

## Approval of Revisions to Regents' Policy P05.03

### CURRENT LANGUAGE with TRACK CHANGES for PROPOSED LANGUAGE CHANGES

#### Chapter 05.03 - ~~Internal Audit~~ Audit and Consulting Services

##### P05.03.010. ~~Internal Audit:~~ Purpose of P05.03.010 - 05.03-~~018.030.~~ 030.

By adopting P05.03.010 - 05.03.01830, the board establishes the general authority and responsibilities of the university's ~~internal Audit~~ and Consulting Services department.

(~~<date>04-15-04~~)

##### P05.03.012. ~~Internal Audit:~~ Introduction and Mission.

A. A.—Internal auditing is an independent and objective assurance and consulting appraisal activity established within the university to examine and evaluate its activities to meet the needs of the board and executive management. Internal audits may include financial, performance, operational and compliance audits.

B.—The mission of the ~~internal a~~ Audit and Consulting Services department is to assist the board and management in the effective discharge of their fiduciary and administrative responsibilities by providing analysis, appraisals, counsel, information and recommendations concerning activities reviewed and by promoting effective controls for the recording and reporting of operational activities and for the custody and safeguarding of assets.

~~B.~~—~~The internal audit department will abide by the Institute of Internal Auditors' (IIA) Code of Ethics and will conduct audit activities in accordance with Governmental Auditing Standards published by the Comptroller General of the United States and Standards for the Professional Practice of Internal Auditing issued by the IIA.~~

(~~<date>04-15-04~~)

##### P05.03.014. Role.

~~The Audit and Consulting Services department is established by the Board of Regents, and its responsibilities are defined by the Audit Committee of the Board of Regents as part of their oversight function.~~

(~~<date>~~)

##### P05.03.016. Professional Standards.

~~The Audit and Consulting Services department will comply with the Institute of Internal Auditors' (IIA) Code of Ethics and conduct audit activities in accordance with Governmental Auditing Standards published by the Comptroller General of the United States and Standards for the Professional Practice of Interent(0 scn1a 12( )Tj ET /C0tar)-1(t)I~~



C. The chief finance officer shall supervise the chief audit executive except for matters relating to the establishment of the scope of audit activities and the reporting of audit findings and recommendations. The chief finance officer may request special audits by the department in order to meet the officer's responsibilities. The chief finance officer shall be responsible for and have the authority to require the implementation of recommendations or other resolution of audit findings and the distribution of audit reports.

(<date>)

---

**P05.03.022. Independence.**

A. All activities conducted by the Audit and Consulting Services department shall remain free of influence by other elements of the university, including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

B. Internal auditors shall have no direct operational responsibility or authority over any of

8. Serving as liaison for coordination of all external audit activities. The chief finance officer and the administrative vice chancellors are responsible for notifying the chief audit executive of all external audit engagements scheduled or taking place at their respective MAU. The chief audit executive shall have the discretion to determine the authority of the external auditors to conduct the audit, advise the auditor and auditees on the conduct of the audit, facilitate the audit if the chief audit executive considers it appropriate, and report of the status of the audit to the Audit Committee;
9. Assisting in fraud and theft assessment at the request of legal counsel and executive management. The chief audit executive shall provide support for such reviews under the direction of legal counsel; and

D. The chief audit executive shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open status –until cleared or waived by the chief audit executive.

(<date>04-15-04)

**P05.03.030. Periodic Assessment**

This policy is intended to be consistent with the charter recommended by the Institute of Internal Auditors and periodically shall be assessed to determine if the purpose, authority, and responsibility, as defined in this policy, continue to be adequate to enable Audit and Consulting Services to accomplish its objectives. The result of the periodic assessment shall be communicated to senior management and the board.

(<date>)

**~~P05.03.018. Internal Audit: Responsibilities.~~**

~~A. The internal audit department shall observe and review operations, activities and~~  
The



and personnel as





B. The chief audit executive shall present the audit plan to the Audit Committee for review and approval.

C. Significant deviations from the formally approved plan will be communicated to senior management and the Audit Committee through periodic status reports.

(<date>)

**P05.03.028. Reporting.**

A. The chief audit executive shall provide a written report on the status of all internal and external audit activities to the Audit Committee quarterly.

B. Formal audit reports shall be issued to the chief finance officer, who will be responsible for the implementation of recommendations or other resolution of audit findings and the distribution of audit reports. Copies of all formal audit reports, including management's response, will be provided to the Audit Committee before the next scheduled committee meeting.

C. Recommendations for improvement or correction shall be reported to the appropriate individuals or management staff.

D. The chief audit executive shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open status until cleared or waived by the chief audit executive.

(<date>)

**P05.03.030. Periodic Assessment**

This policy is intended to be consistent with the charter recommended by the Institute of Internal Auditors and periodically shall be assessed to determine if the purpose, authority, and responsibility, as defined in this policy, continue to be adequate to enable Audit and Consulting Services to accomplish its objectives. The result of the periodic assessment shall be communicated to senior management and the board.

(<date>)