Example Higher Education Annual Internal Audit Plan

Disclaimer

The following is an example of an annual internal audit plan for a higher education institution. The areas included within this document are not intended to be all-inclusive, and there may be areas outside of this document that are relevant to your institution and should be addressed. An internal audit plan should be developed with input for your management and board and tailored to your institution's specific situation and needs.

This document is not intended to provide legal, accounting, investment, fiduciary, or information security advice. Please contact your attorney, accountant, information security support provider, or other professional advisor to discuss the application of this material to your particular facts and circumstances.

University Name
Annual Internal Audit Plan

Introduction

Annually, the Internal Auditor shall submit to senior management and the name of board subcommittee a Plan summarizing the staffing plan, budget, and areas identified for internal auditing during the year.

The Plan is to be developed annually in response to risk assessment. The Plan will also be developed with input from the name of board subcommittee, management, and the external auditor. The name of board subcommittee will review and approve the plan annually at its insert date meeting.

This Annual Plan:

- Outlines the Internal Audit objectives.
- Forecasts available audit hours.
- Determines areas and levels of risk.
- Incorporates and applies the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control–Integrated Framework.
- Specifies that results will be reported to the board and/or finance committee and the date or frequency of those reports.

The Internal Audit Plan is derived by combining the assessment of department-level risks across the University with the projection of available internal audit resources to determine the most effective schedule of audit activities for the year.

Requests for reviews or special investigations that are **not** part of the approved annual audit plan are reviewed with the Chief Financial Officer or Vice President of Finance prior to acceptance by the name of board subcommittee. The external auditors will be consulted if the findings warrant their involvement.

Audit Resources

University name Internal Auditing consists of X number of [full-time or part-time] personnel to carry out the functions outlined within this Plan. These individuals may be current employees of the university who have the skills necessary to perform the functions in this plan and understand the operations of the University.

Risk Assessment

The risk assessment includes a business risk model used to sort identified risks within the following three broad categories:

1. *Environment Risk* – e.g., legal and regulatory, financial reporting, financial and social climate.
2. *Process Risk* – includes five subcategories: Operations, Financial, Employee and Management Empowerment, Information Processing/Technology, and Integrity.
3. *Information For Decision-Making Risk* – includes three subcategories based on the type of information: Process/Operational, Business Reporting, and Environment/Strategic.

Approved: Insert Date Here

The assessment results in the assignment of a risk indicator to each identified area of risk (e.g. Low, Moderate, or High). The expected frequency of departmental audits is: discretionary for Low risk units, approximately X years for Moderate risk units, and no more than Y years for High risk units.

The risk evaluation process has been developed with reference to a standardized framework for establishing and managing an effective enterprise-wide system of controls. For a brief summary of this framework, see Control Framework below.

Control Framework

The Internal Auditor evaluates risks within the University's control environment with consideration of the Internal Control–Integrated Framework model developed by COSO in 1992 and updated in 2013. In particular, the following five critical components for an effective system of internal controls, as defined in the model, contribute to the risk assessment process:

Control Environment – The foundation for a system of internal control, providing the underlying discipline and structure through emphasis on such factors as integrity and ethical values, management philosophy and operating style, organizational structure, assignment of authority and responsibility, and the direction provided by the Board and its name of board subcommittee.

Risk Assessment – The identification and evaluation of all risks to the achievement of defined organization-wide and process-level objectives, for the purpose of determining how best to manage them.

Control Activities – The policies, procedures, and internal controls that are designed to ensure the achievement of organizational objectives.

Information and Communication – The need for relevant, accurate, and timely information to be communicated effectively, to ensure effective operations and communication of control responsibilities.

Monitoring Activities – The continuous process for evaluating and reporting the performance of the internal control environment through ongoing monitoring activities, particularly by management, supervisors, and separate evaluations including internal audit reviews.

Reporting

The annual internal audit plan should include a summary of who the report will be provided to. This should be either the board or a delegated committee such as the finance committee. The plan also should specify the timing and frequency of the reporting.

Last updated: INSERT DATEHERE

Approved: Insert Date Here