AUDIT & COMPLIANCE COMMITTEE  
(Open Session)  

Thursday, May 29, 2003  
3:30 – 4:30 p.m.  
Board Room, The Rotunda  

Committee Members:  
Charles L. Glazer, Chair  
Thomas J. Bliley, Jr.  Warren M. Thompson  
Don R. Pippin  Georgia M. Willis  
Terence P. Ross  Gordon F. Rainey, Jr. Ex Officio  

<table>
<thead>
<tr>
<th>AGENDA</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.  ACTION ITEM (Ms. Deily)</td>
<td>1</td>
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<tr>
<td>• Audit Schedule, 2003-2004</td>
<td></td>
</tr>
<tr>
<td>II. DISCUSSION ITEMS (Mr. Glazer)</td>
<td>2</td>
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<tr>
<td>1. Mission of Audit &amp; Compliance Committee</td>
<td>3</td>
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<tr>
<td>2. Review of Audit Department Charter</td>
<td>4</td>
</tr>
<tr>
<td>3. Follow-up Program</td>
<td></td>
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</tbody>
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AUDIT & COMPLIANCE COMMITTEE
(Open Session)

Thursday, May 29, 2003
3:30 – 4:30 p.m.
Board Room, The Rotunda

BOARD MEETING: May 29, 2003

COMMITTEE: Audit

AGENDA ITEM: Audit Schedule

BACKGROUND: Ms. Deily will present the proposed audit schedule for the 2003-2004 Fiscal Year. This schedule has been developed based on information risk assessment models, knowledge of new systems implementations, and analyses of work performed in prior years.

ACTION REQUIRED: Approval by the Audit & Compliance Committee and by the Board of Visitors.

APPROVAL OF THE AUDIT SCHEDULE

RESOLVED that the Audit Schedule for Fiscal Year 2003-2004 is approved as recommended by the Audit & Compliance Committee.
AUDIT & COMPLIANCE COMMITTEE
(Open Session)

Thursday, May 29, 2003
3:30 – 4:30 p.m.
Board Room, The Rotunda

BOARD MEETING: May 29, 2003
COMMITTEE: Audit & Compliance
AGENDA ITEM: Mission of the Audit & Compliance Committee

BACKGROUND: Mr. Glazer will invite discussion by the Audit & Compliance Committee Members as to the mission of the committee for the future. This will include short presentations from the Compliance Officers and a review of current documents describing the Committee.

ACTION REQUIRED: None
AUDIT & COMPLIANCE COMMITTEE
(Open Session)

Thursday, May 29, 2003
3:30 – 4:30 p.m.
Board Room, The Rotunda

BOARD MEETING: May 29, 2003

COMMITTEE: Audit & Compliance

AGENDA ITEM: Review of Audit Department Charter

BACKGROUND: Mr. Glazer will request comments from Committee Members as to possible changes in the Audit Department’s Charter.

ACTION REQUIRED: None
AUDIT & COMPLIANCE COMMITTEE
(Open Session)

Thursday, May 29, 2003
3:30 – 4:30 p.m.
Board Room, The Rotunda

BOARD MEETING: May 29, 2003

COMMITTEE: Audit & Compliance

AGENDA ITEM: Follow-up Program

BACKGROUND: Ms. Deily will present changes proposed for the Audit Department’s Follow-up Program and solicit recommendations from the Committee.

ACTION REQUIRED: None
Determination of Hours Available for 2003-2004 Audit Projects

<table>
<thead>
<tr>
<th>Total Hours Available</th>
<th>22,880</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Vacancies</td>
<td>692</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>22,188</td>
</tr>
<tr>
<td>Professional</td>
<td>916</td>
</tr>
<tr>
<td>Development</td>
<td></td>
</tr>
<tr>
<td>Vacations and Holidays</td>
<td>2,849</td>
</tr>
<tr>
<td>Sick Leave and</td>
<td>1,200</td>
</tr>
<tr>
<td>Community Service</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>160</td>
</tr>
<tr>
<td>Other Activities</td>
<td>2,690</td>
</tr>
<tr>
<td>• Office and Personnel</td>
<td></td>
</tr>
<tr>
<td>administration</td>
<td></td>
</tr>
<tr>
<td>• Committee &amp; council</td>
<td></td>
</tr>
<tr>
<td>meetings</td>
<td></td>
</tr>
<tr>
<td>Hours Available for Audit Projects</td>
<td>14,373</td>
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</table>
## Allocation of Hours Available for Audit Projects

