Internal Audit Quality Assessment Review

Report on Results

FAF November 16, 2006
What is it?

- Required review of UW Internal Audit’s compliance with professional internal auditing standards

- Performed, during a five day campus visit, by chief audit executives from:
  - Stanford University (team leader)
  - University of Michigan
  - University of Minnesota
  - University of Illinois
Peer Review Team

- Looked at internal audit function from enterprise-wide perspective
- Reviewed self-assessment documents and work product
- Interviewed 25 senior administrators and audit staff
- Surveyed 100 clients
- Assessed current practices for conformance to professional internal audit standards
Results

- Internal Audit generally conforms to professional internal audit standards (highest rating)

- Notable Strengths
  - Audit approach is cooperative, collaborative, improvement focused
  - Staff is highly qualified and credentialed
  - Staff act with high standard of objectivity and care
  - Client survey results showed high satisfaction ratings
  - Liaison work with external auditors is highly valued
Institutional Observations

Department’s current role is tactical vs. strategic

Actions planned or taken

- Broaden scope and increase audit time budgets

- Analyze audit results for strategic and operational control improvements, and risk mitigation

- Report on highest risk audit results to senior executives and Regents twice a year

- Provide tools, encourage management to perform tactical reviews
Institutional Observations

Resources are overly lean

Actions planned or taken

- In near term add two staff
- Develop 6 year investment plan to bring staffing in line with peers
- Focus work on highest risk areas
- Coordinate with central administrative offices to address low to moderate risk issues, perform non-audit work
Institutional Observations

Independent internal audit coverage for large areas of UW Medicine is lacking

Actions planned or taken

- Consolidate Medical Centers Internal Audit and UW Internal Audit (effective December 2006)
- Staff and train Medical Centers audit team
- Establish process for communicating needs, roles, responsibilities of UW Medicine, UWMC and HMC with regard to internal audit, internal controls, and risk mitigation
Institutional Observations

Succession planning for the UW Internal Audit Director is needed

Actions planned or taken

- Succession planning is complete