CHICAGO STATE UNIVERSITY

Role of Internal Audit

Office of Internal Audit

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Internal Auditing

- Independent

- Objective

- Assurance & consulting activity

- Adds value

- Improves operations

- Helps accomplish objectives

**Brings a systematic
and disciplined approach
to evaluate and improve
the effectiveness
of the
risk management,
control,
and
governance processes.**

International Professional Practices Framework (IPPF)

The Institute of Internal Auditors (IIA) IPPF is a framework for the internal audit profession's body of knowledge and guidance. It comprises the Definition, International Standards, Code of Ethics, and other guidance.

The International Standards for the Professional Practice of Internal Auditing (Standards) serve as mandatory guidance for professionals who practice internal auditing.

International Practice of Internal Auditing Standards

What are the Standards?

• **Essential and Mandatory guidance for meeting internal audit responsibilities**

• **A blueprint for professional internal auditing**

• **Criteria used to evaluate and measure the operations of an internal audit activity**

The Standards Prescribe:

• **Requirements of an Internal Audit activity**

• **Necessity for an Internal Audit Charter**

• **Responsibilities of a Chief Audit Executive (CAE)**

• **Overview of the Internal Audit Process**

• **Necessity for a "Quality Assurance & Improvement Program"**

Role of CSU Internal Audit

- We're here to provide a broad range of audit services designed to help CSU meet its objectives. One of our key roles is to monitor risks and ensure that the controls in place are adequate to mitigate those risks.

- We are a corporate governance cornerstone —along with the board, executive management, and the external auditors. We can help you comply with new and existing legislation and regulations for enhanced corporate governance.

Types of Audits Performed

- _Business Process Improvement_ – Internal Audit may initiate or participate in internal control related business process improvement activities. Audits of this nature are used to identify and minimize control deficiencies in business processes and is designed to assist organizations in making process changes that result in strengthened internal control and optimal performance.

- _Compliance_ – These determine the adequacy of a department's system(s) designed to ensure compliance with University policies and procedures, legislative mandates and external requirements. Audit recommendations typically address the need for improvements in procedures and controls intended to ensure compliance with applicable regulations.

- _Consulting_ –This is an Internal Auditing activity normally provided in response to a request from management. Consulting projects may range from formal engagements, defined by written agreements, to advisory activities, such as participating in standing or temporary management committees or project teams. It is designed to provide expertise in the resolution of internal control issues. Consulting may involve answering questions, developing solutions to problems, recommending courses of action and/or formulating an opinion. Consulting may also involve the review of proposed procedures for internal control content.

- _Financial_ – Address the accounting for, and reporting of, financial transactions, including commitments, authorizations and receipt and disbursement of funds. The purpose of this type of audit is to verify that sufficient controls exist over assets, liabilities, revenues and expenditures and that there are adequate controls over the acquisition and use of resources.

Types of Audits Performed…cont

- *Information Technology (IT) Audits* – Address the internal control environment of automated information processing systems and how individuals use those systems. IT audits typically evaluate system input, output and processing controls; backup and recovery plans; system security; and computer facilities.

- *Internal Control Assessment* –Provides CSU with an overall opinion or assessment of the current state of internal control and future risks. Internal control audits determine whether the department is conducting its financial business processes under an adequate system of internal control, as required by University policy, guidelines and good business practice.

- *Investigative Audits* – Focus on alleged civil or criminal violations of state or federal laws or violations of University policies and procedures that may result in prosecution or disciplinary action.

- *Operational Audits* – Examine the use of unit resources to evaluate whether those resources are being used in the most efficient and effective manner to fulfill the department's and CSU's mission and objectives. An operational audit can include elements of a compliance audit, a financial audit and an IT audit.

Types of Audits Performed...cont

▸ *Process Audits* – Internal Auditing undertakes comprehensive analyses and appraisals of all phases of business activities and provides management appropriate recommendations concerning the activities reviewed. This includes business process audits which appraise the adequacy and efficiency of accounting, financial and operating controls; information system audits which focus on technical IS audit activities, system development and application reviews and reviews of emerging technology to ensure that cost-effective internal control are in place.

▸ *Self Assessment* – Control Self Assessments (CSA's) are performed by the client based upon a framework to be provided by Internal Auditing. Internal Auditing will be an active participant in self assessment activities which involve an assessment of risk and control activities within the business and/or function under review.

▸ *Special Investigations/Projects* –Provides CSU with an independent review of facts and circumstances surrounding an event or series of events and presents recommendations to management for appropriate resolution/action. Investigations are often associated with known or suspected wrong doing, waste, fraud, abuse of University assets, other business ethics violations and/or serious mismanagement.

▸ *System Development Review (SDR)* – The System Development Review promotes the inclusion of cost effective controls into systems prior to implementation and assures that the controls will operate as intended when implemented.

Our Menu of Services…

- Independent counsel and consulting

- Emerging issue education

- Control and risk assessment training and facilitated workshops

- Fraud Awareness training

- Ensure accuracy of records

- Provide cost analysis of historical trends

- Evaluate internal controls

- Support the external auditors

- Document and analyze processes and costs

- Review new system development projects

- Evaluate computer and software application controls

- Analyze task performance in functional areas

- Evaluate costs and benefits

- Benchmark performance and best practices

- Confirm internal and external compliance with laws, regulations, policies and procedures

- Ensure compliance with contract terms and conditions

- Compare records with physical assets

- Reconcile independent and corporate records

- Investigate alleged fraud situations

- Survey customers to determine satisfaction

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How Internal Audit Can Help You...

▸ We'll make an objective assessment of your operations and share ideas for best practices

▸ We'll provide counsel for improving controls, processes and procedures, performance and risk management

▸ We'll suggest ways for reducing costs, enhancing revenues and improving profits

▸ We'll deliver competent consulting, assurance and facilitation services

▸ You can expect:
  ◦ Clarity
  ◦ Courtesy
  ◦ Credibility
  ◦ Competency
  ◦ Comprehension
  ◦ Communication
  ◦ Certified professionalism