

University of Louisiana System

**Title: INTERNAL AUDIT CHAPTER  
(Policy Revision)**  
**Effective Date: May 30, 2003**  
**Cancellation: May 26, 1995**

**Chapter: Finance and Business**

**Policy and Procedures Memorandum**

The University of Louisiana System supports a System Director of Internal Audit as a staff function and as a coordinator of a System-wide, independent appraisal function to examine and evaluate the business and administrative activities of the System's colleges and universities. The System supports this staff function as a service to System executive management and the Board of Supervisors. The System Director of Internal Audit reports functionally to the Board of Supervisors and administratively to the System President. In carrying out his/her duties and responsibilities, the System Director of Internal Audit will have full, free, and unrestricted access to all activities, records, property, and personnel of each System institution.

The coordination of the System's internal auditing function is the responsibility of the System Director of Internal Audit. The Board, on recommendation from the System President, appoints the System Director. The internal auditing function consists of the Campus Offices of Internal Audit, whose Directors report to their respective Presidents and to the Board of Supervisors through the System Director of Internal Audit. The System Director will prepare, for approval by the System President, a consolidated System-wide audit plan. Such plan will incorporate each campus' proposed audit plan, each of which shall include input from the President and CFO's as to areas of audit concern and areas subject to increased risk. The proposed individual plans will identify the audits to be conducted at each campus during the year. The System-wide audit plan will identify areas of audit concern on a campus-by-campus basis, as well as a System-wide approach. The final plan shall be reviewed and, if necessary, revised by the Audit Committee and then approved by the Board at an open meeting.

The Audit Committee of the Board of Supervisors maintains oversight of the System-wide auditing function.

## **OBJECTIVE**

The primary objective of the System Director of Internal Audit is to coordinate the System-wide internal audit function and to assist members of the System's Executive management and members of the Board of Supervisors in the effective discharge of their responsibilities. To this end, the System Director will compile analyses, recommendations, counsel, and information concerning the activities and records of the campuses resulting from reviews conducted by the University Offices of Internal Audit; and provide such information to management and to the Board on a regular basis.

## **FUNCTION**

Internal auditing is a management control which functions by measuring and evaluating the effectiveness of other managerial controls. The System Director of Internal Audit ensures that this control is functioning at all campuses.

## **GUIDELINES**

### **GENERAL OBJECTIVES OF AUDITS AND REVIEWS**

The System Director of Internal Audit should ensure that the work of the University Offices of Internal Audit include the following general objectives:

- I. Determining that the University's overall system of internal control and the controls in each departmental unit or activities under audit are adequate, effective, efficient, and functioning; audits should be conducted on a periodic basis so that all major systems are reviewed. Such reviews will be coordinated with the state Office of the Legislative Auditor to avoid unnecessary duplication of effort.
2. Determining the reliability and adequacy of the accounting, financial, and reporting systems and procedures.
3. Determining, on a test basis, that University activities, including the administration of grants and contracts received or made, are in conformance with the University policies and procedures, State and Federal laws and regulations, contractual obligations, Board RULES, and good business practices.
4. Determining the extent to which University assets are accounted for and safeguarded from losses of all kinds and, as appropriate, verifying, on a test basis, the existence of such assets.

5. Evaluating operational procedures to determine whether results are consistent with established objectives and goals and whether the procedures are being carried out as planned.
6. Evaluating the design of major new electronic data processing systems and major modifications to existing systems prior to their installation to determine whether the system of internal control will be adequate, effective, and efficient.

When internal auditors are evaluating the design of a new or modified system prior to its installation, sufficient information must be provided to them, before installation, regarding the intended internal controls, so they can complete their evaluation and reach conclusions regarding the system of internal control before the system is actually installed.

In addition, the System Director of Internal Audit should ensure that University Offices of Internal Audit conduct investigations as required or directed related to the general objectives stated above.

## **GENERAL SCOPE OF AUDIT COVERAGE**

The general scope of audit coverage is System-wide and no function, activity, or unit of the universities is exempt from audit and review. Nor may any officer, administrator, or staff member prohibit the System Director or the Universities' internal auditors from examining any university record or interviewing any faculty/staff member or student that the auditors deem to be pertinent to their audits and reviews. Additionally, the System Director of Internal Audit has the authority to audit or cause to be audited the accounts of all organizations required to submit financial statements to the System or any of its Universities.

## **AUDITING PROCEDURE**

The System Director of Internal Audit ensures that University internal auditors conduct audits and reviews according to generally accepted auditing standards using such audit programs, techniques, and procedures as are considered necessary under the circumstances. The operation of the internal audit function is to be carried out consistent with The Code of Ethics, Professional Practices Framework, and Practice Advisories as defined by the Institute of Internal Auditors.