<table>
<thead>
<tr>
<th>Fiscal Year 2002 - 2003</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours Available for Audit Projects</td>
<td>14,373</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Wrap-up of FY 01-02 Audit Schedule</td>
<td>600</td>
</tr>
<tr>
<td>Unscheduled Audits/Special Requests</td>
<td>2,500</td>
</tr>
<tr>
<td>DSIA Hotline Projects</td>
<td>800</td>
</tr>
<tr>
<td>General Systems Development &amp; Consulting</td>
<td>400</td>
</tr>
<tr>
<td>Process Simplification/Operational Services</td>
<td>270</td>
</tr>
<tr>
<td>Board Preparation &amp; Mtgs</td>
<td>186</td>
</tr>
<tr>
<td>IT Support of Projects/Activities</td>
<td>200</td>
</tr>
<tr>
<td>General Project Support/Supervision</td>
<td>1,887</td>
</tr>
<tr>
<td>Hours Available for Scheduled Audit Projects</td>
<td>7,530</td>
</tr>
</tbody>
</table>
2003 - 2004 Audit Schedule

<table>
<thead>
<tr>
<th>DEPARTMENT/DIVISION</th>
<th>BUDGETED HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMINISTRATIVE &amp; SUPPORT SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td>Facilities Management - Facilities Planning &amp; Construction</td>
<td>500</td>
</tr>
<tr>
<td>Office of Sponsored Programs</td>
<td>450</td>
</tr>
<tr>
<td>Payroll System</td>
<td>450</td>
</tr>
<tr>
<td>W-2 Audit</td>
<td>250</td>
</tr>
<tr>
<td>Tuition &amp; Fees/International Student Requirements</td>
<td>450</td>
</tr>
<tr>
<td>Printing Services</td>
<td>300</td>
</tr>
<tr>
<td>Hazardous Materials</td>
<td>300</td>
</tr>
<tr>
<td>Procurement Services</td>
<td>200</td>
</tr>
<tr>
<td><strong>ATHLETICS</strong></td>
<td></td>
</tr>
<tr>
<td>NCAA Compliance</td>
<td>300</td>
</tr>
<tr>
<td>Game Settlements - Football</td>
<td>50</td>
</tr>
<tr>
<td><strong>OTHER ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>University Bookstore/Cavalier Computers/Inventory</td>
<td>50</td>
</tr>
<tr>
<td>Follow-up Audits</td>
<td>120</td>
</tr>
<tr>
<td>ISP CONSULTING</td>
<td>300</td>
</tr>
<tr>
<td><strong>UNIVERSITY TOTAL</strong></td>
<td>3,720</td>
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</table>
AUDIT & COMPLIANCE COMMITTEE  
(Open Session)  
Thursday, May 29, 2003  
3:30 – 4:30 p.m.  
Board Room, The Rotunda  

2003 – 2004 Audit Schedule  

HEALTH SYSTEM  

<table>
<thead>
<tr>
<th>DEPARTMENT/DIVISION</th>
<th>BUDGETED HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PATIENT CARE ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Radiology</td>
<td>400</td>
</tr>
<tr>
<td>Transplant</td>
<td>150</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE &amp; SUPPORT SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td>Facilities Management – Construction</td>
<td>200</td>
</tr>
<tr>
<td>Accounting</td>
<td></td>
</tr>
<tr>
<td>HealthSouth Contractual Agreement</td>
<td>400</td>
</tr>
<tr>
<td>Outpatient Charge Capture Review</td>
<td>400</td>
</tr>
<tr>
<td>Provider Based Clinics</td>
<td>400</td>
</tr>
<tr>
<td>Short Stays</td>
<td>100</td>
</tr>
<tr>
<td><strong>SCHOOL OF MEDICINE</strong></td>
<td></td>
</tr>
<tr>
<td>Dean’s Office</td>
<td>400</td>
</tr>
<tr>
<td>Department of Biochemistry &amp; Molecular Genetics</td>
<td>400</td>
</tr>
<tr>
<td><strong>INFORMATION TECHNOLOGY</strong></td>
<td></td>
</tr>
<tr>
<td>PeopleSoft System</td>
<td>400</td>
</tr>
<tr>
<td><strong>OTHER ACTIVIES</strong></td>
<td></td>
</tr>
<tr>
<td>OIG/EPLS Review</td>
<td>200</td>
</tr>
<tr>
<td>Central Sterile Inventory</td>
<td>80</td>
</tr>
<tr>
<td>Pharmacy Inventory</td>
<td>80</td>
</tr>
<tr>
<td>Follow-up Audits</td>
<td>200</td>
</tr>
<tr>
<td><strong>HEALTH SYSTEM TOTAL</strong></td>
<td>3,810</td>
</tr>
<tr>
<td><strong>UNIVERSITY &amp; HEALTH SYSTEM TOTALS</strong></td>
<td>7,530</td>
</tr>
</tbody>
</table>
Board of Visitors Manual – Current Version:

