



University Audit & Risk Management Policies & Procedures

Mission/Purpose

The mission of University Audit & Risk Management (UA) is to provide independent, objective reviews and assessments of the business activities, operations, financial systems, human resources, and internal accounting controls of Tuskegee University in an effort to add value and improve the University's operations. UA furnishes management with objective, timely and accurate analysis; develops recommendations; counsels; and provides information regarding the University's activities. Audits are performed in all areas of the University, and UA has full and complete access to all records, physical properties, and personnel relevant to the audit process. The UA aims to help the University accomplish its objectives by bringing a 21st century systematic, disciplined approach to evaluate and improve the efficiency and effectiveness of risk management, control, and the governance processes. In addition, the UA seeks to employ best practices in higher education management and administration as well as utilize effective and transparent lines of communication throughout the University. UA also intends to aid the University in strengthening its institutional capacity and sustainability by reviewing and managing the adherence of all personnel to institutional policies and procedures and increase managerial accountability. UA reports to the President with fiscal reporting responsibilities to the Chair of the Board of Trustees and his/her designee.

Objective

UA conducts independent reviews of the University's operations and systems of control. The reviews provide management with an independent appraisal of the various operations and systems of control. The reviews also help to ensure that University resources are used efficiently and effectively while helping the University achieve its mission, as directed by the President and by the Board of Trustees. It is the intention of the UA to perform this service with professional care and with minimal disruption to University operations.

Responsibility and Authority

UA was established at the direction of the Board of Trustees per Article VI of the Tuskegee University Charter and Bylaws and derives its authority directly from the Audit Committee. UA reports to the President with fiscal reporting responsibilities to the Chair of the Audit Committee of the Board of Trustees. The scope of UA's responsibility is defined within this policy. UA is authorized to conduct a comprehensive internal audit program within the institution and is responsible for keeping the Office of the President and Chair of the Audit Committee informed of unusual transactions or other matters of significance.

Confidentiality

All information obtained during an internal audit is deemed confidential unless otherwise instructed. It is understood that certain items are confidential in nature and special arrangements may be required when examining and reporting on such items. UA will handle all information obtained during a review in the same prudent manner as the original custodian of the information. UA respects the value and ownership of information received and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Audit reports are considered highly confidential. They are distributed to the respective area Vice President, the President, and the Audit Committee as requested. Other individuals interested in the audit report may gain access by contacting the Chief Audit Executive, with the approval of the appropriate area Vice President.

UA is expected to remain prudent with all information obtained during the course of an audit. When discussing matters pertaining to an audit or any other University matters, UA must always remain discreet and be certain to limit those conversations exclusively to appropriate University personnel. UA has an obligation to never indiscreetly discuss any information obtained during the course of audit assignments, whether within or outside the University.

Code of Ethics

The UA shall subscribe to the Code of Ethics established by the Institute of Internal Auditors, as well as adhere to the policies set forth by the management of Tuskegee University. In addition, UA will uphold the following:

- a) **Integrity.** Establish trust and thus provide the basis for reliance on the judgment of University Audit. Remain tactful, honest, objective and credible in all relationships as a representative of Tuskegee University.
- b) **Objectivity.** Exhibit the highest level of professional objectivity in gathering, evaluating and communications information about the area under examination. Make balanced assessments of all the relevant circumstances and do not become unduly influenced by indiv

Scope of the University Audit Function

While carrying out their duties, UA is responsible for utilizing a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls and should include the following:

- a) Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies and procedures necessary to safeguard University resources.
- b) Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies and accounting procedures as warranted by audit findings.

Responsibility for Detection of Errors or Irregularities

The management of the University is responsible for establishing and maintaining controls to discourage perpetuation of fraud. UA is responsible for examining and evaluating the adequacy and effectiveness of those controls. Audit procedures alone are not designed to guarantee the detection of fraud.

population in its entirety. Audit sampling may be employed. Audit sampling is performing an audit test on less than 100% of a population. In “sampling”, the auditor accepts the risk that some or all errors will not be found and the conclusions drawn (i.e. all transactions were proper and accurate) may be wrong. The type of sampling used and the number of items selected should be based on the auditors understanding of the relative risks and exposures of the areas audited.

Types of Samples

- a) **Statistical or probability sampling.** Allows the auditor to stipulate, with a given level of confidence, the condition of a large population by reviewing only a percentage of the total items. Several sampling techniques are available to the auditor.
- b) **Attribute sampling.** Used when the auditor has identified the expected frequency or occurrence of an event.
- c) **Variable sampling.** Used when the auditor samples for values in a population which vary from item to item.
- d) **Judgment sampling.** Used when it is not essential to have a precise determination of the probable condition of the universe, or where it is not possible, practical or necessary to use statistical sampling.

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