State University System of Florida

Best Practices for Audit Committees and Internal Auditors

Board of Governors Audit Committee Meeting
March 29, 2007
Gainesville, Florida
Background

• BOG Audit Committee Workshop of November 29, 2006, among other things, initiated discussions on:
  – Role of BOG Audit Committee
  – Role of BOT Audit Committees
  – Role of University Auditor/Inspector General

• Subsequent to this meeting, State Universities Audit Council (SUAC) was invited to present a white paper with regards to “best practices” in audit and compliance issues and processes
State Universities Audit Council (SUAC)

- Established in 2002 (subsequent to devolution).
- An informal organization focusing on common issues and learning.
- All 10 State Universities’ audit functions are represented.
- Two meetings a year.
- Governor’s Audit Director and the DOE Inspector General attend all SUAC meetings.
SUAC

- FAMU-Division of Compliance and Audit-Rufus R. Little, III, Vice President
- FGCU-Office of Internal Audit-Carol Slade, Director
- FIU-Office of Internal Audit-Ted Guba, Audit Director
- FSU-Office of Audit Services-David Coury, Chief Audit Officer
- UCF-University Audit- Amy S. Voelker, Director
- UF-Office of Audit and Compliance Review- Nur Erenguc, Chief Audit Executive
- UNF-Office of Internal Auditing-Marty Khan, Director
- USF-University Audit and Compliance-Debbie Gula, Director
- UWF-Internal Auditing and Management Consulting-Betsy Bowers, Associate Vice President
SUAC

• Differences/Similarities
• Tenure and Recognized Leadership shared among the SUAC members
Introduction

• The white paper has been authored by Amy Voelker, Betsy Bowers, and Debbie Gula (UCF, UWF, USF) and reviewed and edited by SUAC members.

• It is a compilation using publications by a number of standard setting bodies including IIA, AICPA, and NACUBO.

• It has two sections addressing Audit Committees and Internal Auditors.

• It provides in depth reference to key publications addressing these topics.
Audit Committees

• The role of the audit committee and its responsibilities.
  – Oversight over
    • Financial reporting
    • Risk management and internal control
    • Compliance and ethics
  – These duties naturally necessitate close and direct communication with the external auditors and oversight over the internal audit function.
Audit Committees

• The characteristics of effective audit committees
  – Audit Committee Charter
  – Financial expertise and independence
  – Properly Resourced and Trained
  – Meeting Effectiveness
Internal Auditors

• The objectives of an internal audit function
  – Assurance and advisory activities over internal controls for the achievement of financial, operational and compliance objectives of the Institution
  – Contribution to effective organizational governance
Internal Auditors

• Best practices of the internal auditing activity addressing:
  - Organization and reporting structure that achieve broad scope and independence.
  - Proper sourcing and organizational access.
  - Professional Standards.
  - Internal audit charter.
  - Risk based audit plan.
  - Advisory Services and Investigations.
  - Follow-up Program.
  - Quality Assurance and Training.
Conclusion

• The BOG has significant oversight for Florida’s higher education.
• This white paper identifies best practices to achieve effective governance with regards to audit committees and internal audit.