Frequently Asked Questions

Just what do auditors do? How do they select their "auditee"? Many units do not give audits a second thought until they are selected for review. Here are some general thoughts about the internal audit function at UWRF.

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What is the Office of Internal Audit?

The Office of Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the University's operations. The department strives to help the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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Who are internal auditors?

As defined by the Institute of Internal Auditors (IIA), "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 Auditors' roles include monitoring, assessing, and analyzing organizational risk and controls; and reviewing and confirming information and compliance with policies, procedures, and laws. Working in partnership with management, internal auditors provide the Board of Regents ‘audit committee, and the UWRF Executive Management assurance that risks are mitigated and that the organization's corporate governance is strong and effective. In addition, when there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.

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What audits are performed by the internal auditors?

A variety of audits are performed in the review of campus programs and resources. These audits include:

- **Operational Audits** - Examine the use of unit resources to evaluate whether those resources are being used in the most effective and efficient manner to fulfill the University's mission and objectives. An operational audit may include elements of the other audit types listed below.

- **Financial Audits** - Focus on accounting and reporting of financial transactions, including commitments, authorizations, and receipt and disbursement of funds. The purpose of this type of audit is to verify that there are sufficient controls over cash and cash-like assets, and that there are adequate process controls over the acquisition and use of resources. Unlike external financial audits, internal financial audits do not prepare or express professional opinions on the fairness of the presentation of financial statements.

- **Compliance Audits** - Review adherence to laws, regulations, policies, and procedures. Examples include federal and state law, Trustee policies, and chancellor's office directives. Recommendations typically call for improvements in processes and controls intended to ensure compliance with regulations.
Information Systems (IS) Audits - Examine the internal control environment of automated information processing systems and how people use those systems. IS audits typically evaluate system input, output, and processing controls; backup and recovery plan; system security; and computer facility reviews. Information system auditing projects can focus on existing systems, as well as systems in the development stage.

Internal Control Reviews - Focus on the components of the university’s and auxiliary organization’s major business activities. Areas such as payroll and benefits, cash handling, inventory and equipment and their physical security, grants and contracts, and financial reporting are just some of the areas subject to review.

Investigations - Seek to establish evidence of impropriety; imply a systematic track-down of information the auditor hopes to discover or needs to know. Investigations include alleged instances of fraud, waste and abuse, and improper governmental activities.

Consulting Services - Add value and improves an organization's governance, risk management, and control processes without the auditor assuming management responsibilities. Consulting services may include counsel, advice, and facilitation.

Why does UWRF have an internal audit function?

The Office of Internal Audit Office exists by charter to assist University management in effectively fulfilling their responsibilities. We are charged with examining and evaluating the policies, procedures, and systems, which are in place to ensure the reliability and integrity of information; compliance with policies, plans, laws, and regulations; the safeguarding of assets; and the economical and efficient use of resources.

In simpler words, we are here to help.

Where does the audit function fit in the organization?

Internal Audit reports administratively to the Vice Chancellor for Administration and Finance; however, audit matters may be reported directly to the Chancellor and to the University of Wisconsin System Administration.

What is the difference between external and internal auditors?

External auditors can be from the private or public sectors. For example, the State of Wisconsin Legislative Audit Bureau (LAB) is the external audit agency for the UW System. Government auditors focus primarily on compliance with government regulations and award terms. Since both federal and state governments fund a significant portion of the university's activities, they want to make sure we use their money as they intended.
Periodically, auditors from the LAB review the university's annual financial statements to ensure the information presented accurately portrays UWRF’s financial condition. Agencies of the Federal and State of Wisconsin governments rely on the LAB opinion of the financial statements.

UW System and UWRF internal auditors sometimes look at the same data or perform some of the same steps as LAB auditors. If there is a problem, it is better to find it and fix it before external auditors review our practices.

What if an external auditor contacts me?

If an external auditor contacts you or any of your unit staff, direct them to contact the UWRF Office of Internal Audit or Office of the Vice Chancellor for Administration and Finance. We will then assist in coordinating their request. All external audits must be coordinated through the UWRF Office of Internal Audit or the Office of the Vice Chancellor for Administration and Finance.

