



**Office of Internal Audit  
Seton Hall University**

**Internal Audit  
Policy and Procedure Manual**

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## INTERNAL AUDIT CHARTER

### **Mission Statement**

The mission of the Internal Audit Department is to provide independent and objective reviews and assessments of the business activities, operations, financial systems and internal accounting controls of Seton Hall University. The Internal Audit Department accomplishes its mission through the conduct of operational, financial and performance audits, selected as a result of a comprehensive risk analysis and assessment process. The risk assessment plan is reviewed and approved by the Audit Committee of the Board of Regents, the President and the Vice President and General Counsel of Seton Hall University.

### **Objective**

The Internal Audit Department conducts independent reviews and appraisals of the University procedures and operations. These reviews provide management with an independent appraisal of the various operations and systems of control. The reviews also help to ensure that University resources are used efficiently and effectively while working towards helping the University achieve its mission, as directed by the Board of Regents. It is the intention of the Internal Audit Department to perform this service with professional care and with minimal disruption to University operations.

### **Responsibility and Authority**

The Internal Audit function was established at the direction of the Board of Regents and derives its authority directly from the Audit Committee. The Internal Audit Department reports administratively to the Vice President and General Counsel, and functionally to the Audit Committee. The scope of Internal Audit's responsibility is defined within this policy and has been approved by the Vice President and General Counsel.

The Internal Audit staff is authorized to conduct a comprehensive internal audit program within the institution and is responsible for keeping the Office of the General Counsel informed of unusual transactions or other matters of significance.

### **Independence**

In order to maintain independence and objectivity, the Internal Audit function has no direct responsibility or any authority over the activities or operations that are subject to review, nor should Internal Audit develop and install procedures, prepare records, or engage in activities that would normally be subject to review. However, the Internal Audit staff may be consulted when new systems or procedures are designed to ensure they adequately address internal controls.

**Objectivity**

Internal Audit is a service function organized and operated primarily for the purpose of conducting audits, in accordance with professional standards. The evidential matter gathered from these audits forms the basis for furnishing opinions and other relevant information to affected members of senior management, the Vice President and General Counsel, the President and the Audit Committee.

Opinions and other information furnished may attest to the adequacy of internal control, the degree of compliance with established policies and procedures, and/or their effectiveness and efficiency in achieving organizational objectives. The Internal Auditor may also recommend cost effective courses of action for management to consider in eliminating unnecessary risks that may have been identified during an audit.

**Confidentiality**

All information obtained during an internal audit is deemed confidential unless otherwise instructed. It is understood that certain items are confidential in nature and special arrangements may be required when examining and reporting on such items. Internal Audit will handle all information obtained during a review in the same prudent manner as the custodian of such information. Internal Audit respects the value and ownership of information they receive and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Audit reports are considered highly confidential. They are distributed to the respective area Vice President, the Vice President and General Counsel, the President of the University, and the Audit Committee. Other individuals interested in the audit report may gain access by contacting the Executive Director of Internal Audit, with the approval of the appropriate area Vice President.

The Internal Audit staff is expected to remain prudent with all information obtained during the course of an audit. When discussing matters pertaining to an audit or any other University matters, the Internal Audit staff must always remain discreet and be certain to limit those conversations exclusively to appropriate University personnel. The Internal Audit staff has an obligation to never indiscreetly discuss any information obtained during the course of audit assignments, or as a member of the Office of General Counsel, whether within or outside of the University

### **Code of Ethics**

The Internal Audit staff shall subscribe to the Code of Ethics established by the Institute of Internal Auditors, as well as adhere to the policies set forth by the management of Seton Hall University. In addition, the Internal Audit staff will uphold the following:

- a) **Integrity** - Establish trust and thus provide the basis for reliance on the judgment of Internal Audit. Remain tactful, honest, objective, diligent and credible in all relationships as a representative of Seton Hall University.
- b) **Objectivity** - Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the area being examined. Make balanced assessments of all the relevant circumstances and do not become unduly influenced by individual interests or by others in forming judgments.
- c) **Confidentiality** - Respect the value and ownership of information they receive. Do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- d) **Competency** - Apply the knowledge, skills, and experience needed in the performance of internal auditing services and continually improve their proficiency and the effectiveness and quality of their services.

