



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

December 1, 2023

Internal Audit

Policy R567, *Internal Audit Program*, establishes the policies and standards for internal audit departments within USHE. Further, policy R565, *Audit Committees*, defines the roles and responsibilities of the Board Audit Subcommittee and Institution Trustee Audit Committees. These policies are based on the roles and responsibilities of Internal Audit and Audit Committees as defined in the Utah Internal Audit Act.

Institution Internal Audit and Trustee Audit Committees

Each USHE institution's internal audit department is structured to operate independently and objectively within the institution it serves. This is accomplished by having each institution's Chief Audit Executive or Audit Director (CAE) report functionally to the institution's Trustee Audit Committee.

The Trustee Audit Committee oversees the internal audit activities within its institution and provides advice and recommendations to the Board of Trustees regarding institutional oversight and internal controls.

USHE Internal Audit and Board Audit Committee

In addition to the institution's internal audit departments, the USHE audit department provides audit support to the Board, coordinates system-wide audit activities, conducts special audits as requested by the Board or the Commissioner, and provides centralized shared services internal audit functions for some institutions.

The CAE of the USHE audit department reports functionally to the Board Audit Committee. In addition to providing oversight for the internal audit activities of the Board audit department, the Board Audit Committee also provides oversight and guidance to the institution's Trustee Audit Committees. The Board Audit Committee meets annually with each Trustee Audit Committee Chair to discuss the effectiveness of internal audit, institution-specific risks, and internal controls. The Board Audit Committee also provides recommendations to the Board of Higher Education regarding system oversight and internal controls.

Internal Audit Shared Services

A significant accomplishment of the Board Audit Committee has been the establishment of the centralized Internal Audit shared services. In addition to providing audit support to the Board, the USHE audit

department provides shared internal audit services for USHE institutions, where needed, to provide uniformity in the audit work and reduce risk while providing cost savings to the institution.

The shared services audit functions are currently being performed for:

- Office of the Commissioner of Higher Education (OCHE)
- Bridgerland Technical College
- Ogden-Weber Technical College
- Davis Technical College
- Tooele Technical College
- Mountainland Technical College
- Uintah Basin Technical College
- Southwest Technical College
- Dixie Technical College
- Snow College

Policy R567 requires that degree-granting institutions regularly conduct IT audits as part of their work. The Board audit department has a certified information systems auditor (CISA) on staff and has established a contract with a third party to provide IT audit services for the following degree-granting institutions:

- Snow College
- Utah Tech University
- Southern Utah University
- Salt Lake Community College

Commissioner's Recommendation

This is an information item only; no action is required.

Attachment

Internal Audit Responsibilities

Board Policy R567 defines the primary functions and requirements of Internal Audit Departments that provide internal audit work for their respective institutions. In addition to providing internal audit work for the Commissioner's Office, the USHE Internal Audit Department provides internal audit services as a shared service to Snow College and the eight Technical Colleges. The scope of work includes participation in risk assessments, conducting required and risk-based internal audits, and administration of anonymous whistleblower hotlines.

Internal Audit

In addition to providing internal audit work for OCHE, shared services agreements have been established for the USHE Internal Audit Team to provide internal audit services for other institutions that don't have their own internal audit function:

OCHE

Snow College

Davis Technical College

Dixie Technical College

Ogden-Weber Technical College

Southwest Technical College

Tooele Technical College

Bridgerland Technical College

Uintah-Basin Technical College

Mountainland Technical College

Internal Audit – IT Audit

Board Policy R567 requires each degree-granting institution to conduct regular IT audits based on institution risk assessments. Through shared services agreements with the institutions, utilizing the services established in a third-party contract, the USHE Internal Audit Team conducts IT risk assessments and IT audits for degree granting institutions that don't have qualified IT auditors on staff.

Snow College

Utah Tech University

Southern Utah University

Salt Lake Community College

Audit Support and Training

Board Policies R567 and R565 define Internal Audit roles in regards to providing audit support to the Board. This is accomplished through:

- Coordination of system-wide audits
- Special audits directed by the Commissioner
- Special audits directed by the Board Audit Committee
- Administration and follow-up to anonymous whistleblower reports
- Institution Audit Committee training
- External audits liaison

Audits directed by the Board or Commissioner

Examples of prior Board or Commissioner requested audits conducted over the past five years include:

- Audit of the Snow College Controller’s Office (Requested made to the Commissioner by the Snow College President)
- Audit of Differential Tuition
- Audit of Technical College Budget and Finance Practices
- Institution use of new tuition and fees
- Technical College P-Card use
- Technical College Fleet Operations and Mileage Reimbursements
- Audit of Course Fees