

The Audit Process— ...why am I being audited?



Audits are pre-scheduled on an annual basis based on a risk assessment. This assessment includes and evaluation of risk factors such as financial impact, importance of controls, and public exposure. In addition, your area might be reviewed based on a special request.

...what does an audit involve?

The typical audit involves four main activities:

1. **Planning**— This may involve interviews and analysis to help the auditor understand your goals and objectives and determine the possible risks involved. At this time, Internal Audit will request a meeting to discuss the scope and schedule of the audit. This is a good time for you to share any additional concerns or issues you want addressed in the audit.
2. **Fieldwork**— Once the scope is established for the audit, the auditor will begin the formal audit procedures. This may include transaction testing, analysis, observations, and interviews.
3. **Reporting**— Once the audit is complete, a report is drafted that summarizes the background, objectives, scope, and results of the audit. At this time, recommendations made will require your written response in the form of an action plan with a target date.
4. **Follow-up**— Some time after the final report is distributed, a follow-up is performed to ensure the action plans have been put in place based on the target date established.

Who to Contact?



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Issues, concerns or comments?

If you have a concern, comment or issue that you would like to report in confidence, an on-line form is available at: <http://www.uwindsor.ca/InternalAudit>
(see 'Comments')



Internal Audit and Internal Controls

Introduction to Internal Audit at the University of Windsor

Answers to some questions such as:

- ◆ What is internal audit?
- ◆ What are internal controls?
- ◆ What controls should I be aware of?
- ◆ What does an internal audit involve?

What is Internal Audit?

Established in October, 2003, internal auditing is a function within the University that provides independent, objective assurance and consulting designed to add value and improve operations. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit reports directly to the Chair of the Audit Committee of the Board of Governors, and administratively to the Director of Finance and the Vice President, Administration and Finance.

Who is responsible for Internal Control?

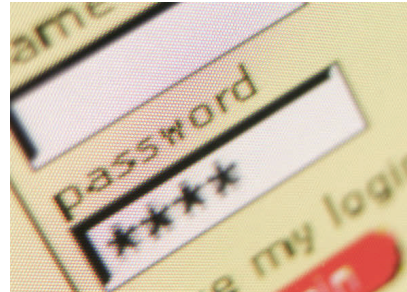
Implementation of internal controls is a prime responsibility of university administrators and supervisors. This includes senior management, deans and department heads. All employees play some role in the control environment. Other groups such as the Board of Governors play an important oversight role. Internal Audit contributes to the effectiveness of controls by providing independent evaluations and suggesting improvements where necessary.

Some ways Internal Audit can help you...

- ◆ Make objective assessments of operations
- ◆ Share best practices
- ◆ Foster cooperation and communication between and within campus departments
- ◆ Suggestions for ways to reduce costs, improve profits, and automate procedures
- ◆ Consulting, assurance, and facilitation services
- ◆ Evaluate costs and benefits

What are internal controls?

...any action taken by management to enhance the likelihood that established objectives and goals will be achieved. Controls may be preventative (such as a password to protect a document), detective (such as a bank reconciliation), or directive (such as a staff training seminar).



Examples of internal controls...

- ◆ Segregation of duties– dividing functions so that no one person has control over all parts of a transaction. For example, dividing custody of assets, recording of transactions, and reconciling transactions
- ◆ Asset control– physical safeguards, asset counts, periodic comparisons, and investigation of discrepancy
- ◆ Authorization, approvals, and verifications
- ◆ Monitoring and supervision
- ◆ Policies, procedures, contracts, and regulations

What are some internal controls I should be aware of?



- ◆ Limit access to your labs and offices to ensure that property and research efforts are protected against loss.
- ◆ Make sure you understand the financial rules governing your grant activities.
- ◆ Make your passwords hard to guess and never share passwords.
- ◆ Secure your laptop and research data.
- ◆ Maintain written policy/procedure manuals for critical systems and functions. What would happen if a key member was unable to come to work tomorrow?
- ◆ Be alert to fraud risks– be sure the processes in your department protect your employees from any inappropriate charges by defining their responsibilities in the process.
- ◆ Communicate the sale/disposal of university equipment through the Finance Department.
- ◆ Be aware of policies and regulations that impact you such as FIPPA (Freedom of Information and Protection of Privacy Act), ESA (Employment Standards Act), Conflict of Interest Policy (Senate Policy C1), etc.
- ◆ When one of your employee leaves the University, ensure the keys are returned, travel/purchasing cards are cancelled, and the appropriate people are notified (Human Resources, ITS, Finance Department, etc).