

**THE FOLLOWING TABLE DEPICTS HOW WE PERCEIVE THE
EVOLUTION OF THE INTERNAL AUDIT PROFESSION:**

Tactical	➔	Strategic
Reactive	➔	Proactive
Backward looking	➔	Forward looking
Focused on accounting	➔	Focused on business
Singular focus on compliance	➔	An appropriate complement of risk-based and compliance-based auditing
“Gotcha”	➔	Helpful ally

◆
Internal Audit Engagements

It is important to remember that internal auditors do more than just financial audits (although this is still an important part of their job in order to protect the assets of your organization). Internal auditors perform several other types of engagements, as well. It is sometimes possible for a department to request an audit. Understanding the various types of audit activities may help you to get the most out of the experience:

- **Compliance Audits:** Reviewing a department or process to assess compliance with relevant internal policies and procedures, as well as external regulations. For example, internal auditors might review the institution’s cost-sharing policy for compliance with Office of Management and Budget Circular A-21 and National Institutes of Health and other sponsor requirements.
- **Operational Audits:** Reviewing a department or process to identify ways to make it work better or to use fewer resources. For example, internal auditors might review the operations of the procurement department to validate that the best choices are being made to save the university money, while still making purchases in a timely manner.
- **Risk Assessments:** Looking at everything that could go wrong in an institution (including the possibility of missed opportunities), and determining what the biggest risks are. Internal audit generally performs an entity-wide risk assessment on an annual basis to provide the foundation for its annual audit plan; however, it may also perform a risk assessment for a school or department. For example, prior to performing a financial audit at the medical school, internal auditors might perform a risk assessment in order to determine what departments are more likely to have something go wrong, and then focus audit efforts on those departments.
- **Fraud Investigations:** Examining allegations of fraud and performing a variety of audit procedures, including detailed testing, interviews, and analytical assessments, to determine whether fraud has occurred, how it occurred, and what amount of money and other assets were involved. For example, internal auditors at many institutions are responsible for investigating allegations made via the university’s anonymous hotline.

◆
Positive Impacts of Internal Audit Engagements

Each of these types of engagements can have positive impacts, both for the university as a whole and for the department being reviewed. At an institution-wide level, internal audit can provide a comprehensive and concise view of risk throughout the organization, help management and administrators to balance competing priorities with limited resources, and provide practical advice for streamlining processes and strengthening internal controls.

At a departmental level, your internal auditors can also provide valuable assistance by:

- Helping to identify fraud, waste, or abuse in your group that could be jeopardizing your mission or wasting resources. If one of your researchers were stealing valuable equipment, you’d want to know, right?
- Reviewing your processes and internal controls, and sharing relevant recommendations to improve efficiency and compliance in your department. You may be pleasantly surprised to find that, rather than adding additional bureaucratic levels, an audit could actually include recommending the removal of unnecessary controls!
- Having a strong voice that gets management’s attention, support, and funding for changes such as additional resources, enhanced processes or better systems via internal audit’s usually direct reporting relationship to senior management and the audit committee of the board of trustees. For example, your internal auditors might recommend that your department cannot function effectively without an additional administrative FTE. Wouldn’t it be nice to get some additional help?

We hope that you will start to put some of this knowledge into practice – not only to survive the audit process but also to add value to your organization.

Raina Rose Tagle is a Partner at Baker Tilly Beers & Cutler. Kimberly Ginn is a Senior Manager at Baker Tilly Beers & Cutler. Ashley Deihl is a Manager at Baker Tilly Beers & Cutler.