



Manual of Policy and Procedures

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I. PURPOSE

The Vermont State Colleges (“VSC”) conducts regular internal audits of all member institutions through an objective and impartial process in order to ensure the efficient and effective use of resources and to identify areas for operational, financial and performance improvement.

II. STATEMENT OF POLICY

An objective, independent and confidential process of reviewing and appraising VSC procedures, systems and operations is vital to the continued success and health of the System and its member institutions. Such a review provides necessary insight into how well the VSC is functioning and important recommendations for future improvement. The Internal Audit Team carries out such examinations and provides a final Audit Report detailing its conclusions.

Objectivity

The Internal Audit Team provides an objective review of various activities and operations within the VSC, gathering evidence from which to form opinions and conclusions on internal matters such as the adequacy of internal financial controls, the degree of compliance with established policies and procedures, and the effectiveness and efficiency of current VSC organizational objectives.

Independence

In order to maintain some level of independence, The Internal Audit Team operates and makes decisions for procedures, recommendations, etc. as a collective diverse group, with members from more than one institution represented. Team members audit areas in which

they have no direct responsibility for or authority over any of the activities or operations under review.

Confidentiality

In performing its function, the Internal Audit Team will treat all information consistent with the requirements of VSC Policy 312 (“*Compliance with the Family Educational Rights and Privacy Act (FERPA)*”) and the VSC Information Sensitivity Policy. Particular care should be taken when handling student or employee personally identifiable information or other sensitive information. To the extent reasonably possible, the Internal Audit Team will limit its examination to the information directly related to its stated audit goal and will endeavor not to collect or review information beyond this scope. In preparing its Audit Report, the Internal Audit Team will remove all sensitive, confidential or personally identifiable information from the final, public report or provide the report in a manner established to maintain the greatest degree of reasonable confidentiality.

III. SCOPE

All VSC procedures and operations may fall within the scope the Internal Audit Team’s review. The VSC Chief Financial Officer, in consultation with the Audit Committee of the Board of Trustees, will develop the general scope and schedule of audits on an annual or less frequent basis. To ensure independence, the Internal Audit Team is comprised of individuals from across the System, and audits will be assigned to avoid having employees audit their own locations. Additionally, staff from two different member institutions will be assigned to each audit or location.

The Internal Audit Team is responsible for examining and evaluating the adequacy and effectiveness of the VSC’s internal controls established to prevent, or detect and correct errors, and to discourage fraud.

In carrying out their duties, the Internal Audit staff is responsible for using a systematic, disciplined approach including:

- a) Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies and procedures necessary to safeguard VSC resources.
- b) Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies and accounting procedures as warranted by audit findings.

- c) Establishing and maintaining a quality assurance program to evaluate the Internal Audit operations

IV. REPORTING

The Internal Audit Team operates under the direction of the VSC Chief Financial Officer. It provides the completed Audit Report to the CFO and the Audit Committee of the Board of Trustees, and may make the Report public on the VSC website.

During the course of an audit, if the internal audit team, or any member thereof, reasonably believes that a material error or an irregularity exists in an area under review or in any other area of the VSC, the error or irregularity should be discussed immediately with the Dean of Administration at the affected institution (or to the VSC Chief Financial Officer if the allegations relate to the Office of the Chancellor or the Board of Trustees), or via the EthicsPoint portal. If the allegations implicate a Dean of Administration, the report shall be forwarded to the President at the affected institution for further handling. If the allegations implicate the VSC Chief Financial Officer or General Counsel, the report shall be forwarded to the Chancellor for further handling. If the allegations implicate the Chancellor, the report shall be forwarded to the Chair of the Audit Committee of the Board of Trustees for further handling. Reports filed through EthicsPoint shall be handled by the Office of the Chancellor pursuant to this policy. Any such reports shall be considered Whistleblower reports, per VSC Policy 211 (“*Whistleblower Policy for Reporting Fraudulent, Illegal or improper Activities*”).

V. PROCEDURES

The Chancellor shall establish and periodically update procedures for implementing this policy. The implementing procedures shall define relevant terms and may be modified as necessary by the Chancellor to comply with changes in acceptable auditing practices and other professional codes and legal requirements.

Jeb Spaulding, Chancellor