

Provided by Cecil Strand, January 18, 2005.

“How do we ensure integrity in operations, such as admissions, registrar, bursar, student aid, human and animal research, copyright issues, campus health and environmental safety, police activities, facility building, maintenance and renovation?”

Department of Internal Audits’ Response:

1. Per the Institute of Internal Auditors http://www.theiia.org/ia/index.cfm?doc_id=269, “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

“Internal auditing reviews the reliability and integrity of information, compliance with policies and regulations, the safeguarding of assets, the economical and efficient use of resources, and established operational goals and objectives. Internal audits encompass financial activities and operations including systems, production, engineering, marketing, and human resources”.

2. Per the OSU/A&M Board of Regents “The Board” home page <http://home.okstate.edu/homepages.nsf/toc/audits.html>, organizationally “The Department of Internal Audits shall be solely responsible to the Board in the manner it prescribes. The headquarters of internal auditing operations shall be located on the OSU-Stillwater campus. Programs or scope of work to be conducted by internal auditors shall be prescribed and approved by the Board. All internal audit reports shall be submitted at the same time to the Board and to the president of the institution involved. Institutional administrators shall provide written responses to all internal audit reports, copies of which shall be presented to the Board in the manner it prescribes. Such responses shall be submitted to the Board over the signature of each of the respective presidents or a member of the president's management team”.
3. The annual audit plan approved by the Board each June is designed to provide broad audit coverage, while devoting sufficient time to major audit risk areas. While an emphasis has been placed on areas specifically requested by management, business risks exist across all operations of the institutions. It is important, therefore, for Internal Audits to assess and promote the institutions’ understanding and use of sound business practices. Internal Audits evaluates risk exposures and effectiveness of controls relating to governance, operations, and information systems technology for:
 - a. Reliability and integrity of financial and operational information;
 - b. Effectiveness and efficiency of operations;
 - c. Safeguarding of assets; and
 - d. Compliance with laws, regulations, and contracts

Our current audit plan is primarily devoted to financial, compliance, information systems technology, and operational auditing, as well as, management consulting services.

We co-source specialized expertise from professional Information Technology service firms in order to augment our in-house existing information technology audit resources. We have also co-sourced construction consulting services as we have reviewed and evaluated construction activities.

4. According to State law, institutions of Higher Education are required to have an annual financial audit conducted in accordance with OMB Circular A-133 by an outside public accounting firm. The external auditors are engaged by and report to the Board. The Internal Audit Department works with the external auditors and considers the external auditors audit coverage as they develop the internal audit plan to achieve maximum audit coverage. OSU's June 30, 2004 financial statements are located at <http://vpaf.okstate.edu/FinancialStatements.htm>.