

Internal Audit: The Audit Process

Internal Audit Department – Utah State Board of Education (USBE)

The USBE Internal Audit Process includes the following steps, which are in compliance with *International Standards for the Professional Practice of Internal Auditing*. Internal audits include a quality assurance process, which means that work completed must be thoroughly reviewed. For the USBE Internal Audit Department, generally, the Audit Supervisor does a detailed review and the Internal Audit Director does a high-level review.

Board Approval



Based on **risk identification**, an audit may be **recommended to the USBE**. The Board decides, by vote, at a monthly meeting, whether to **prioritize (approve)** a specific audit. It is then scheduled according to **staff and resource availability**.



Planning



Internal auditors must develop and document a plan for each audit, **including the audit's objectives, scope, timing, and resource allocations**. The plan must consider the USBE's strategies, objectives, and relevant risks. Planning is done by identifying and gaining an understanding of relevant regulations and policies; inquiring with the client, subject matter experts, and stakeholders; and identifying systems and available data.

Planning generally includes having an **opening conference** with the audit client and providing them with an **engagement letter** outlining the objectives and scope of the audit, making **information and data requests**, as well as **outlining the logistics** of the audit. A result of audit planning is an **Audit Program**, which lists the steps needed to cover the scope and achieve the objectives of the audit.



Analysis



The analysis process is to **ensure auditors have sufficient, relevant, reliable, and useful evidence** as the basis for **conclusions**. Following the steps in the Audit Program, IA personnel gather evidence by various means, including, but not limited to: 1) obtaining and reviewing **data, systems, and documentation**; 2) inquiring with **management and staff**; and 3) considering compliance with **regulations and policies**, etc. Identified concerns are generally discussed with the audit client to ensure a sound understanding of the concerns from the audit client's perspective.



Reporting



A confidential **Draft Report** is prepared which includes the conclusions from the analysis, and further develops the elements of a Finding, which are Criteria, Condition, Cause, Effect, and Recommendation. A confidential copy of the Draft Report is provided to the USBE Audit Committee and the audit client for feedback. After the Closing Conference, IA takes **feedback** provided and determines if **revisions** to the report are necessary and appropriate. The result after this step is a confidential **Final Draft Report**; IA considers all reports drafts until the report is **released by the Board**. Public reports are available **on the USBE website**.

