



Surviving an Audit

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Objectives

- What types of audits that occur at OSU and who typically performs the audit.
- What a typical audit process looks like.
- How you can help effectively manage the audit.
- Proactive measures to prevent or reduce the impact of an audit.

Types of Audits at OSU

1. Compliance
2. Financial Statement
3. Operational
4. Investigations
5. Information technology

Who Performs the Audit

1. Governmental agencies, internal audit, external agencies
2. External agency (CLA)
3. Internal audit department
4. Internal departments (OARC, ELR, EOA, etc.), external agencies
5. Internal audit department, external agencies

External Auditor Audit Process

- Planning
 - Notification of audit with scope of review
 - A request for initial information
 - Org charts, policies and procedures, transactions, etc.
- **Fieldwork**
 - Verifying policies and procedures
 - Transaction testing
 - Site visit - opportunity for auditors to ask clarifying questions



External Auditor Audit Process

- Summarizing and reporting
 - Final Summary sent to audit client with a call to discuss (formal exit meeting)
 - Final report sent with due date for official response
 - Final report issued



Beware of the audit in disguise!

- Reviews
- Analysis
- Site visit
- Engagement



Why is OSU being audited?

- NIFA is required under the Federal Managers' Financial Integrity Act (FMFIA)
- The audit provides reasonable assurance
 - Programs achieve their intended results
 - Resources are consistent with agency mission
 - Programs and resources are protected from waste, fraud, and mismanagement
 - Laws and regulations are followed
 - Reliable and timely information is obtained, maintained, and reported
- Risk factors in selecting recipients
 - Single audit findings
 - **Level of funding (OSU is the top recipient)**
 - Length of time since last review

Tips on Interacting with Auditors

- Be positive, professional, and confident
- Listen carefully to the questions and ensure you understand it fully before answering
- Be honest with your answers



Additional Tips for Interacting with Auditors

- Not every question can be answered immediately and that is OK
- Don't answer questions that weren't asked
- Avoid offering subjective opinions or speculation
- Avoid adversarial responses
- Keep answers simple

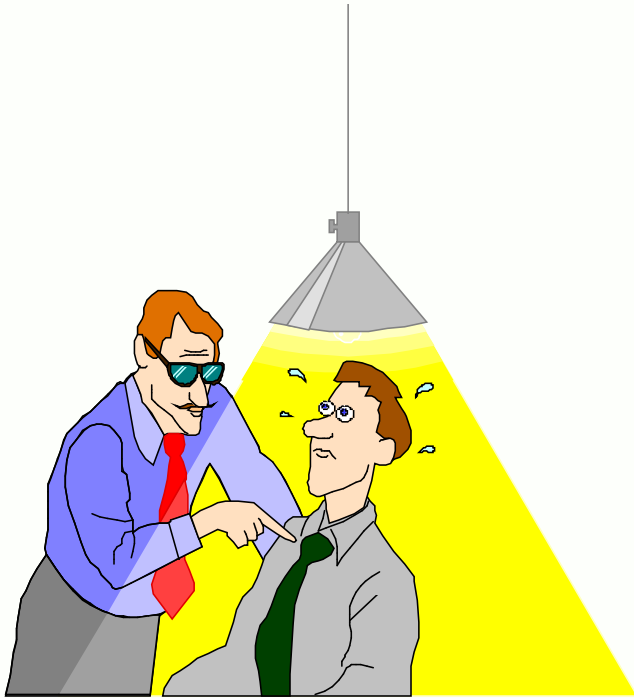


More Tips for Interacting with Auditors



- Do not get offended by WHY questions.
“Why isn’t...” “Why did...” Usually, the auditor is asking your help in understanding the situation.
- Recognize they may be experts.
They may have worked in the specialty area prior to becoming an auditor.
- Realize they may not be subject experts.
This may be their first audit, so be patient.

Final Tips for Interacting with Auditors



- Do not react to threats
- Do not answer hypothetical questions
- Do not agree or disagree with opinions
- Do not sign anything on behalf of the university

One final tip

- Expect there to be recommendations in the audit final report



Proactive measures for good audit results

- Ensure internal controls are implemented and functioning appropriately
- Maintain adequate policies and procedures and ensure they are communicated to staff
- Monitor high risk compliance areas
- Utilize OARC's Internal Control Self-Assessment tool
 - <https://leadership.oregonstate.edu/oarc/resource-training>

Questions