

**UNIVERSITY OF ALASKA SYSTEM
INTERNAL AUDIT ACTIVITY**

**QUALITY ASSURANCE
SELF-ASSESSMENT
WITH EXTERNAL INDEPENDENT VALIDATION**

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JUNE 2011**

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

PART I – MATTERS FOR CONSIDERATION OF ABC MANAGEMENT

PART II – ISSUES SPECIFIC TO THE INTERNAL AUDIT ACTIVITY

OBSERVATIONS AND RECOMMENDATIONS

PART I – MATTERS FOR CONSIDERATION OF ABC MANAGEMENT

1. Determine CAE Performance Evaluator and Compensation Adjustor

PART II – ISSUES SPECIFIC TO THE INTERNAL AUDIT ACTIVITY

1. Timely Performance Appraisals
2. Tracking of Continuing Professional Development
3. Quality Program Assessments
4. Explain Time Budget Variances
5. Properly Identifying Information
6. Recording and Control of Engagement Records
7. Define Record Retention Schedule
8. CAE Work Paper Review and Peer Reviews
9. Timely Final Audit Reports
10. Timely Follow-up Audits

EXECUTIVE SUMMARY

The self-assessment team conducted a quality assessment (QA) of the internal audit (IA) activity of the University of Alaska Statewide System (UA) in preparation for validation by an independent assessor. The principal objective of the QA was to assess the IA activity's conformance to The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.

OPINION AS TO CONFORMITY TO THE STANDARDS

It is our overall opinion that the IA activity partially conforms to the *Standards* and Code of Ethics. For a detailed list of conformance to individual standards, please see Attachment A. The QA team identified opportunities for further improvement, details of which are provided in this report.

The IIA *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform."

- "Generally Conforms" is the top rating and means that an IA activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*.
- "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner.
- "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

SCOPE AND METHODOLOGY

As part of the preparation for the QA, the IA activity prepared a self-study document with detailed information and sent out surveys to its staff and a representative sample of UA executives. A summary of the survey results (without identifying the individual survey respondents) has been furnished to the IA activity. The team also reviewed the IA activity's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a representative sample of the IA activity's workpapers and reports.

OBSERVATIONS AND POSITIVE ATTRIBUTES

The IA activity environment is well-structured and progressive, where IIA *Standards* are understood and management is endeavoring to provide useful audit tools and implement appropriate practices. Some successful practices in place are:

- A good reputation and credibility with customers.
- Qualified staff.
- A CAE with the professional certifications of Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA), an auditor that successfully

passed the CISA exam and another auditor that is studying for the CIA exam. The IA activity has policies to support auditors with their achievement of certain professional certifications by assisting with the purchase of study material and compensation for time and travel required for sitting for exams.

- The IA activity has developed strong professional relationships with other departments such as fund accounting and functional areas such as information technology, grants and contracts, and business offices.

The comments and recommendations by the team are intended to build on this foundation already in place in the IA activity.

RECOMMENDATIONS

The recommendations are divided into two groups:

- Those that concern the University as a whole and suggest actions by senior management. Although these are matters outside the scope of the self-assessment, they are included because they are useful to the University management and impact the effectiveness of the IA activity and the value it can add.
- Those that relate to the IA activity's structure, staffing, deployment of resources, and similar matters that should be implemented within the IA activity, with support from senior management.



Laycie Schnekenburger, Self-assessment Team Leader

OBSERVATIONS AND RECOMMENDATIONS

PART I – MATTERS FOR CONSIDERATION OF UNIVERSITY OF ALASKA MANAGEMENT

These observations and recommendations originated principally from the comments received from the management survey, our interviews with selected executives, and follow-up of these matters. All are of direct importance to enhancing effectiveness and added value of the IA activity.

1. Observation The CAE's official appointment to the position of Director of Internal Audit was confirmed during a regularly scheduled Board of Regents Audit Committee meeting on 6/19/08. There have been salary increases during the last two years (FY11 and FY12), but the amount of each increase was determined by different levels of management within the university system without involvement or input by the Audit Committee. Furthermore, there has not been a performance evaluation conducted for the CAE.

