

# Working with Students/Assimilating New Staff

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*"A Win-Win Audit Approach!"*

*Toni Messer CPA, CIA  
Director of Audit and Compliance  
University of Texas at Dallas*

*Mark Salamasick CIA, CISA, CSP  
Director of Endorsed Internal Audit Program  
University of Texas at Dallas*

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*Dallas IIA Pre-Meeting  
April 6, 2006  
10:30 - 11:30*




# Session Overview

- **Having difficulty completing your audit plan?**
- Do you battle to get **needed audit resources** to get the job done?
- Want to grow and **develop future auditors?**
- **Students** can be the best allies in completing the audit plan and bringing new ideas to the audit group.
- This session describes **curriculum** and on-the-job **training** required to make such a program successful, and how internal audit and faculty can **collaborate**.
- The session will also discuss audits that were completed primarily by students. Expect a lively discussion on getting started and helping your **Audit Committee** embrace the idea.

# Goals of Session

- Illustrate the versatility and practicality of a **partnership** with academics and Internal Auditing in a University setting
- Discuss any **barriers** with implementation and provide **solutions** and options on how it can work
- Examine everyone's view of the “**Win-Win**” business model
- Demonstrate how the model can be used to develop **innovative** approaches to audit assurance
- Show how the model can be used to **leverage audit resources** in any environment and how a higher education setting provides a strong starting point for entry into Internal Audit education

# Toni Messer, CPA, CIA

- Director of Audit & Compliance, University of Texas at Dallas – 14 years
- Texas State Auditor’s Office – 7 years
- BBA in Accounting, Texas A&M University
- 2006 Association of College & University Auditors (ACUA) Annual Conference Director; Track Coordinator 2003-2005
- Member of the Dallas Chapter of the IIA Board of Governors since 2001
- Co-Chair of the Certified Internal Auditor (CIA) Program for the Dallas Chapter of the IIA. Previously active in other Dallas Chapter Committees, such as Programs, Meeting Arrangements, Name Badges, Newsletter
- Chair of the Programs Committee for the 2004 IIA Regional Conference; Co-Chair of the Programs Committee for 2007 Regional Conference
- Board of Directors Texas Association of College & University Auditors 1996 – 2001
-  Received the UTD Wallyball “Magnificent Server Award”

# Mark Salamasic

- Director of EIAP, University of Texas at Dallas – 3 years
- Adjunct Faculty, University of Texas at Dallas – 18 years
- Sr. Mgr, SVP, Internet/Intranet Services, Bank of America – 2 years
- Director IT Audit, SVP, Internal Audit, Bank of America – 18 years
- Senior Consultant, Accenture – 4 years
- Instructor Accounting and Information Systems, Central Michigan University – 3 years
- BS in BA and MBA – Central Michigan University
- Numerous IIA International Committees - currently Board of Research and Educational Advisors
- Author of two IIA International Books- Auditing Vendor Relationships and PC Management Best Practices
- 2005 IIA International Educator of the Year
- Enjoy Running, Road, Mountain, Track Cycling, Traveling and of course Wallyball!!

# Areas of Discussion

- History of UTD's Program
- Internal Audit Education Vision of the Future
- Creating the Environment – What WE Did
- Completing the Audits
- Evolving to Next Phases
- What Should YOU do?

# The University of Texas at Dallas

- The mission of The University of Texas at Dallas is to provide Texas and the nation with the benefits of *educational* and *research* programs of the highest quality.
- The university emphasizes education and research in engineering, science, technology and *management*. Goal to become a Tier One research institution.
- Toni and Mark are older than UTD, which was established in 1969.
- Current enrollment is over 14,500 students.
- Annual operating budget approximately \$265 million.



