

## 20.4 Internal Audit

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**1. Purpose.** The purpose of these policies and procedures is to set forth the responsibilities, objectives and authority for the internal audit function at the Eastern New Mexico University System.

**2. Policy.** The internal audit policies of the University System are as follows:

A. Internal audit is an independent appraisal activity to review and appraise accounting, financial, and all other operations as may be assigned. The audit activity is an integral part of the overall system of internal control.

B. The Internal Auditor shall report directly to the President of the System who has the responsibility and authority for assuring a broad scope of audit activity, adequate consideration of and effective action on the findings and recommendations made by the Internal Auditor.

C. The Internal Auditor shall also have accountability and a direct reporting relationship to the Board of Regents in any area deemed appropriate by the Board.

D. Independence is essential to the internal audit function. The Internal Auditor shall have the authority to inspect any and all records and property at any location, and to make contact with any level of administration or staff concerned with an audit. The Internal Auditor shall have neither direct responsibility for, nor authority over, any of the activities subject to review.

E. Internal audits are to be conducted in accordance with appropriate professional standards.

The foregoing purpose and policies shall be implemented by the following:

### PROCEDURES

**3. Administration.** The Internal Auditor shall have independence in conducting the audit functions, but shall report to both the President of the System and the Board of Regents respectively, as they require.

**4. Objectives.** The objectives of internal audit are to ensure the President of the System and Board of Regents that the directives, policies, and procedures of the University are carried out in accordance with state law and good management practices, as well as to assist all levels of administration in the effective performance of their responsibilities and the efficient achievement of objectives. To this end, internal audit shall provide those levels of administration with analysis, appraisals, recommendations, counsel, and information concerning the activities reviewed.

**5. Activities.** In attaining the stated objectives, audit activities will generally consist of:

A. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;

B. Reviewing the systems established procedures to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports, and determining whether the University is in compliance;

C. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;

D. Appraising the economy and efficiency with which resources are employed; and

E. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

**6. Scheduling and Performance of Audits.** Scheduling and performance of audits shall include the following:

A. The Internal Auditor shall be responsible for the development of audit plans, programs and procedures to carry out periodic reviews of the various operations of the University. Requests for audits shall be sought from the President of the System, the President ENMU-Roswell, Vice Presidents, Assistant Vice Presidents and Executive Directors and considered in the development of audit plans.

B. The administrator responsible for the activity reviewed shall be notified in sufficient time prior to the scheduled starting date unless an unannounced review is critical to the achievement of audit objectives. The proposed scope of each examination shall be reviewed with the administrator prior to the commencement of work and every effort must be made to emphasize maximum service and information to all levels of administration.

C. The extent and frequency of recurring audits depend upon varying circumstances such as conditions found during previous audits, performance reflected on reports, volume of transactions, and adequacy of the system of internal control. Therefore, no set rules have been established as to the number of times each activity will be visited, nor as to the specific subjects which will be reviewed.

D. At the conclusion of an audit, and prior to the issuance of an audit report, all significant findings and recommendations shall be discussed with the administrator of the unit examined. This policy shall prevail except when findings of an extremely unusual or confidential nature are involved. It is anticipated that such a review will assist in deriving maximum benefits of the examination performed.

**7. Audit Reports and Replies.** Audit reports shall be issued, and replies made, as follows:

A. Audit reports shall be distributed to all members of the administration who have responsibility and authority over activities reported upon.

B. Within 30 days after receipt of the audit report, the administrator responsible for the function or units reviewed shall prepare a written reply to the Internal Auditor. Copies of replies to the total audit shall be distributed to members of the administration to whom copies of the audit report are distributed.

C. The reply to the audit report must be prepared in sufficient detail to ascertain the disposition of items discussed in the audit report. The reply to the audit report must disclose the anticipated time that action in resolution of findings listed in the audit report will be fully implemented.

D. A follow- up review shall be conducted to determine if appropriate action has been taken to resolve those items discussed in the audit report. An audit shall be kept open until such time as effective action has been taken to resolve those items mentioned in an audit report or until an appropriate level of administration provides a written statement indicating a willingness to accept conditions as they exist.