Standard No. 1110 – Organizational Independence
Practice Advisory No. 1110-2 – CAE Reporting Lines

Recommendation The CAE and the Audit Committee should establish guidelines governing the process for annual performance evaluations of the CAE, as well as their involvement with the determination of salary/compensation adjustments.

Senior Management Response

The CAE will discuss this with the Board of Regents Audit Committee and the vice president for finance.

PART II – ISSUES SPECIFIC TO THE INTERNAL AUDIT ACTIVITY

1. Observation Each member of the audit staff has had one performance evaluation performed. However, the range of employment is between two and four years. Therefore, performance evaluations have not been performed on an annual basis.

Standard No. 1210 – Proficiency
Practice Advisory No. 1210-1 – Proficiency (5)

Recommendation The CAE should conduct staff performance appraisals at least annually; preferably on or around the anniversary of the employee's hire date.

Internal Audit Response

This is in progress. Beginning this year the performance appraisals will be performed annually.

2. Observation

The CAE created an MS Excel workbook for staff to document their training by date, course title and the number of CPEs earned. However, the spreadsheet had not been consistently updated by all staff which made it difficult to determine the total CPEs earned by those auditors.

Standard No. 1230 – Continuing Professional Development

Practice Advisory No. 1230-1 – Continuing Professional Development

Recommendation

The CAE should ensure that staff are reminded to update the training workbook immediately after training is completed and upon receipt of CPEs.

Internal Audit Response

The CAE will use the existing bi-weekly meetings with each auditor to regularly remind on the importance of updating the CPE information. Periodically, the CAE will verify that updates have occurred. Accurate CPE information will be important for the CAE to report via administrative and performance metrics in an annual report to the Audit Committee.

3. Observation

This was the first QAR performed for the IA activity.

Standard No. 1310 – Quality Program Assessments

Practice Advisory No. 1310-1 – Quality Program Assessments

Recommendation

The CAE should ensure that there are ongoing and periodic assessments of audit and consulting work by the internal audit activity. This should not be limited to assessing the Quality Assurance and Improvement Program, and should include

ongoing measurements and analyses of audit plan accomplishment, cycle time, recommendations accepted, and customer satisfaction.

Internal Audit Response

The CAE will ensure that the next self assessment begins within three to four years, followed by an external validation. A customer survey is being developed for distribution after each engagement. Administrative and performance metrics are being developed and will be reported in an annual report to the Audit Committee.

4. Observation

The work papers for a few of the audits reviewed did not contain figures for the actual time spent on the audits. This makes it difficult to compare actual hours to budgeted hours and determine where modifications should be made to improve the accuracy of time budgeting for the next audit.

Standard No. 2030 – Engagement Management

Practice Advisory No. 2030-1- Resource Management

Recommendation

The CAE should ensure that time budgets are updated after the completion of an audit engagement and that variances from the time budget are analyzed and explained so that time can be used more efficiently in future audits of the same type.

Internal Audit Response

The CAE began enforcing the use of a timekeeping database for FY12 for documenting the time spent on each engagement. There are bi-weekly meetings between the CAE and each auditor to discuss training needs, progress on audit engagements, and compare each engagement's budgeted hours to the actual hours incurred to-date. The database will facilitate easier tracking of actual hours for each engagement and comparison to the time budget. In late FY11 we also began exploring electronic work paper systems that are commonly used by internal and external audit departments. If an electronic work paper system is implemented, the time budget and tracking activities will be automated features of the system and will replace the timekeeping database.

5. Observation

Inconsistencies with work paper referencing existed during the timeframe that new auditors were performing the audits. This was observed for the four audits reviewed for the self assessment. Examples of the inconsistencies are as follows:

- Cross-referencing from work papers back to audit program (4 of 4 audits)
- Work paper headings incomplete (3 of 4 audits)
- Work papers indexed out of order (1 of 4 audits)
- Reference to work paper that was later removed (1 of 4 audits)

Standard No. 2310 – Identifying Information

Practice Advisory No. 2310-1 – Identifying Information

Recommendation

The CAE should ensure that when completed audits are reviewed, work papers are appropriately referenced; are in chronological order; and are appropriately labeled with proper headings.

