

DELAWARE STATE UNIVERSITY

Audit Process

Selection of Area

Areas selected for audit in the audit plan are generally based upon input from University administration, board of trustees, managers, and other related parties. The audit plan has provisions for special management requests and to investigate possible irregularities.

Factors that are considered in selecting units to be audited include:

- Results of the last audit of the area and length of time since last audit.
- Analysis of risk assessment and potential risk of financial loss
- The size and complexity of the operation
- Major changes in operation, program, systems, or controls
- Highly regulated operations or operations subject to a high level of public scrutiny

Entrance Conference

At the beginning of each audit, a meeting is scheduled with the division head or other appropriate personnel to discuss the audit scope and objectives, time schedule and audit review process. Any concerns raised by the relevant personnel are also discussed.

Field Work

The field work consists of examining, on a test basis, supporting documents in the records as considered necessary to disclose the procedures and make any necessary recommendations. Internal control systems and procedures are evaluated through the observation of the unit's operations, discussions with the senior management and/or staff, and the review of a sample of transactions.

The emphasis of the evaluation is to determine if there are adequate control systems and whether the systems are functioning as intended. The controls are measured against University, State and Federal policies and procedures, as well as, generally accepted accounting principles. Areas of deficiencies and potential recommendations are discussed with the appropriate staff and are documented in the audit work papers.

Exit Conference

A meeting is scheduled with the same individuals who attended the entrance conference. At the exit conference, a rough draft of the audit report is reviewed so that all of the parties understand the nature of the recommendations and agree upon the possible solutions to any problem areas. Any misunderstandings or possible misstatements contained in the report are identified and resolved. Any deficiencies identified during the audit, which were not significant enough to be included in the audit report, but still represent a potential risk, are also discussed.

Draft Audit Report

After the exit conference, a draft of the audit report is finalized. The report contains the Executive Summary, Introduction, Purpose and Scope, Observations and Recommendations, General Comments and any necessary attachments. The draft of the audit report is sent to the Vice President for Finance who requests the appropriate vice president/ provost to prepare a response to each recommendation which will resolve the deficiencies identified.

Final Audit Report

The vice president/ provost responses are added to the audit report and any other corrections are also made. The final audit report is printed and bound in a booklet format by Internal Auditing and Advisory Services. The report is distributed to the appropriate university officials.