



Internal Audit Quality Assessment Review

Report on Results

FAF November 16, 2006

R-7

Internal Audit Quality Assessment Review

- 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

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Institutional Observations

Succession planning for the UW Internal Audit Director is needed

Actions planned or taken

- Succession planning is complete