Standards for the performance of the audit function are developed from the following:

The Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors)

Standards for Information Systems Auditing (Information Systems Audit and Control Association)

Statement on Auditing Standards No. I (American Institute of Certified Public Accountants)

## **LIMITATION OF AUTHORITY AND RESPONSIBILITY**

In performing their work, the System Director and University internal auditors have no direct authority over, nor responsibility for, any of the activities reviewed. Internal auditors will not develop and install procedures, prepare records, make management decisions, or engage in any other activity, which could be construed to compromise their independence. Therefore, internal audit reviews and appraisals do not in any way substitute for nor relieve other persons in the universities of the responsibilities assigned to them.

## **AUDIT COMMITTEE OF THE BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM**

To maintain oversight of the auditing function, both internal and external, the Audit Committee will review the previous year's System-wide internal audit program and the direction of the System-wide audit program to be followed in the year ahead as well as review annual financial and compliance audits, including any specific issues of concern. As appropriate, background documents related to specific audit issues will be sent to the Committee during the course of each year. The ULS Audit Committee Charter sets forth the duties and responsibilities of the Committee.

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*Review Process:*

System Administration Staff  
Board Review and Approval (5/30/03)

*Policy References:*

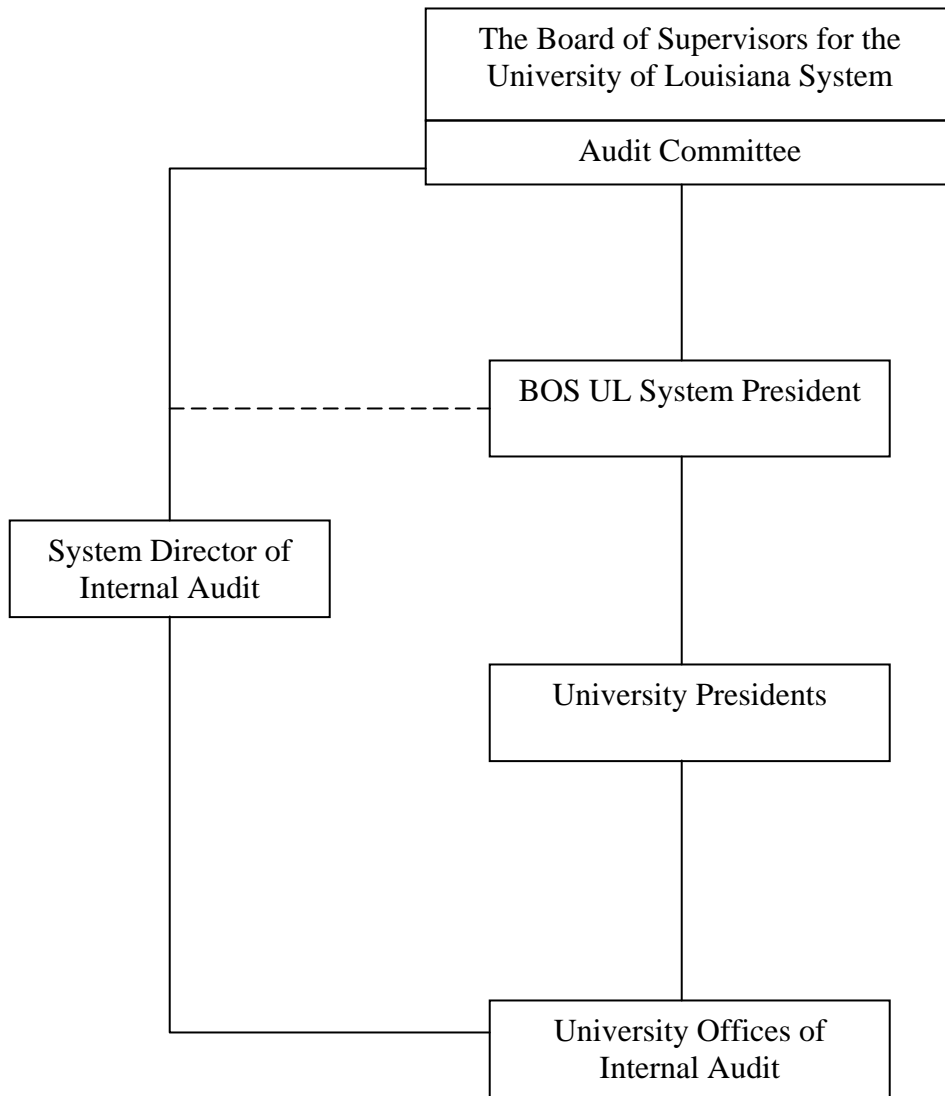
Association of College & University Auditors  
Institute of Internal Auditors

*Distribution:*

University Presidents  
University Directors of Internal Auditors

**ORGANIZATIONAL CHART  
FOR  
THE BOS UL SYSTEM**

**INTERNAL AUDITING FUNCTION**



Note: Each campus office of Internal Audit reports functionally to the System and administratively to their respective President.

Quarterly, a report of System audit activities will be presented to the Board.