Internal Audit and Compliance Update

Finance and Audit Committee Meeting

David Cutri
Executive Director of Internal Audit/Chief Compliance Officer

June 17, 2019
## FY2019 Audit and Compliance Project Progress

<table>
<thead>
<tr>
<th>Division</th>
<th>Approved Projects</th>
<th>Projects Completed</th>
<th>Projects In Progress</th>
<th>Projects To Initiate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>7</td>
<td>6</td>
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<tr>
<td>Clinical Affairs, College of Medicine and Life Sciences</td>
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<td>Finance and Administration</td>
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<td>Information Technology</td>
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<tr>
<td>Research</td>
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<tr>
<td>Intercollegiate Athletics</td>
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<td>3</td>
<td>1</td>
<td>0</td>
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<tr>
<td>Student Affairs</td>
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<td>Enrollment Management</td>
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<td>Legal Affairs</td>
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<td>Marketing and Communications</td>
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<td>Staff Functions</td>
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<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>36</strong></td>
<td><strong>12</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

**Note:** The above table includes University of Toledo Internal Audit process reviews, as well as various projects initiated by the University’s institutional compliance function.

**Note:** The above table summarizes the status of those projects were anticipated/promised in each category for FY2019 (i.e., projects approved by the Finance and Audit Committee in September of 2018).
Significant Projects Completed

In December, the Committee approved the plan of internal audits for FY2019. We are scheduled to complete the Internal Audit plan on time by June 30. Following are most significant projects completed during the year:

- Cybersecurity
- Effectiveness and Efficiency of Operations
- Campus Safety
- Healthcare Compliance
- Institutional Compliance
- Payroll, Purchasing Cards, Procurement
- Cash Controls
FY2019 Audit Coordination: CLA

As in previous years, the level of coordination between the University and the CLA external auditors will be highly coordinated for the FY2019 financial statement audit.

Internal Audit and Compliance Coordination

- Information Technology General Controls
- Intercollegiate Athletics Revenues/Expenses
- Reliance on Internal Audit and Compliance Activities/Audit Reports
The Institute of Internal Auditors’ International Standards for Professional Practice of Internal Auditing requires that certain topical areas be discussed with the Audit Committee at least annually. Following is a summary of these “required communications:”

- **Standard #1000**: Purpose, Scope, and Responsibility
- **Standard #1010**: Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter
- **Standard #1110**: Organizational Independence
- **Standard #1111**: Direct Interaction with the Board
- **Standard #1312**: External Assessments
- **Standard #1320**: Reporting on the Quality Assurance and Improvement Program
- **Standard #2020**: Communication and Approval
- **Standard #2060**: Reporting to Senior Management and the Board
Quality Improvement Program

Internal Audit and Compliance’s Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders that it:

- Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics.

- Operates in an effective and efficient manner.

- Is perceived by stakeholders as adding value and improving Internal Audit’s operations.
External Quality Assurance Review

- IIA Standard #1312 requires that an external assessment of internal audit functions be conducted every five years.

- To that end, UT has contracted with the Baker Tilly services firm to perform this review.

- The review will be a full external assessment, using the QAIP self-assessment as an initial data source/guide for independent validation.

- The quality assurance review will include on-site visits, interviews of senior leaders, any necessary benchmarking, and a report of observations and recommendations.