### **Standards of Conduct**

Internal Audit will adhere to the following Standards of Conduct:

- a) **Service**-Preserve a commitment to carry out all responsibilities with an attitude of service toward University management while maintaining a sincere, dignified and caring attitude.

- b) **Excellence**-Uphold a high standard of service and a commitment to quality in performing all projects.
- c) **Leadership**-Provide noteworthy examples which emphasize high ethical and moral standards.
- d) **Professionalism**-Conduct business in a manner that reflects favorably on the individual auditor, the Office of the General Counsel, and the University. Exercise skill, integrity, maturity and tact in all relations.

### **Scope of the Internal Audit Function**

While carrying out their duties, the Internal Audit staff is responsible for utilizing a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls and is to include the following:

- a) Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies, and procedures necessary to safeguard University assets.
- b) Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies, and accounting procedures as justified by audit findings.
- c) Establishing and maintaining a quality assurance program to evaluate the operations of Internal Audit. Such a program should include the following topics: uniformity of work paper preparation; audit sampling; work paper review; report preparation and review; report communication and issuance; and record retention.

### **Responsibility for Detection of Errors or Irregularities**

The management of the University is responsible for establishing and maintaining controls to discourage perpetuation of fraud. Internal Audit is responsible for examining and evaluating the adequacy and effectiveness of those controls. Audit procedures alone are not designed to guarantee the detection of fraud.

An *error* is an unintentional mistake in financial statements which includes mathematical or clerical mistakes in the underlying records and accounting data from which the financial statements or other reports were prepared, mistakes in the application of accounting principles and oversight, or misinterpretation of facts that

existed at the time the reports were prepared.

An *irregularity* is an intentional distortion of financial statements or other reported data or the misappropriation of assets.

If the Executive Director of Internal Audit believes that a material error or an irregularity exists in an area under review or in any other area of the University, the implications of such an error or irregularity and its disposition should be reviewed with the Vice President and General Counsel. As soon as it has been determined that an irregularity does exist, the Executive Director of Internal Audit will notify the Vice President and General Counsel that an irregularity has been found and the audit steps needed to determine the extent of the problem noted.

### **Services Provided by Internal Audit**

Internal Audit's primary activity that will assist in fulfilling its mission is the implementation of a program of regular audits of the University's business operations as outlined below. However, the complete range of service provided by the Internal Audit function also may include special projects and consultations as directed by the Vice President and General Counsel.

- a) **Operational Audits.** Operational audits consist of critical reviews of operating processes and procedures, and internal controls that mitigate area-specific risks. These audits examine the use of resources to determine if they are being used in the most effective and efficient manner to fulfill the University's mission and objectives.
- b) **Compliance Audits.** These audits determine the degree to which areas within the University adhere to mandated Federal, State, and University policies and practices. Other regulatory agencies are also included within compliance audits (e.g., NCAA, EPA). Recommendations usually require improvements in processes and controls used to ensure compliance with regulations.
- c) **Financial Audits.** These audits review accounting and financial transactions to determine if commitments, authorizations, and receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that adequate process controls exist over the acquisition and use of resources. Unlike external financial

audits, internal financial audits do not prepare or express professional opinions on the financial statements fairness.

d) **Investigative Audits.** These audits are conducted to determine existing control weaknesses, assist in determining the amount of loss, and recommending corrective measures to prevent subsequent reoccurrence. Internal Audit will also work with outside agencies to determine whether misconduct occurred at Seton Hall University. These types of investigations can encompass misuse of University funds or assets, potential fraud, or potential conflicts of interest.

e) **Technology Audits.** Technology audits are usually comprised of control reviews of disaster recovery plans, system back-up procedures, and general security of data and of the physical plant. The purpose of these audits is to evaluate the accuracy, effectiveness and efficiency of the University's electronic and information processing systems.

