



MIDWESTERN STATE UNIVERSITY

Office of Internal
Audits Budget
Hearing
Presentation



What is internal auditing?

- An independent and objective assurance and consulting activity guided by the philosophy of adding value to improve the University's operations.

How does the Office of Internal Audits add value?

- Brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Promotes integrity and compliance with all applicable laws, regulations, and university policies.
- Provides audits, consulting services, investigations and special reviews.

Why have an internal audit office?

- Texas Government Code, Title 10, Subtitle C, Chapter 2102, requires all institutions of higher education and state agencies with an annual operating budget exceeding \$10 million and with more than 100 full-time equivalent employees to have an internal auditing program.

What Gives Internal Audits Its Authority?

- MSU Board of Regents
- Office of Internal Audits Charter
- Guidelines established by the Texas Internal Auditing Act (TGC 2102), Generally Accepted Government Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Professional Practices Framework promulgated by the Institute of Internal Auditors.

Budget History (excluding salaries & fringe benefits)

Account	FY 17 Budget	FY 18 Budget	FY 19 Budget	FY 20 Request	FY 20 Change
M&O	\$51,938	\$51,938	\$51,438	\$50,438	(1,000)
Professional Education *	\$ 3,500	\$ 3,500	\$ 4,000	\$ 5,000	+ 1,000
Total	\$55,438	\$55,438	\$55,438	\$55,438	None

* The TX Internal Auditing Act and professional standards require internal auditors to enhance their knowledge, skills, and other competencies through continuing professional education. These requirements are combined with the professional education necessary to satisfy the requirements related to any professional certifications held by an auditor. The Director holds a Certified Public Accountant license and a Certified Internal Auditor certification. Internal auditors not presently holding certifications are strongly encouraged to pursue professional education that supports efforts to obtain a certification. The Auditor is currently pursuing the Certified Internal Auditor certification.

The Office of Internal Audits' resources are allocated among required audits, risk-based audits, special projects, and investigations as outlined in the annual audit plan. The planned audits for fiscal years 2019, 2020 and 2021 are listed below.

Audit	FY 19	FY 20	FY 21
Assistance to Oversight Agencies	X	X	X
Public Funds Investment Act (biennial)		X	
TX Administrative Code 202 (biennial)	X		X
NCAA (triennial)		X	
Safety and Security (triennial)	X		
External Quality Assurance Peer Review (triennial)		X	
Benefits Proportional by Fund	X		
Follow-up	X	X	X
Information Security	X	X	X
Departmental	X	X	X
Risk Based	X	X	X

Professional standards require internal auditors to possess the knowledge, skills, and competencies needed to perform each audit. The Director must obtain competent advice and assistance when their office (collectively) does not possess those skills and competencies. A two-person internal audit office will typically have to outsource or co-source certain audits that require an expertise that larger audit offices have in-house.

Costs of outsourced or co-sourced audits include:

Fiscal Year 2016

- Information Security required by TX statute..... \$30,900

Fiscal Year 2017

- Clery Act & Title IX Compliance..... \$39,600
- NCAA..... \$ 5,000

Fiscal Year 2018

- Construction Contract Compliance..... \$18,000

Fiscal Year 2019

- Information Security required by TX statute..... \$31,500