Section 3.26 AUDIT & COMPLIANCE COMMITTEE – The Audit & Compliance Committee shall be responsible for all matters relating to financial accounting and reporting. The Audit & Compliance Committee shall have direct access to internal and external auditors to assess their performance, the scope of audit activities and the adequacy of the system of internal accounting controls.

Board of Visitors Manual – Proposed Version:

Section 3.26 AUDIT & COMPLIANCE COMMITTEE – The Audit & Compliance Committee shall be responsible for all matters relating to financial accounting and reporting and for compliance issues. The Audit & Compliance Committee shall have direct access to internal and external auditors and to compliance officers to assess their performance, the scope of audit and compliance activities, and the adequacy of the system of internal accounting controls and compliance monitoring.

Audit & Compliance Committee Manual – Current Version:

OBJECTIVES AND DUTIES OF THE AUDIT & COMPLIANCE COMMITTEE

Introduction

This outline has been prepared for the Audit & Compliance Committee to serve as a guide in the development of the overall objectives and duties of the committee. The outline represents those objectives and duties that have been customarily recommended by authoritative sources such as the American Institute of Certified Public Accountants. This outline does not include, nor is it intended to include, all of the Committee’s objectives or duties as they may exist from time to time.
As used herein, the term "external auditor" shall refer to the representatives of the Auditor of Public Accounts for the Commonwealth of Virginia (APA) and auditors from organizations, governmental or commercial, outside of the University.

Objectives of the Audit & Compliance Committee

The proposed objectives of the Audit & Compliance Committee are as follows:

- To assist the Board of Visitors in fulfilling its fiduciary responsibility for financial accounting and reporting practices of the University. The term "University" refers to both the University and the Health Sciences Center which includes the Hospital.

- To assist the Board in its evaluation of the University's system of accounting and management controls and the degree of compliance with such controls.

- To provide a line of communication between the Board and the external and internal auditors in order to ensure that the auditor's performance is professional in nature and sufficient in scope to adequately evaluate the operations of the University.

- To provide additional assurance concerning the integrity of financial and operational information used internally as well as the information provided by the University to outside sources.
Audit & Compliance Committee Manual – Proposed Version:

OBJECTIVES AND DUTIES OF THE AUDIT & COMPLIANCE COMMITTEE

Introduction

This outline has been prepared for the Audit and Compliance Committee to serve as a guide in the development of the overall objectives and duties of the Committee. The outline represents those objectives and duties that have been customarily recommended by authoritative sources such as the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the Sarbanes-Oxley Act where it has relevance to public institutions. This outline does not include, nor is it intended to include, all of the Committee’s objectives or duties as they may exist from time to time.

As used herein, the term “external auditor” shall refer to the representatives of the Auditor of Public Accounts for the Commonwealth of Virginia (APA) and auditors from organizations, governmental or commercial, outside of the University.

Objectives of the Committee

The proposed objectives of the Audit and Compliance Committee are as follows:

- To assist the Board of Visitors in fulfilling its fiduciary responsibility for financial accounting and reporting practices of the University. The term “University” refers to both the University and the Health Sciences System which includes the Hospital.
To assist the Board of Visitors in fulfilling its management responsibility for compliance matters of the University, with emphasis on regulations imposed from outside entities.

To assist the Board in its evaluation of the University's system of accounting and management controls and the degree of compliance with such controls.

To provide a line of communication between the Board and the external and internal auditors and the compliance officers in order to ensure that the auditors' and compliance officers' performance is professional in nature and sufficient in scope to adequately evaluate the operations of the University in accordance with applicable policies, regulations and guidelines.