Internal Audit Response

It is important to mention that the inconsistencies did not cause the reported audit findings to be unsupported by the work papers. Conclusions and findings were adequately supported. While training new auditors, the CAE had to weigh the cost of spending more time working with each one on referencing when really the audit conclusions were supported. This is often an ongoing effort even with experienced auditors. The CAE reviews common problems with work paper referencing at monthly staff meetings with the auditors. We are also exploring electronic work paper systems that are commonly used by internal and external audit departments. The use of an electronic work paper system is expected to increase auditor efficiency while decreasing the amount of time spent by the CAE on reviewing the work papers by automating a portion of the referencing.

6. Observation

None of the four audits that were selected for review had been entered into the audit database or prepared for storage. Engagement records, except for those related to investigations and certain special requests, are stored in a secure location where the access is controlled by another department.

Standard No. 2330 – Recording Information

Practice Advisory No. 2330.A1-1 – Control of Engagement Records

Recommendations

The CAE should ensure that lead auditors are reminded to enter audit recommendations into the database upon the issuance of the final report.

The IA activity should consider moving engagement records to a location where the access can be controlled by the IA activity or, alternatively, find out if IA can further secure the file cabinets by utilizing key-controlled locks with only the IA department having access to the keys

Internal Audit Response

The expectations for who will enter audit recommendations into the database had changed many times over the years. It was common to assign the entry of several completed audits to an intern or new auditor approximately once a year. The CAE developed a post-audit checklist in early FY11 that includes entry into the database as an action for the lead auditor of each engagement; however, this was not in practice for the audits selected for review during the self assessment. The checklist includes preparing the work papers for storage, also. The CAE will ensure that this is completed within a reasonable timeframe upon issuance of the final audit report.

The CAE will inquire about obtaining keys to the drawers that are assigned to IA for work paper storage.

7. Observation

The IA activity has records in storage that range as far back as 1992.

Standard No. 2330 – Recording Information

Practice Advisory No. 2330.A2-1 – Retention of Records

Recommendation

The CAE should ensure that engagement records are stored according to the departmental records retention schedule.

Internal Audit Response

The CAE will ensure that engagement records are stored according to the departmental records schedule or the state records retention if one exists for audit documents.

8. Observation

Work papers were not reviewed by another individual for two of four audit engagements where the CAE was the lead auditor. Also, quality assurance review by a peer was not performed for four engagements.

Standard No. 2340 – Engagement Supervision

Practice Advisory No. 2340-1 – Engagement Supervision

Recommendation

The CAE should ensure that procedures are implemented for review of audit work papers that are prepared by the CAE. The work paper review process should include quality assurance review to measure the work paper product and audit processes against the Standards.

Internal Audit Response

The CAE prepared work papers during a time when the audit staff was still learning how to conduct audits and prepare work papers themselves. It was not time efficient or practical to ask one of them to review the CAE's work papers at that time. Future work papers prepared by the CAE will be reviewed by another auditor in the department.

Peer reviews and quality assurance reviews were implemented in 2008, but they were in addition to the extensive work paper review that the CAE performs on all audit work papers. The intended outcomes of the new (2008) review processes were to educate the relatively new audit staff on the Standards, demonstrate how their peers' work papers achieved compliance with the Standards, and assist them with development of better work papers on their own audits. The CAE will ensure that the checklist is completed by herself or an assigned auditor.

9. Observation

Of the four engagements selected for this review, the time between the end of fieldwork and issuance of the report ranged from four to eight months.

Standard No. 2420 – Quality of Communications

Practice Advisory No. 2420-1 – Quality of Communications

Recommendation

The CAE should ensure that audit reports are issued in a timely manner.