### **Professional Proficiency**

Professional proficiency is the responsibility of each auditor. The Executive Director of Internal Audit will assign each audit to the person who possesses the necessary knowledge, skills, and disciplines to conduct the audit properly.

Each member of the Internal Audit staff has a professional obligation to schedule and attend on-going continuing professional education forums to ensure they remain academically proficient and advance professionally.

The Executive Director of Internal Audit is responsible for providing appropriate audit supervision. Supervision is a continuing process, beginning with planning and ending with the conclusion of the audit assignment. The Executive Director of Internal Audit will document evidence of supervision and review on all audits. This may be accomplished by signing off on all work papers and audit documents.

## AUDIT PLANNING

### Develop the Audit Plan

The Executive Director of Internal Audit is responsible for developing a risk based Audit Plan that includes areas subject to regulatory review, each fiscal year. The Audit Plan is a written document showing specific audits or projects to be performed by the Internal Audit staff. After review by the Vice President and General Counsel, the Audit Plan is presented to the Audit Committee annually for approval.

The development of the Audit Plan includes an evaluation of the Enterprise Risk Assessment. This is a process through which major risks are identified and evaluated according to the goals of the University and the goals of an individual area. An Enterprise Risk Assessment is prepared by each area Vice President and updated annually. The Risk Assessment includes a broad range of risks and associated controls. In addition, the Executive Director of Internal Audit is responsible for identifying and evaluating exposures to business risk and the controls designed by management to reduce those risks. When doing so, the following factors are considered:

- a) Ongoing factors
  - a. Financial value
  - b. Public image
  - c. Process complexity
  - d. Asset liquidity
  - e. Budget deviations
  - f. Regulatory guidelines.
- b) Environmental Risk factors
  - a. Process stability
  - b. Recent audit history
  - c. Executive assessment
  - d. Political environment
  - e. Financial markets
  - f. Technology initiatives.

The vast majority of audits are planned. However, that does not preclude Internal Audit from conducting unplanned audits. Prior to any audit, the Internal Auditor assigned to the engagement will discuss with management the scope, purpose, and estimated timeframe of the audit. As unplanned projects are required, they are included in the overall Plan for the year.

The Annual Audit Plan will be submitted to the Audit Committee for review and approval. Any substantial changes to the Audit Plan will be presented to the Audit Committee at subsequent meetings.

## AUDIT PROCESS

### **Overview and Conduct of the Audit Process**

Although every audit project is unique, the audit process is similar for most engagements and usually consists of nine stages. Through these stages Internal Audit will determine ways to minimize risks and increase efficiencies within the area. Client involvement is critical at each stage of the audit process. An audit will result in a certain amount of time being diverted from area personnel's usual routine. One of the key objectives is to minimize this time and avoid disrupting on-going activities.

- a) Plan. The Internal Audit Department will develop an audit plan based on a review of all pertinent information. Sources may include: the risk assessment matrix, internal and external evaluations, management guidance.
- b) Notify. The Internal Audit Department will schedule a meeting with the unit manager and the senior managers of the process to be audited. Identify the scope and the objectives of the audit, how long it is expected to last and what the responsibilities for all parties are in the audit process. Any factors that will impact the audit should be raised at this time. Factors include vacations, fiscal year end reporting requirements, etc.
- c) Test. Testing will include interviews with the staff, review of procedures and manuals, compliance with the University policies and governmental laws and regulations and assessing the adequacy of internal controls.
- d) Communicate. Keep the department that is undergoing the audit updated on a regular basis of the progress of the audit and especially if there are any findings. There may be instances where the findings can be addressed immediately.
- e) Draft. The report draft will include the audit Scope and Objectives, Summary and Opinion, Findings and Audit Recommendations.
- f) Management Response. Management will receive the audit draft to confirm the facts and respond to the Audit Recommendations. Their

response should assign the responsibility to implement the recommendation and have a specific target date of completion of the corrective actions. The time window for the management response is normally 21 days.

