit	FY 14	FY 13	FY 12	FY 11	FY 10
Research – Infrastructure	X	X	X		X
Individual Sponsored Project	X	X	X	X	X
AHC	X	X	X	X	X
Tech Transfer		X			
Strategic Decisions	X	X	X	X	X
Academic Quality		X	X	X	
Quality of Faculty and Staff	X	X	X	X	
Leadership/Succession		X		X	
Athletics	X	X	X	X	X
Financial Management	X	X	X	X	X
Technology	X	X	X	X	X
Student Experience	X	X	X	X	X
Campus Safety	X	X	X	X	
Asset Optimization	X	X		X	
Associated Organizations	X	X	X	X	X
Public Information		X			

The 2014 Audit Plan

- Provides reasonable audit coverage across all of the major components of the University.
- Addresses risks identified by the Audit Committee as important.
- Addresses areas of interest/concern identified by the administration.



FY 2013 Audit Results

Our Commitment to Accountability

Our Commitment to Accountability

The Office of Internal Audit is committed to its accountability for the professional conduct of its work.

- We conduct our work in accordance with the *Standards for the Professional Practice of Internal Auditing* and abide by our profession's *Code of Conduct*.
- There were no restrictions on audit scope or interference with our independence during the year.

Our Commitment to Accountability

The Office of Internal Audit is committed to its accountability for the productive use of the resources provided by the University.

In FY 2013:

- 22 audits completed
- 12 audits currently in process
- 6 audits either deferred to FY 2014 or were not completed
- 19 investigations conducted

Our Commitment to Accountability

The Office of Internal Audit is committed to its accountability for the professional competence of its staff.

- All of the professional staff are professionally certified or hold advanced degrees.
 - Thirteen are professionally certified as a CPA, CIA, CFE, or CISA
 - Nine have master's degrees
 - Two are pursuing professional certifications
 - The audit staff has on average 17 years of audit experience

Our Commitment to Accountability

The Office of Internal Audit is committed to its accountability for the quality of the audit services we provide.

- We benchmark our practices/ performance against other audit functions.
- We request a post-audit evaluation of our services after each audit.
- We undergo an external quality assurance review every five years

Quality Assurance Review Conclusions

“The internal audit activity at the University of Minnesota conforms both in spirit and application to all of the Standards.”

“University management and the Board of Regents can appropriately rely on the assurance provided by the audit work performed by the Office of Internal Audit.”

March 2009



Questions?