Internal Audit Response

The CAE is developing methods to improve use of audit hours, such as implementation of a timekeeping database (late FY11), researching the use of electronic work paper systems that are widely used by other internal and external audit departments (began in late FY11), bi-weekly meetings with each auditor to discuss time spent on their audits and compare to their budgeted time (began August 2), and development of performance metrics to communicate in an annual report to the Audit Committee.

10. Observation

One of the audit engagements selected for this review was a follow-up of several previous audits with open recommendations originating in 2001.

Standard No. 2500 – Monitoring Progress

Practice Advisory No. 2500-1 – Monitoring Progress

Recommendation

The CAE should ensure that effort be made to ensure that follow-up audits are performed in a timely manner so that review of the follow-up items is as effective and efficient as possible.

Internal Audit Response

The CAE revised the follow-up audit process for FY10 in an effort to streamline the follow-up process, but we still encountered difficulty with staffing the follow-up work while conducting the scheduled audits. The FY12 audit schedule was developed with this in mind and we expect to complete timely follow-up auditing in

FY12.

ATTACHMENT A STANDARDS CONFORMANCE EVALUATION SUMMARY

UNIVERSITY OF ALASKA SYSTEM

		("X" Evaluator's Decision)		
		GC	PC	DNC
OVERALL EVALUATION			X	
ATTRIBUTE STANDARDS				
1000	Purpose, Authority, and Responsibility		X	
1010	Recognition of the Definition of Internal Auditing		X	
1100	Independence and Objectivity	X		
1110	Organizational Independence		X	
1111	Direct Interaction with the Board	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care		X	
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development		X	
1300	Quality Assurance and Improvement Program			X
1310	Requirements of the Quality Assurance and Improvement		X	
1311	Internal Assessments			X
1312	External Assessments			X
1320	Reporting on the Quality Assurance and Improvement			X
1321	Use of "Conforms with the <i>International Standards for the</i>			X
1322	Disclosure of Nonconformance			X

		("X" Evaluator's Decision)		
		GC	PC	DNC
PERFORMANCE STANDARDS				
2000	Managing the Internal Audit Activity	X		
2010	Planning		X	
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination	X		
2060	Reporting to Senior Management and the Board	X		
2100	Nature of Work		X	
2110	Governance	X		
2120	Risk Management		X	
2130	Control	X		
2200	Engagement Planning		X	
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation		X	
2240	Engagement Work Program	X		
2300	Performing the Engagement		X	
2310	Identifying Information		X	
2320	Analysis and Evaluation	X		
2330	Documenting Information		X	
2340	Engagement Supervision		X	
2400	Communicating Results		X	
2410	Criteria for Communicating	X		
2420	Quality of Communications		X	

		("X" Evaluator's Decision)		
		GC	PC	DNC
2421	Errors and Omissions	X		
2430	Use of "Conducted in conformance with the <i>International</i>		X	
2431	Engagement Disclosure of Nonconformance		X	
2440	Disseminating Results	X		
2500	Monitoring Progress		X	
2600	Management's Acceptance of Risks		X	
IIA Code of Ethics		X		

Definitions

GC – "Generally Conforms" means the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, "successful practice," etc.

PC – "Partially Conforms" means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organization.

DNC – "Does Not Conform" means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

ATTACHMENT B INDEPENDENT VALIDATOR STATEMENT AND REPORT

Donald Holdegraver, CIA CFE, (brief biography attached) was engaged to perform an independent validation of the University of Alaska system Internal Audit (IA) activity's quality assurance self-assessment. The objective of the engagement was to validate the quality assurance self-assessment report concerning fulfillment of the University of Alaska System's basic expectations of the IA activity, and its conformance with The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. Other matters that might have been covered in a full independent assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the chief audit executive (CAE).