- g) Review. The final version of the audit will be reviewed and all issues resolved by the Executive Director of Internal Audit.
- h) Distribute. The report is then immediately released to the audited department, divisional Vice President, Vice President and General Counsel and the Executive Vice President for Administration. It is also released to the Audit Committee as part of the agenda at the periodic meetings.
- i) Verify. The Internal Audit Department will conduct a follow up on the Management Responses to the Audit Findings and Recommendations within a three month period. This subsequent review will be discussed with the involved management and the comments published. The comments will also be released to the Audit Committee as part of the agenda at the periodic meetings.

## AUDIT PROCEDURES

### **Evidential Matter**

Evidential matter obtained during the course of fieldwork provides the documented basis for the auditor's opinions, observations, and recommendations as expressed in the audit report. The Internal Audit Staff is obligated by professional standards to act objectively, exercise due professional care, and collect sufficient, competent, relevant, and useful information to provide a sound basis for audit observations and recommendations.

Auditors must obtain all evidence necessary for the effective completion of the audit.

The decision on how much evidence is enough and what type to seek requires the exercise of the auditor's judgment based on experience, education, reasoning and intuition. A thorough knowledge of the concepts underlying audit evidence will help the auditor to improve the audit quality and efficiency.

Standards for the Professional Practice of Internal Auditing require that work papers possess certain attributes to provide a sound basis for audit observations and opinions and to be considered as evidential matter. Those attributes are defined to be sufficient, competent, relevant, and useful as follows:

- a) Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor.
- b) Competent information is reliable and the best attainable through the use of appropriate audit techniques.
- c) Relevant information supports audit findings and recommendations and is consistent with the objectives for the audit.
- d) Useful information helps the organization meet its goals. It also provides a reference for the preparer when called upon to answer questions.

### Types of Evidence

If the evidence supports the basic tests of sufficiency, competence and relevance, it may be used to support the auditor's finding. The following outlines the different types of evidence obtained during the course of an audit:

- a) **Physical evidence** obtained through observation and inquiry;
- b) **Testimonial evidence** from interview and statements from involved persons;
- c) **Documentary evidence** consisting of legislation, reports, minutes, memoranda, contracts, extracts from accounting records, formal charts and specifications of documentation flows, systems design, operations and organization structure
- d) **Analytical evidence** secured by analysis of information collected by the auditor.

### Documentation of Evidential Matter

Standards for the Professional Practice of Internal Auditing require that audit work papers reflect the details of the evidence upon which the auditor has relied. The Internal Audit staff must maintain adequate documentation of the audit, including the basis and extent of planning, the work performed and the results and findings of the audit.

This will allow the work papers to serve both as tools to aid the auditor in performing their work, and as written evidence of the work done to support the auditor's report. Information included in work papers should be sufficient, competent, relevant, and useful to provide a sound basis for audit findings and recommendations.

In the process of collecting evidential matter, the auditor is required to perform audit testing to support all observations and opinions. During the performance of such testing, the auditor is not required to test the population in its entirety. Audit sampling may be employed. Audit sampling is performing an audit test on less than one-hundred percent of a population. In "sampling" the auditor accepts the risk that some or all errors will not be found and the conclusions drawn (i.e. all

transactions were proper and accurate) may be wrong.

The type of sampling used and the number of items selected should be based on the auditors understanding of the relative risks and exposures of the areas audited.

### **Types of Samples**

- a) Statistical or probability sampling allows the auditor to stipulate, with a given level of confidence, the condition of a large population by reviewing only a percentage of the total items. Several sampling techniques are available to the auditor.
- b) Attribute sampling is used when the auditor has identified the expected frequency or occurrence of an event.
- c) Variables sampling is used when the auditor samples for values in a population which vary from item to item.
- d) Judgment sampling is used when it is not essential to have a precise determination of the probable condition of the universe, or where it is not possible, practical, or necessary to use statistical sampling.