Remember, internal audit is on your side and can help you get through an external audit.

How are units selected for audit?

The University of Wisconsin System requires certain auditable activities be conducted annually and others on a three to five year rotation.

Nonscheduled audits may happen at any time based on a number of factors or occurrences. First, management requests the Office of Internal Audit to conduct a review of a selected activity. Next, relevant risk factors such as control environment deficiencies, reputation/legal impact, and operations impact are weighted. Then institutional concerns and auditable activities are evaluated. The audit office then determines which areas to audit based on available resources.

What are internal auditors looking for?

We focus on compliance with Federal, State, UW System and UWRF policies and sound internal controls. UWRF’s policies are designed to help ensure we all comply with applicable laws and regulations and operate efficiently. By following these policies, we help protect the university from unnecessary risks and help ensure sound business practices are consistent throughout the University. UWRF policies can be found here: http://www2.uwrf.edu/policies/. However, not all internal controls can be codified in policy. If we find control weaknesses, we regularly make recommendations to implement a control even though it may not be specifically required by policy.
What if something isn't handled correctly?

We will make recommendations for improvement. The recommendations are realistic because we want you to implement them. It is the responsibility of management to weigh possible additional costs of implementing our recommendations in terms of benefits derived and the relative risks involved.

Is the Office of Internal Audit part of the Controller’s Office?

No, the Internal Audit Office works independently of the Controller’s Office. Our office has a solid-line reporting relationship to the Vice Chancellor for Administration and Finance.

Can a department request an audit?

We consider requests for audit work, although our ability to perform the audit might be affected by our staffing resources and deadlines. If you are concerned about an area in your department, we will try to make time for a limited examination of the area.

We are also available to do presentations and training for your department. Give us a call—we welcome all inquiries and will work with you to develop a program to fit your needs.

How long does an audit take?

We budget between 200 and 600 hours for a typical audit, depending on the size and complexity of the area. We have one auditor and often have more than one audit in process at a time, so an audit could take from two months to six months to complete.

What if I don't have the time to deal with the auditors?

During the audit opening meeting, we will discuss the audit schedule and try to accommodate time constraints that you may have. Although 200 to 600 hours may seem like a lot of time, much of our work is done behind the scenes. Many people operate under the erroneous belief that in doing an audit we will spend a great deal of time with you and take time away from your other obligations. We may need to meet key personnel on the audit two or three times for an hour at a time over the audit period. We may spend equal amounts of time, and perhaps less, with
others in the department, but we will not be monopolizing anyone's time in the department and much of our work such as audit planning and report writing, is done in our offices.

Who will receive my report?

We send copies of audit reports to the department director and the Vice Chancellor for Administration and Finance. Based the department audited, the Provost, Associate Vice Chancellor Student Services, and/or the Chancellor may receive a copy of the audit report.

Who audits the Audit Office?

The Office of Internal Audit is audited every five years by other auditors under guidelines set forth by the Association of College and University Auditors. This "peer review" process draws upon the standards and guidelines set forth by the Institute of Internal Auditors in their *International Standards for the Professional Practice of Internal Auditing*. The peer reviewers typically include auditors from other universities, public accounting firms, or specialists in an audit area. They issue a report with findings and recommendations, just as we do when we audit university units.

Whom do I contact regarding a possible irregularity?

The Office of Internal Audit strongly encourages university employees to report concerns of misconduct to supervisors, or through other established channels whenever possible. Please use the recommended procedures outlined by the relevant university policies to report the following types of issues:

- Discrimination
- Sexual Harassment
- Complaints and Grievances

If I contact you with information about a possible irregularity, will my identity be kept confidential?

This is a difficult question to answer without knowing whether or not the specific circumstance you are reporting will end up in legal action. As a general rule, we do not reveal our sources to the person being investigated. Moreover, we always try to corroborate any accusations with our own observations. If an irregularity is referred to the UW System Office of Operations Review
and Audit or UW System Office of Legal Counsel, and your testimony would be critical to the outcome of the case, it may become necessary to involve you.

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