

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual

SUBJECT: GOVERNANCE AND ORGANIZATION

Policy 204.2.1 – Internal Audit

Proposed Adoption Date: November 16, 2018

Board Policy:

The Montana University System (MUS) Internal Auditors report directly to both the Board of Regents (Board), through its staff, and to the University Presidents. The internal auditors must be independent in appearance as well as in fact. The dual reporting relationship ensures the independence of the Internal Audit function and the adequate consideration of Internal Audit findings and recommendations.

Procedures:

1. The Budget, Audit and Enterprise Risk Committee (established by Policy 201.7) has the responsibility for protecting the independence and objectivity of the MUS internal audit personnel.
 - a. Internal Auditors will not be in charge of any activity which could be reasonably construed as making them responsible for what they are auditing and thereby compromising their independence.
 - b. Internal Auditors do not make operating decisions and do not have the authority to direct activities, including implementation of corrective actions. These activities and tasks remain the responsibility of management.
 - c. Internal Auditors may obtain the necessary assistance of personnel on the MUS campus, as well as specialized services from inside or outside the institution, as appropriate.
 - d. Internal Auditors have unrestricted access to all functions, data, accounts, activities and records, confidential or otherwise, including property, technology and personnel, This section may not be construed as authorizing the publication of information prohibited by state or federal law.
2. There is a mutual relationship between the Board and the internal audit function. The Commissioner or designee communicates and interacts directly with the Budget, Audit and Enterprise Risk Committee. Direct communication occurs through attendance and participation during regularly scheduled meetings. As appropriate, items will be added to the board agenda to report on internal audit activities.

3. The Internal Auditors have direct access to board members, the Commissioner and his/her staff and can freely meet with and contact them as circumstances warrant. The Commissioner or designee will meet individually with the Internal Audit Directors located at the campuses.

4. Office of the Commissioner of Higher Education staff and campus management have the following responsibilities:

a. Notify Internal Audit when significant changes to systems and applications are planned that may ultimately affect data being used in financial reporting systems.

b. Provide sufficient staffing and other resources as needed, including alternative auditors, and specialized technical staffing to support Internal Audit during an engagement.

c. Provide a timely written response to the findings and recommendations, including an achievable management action plan, within a reasonable amount of time from the receipt of the draft report.

d. Promptly assign departmental personnel the responsibility for ensuring the management action plan will be implemented and appropriate completion of follow-up actions.

5. The Board will periodically review and approve internal audit charters. The Board directs the Internal Audit staff to strive to conform to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.

History:

ITEM # 181-103-R1118, Internal Audit (NEW), approved by the Board of Regents on November 16, 2018.