## WORK PAPER PROCEDURES

### Work Papers – General

The work papers document a system, operation or process and audit procedures performed. They contain the records of preliminary planning, the audit program, audit testing and the results of procedures that were performed. Work papers are prepared from the beginning of the first audit assignment and are added to and altered throughout the course of each subsequent audit. They represent the documentation of audit activity that must be continuously maintained.

### Work Paper – File Structure

There are two types of working papers - permanent and current. The permanent work papers, known as the "Permanent Files", contain historical and relatively static descriptive material. The current work papers (or simply "work papers") contain records of audits as they are carried out.

- a) **Permanent Files.** Permanent files are used only for data that can reasonably be expected to be needed in audits for two or more years and to remain unchanged. The material that may appropriately be included varies widely from audit to audit. Items that may be held in permanent files include flowcharts, system narratives, operating policies and procedures, long term debt agreements, contracts, organizational charts, and regulatory material.

The auditor prepares and retains a permanent file to provide a library of descriptive information obtained through questioning people, reviewing instructions and directives, systems analysis and procedures and examining transactions. This will support discussions with operating personnel since certain operations may be complex.

Documented explanations and charts in the work papers, indexed for ready access, also provide the auditor with an understanding of the operations without proving to be an unnecessary burden on individual departments to re-explain the operations in their area each year.

The Internal Audit staff is responsible for updating the permanent files during the planning stage of an audit. Current materials are to be placed in front of the outdated materials providing an audit trail of past practices and changes to those practices.

- b) **Current Work Papers.** The current Work Papers should contain documentation related to the administration, the audit testing, observations, conclusions and recommendations. At a minimum, the current work papers should include the following documentation:
- Final Report
  - Notes for Follow-up audits
  - Request for Documentation
  - Internal Control Questionnaire
  - Audit Program
  - Test Documents
  - Memorandum relating to audit
  - Draft Reports.

### **Type of Work Papers**

Schedules and analyses are useful for identifying statistical trends, verifying the accuracy of data, developing projections or estimations, and determining if tasks or records have been properly completed. Each schedule or analysis included in the work papers should include an explanation of the purpose of the analysis and a summary of the results.

- a) **Documents.** Copies or actual samples of various documents can be used as examples, for clarification, and as physical evidence to support a conclusion or prove the existence of a problem. These documents can be memos, reports, computer printouts, procedures, forms, invoices, contracts, or any of numerous other items. Any copied document should serve a useful audit purpose. The following guidelines should be followed when including documents in the work papers:
- Indicate the person and/or file that the document

came from.

- Copy and insert only that portion of the report, memo, procedure, etc., which is needed for purposes of explanation or as documentation of a potential finding. Do not include the entire document in the work papers unless absolutely necessary for clarity.
- Fully explain the terms and notations found on the document, as well as its use. This is especially true when including maps, engineering drawings, or other such documents in the papers. These explanations may be made on an attached page or on the face of the document.
- Each document should be cross referenced to either the page or separate analysis where it was discussed.
- No document should be included in the work papers without an explanation of why it was included.

- b) **Process Narratives and Flowcharts.** In many audits, it is necessary to describe systems or processes as they relate to the area being audited. An explanation and description of such procedures or processes should be documented through the use of narratives or flowcharts or some combination of the two. The choice of which method to use depends on the relative efficiency of the method in relation to the complexities of the system being described.

Narratives are often easier to use, and should be used, if the system or process can be described clearly and concisely. However, when narratives are not practical and a description of control points are difficult to integrate, flowcharting (or a combination of narratives and flowcharting) is an appropriate alternative. Flowcharts conveniently describe complex relationships because they reduce narrative explanations to a picture of the system. They are concise and may be easier to analyze than written descriptions.