In fulfilling the responsibilities of independent validator, as required by the IIA *Standards* I am independent of the University of Alaska System, and have the necessary knowledge and skills to undertake this engagement. This independent validation, performed during the period August 1-5, 2011, consisted primarily of review and testing of the procedures and results of the self-assessment. In addition, I interviewed the president and chief executive officer, the chief financial officer, the audit committee chair, other senior members of University System administration, members of the Internal Audit department staff, and also communicated with selected previous audit clients.

Validator's Opinion

The self assessment appears to have been performed in a thorough and professional manner in conformance with the IIA *Standards*.

I concur with the conclusions and recommendations made in the Internal Audit activity's self-assessment report. The recommendations made, when implemented, will improve the overall effectiveness and professional performance of the University of Alaska System Internal Audit activity, and increase the value added to University of Alaska System operations.

Additional Comments by the Independent Validator for Consideration by the CAE

In addition to the recommendations made in the self assessment, I add the following comments and suggestions for consideration by the CAE regarding internal audit best

practices and opportunities to improve the value added to the University of Alaska System by the Internal Audit activity.

As already noted, during the course of the independent validation I had the opportunity to speak with many of the senior administrators of the University of Alaska System. The administrators uniformly expressed sincere praise for, and satisfaction with, the performance of the Chief Audit Executive, Nichole Pittman, and the staff of the Internal Audit department. Words commonly used by the administrators to describe the performance of Internal Audit staff included "professional," "thorough," "easy to work with," "integrity," and "objective." They believed that the staff was dedicated to the betterment of the University of Alaska System, and their hard work was very much appreciated.

I also communicated with previous auditees of the department, and they provided mostly positive comments about the performance of the work, and offered suggestions for enhancement of the value of the work being performed that were shared with the CAE.

The Internal Audit staff spoke very highly of the teamwork they experience within the department, and the support of Ms. Pittman in establishing a respected Internal Audit activity over the four years of her directorship. They believe the Internal Audit department has come a long way under Ms. Pittman's leadership, and very much enjoy working with her.

General Themes and Possible Opportunities for Internal Audit

Several recurring comments by the individuals I spoke with suggest certain opportunities for Internal Audit to enhance the value they add to the University of Alaska System.

1. There was a belief among several administrators that, even recognizing the understandable reluctance to add more staff at the System level in difficult budgetary times, an addition to the staff of Internal Audit might be appropriate. It was mentioned several times that despite the Internal Audit staff working very hard, there were many areas being left unaudited because there simply were too few audit resources available.

From my review of the work being performed, and the addition of projects that were not originally planned, it is apparent that Internal Audit finds it difficult to complete all of the planned projects and projects regularly do carry over year to year. While some carryover is expected in internal audit, this may be occurring frequently as a result of lack of resources, as much anything else.

The need for internal audit of research activity for compliance with federal rules and grant requirements also was mentioned several times. I noted to several senior administrators that in my tenure at the University of Nebraska-Lincoln, we had

successfully implemented a program to appoint one auditor devoted to auditing federal grants with the support of the Vice President for Research through Facilities and Administrative cost (IDC) funds available to the Vice President. This partnership between Internal Audit and Research was very effective and was part of the process of improving overall compliance with federal grants.

I encourage the CAE to pursue the potential addition of another auditor to the staff of Internal Audit to assist the department in better fulfilling its mission, with particular focus on auditing research funds.

2. The Internal Audit department makes use of paper-and-pencil workpapers for much of their work. While they are using technology tools for data extraction and analysis (ACL), and for word processing, database, and spreadsheet applications, there are options to take Internal Audit to the 'next level' through use of automated audit software. A number of audit software packages are available, and the CAE has taken initial steps to evaluate those packages.

One software package that is available, "CCH TeamMate", is currently being used by the Internal Audit department at the University of North Texas System, which I presently serve as Chief Internal Auditor. We have found this to be a valuable tool in our internal auditing process: a software suite that includes workpapers, time tracking and reporting, scheduling, and risk assessment modules. The newest version also offers enhanced tools to manage and report on follow up for recommendations made to assure that issues and risks that are identified are addressed by management in a timely and appropriate fashion (a concern mentioned in the self assessment report).

