

Augusta University

Policy Library

External Audit Policy

Policy Owner: Internal Audit

POLICY STATEMENT

Notices of external audits or requests to conduct an external audit received by Augusta University personnel should be approved or referred to the Chief Audit Officer and Chief Integrity Officer, who are responsible for the coordination of external audit activities. The Chief Audit Officer will coordinate with department personnel to ensure the external auditors receive all required assistance and information. A copy of the notification should be sent to the Chief Integrity Officer.

Augusta University fully cooperates with and assists external auditors.

To help ensure that external audit activity is appropriately coordinated, the Chief Audit Officer must be informed of and will determine the coordination of the external audit activity. This assures an understanding of the objectives and scope of the audit and assists the auditors in achieving legitimate objectives with the least impact on operations.

On a timely basis, Augusta University will provide external auditors with access to all records that are relevant to the audit, except those deemed by to be legally privileged or protected. Availability of records is subject to the University System of Georgia (USG) Board of Regents (BOR) record retention policies, which allow destruction of records within prescribed limits.

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni
- Faculty
- Graduate Students
- Health Professional Students
- Staff
- Undergraduate Students
- Vendors/Contractors
- Visitors
- Other:

Office of Compliance and Enterprise Risk Management Use Only

Policy Sponsor: Chief Audit Officer

Originally Issued: 3/11/15

Last Revision: 4/20/15

Last Review: 7/26/17

DEFINITIONS

Audit – independent and object appraisal to examine or review the fair presentation of financial statements, economy and efficiency of operations, effectiveness of achieving program results, compliance with laws and regulations and/or the detection of fraudulent activities. Audits include reviews, site visits, desk audits, and fraud investigations.

External Audit – independent and objective appraisal, performed by a non-Augusta University audit entity of the University's financial and administrative performance as custodian of public and private funds.

External Auditor – an auditor *not* employed by an Augusta University entity; external auditors may represent BOR, Office of State Comptroller, federal agencies, certified public accounting firms, legal firms, and grant sponsors.

Internal Auditor – an auditor employed by an Augusta University entity; they provide an independent and objective assessment of the effectiveness and efficiency of a company's operations, specifically its internal control structure.

PROCESS & PROCEDURES

Audit Process

Although every audit is unique, the audit process is similar for most engagements and normally consists of the following phases:

- **Notification** – Managers will receive a letter or some type of communication informing them of an upcoming audit, review, site visit, desk audit, or fraud investigation and requesting documentation (e.g. organization charts, system documentation, flow charts, financial statements). The Chief Audit Officer and Chief Integrity Officer should be notified immediately upon receipt of such a request. Managers who seek to conduct an external audit of certain business or operations practices need to have them approved by either the Chief Audit Officer or Chief Integrity Officer prior to engaging the external audit.
- **Entrance Conference** – An opening meeting including management and administrative staff involved in the audit that provides an opportunity to discuss the scope of the audit, available resources, and other concerns. The Chief Audit Officer and the Chief Integrity Officer or designees may attend the entrance/opening conference to facilitate full communication of audit objectives, schedule, and protocol.
- **Fieldwork** – The phase of the audit in which auditors may interview staff, review procedure manuals and business processes, test compliance, and assess the adequacy of internal controls.
- **Draft Report** – An audit report detailing observations and findings that is shared with audit client management at the completion of fieldwork. The issues and/or observations should have been shared with the audit client during the fieldwork and therefore the report should not hold any surprises.

- **Responses to Audit Reports** – Responses and/or corrective action plans to draft and final reports that are formulated by AU management with the review and assistance of the Chief Audit Officer and Chief Integrity Officer.
- **Final Audit Report** – The final report that includes AU responses. The final report is typically discussed in a scheduled exit conference with the management team and auditors to ensure all parties involved are aware and understand the conclusions and planned management actions.
- **Audit Recommendation Follow-Up** – The follow-up of the status of corrective action implementation. Every effort should be made to implement recommendations within six months of the issue date of the report. Material and significant recommendations will be tracked and followed up on by Augusta University's Office of Internal Audit. Lack of corrective action within two years of the issuance of the audit report will be escalated to the President and/or other appropriate individuals.

Duties of Responsible Parties:

Chief Audit Officer

- Monitor all external audit activity.
- Determine an appropriate liaison with external auditors to facilitate cooperation in the performance of their duties and to avoid duplication of effort.
- Coordinate with Chief Integrity Officer on all external audits.
- Review and assist management with the response to audit reports prior to submission to the external audit entity.
- Coordinate the distribution of all audit reports.
- Monitor the implementation status of material and significant audit recommendations.
- Report lack of corrective action to the appropriate individuals.
- Report status of material and significant issues to the appropriate individuals on a six month basis.

AU Internal Audit Office

- Assist the Chief Audit Officer with:
 - coordinating external audit activity
 - follow-up on the implementation of material and significant audit recommendations

Department Heads / Principal Investigators

- Notify the Chief Audit Officer and Chief Integrity Officer when an external agency wishes to commence an audit, review, site visit, desk audit, fraud investigation, or conduct field work on campus.
- Coordinate requests for specific information or interviews with employees.
- Forward all draft and final audit responses to the Chief Audit Officer for review.
- Implement agreed-upon audit recommendations in a timely manner

Employees

- Be courteous, cooperative, and professional when dealing with the auditors.
- Assist the auditors with specific requests.
- Provide accurate, concise and information applicable to the auditor's request. If you are unsure about how certain information may relate to the audit, consult with the Chief Audit Officer.
- Ensure documentation provided the auditor is properly protected as necessary – If there are any concerns about the request or transmittal of sensitive or protected information, consult with the Chief Audit Officer or Enterprise Privacy Officer.
- Notify the Chief Audit Officer if an auditor's work appears to be beyond the defined scope of the audit.

REFERENCES & SUPPORTING DOCUMENTS

Office of Internal Audit
Health Sciences Campus, HS-3135
1120 15th Street
Augusta, GA 30912
Internal_audit@augusta.edu
(706) 721-2661

RELATED POLICIES

USG Policy on Third-Party Audits:
http://www.usg.edu/business_procedures_manual/section16/C1496

APPROVED BY:

Brooks Keel, Ph.D.
President, Augusta University and CEO, AU Health System

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