- c) **Providing a Record of Interviews and Observations.** Often, relevant information may be obtained through interviews conducted with area personnel. Formal interviews are most desirable because

the interviewees know they are providing input to the audit; however, impromptu interviews, or even casual discussions can often provide important information as well. Any verbal information that is likely to support a conclusion in the audit work papers should be documented. Interviews are useful in identifying problem areas, documenting controls, obtaining general knowledge of the audit subject, collecting data not in a documented form, and documenting the opinions, assessments, or rationale for actions from area personnel. Interview notes should contain only the facts and views presented by the person interviewed and should not include any of the auditor's opinions. The activity that an auditor observes can serve the same purposes as an interview. If an observation can be used to support a conclusion, it should also be documented. This is especially true when performing physical verifications.

### **Quality of Work Papers**

Proper work papers demonstrate professionalism and document the audit procedures that were performed. Audit work papers also need to support that due professional care was exercised and illustrates compliance with professional auditing standards. Comprehensive and well-organized work papers are characterized as follows:

- a) **Complete.** Work papers must be able to "stand alone." This means that a person external to the audit or not necessarily familiar with audit policies and procedures should be able to follow the work from planning through fieldwork to the report with no information besides what appears in the work papers.
- b) **Concise.** Work papers must be confined to those that serve a useful purpose. Items that are used in the audit should be evaluated as to their necessity in the work papers. Work papers are not retained if they are not required to support the conclusions drawn in the audit. If a document is readily available or reproducible based on a description included in the work papers, it is not required to be included in the work papers. Documents that support evidence of exceptions to policy and

procedure should be included in the work papers.

- c) **Uniform.** Work papers should be of uniform size and appearance, which will generally be 8 ½ x 11 inches. Smaller papers should be fastened to standard work papers, and larger papers should be folded or reduced to conform to size restrictions. All handwritten documentation should be done legibly and in pencil. The preparer should allow for enough space on each schedule so that all pertinent information can be included in a logical and orderly manner. Lastly, the work papers should be sufficiently numbered and indexed.

### Work Paper Techniques

An auditor makes frequent use of a variety of symbols to indicate work that has been done. These symbols are commonly referred to as tick-marks and are generally shown in colored pencil. A legend or key explaining the use of each tick-mark should be included with the work papers.

- a) **Tick Marks.** When performing attribute testing, a tick mark may be used to indicate an item meets the attribute. However, if an attribute is not met, a tick mark with a unique explanation should be used. This allows for more easily distinguishing between exceptions and non-exceptions for reporting purposes. Highlighting pens should not be used because they will not show up if the work paper is copied.
- b) **Descriptive Headings.** All working papers that are not self explanatory should have a heading which includes the area under audit, title of work paper, and the date prepared. If it is not evident, the source of information and purpose of the working paper should also be noted.
- c) **Definitions.** Ambiguities are reduced if uniform meanings are adopted for the various terms used in audit programs. Below are some definitions which should be used to help eliminate confusion and aid communication among the audit staff.
  - a) **Analyze.** To break into significant component parts to determine the nature of something.

- b) **Confirm.** To obtain proof to be true or accurate, usually by written inquiry from a source other than the audited.
- c) **Evaluate.** To look at or into closely and carefully for the purpose of arriving at accurate, proper, and appropriate opinions.
- d) **Inspect.** To examine physically, without complete verification.
- e) **Investigate.** To ascertain facts about suspected or alleged conditions.
- f) **Test.** To examine representative items or samples for the purpose of arriving at a conclusion regarding the group from which the sample is selected.
- g) **Verify.** To prove accuracy.