To provide additional assurance concerning the integrity of financial and operational information used internally as well as the information provided by the University to outside sources.
University of Virginia Compliance Program
Decision Brief (previously approved by the Board of Visitors in July 2002)

Issue: The University of Virginia is required to be in compliance with federal and state regulations. Our compliance program is reviewed by government audits and must demonstrate that the University is exercising due diligence to comply with federal and other regulations related to the operation of the University. Currently, the University has individual compliance programs in specific functional areas. The issue is whether there should be greater coordination of and consistency among compliance programs.

Background: A compliance program will be comprehensive and effective if it meets the following criteria outlined by the Federal Sentencing Guidelines:
1. Compliance standards and procedures reasonably capable of reducing the prospect of criminal activity;
2. Oversight by high-level personnel;
3. Due care in delegating substantial discretionary authority;
4. Effective communication to all levels of employees;
5. Systems for monitoring, auditing and reporting suspected wrong-doing without fear of reprisal;
6. Consistent enforcement of compliance standards including disciplinary mechanisms; and
7. Reasonable steps to respond to and prevent further similar offenses upon detection of a violation.

Discussion: The University currently operates two formal satellite compliance activities in the areas of Athletics/NCAA and the Health System. These are effective and strong operations. Research compliance is managed jointly by the Vice President for Research (regulations on research protocols and academic conflicts of interest) and the Vice President for Finance (contracting and costing regulations).
Operational managers in other areas are responsible for developing appropriate policies and procedures to ensure compliance with rules and regulations, for training and communicating on compliance issues, for maintaining required documentation (e.g. of training completed) and for using feedback (including detected violations) to make improvements. What is lacking in the current system is consistent delivery and coordinated oversight of the various compliance efforts taking place in different units across the University.

**Conclusion:** In order to meet state and federal regulations and to demonstrate our commitment to exercising due diligence in a proactive manner, therefore placing ourselves in a defensible position with regulators and auditors, the University must take the following actions to establish a compliance program:

1. To achieve consistency in the University's compliance across the many functional areas, e.g. NCAA, human resources/EEO/Department of Labor, protection of research subjects, research costs, medical reimbursements, tax and other financial issues, environmental health and safety, integrity and ethical conduct, records management, etc., there should be general oversight of all compliance functions by a central office, headed by a University Director for Compliance.

2. To satisfy the requirement for oversight by high-level personnel, name the Executive Vice President and Chief Operating Officer the Corporate Compliance Officer of the University. The University Director for Compliance would report to the Corporate Compliance Officer, and have full access to the General Counsel as appropriate.
3. It is not possible for one office to master the content knowledge of all the laws that regulate many different functional areas. Operational managers should still be responsible for developing appropriate policies and procedures to ensure compliance with rules and regulations, for training and communicating on compliance issues, for maintaining required documentation (e.g. of training completed) and for using feedback (including detected violations) to make improvements.

4. The University will have a small central compliance office, with the following objectives:

   a) to administer a compliance framework for the University that includes evaluating the compliance activities of the different offices to ensure that the different compliance programs across grounds meet applicable laws and University standards and are consistently managed and documented;

   b) to coordinate training programs (across compliance areas) that target similar subsets of the University community;

   c) to coordinate communications about compliance that target similar subsets of the University community;

   d) to assist operational managers in designing feedback and detection mechanisms on compliance issues;

   e) to provide input to operational managers about possible improvements to their compliance programs;

   f) to provide advice and guidance about compliance programs to individuals responsible for compliance in operational areas, and be their advocate;

   g) to monitor the effectiveness and enforcement of compliance programs in conjunction with the
Internal Audit Department, and with the General Counsel as appropriate;

h) to be a compliance clearinghouse for the University community;

i) to facilitate the reporting of "suspected wrong-doing without fear of reprisal", by building on existing systems including hotlines;

j) to perform targeted reviews in consultation with the University Counsel to minimize legal risk and assist counsel in the provision of timely and adequate legal advice to appropriate University officers, to report to the Executive Vice President and/or University Counsel on compliance issues requiring their attention, and to support the Executive Vice President (Corporate Compliance Officer) in his reports to the Board of Visitors; and,

k) to maintain the master records of compliance findings and agreements, and track corrective action.

