

**MISSISSIPPI STATE UNIVERSITY  
OPERATING POLICIES AND PROCEDURES**

**INTERNAL AUDIT SERVICES**

**Purpose:**

The Mississippi State University Office of Internal Audit is an independent, objective assurance and consulting function designed to add value to and improve Mississippi State University's operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

**Policy/Procedure:**

**I. Reporting Structure and Supervision**

The Office of Internal Audit reports to the Mississippi State University President and to the Budget, Finance and Audit Committee and ultimately the Board of Trustees through the Board's system internal audit director. It is the responsibility of the Director of Internal Audit to ensure that the President is aware of all pertinent matters. The Director of Internal Audit shall meet with the President on a regularly scheduled basis to discuss internal audit activities, including audits, special projects, and investigations.

Internal Audit final reports will be submitted to the management of the area under review with copies of the final report being submitted to the President and those in the chain of command between the management of the area under review and the President.

**II. Authority**

The Office of Internal Audit has access to all University activities, records, properties and personnel related to the subject under review. The Director of Internal Audit recognizes that certain items of the University are confidential in nature and special arrangements will be made when examining and reporting on such items.

Internal Audit findings and recommendations are provided to assist management. The Office of Internal Audit does not exercise direct authority to make operating decisions, to direct anyone in operations, to take action, or implement any of its recommendations. The responsibility to execute specific actions remains with management.

**III. Scope**

The scope of the Office of Internal Audit includes:

- A. Reviewing and appraising the soundness, adequacy, and application of accounting, financial, and other operating controls and promoting effective control at a reasonable cost.
- B. Ascertaining the extent of compliance with state and federal law and with University operating policies and procedures.

- C. Ascertaining that University assets are being adequately accounted for and safeguarded from losses.
- D. Determining the adequacy, reliability, and effectiveness of accounting and reporting systems.
- E. Appraising the quality of management's performance in carrying out their assigned responsibilities.
- F. Recommending procedures that would improve the economy or efficiency of operations.
- G. Testing for evidence of fraud, embezzlement, theft, waste, etc., in the performance of auditing procedures.
- H. Dissemination of information for the deterrence of fraud, embezzlement, theft, waste, etc.

#### **IV. Audit Assignment**

The Office of Internal Audit, in consultation with University management, shall prepare an annual risk-based audit plan. The intent of this plan is to determine the priorities of internal audit activity, consistent with the University's goals. To this end, such factors as changes in personnel, time since last audit, complexity of operations, quality of internal controls, and public/management interest will be considered during the development of the plan. The final audit plan is subject to the approval of the President.

#### **V. Special Projects and Investigations**

Internal Audit will concentrate its time on the audit plan approved by the President. However, from time to time unscheduled special projects and investigations must be performed. Time will be included in the annual audit plan to allow for these unscheduled projects.

#### **VI. Change in Administration**

Each administrator is responsible for internal controls exist within their area. Controls should be reviewed anytime there is a significant change in administration such as the change in dean/director/department head and/or business manager. Upon notification of a change in administration, the appropriate Vice President may request a review of controls or audit be performed by the Office of Internal Audit.

#### **VII. Cooperation with External Auditors**

The Director of Internal Audit is responsible for coordinating audit efforts with those of the Institutions of Higher Learning Internal Auditor, the State of Mississippi Office of the State Auditor, and other external auditors representing federal or local agencies and non-government entities that have business with the University.

The coordination of audit efforts should be considered in the planning of internal audit activities to ensure that the work of all auditing groups is complementary and will provide comprehensive, effective and efficient audit coverage.

The Director of Internal Audit shall assist the University in the evaluation of Office of the State Auditor's annual examination of the University, including any management letters issued by the auditors.

**Review**

The Director of Internal Audit is responsible for the review of this OP every four years (or whenever circumstances require immediate review).

**Revised: 10/04/11**

**Authorization**

**REVIEWED:**

/s/ Lesia Bryant  
Director of Internal Audit

09/20/11  
Date

/s/ Joan L. Lucas  
General Counsel

09/22/11  
Date

**APPROVED:**

/s/ Mark Keenum  
President

10/04/11  
Date