While performing my independent validation at the University of Alaska System, I provided a short demo to the Internal Audit staff of the opportunities to improve and enhance the audit and reporting processes using TeamMate. Other packages provide similar capabilities.

I encourage the CAE to continue the review of the various packages available and, with administrative approval, implement one of the audit software packages to improve the overall efficiency and effectiveness of Internal Audit.

3. My review of the working papers for several audits identified, as did the self assessment, that the cycle time for internal audits (i.e., from start of project to completion of final reports) is unusually long. This is particularly true of the period from the completion of field work to the issuance of the final audit reports.

Cycle times observed for the four projects I reviewed ranged from up to 90 days to over 365 days. To provide maximum value, Internal Audit report should minimize the time from completion of field work to issuance of final reports to the shortest time possible. Many audit departments established goals of issuing final audit reports within

60 days of completion of the field work. This maximizes the value of the results of the review, and assists the organization in correction of operational, control, governance and compliance issues in the shortest time possible.

I encourage the CAE to evaluate the cycle time to identify methods to reduce the overall cycle time for audits, and in particular the time from completion of field work to issue of the final report.

4. Board policy P05.03.012-P05.03.018, which serves as the University of Alaska System Internal Audit department charter, was last updated in July 2004. In 2009 and again in 2011, revisions were made to the IIA Standards which dramatically changed the format and wording of the Standards-required internal audit department charter. These revisions have not been incorporated into the current University of Alaska System Internal Audit department charter.

I encourage the CAE to make the needed revisions and rewrites to the charter and present them for approval by the Board. This should be done in conjunction with point #5 below.

5. The Internal Audit department charter, required by the IIA Standards, is incorporated into the Board policies as policy number P05.03. As a result, any changes to the Internal Audit department charter require policy revision at the Board level. In many organizations, the Internal Audit charter is a stand-alone document, reapproved on an annual basis at the Board level. This allows the CAE to present to the Board annually the status of Internal Audit relative to the Standards, and the update of the charter to reflect changes to the Standards (the IIA has set a goal to re-evaluate the Standards bi-annually) on a regular basis.

I encourage the CAE to request the Board to approve a separate, stand-alone charter for the Internal Audit department to allow the department the freedom to update, with Board approval, the charter as needed to stay current with the IIA Standards.

6. Under the IIA Standards, the workpaper documentation is intended to include a documented risk assessment for the individual work projects, as well as a fraud risk assessment for each work project. The workpapers reviewed did not include either of these as separate documents.

The importance of these documents lies in the fact that the scope of the work to be completed can be dependent on the results of the general risks and fraud risks that are identified through the assessments before development of the specific audit work plan for the project. The department does use a planning guide as part of the audit process that includes a brief risk assessment section. This could be enhanced to

better fulfill the IIA Standards.

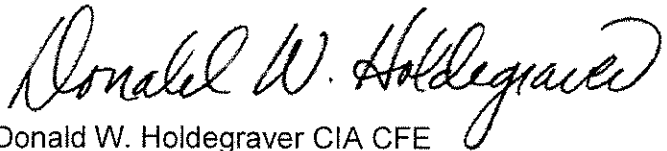
I encourage the CAE to develop a general risk and fraud risk assessment format for use by Internal Audit staff in assessing each project prior to the development of the audit work plan (program) for the specific audit, and include the assessments in the permanent workpapers.

7. The working environment in which Internal Audit functions may not be the most conducive to protection of the confidential nature of the work nor accomplishment of internal audit responsibilities. While the CAE has a private office, the internal audit staff members work in small cubicles open to the many distractions of the open air environment of the accounting and cost analysis office area. Computer screens are visible to anyone who walks by (even though privacy screens have been added to the monitors), and the ability to have private conversations with auditees that may be sensitive is non-existent. While flexibility in use of office space is a common business approach today, the nature of the Internal Audit department's work may require more private work space.

I encourage the CAE to discuss the space and privacy needs of the department with System senior administration to determine whether options are available to accommodate more private work space.

