

The Role of the Internal Audit Department



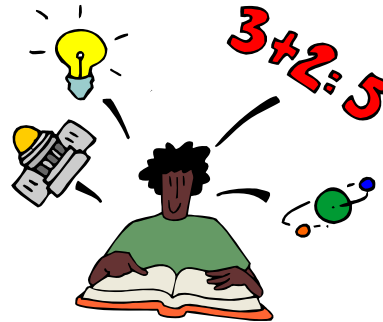
Definition of Internal Auditing

“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.”

The Institute of Internal Auditors

UNM Internal Audit Department

We're Here to Help!



- Identify Risks
- Find Better Ways and Best Practices
- Partner With You to Find Solutions
- Prevent Problems

We Report to the Board of Regents Audit Committee

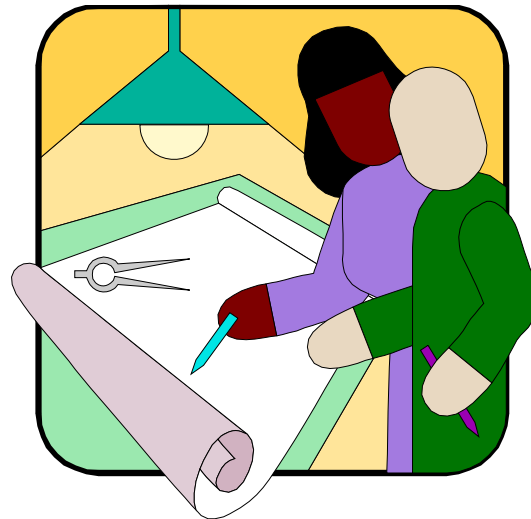
- Ensures independence
 - Elevate issues to a level where they can be corrected
 - Keeps Regents informed
 - Meets quarterly

What is Risk Based Auditing?

- Focus on risk of occurrences that could prevent the University from achieving its goals
- There are many types of risk – fraud, improper reporting, ineffective or inefficient use of resources, credibility loss, etc.
- Focus on areas with high risk and high probability that controls are not in place or are weak

We have a plan!

- Risk based audit plan developed with input from across the University
- Risk factors:
 - Impact
 - Probability
 - Controls



What Is the Plan?

- List of audits for fiscal year
- Based on risk assessment and available man hours
- Includes estimated budget hours and completion date
- Approved by Audit Committee

Auditable Entities

WE DO AUDIT

- Operations and compliance
- Departments
- Colleges or Schools
- Programs, Grants, Contracts
- Information Technology Systems
- University-wide Processes

WE DO NOT AUDIT

- Specific individuals
- Human Resource issues
- Sexual harassment or other civil rights issues

Internal Audit is Intake Point for Whistleblowers

University policy requires Internal Audit to receive reports of

Misconduct

Fraud

Several ways to report

Hotline

E-mail

Phone

Walk in



Investigations of Fraud and Employee Misconduct

- Whenever possible we will refer to the appropriate Dean, University Police, OEO or Human Resources for investigation
- University policy requires Internal Audit to investigate if financial or operational
- Internal Audit coordinates and reports to the State Auditor

UNM Internal Audit Department

Who Are We?

We are University employees

We are certified

public accountants,

internal auditors,

fraud examiners and

information system auditors

We are a staff of 7 auditors

It's the “little” things that get you!

- Misreporting hours.
- Forgetting to obtain prior approval when needed.
- Using estimates that are not supported.
- Any violation of University policy.

Preventive Measures

- Make sure your controls are working
- Review and reconcile
- Check the work of your subordinates
- Don't give in to the temptation to skip controls because you are busy!



What is included in the audit report?

- What was found
- Why it happen
- What is required
- What effect it has
- Recommendation for improvement
- Response – who, when and how



What happens after the audit?

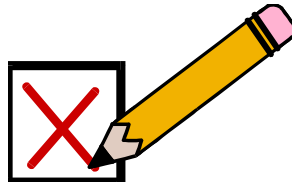
- Follow-up
- Review corrective action
- Report to Audit Committee

Who Audits the Auditors?

- We must have a peer review at least once every five years
- Our Standards are set by the Institute of Internal Auditors, and the American Institute of Certified Public Accountants

We Want to Know How We Are Doing

- At the completion of each audit we will send an after-audit-survey
- We want you to rate our performance
- Were we professional, helpful, timely and did we add value?
- Please take the time to give us your feedback.



UNM Internal Audit Department

We are here to help



- We provide training
- Respond to policy and technical accounting questions
- Offer suggestions for improvement
- Advisory role



UNM Internal Audit Department

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