THE UNIVERSITY OF TOLEDO
AUDIT COMMITTEE MEETING

October 19, 2009
• Internal Audit Project Status (Attachment 1)

• Internal Audit Department Staffing Model (Attachment 2)

• Proposed Policy for Dissemination of an Internal Audit Report
  ✓ Attachment 3 contains the previous, unchanged version of the policy discussed at the September Audit Committee Meeting
  ✓ Please refer to a revised draft distributed at today’s meeting

• Internal Audit Department Aspirational Goals (Attachment 4)
The University of Toledo Audit Committee Meeting
Internal Audit Project Status

Highlights Since the August Audit Committee Meeting

• **Life Flight Revenue Sharing Agreement** - Audit report has been issued
• **Research Grants Audit** - Preliminary draft of report is currently being discussed with management
• **In-patient charge capture** - UTMC management recently requested a comprehensive audit
• **Control Self-Assessment** – The Payroll function is in progress

• **Other audits in progress include**
  - UTMC clinical risk assessments
  - UT pharmacy
  - Information security
  - NCAA football attendance

• **Future work** - Significant effort has been made to prepare for
  - Student financial aid
  - Commercial contract
  - Conflict of interest
  - Continuous controls monitoring areas

• With the recent hiring of a Senior Auditor, the department is at full staff
• Internal Audit moved into its new offices on the 2nd floor of Scott Park shortly after Labor Day
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Proposed Policy for Dissemination of an Internal Audit Report

Preliminary Draft Report
(Local and Senior Management)
• Discuss issues with local management directly responsible for corrective action
• Discuss issues with senior management to obtain additional feedback and perspective, and strategy for implementing corrective actions
• Obtain management action plans, including responsible parties and expected implementation dates
• Prepare draft audit report of findings, obtaining concurrence from all relevant local and senior management
• Prepare distribution list to utilize when the report is approved for final release
• Should the audit uncover issues of unusually high impact or instances of fraud or misappropriation, the Director of Internal Audit will advise the President and the Audit Committee at the time the issues are identified

Preparation of Report for Final Release
(President and Audit Committee)
• Upon obtaining concurrence/approval of the draft audit report from local and senior management, the Director of Internal Audit will submit the draft report to the President for discussion
• Thereafter, the Director of Internal Audit will submit the draft report to the Audit Committee
• The Audit Committee will have a minimum of three business days to provide feedback and make recommendations for clarification and changes
• The Director will incorporate any feedback from the Audit Committee and then release the report in its final form
Internal Audit Department Aspirational Goals
Operating Model Aspiration

BALANCED OBJECTIVES

“Governance and Compliance Reviews”  “Value-Added Management Advice”

UT Audit Approach
Internal Audit Department Aspirational Goals
Operating Model Aspiration


Business Process Improvement

University Initiatives

Higher Audit Staff Skills Required

Financial Audits

Operational Audits

Information/Tech Audits

Audit Focus

• Build an internal audit staff to be a knowledge resource serving as assurance and business advisor
• Adjust to a stream of internal and external forces affecting strategies and operations
• Build audit plans on a risk-based schedule
• Engage resources when necessary to provide subject matter expertise in technical internal audit areas
• Confront risks such as asset misappropriation, corruption, fraudulent financial reporting
• Mitigate information technology risks that drive and redefine the operations of the university
• Support University governance programs that promote ethics and transparency
• Embed technology in all facets of auditing to work more quickly and more accurately
• Systematically accumulate knowledge about operations, risk and controls, and business process best practices
• Implement a systematic improvement methodology
• Communicate effectively and with maximum impact