5. Vice Presidents will name individuals responsible for compliance of specific functional areas. These designations may be formal or informal. All the individuals responsible for compliance within functional areas will continue to report to their respective Vice Presidents, but will have a dotted-line reporting relationship to the University Director for Compliance and ultimately are responsible to the Director with respect to compliance activity.

6. The University Director for Compliance will work closely with the Internal Audit Department to coordinate monitoring activities, and on compliance policies with the Vice President for Finance who has responsibility for the University's policy program.
UVa Compliance Program

- Corporate Compliance Officer [Exec VP]
- Director Of Compliance
- Human Resources (1)
- Research (1)
- Environ Health & Safety
- Health System
- EEO
- Tax - Financial (1)
- NCAA Athletics
- Internal Audit General Counsel

DRAFT
For Discussion Purposes Only
July 12, 2002
AUDIT & COMPLIANCE COMMITTEE  
(Open Session)  

Thursday, May 29, 2003  
3:30 – 4:30 p.m.  
Board Room, The Rotunda

Difference between Auditing and Compliance  
Auditing at the University July 12, 2002

Compliance Function:

1) Provides a continuous monitoring of a specified area (e.g. NCAA Compliance or Research Compliance).
2) Staffed by persons who have specialized expertise in a certain field (e.g. NCAA regulations or research regulations) or who have the ability to interpret regulations (e.g. attorneys).
3) Considered part of the management team and regularly works with persons dealing with specific issues.
4) Assists in developing solutions and monitoring mechanisms so that management can evaluate their own compliance.
5) Provides training to institutional staff on compliance issues.
6) Focuses totally on compliance.

Audit Function:

1) Provides an independent review and appraisal of operations and results of operations.
2) Staffed by generalists who have expertise in various business areas (e.g. accounting or information technology).
3) Considered an independent function. Audit works with management throughout the institution but has no routine operating responsibilities.
4) Provides recommendations to management on improving operations but does not assist in getting those recommendations implemented.
5) Does not provide regular training except as opportunities arise during an audit (e.g. if an auditee needs to know where to find a certain policy or report).
6) Focuses on issues such as financial accountability, safeguarding of assets, identification of risks, efficient use of resources, accomplishment of institutional goals and fraud investigation in addition to selected compliance issues.
AUDIT & COMPLIANCE COMMITTEE
(Open Session)

Thursday, May 29, 2003
3:30 – 4:30 p.m.
Board Room, The Rotunda

University of Virginia

AUDIT CHARTER

It is the policy of the University to establish and support the Audit Department for the purpose of assisting management in the effective discharge of its responsibilities for the control of University resources.

The mission and objectives of the Audit Department are as follows:

To perform financial audits for the purpose of ensuring that:

(a) Cash, accounts receivable, and other assets of the University are promptly and completely recorded, accounted for, authorized and adequately safeguarded against losses and misappropriation.

(b) Liabilities of the University have been properly incurred and are properly recorded and discharged. Audits directed to financial accountability will include a review of records, source data, fiscal procedures and internal controls.

To perform operational audits for the purpose of ensuring that University operations are conducted efficiently, effectively, and in accordance with appropriate and adequately documented policies, plans, and procedures. Operational audits will encompass a review of the policies, plans, procedures, organizational structure, staffing, and output of the audited unit. These audits will also include evaluating the accomplishment of established objectives and goals for operations and programs.
To provide the Board of Visitors and senior management with an independent, fair and objective appraisal of the effectiveness of the University’s financial accountability systems and operational performance in accordance with the priorities established by the Director of Audits in coordination with the Board of Visitors, the President and the Executive Vice President and Chief Financial Officer and approved by the President and the Board of Visitors.

To provide management with constructive criticism and positive recommendations designed to strengthen and improve performance results and cost effectiveness of their operations.

To inform the Board of Visitors and Senior University management of any financial irregularities, investigations, or other risks to the institution that the auditors discover during the course of their work.

The work of the Audit Department will be conducted in accordance with the Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors. Other professional standards, such as the Government Accounting Office “Yellow Book”, shall be utilized when appropriate.

The following policies identify the responsibilities of the Audit Department and provide guidelines for its interaction with all University departments and activities.

