

SOUTHWEST TENNESSEE COMMUNITY COLLEGE**SUBJECT: Internal Auditing****EFFECTIVE DATE: July 1, 2000/ Revised: February 22, 2011**

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I. Background

Tennessee Board of Regents Policy 4:01:05:00 provides the College with general and specific provisions for an internal audit function. The guideline stipulates that each institution shall establish an internal audit department.

Tennessee Code Annotated Section 4-3-304 requires internal auditors to coordinate audits with the Comptroller of the Treasury and to comply with "Standards for the Professional Practice of Internal Auditing" published by the Institute of Internal Auditors, Inc.

II. Role and Scope

The role of an internal audit department is to assist management in the accomplishment of the institution's goals. The internal audit department assists management by evaluating internal controls and providing management advisory services.

The scope of the internal auditing function extends to all aspects of institutional operations and beyond fiscal boundaries. The internal auditor shall have access to all records, personnel, and physical properties relative to the performance of audits.

III. Objectivity

The Director of Internal Audit reports directly to the President of the College.

To maintain objectivity, the internal audit department should not make managerial decisions, record information, prepare reports, or perform other duties which may be reviewed or appraised.

IV. Audits

A. Audit Plan

The Director of Internal Audit prepares an annual audit plan for the President's approval. The plan will list the areas to be audited and the expected completion date. The President will submit to the Chancellor two copies of the institution's plan and the status of the past year's plan.

The areas to be audited are selected from a risk analysis. This method ensures that all pertinent factors are considered and analyzed. The highest risk areas will be selected.

See Internal Audit Charter attached.

B. Types of Audits

The basic types of audits are:

- Financial and compliance
- Operational
- Special studies
- Investigative audits

C. Reports

Each audit will be concluded with the insurance of a written report which is sent to the President and other appropriate personnel. The President transmits two copies of all reports to the Chancellor. The report will contain the following sections:

- Audit objectives
- Scope of the audit
- Prior audit results
- Current findings
- Recommendations
- Management response

The findings, recommendations, and management's responses must be agreed upon before the report is submitted to the Chancellor. The management response should begin with "We concur with the finding and recommendation."

D. Follow-Up

A follow-up review will be performed to determine that correct action was taken for reported findings. The follow-up report will be issued to the same person that received the original report.