### Work Paper Organization

- a) **Indexing.** In order to be useful, work papers must be well organized. This means that the flow of the work papers should be logical. Work papers within each audit section should be arranged from the level of least detail to the most. That is, the lead schedule or summary page should be the first item in the section (after the audit program, if present in the section), with the detailed testing behind. For non-financial work papers, a summary memo, narrative, or flowchart may be presented first with examples of related documents or other more detailed information to follow.
- b) **Cross-Referencing.** Cross referencing within work papers should be complete and accurate. Work papers should be cross referenced to the appropriate lead sheet, working trial balance or other summary work paper. Proper cross-referencing includes page references beside both items being linked. If several amounts on one work paper are to be referenced to the total of those amounts at another work paper, the summation should be shown with the cross-reference beside the total.

Although there will be times when space constraints require otherwise, cross-referencing should be consistent. It is not necessary to reference amounts appearing in numerous places every time they appear. Rather, the amount/item should be cross-referenced from the work paper where the audit testing was performed to the lead sheet or summary page in front of it.

- c) **Carry forward.** The auditor should make full use of the work papers developed in prior audits. Flowcharts, system descriptions, and other data may still be valid. Those papers that remain useful should be made a part of the current working papers. First, a copy of the document should be made to place in the prior year work papers. Then, the original may be updated with current information, referenced, and initialed and dated by the current auditor. Prior year sign-offs should not be deleted from the original document.

### Electronic Work Papers

#### Types of Media

- a) Computer floppy disks, compact disks, or other electronic media should be placed in the work papers, if space permits, with documentation as to what items are included on the media.
- b) Even though electronic media may be in the work papers, it will also normally be housed on the various computers within the department. Anytime the department changes to a new software program, particularly word processing or spreadsheet software, files should be converted to the new software so that they are not lost or unreadable in the future.

**Filing of Electronic Media**

- a) During the course of an audit, documents will be prepared electronically (i.e. audit programs, reports, memoranda). As the documents are being prepared, they may remain resident on the University assigned personal computer of the Internal Auditor performing the engagement.
- b) Upon completion of the audit, all documentation is to be properly indexed and stored on the local area network shared drive, in the folder designated for Internal Audit.

**Control/Confidentiality of Work Papers**

- a) The Internal Audit staff is to know exactly where the work papers are during the conduct of the audit. During the course of an audit, work papers should not be left unattended. Work papers are to be kept in a secure area not readily available to persons unauthorized to access them.
- b) Access to work papers is limited to authorized personnel. In circumstances where requests for access to audit work papers and reports are made by parties either within or outside the University, approval must be obtained from the Vice President of General Counsel.

## ADMINISTRATIVE PROCEDURES

**Cooperation with External Auditors.** The Executive Director of Internal Audit is responsible for coordinating audit efforts with the University's external auditors. The coordination of audit efforts should be considered in the planning of internal audit activities to ensure that the work of all auditing groups is complementary and will provide comprehensive, effective and efficient audit coverage.

**Availability of External Audit Management Letter.**

The entire External Audit Management Letter is included in the Regents Board book, which is available to members of the Executive Cabinet. The specific cabinet member is made aware of a deficiency as soon as the finding is made known.

**Knowledge and Continuing Professional Education.** The Internal Audit Department should possess or should obtain the knowledge, skills, and disciplines needed to carry out its audit responsibilities. The Internal Audit staff should maintain their technical competence through continuing education. They should keep informed about improvements and current developments in internal auditing standards, procedures, and techniques. Continuing education may be obtained through membership and participation in professional societies; attendance at conferences, seminars, college courses, and in-house training programs.

**Supervision.** The Executive Director of Internal Audit should provide assurance that internal audits are properly supervised. Supervision is a continuing process, beginning with planning and ending with the conclusion of the audit assignment. The extent of supervision required will depend on the proficiency of the Internal Auditor and the difficulty of the audit assignment.

**Personnel Management and Development.** The University has an established program for developing the human resources of the Administration. The preparation and review of the Administrative Performance Appraisal is part of that program. The Performance Appraisal serves the function of staff development. The feedback staff receives from the appraisal process provides them with information they can use to improve job performance.

The Office of Human Resources maintains the job descriptions for each position within the University.