Organizational Responsibilities

The Director of Audits shall be responsible to the Board of Visitors but shall maintain a dual reporting relationship to both the Board and the President. The Director will seek input on the department’s activities from the Board of Visitors, the President, and the
Executive Vice President and Chief Financial Officer. The Director will have unrestricted access to the President and the Board of Visitors. The Director is responsible for the direction of the audit function and for seeing that the results of examinations and actions taken are communicated to appropriate levels of University management and, as appropriate, the President and the Board of Visitors.

The Director of Audits will draft an annual audit plan and will solicit input on this plan from the Board of Visitors, the President, the Executive Vice President and Chief Financial Officer and other senior management of the institution. The plan will be submitted to the Board of Visitors for approval.

Nothing herein shall be construed as preventing the Director of Audits from consulting with the President and the Executive Vice President and Chief Financial Officer on activities of the department, its findings, or significant issues. Nor shall the President and the Executive Vice President and Chief Financial Officer be prevented from consulting with the Director of Audits as may be necessary to the execution of their duties.

The Audit Department will give full consideration to scheduling special audit requests made by any department or activity. All requests should be in writing to the Director of Audits and state the purpose and scope of the audit.

Independence

The Audit Department will be organizationally and functionally independent from all University operations and will have no responsibility for the departments and activities being audited while being responsive to their needs and requirements. Because the Audit Department must be independent in carrying out its responsibility
to monitor and evaluate control procedures instituted by management, the extent of audit work to be performed with respect to those procedures is limited to the assessment of such procedures.

The Audit Department normally performs tests of underlying records and documentary support for transactions. Accordingly, objectivity would be lost if the Audit Department participated in accumulating data or reconstructing records.

Authorities and Limitations

The Audit Department personnel will have complete, free and unrestricted access to all University departments, activities, records, properties and personnel, and is not to be restricted in their activities. Where appropriate, special arrangements will be made for the examination of confidential information.

Systems Planning and Development

The Audit Department will participate in the planning, development, implementation, and modification of major computer-based and manual systems to ensure that:
(a) adequate controls are incorporated in the system;
(b) thorough system testing is performed at appropriate stages;
(c) system documentation is complete and accurate; and
(d) the resultant system is a complete and accurate implementation of the system specifications.

The Audit Department will conduct post installation evaluations of major information technology systems to ensure that these systems meet their intended purpose and objectives. The department also will review computer operations supporting such systems to ensure
that generally accepted standards for systems integrity and security, as well as system-specific controls, are being observed.

Security Investigations

The Audit, Risk Management and University Police Departments are to be notified if assets have been lost through defalcation or other security breaches. The Audit Department will perform sufficient tests and investigations to identify the weaknesses in procedures, which permitted the defalcation to occur. However, the investigation of the specific event with the objective of recovery and/or prosecution is the responsibility of the University Police Department, with the decision to prosecute being the responsibility of the appropriate Commonwealth’s Attorney.

Coordination with External Auditing Agencies

The Director of Audits will coordinate the department’s audit efforts with those of the University’s independent public accountants or other external auditing agencies by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary, and their combined efforts provide comprehensive, cost-effective audit coverage for the University. Duplication of work will be avoided as much as possible.

Reporting

Prior to the completion of a formal report, an exit conference will be conducted with the department or activity head. The conference will be a review of all findings, conclusions, and recommendations. A formal report will be issued at the conclusion of every audit, which will present a concise, clear and factual review of the conditions found, together with recommendations
for improvement. A memorandum shall be issued to the Director of Audits within 30 days responding to each finding, recommendation, and exception included in the audit report. This memorandum will include the department’s or activity’s plan for implementing the recommendations or a presentation of significant disagreement with the findings and/or recommendations.

A follow-up review of significant audit recommendations will be made by the Audit Department to establish that agreed-to recommendations have been adopted. A memorandum will be issued on the follow-up review to the President and the Executive Vice President and Chief Financial Officer.

Distribution of Reports

Audit reports will be issued to the Vice President responsible for the department or activity involved. In addition, copies of all such reports will be distributed to the President, the Executive Vice President and Chief Financial Officer, and the senior fiscal administrator having a functional interest in the subject matter.

All audit reports will be available for review by the Board of Visitors.

A summary of significant audit findings will be prepared for each Board meeting and submitted to the Board of Visitors, the President, and the Executive Vice President and Chief Financial Officer.