The University of Alaska System Internal Audit department is providing value added services, and with enhancement can be of even more value to the System in the future. I have attached my Standard by Standard evaluation of my validation of the self assessment for the Board's review. It does vary in minor respects to the similar evaluation completed during the self assessment, but does not change the overall self assessment result.

I would be happy to discuss the results of my validation work with you, or members of senior administration or the Board of regents at your and their convenience.



Donald W. Holdegraver CIA CFE
Independent Validator

September 2, 2011

Tool 19

Standards Conformance Evaluation Summary

		("X" Evaluator's Decision)		
		GC	PC	DNC
OVERALL EVALUATION			PC	
ATTRIBUTE STANDARDS			PC	
1000	Purpose, Authority, and Responsibility	GC		
1010	Recognition of the Definition of Internal Auditing			DNC
1100	Independence and Objectivity	GC		
1110	Organizational Independence	GC		
1111	Direct Interaction with the Board	GC		
1120	Individual Objectivity	GC		
1130	Impairments to Independence or Objectivity	GC		
1200	Proficiency and Due Professional Care	GC		
1210	Proficiency	GC		
1220	Due Professional Care	GC		
1230	Continuing Professional Development		PC	
1300	Quality Assurance and Improvement Program		PC	
1310	Requirements of the Quality Assurance and Improvement			DNC
1311	Internal Assessments			DNC
1312	External Assessments		PC	
1320	Reporting on the Quality Assurance and Improvement		PC	
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"			DNC
1322	Disclosure of Nonconformance	GC		

PERFORMANCE STANDARDS		GC		
2000	Managing the Internal Audit Activity	GC		
2010	Planning		PC	
2020	Communication and Approval	GC		
2030	Resource Management	GC		
2040	Policies and Procedures		PC	
2050	Coordination	GC		
2060	Reporting to Senior Management and the Board	GC		
2100	Nature of Work	GC		
2110	Governance		PC	
2120	Risk Management	GC		
2130	Control	GC		
2200	Engagement Planning		PC	
2201	Planning Considerations		PC	
2210	Engagement Objectives		PC	
2220	Engagement Scope	GC		
2230	Engagement Resource Allocation	GC		
2240	Engagement Work Program	GC		
2300	Performing the Engagement	GC		
2310	Identifying Information	GC		
2320	Analysis and Evaluation	GC		
2330	Documenting Information	GC		
2340	Engagement Supervision		PC	
2400	Communicating Results	GC		
2410	Criteria for Communicating	GC		
2420	Quality of Communications	GC		
2421	Errors and Omissions	GC		

2430	Use of "Conducted in conformance with the <i>International Standards for the Professional Practice of Internal</i>			DNC
2431	Engagement Disclosure of Nonconformance	GC		
2440	Disseminating Results		PC	
2500	Monitoring Progress	GC		
2600	Management's Acceptance of Risks	GC		
IIA Code of Ethics		GC		

Bio for Donald Holdegraver

Don Holdegraver is Chief Internal Auditor for the University of North Texas System in Denton, TX, a position he has held for nearly six years.

Don has over 35 years of auditing experience, including the last 25 years in higher education and health sciences. Before joining the University of North Texas System, he previously held appointments at the University of Nebraska-Lincoln, the University of South Florida, Saint Louis University and Health Science Center, and two major urban hospitals. He also spent several years in public accounting and finance services industry.

Don holds a BS in Business Administration from the University of Missouri-St. Louis, and is a Certified Internal Auditor, Certified Fraud Examiner, and Certified Inspector General. He also holds a CPA certificate (inactive) from the State of Missouri.

Don has been active with, and is a frequent presenter for, many professional associations including the Association of College and University Auditors (ACUA), Association of Certified Fraud Examiners, (ACFE), various other business and professional associations, and with the Association of Healthcare Internal Auditors since 1981, from which he received the AHIA Founder's Award in 1987. He has also had numerous articles published in audit-related professional journals.