# History of Our Program and Internal Audits Completed

- Endorsed Internal Audit Program approved July, 2003
- Fall, 2003- First class of 6 students, performs Key Shop Audit
- Spring, 2004 – Class size increases to 20 and complete 3 audits
- Fall, 2004 – Class size increases to 21 and change approach and complete 1 audit with 3 volunteer student auditors
- Spring, 2005 – Class size increases to 23 and we complete 5 audits with the assistance of two practicing Audit Managers in class
- Fall, 2005 – Class size increases to 55 and completed 5 audits with the UTD and 3 with UT Southwestern Medical
- Spring, 2006 – Class size is at 35 and will complete 6 audits with UTD, 4 audits with UT Southwestern Medical and 1 audit with the City of Garland – Also working with two undergrad students early in the Student Chapter



# Internal Audit Education

- The IIA had only 43 Programs Endorsed Worldwide signed up Internationally when we started Fall, 2003
- Faltering old programs
- IIA International putting more emphasis and resources into Internal Audit Education beginning 2005-Revamp of Endorsed Programs coming later this year
- Barriers in starting new programs
- Alternatives to full blown Internal Audit Programs
- Marketing Internal Audit to students as a career alternative
- A contemporary Internal Audit textbook due out Fall, 2007
- Lots of practitioners want programs, but you have to contend with the academic environment-things at most schools don't move with lightning speed

# Key Differentiation of This Program

- University and Local Chapter Support
- Rapid Development of Curriculum
- Diverse Student Population and Non-Traditional Students
- Actual audit experience as part of program
- Students come to the School because of the Internal Audit Program
- Technology Emphasis at UTD
- Closely tied to IIA International EIAP Branding and Work on IIA International Activities including Educators Forum and Symposium, Research, Publications and Textbook
- Very few programs tightly linked to IIA and ISACA
- Many students start Internal Audit careers prior to graduation
- Tightly coupled to corporate internal audit groups
- Extremely strong student chapter
- Work with other IIA Educators

# What does an Internal Audit Curriculum Look Like?

- No question - strong communication skills a prerequisite
- Strong Internal Audit Student Chapter
- Has to be continually evolving and has to provide opportunities to see lots of different audit groups
- Highly encourage certification, not just degree
- Emphasis on IIA standards and practices
- Internships highly recommended
- Provide opportunities for internal audit experience – paid and unpaid

# Key Features of Program

- Core Internal Audit Course Required of Everyone in Program
  - Case study driven with teams
  - Numerous guest speakers
  - Study groups for CIA Exam
  - Internal audits with UTD, UT Southwestern Medical and City of Garland Internal Audit
  - Internal Audit class offered every semester
- Fifteen credits of internal audit and control related classes required and sit for CIA and/or CISA exam for EIAP
- Focus on practical audit experience through actual internal audits, internship and research opportunities
- Participation in student IIA chapter and attendance at local IIA and ISACA meetings strongly encouraged-participation in Dallas Chapter committees also encouraged

# EIAP Curriculum Mapped to Certifications

Course	Course Description	Exam Prep:
AIM 6380	Business Process Design and Internal Audit	CIA
AIM 6336	Information Technology Risk Management	CISA
MIS 6330	Information Security	CISSP
MAS6V09	Forensic Accounting Investigations	CFE
	See <a href="http://som.utdallas.edu/eiap">som.utdallas.edu/eiap</a> for Other Courses	

# Topical Coverage of a Core Internal Audit Class

- Business Process Design
- Overview of the Audit Process and COSO Model
- Risk Assessment Process and Audit Planning
- Internal Audit Standards
- Audit Programs and Audit Workpapers
- Internal Audit Skills
- Types of Engagements
- Communicating Results
- Sarbanes Oxley
- Audit Software and CAATS - Integration into the audit
- Fraud
- Control Self Assessment and The Audit Role as Consultant
- Corporate Governance
- Enterprise Risk Management

# How Did We Get Started?

- Before we began...discussed idea with Audit Committee to try as a pilot project.
- Now - discuss with Audit Committee during Annual Audit Planning Process.
- Discuss plan for semester with Director of the EIAP.
  - Potential audits
  - # of students
- Ask potential audit customers if they are willing to work with student interns.

# First Presentation to the Class

- Held early in the semester – 2nd class meeting.
- Presentation to the class by Director of IA
  - Brief summary of Internal Audit Office organization, staff, Audit Committee.
  - Annual Audit Plan
  - Risk Assessment
  - Individual audit planning, how ties to Annual Audit Plan.
  - Audit working papers
- At end of class – students give 30 second “elevator” speeches about themselves.
- Formal interviews held. Those who “got the job” announced at the next class.
- Schedule of deliverables given to students.





# Audit Assignments

## ■ Teams Assigned-Profile

- Experience
  - Business
  - Accounting
  - Information Systems
  - Audit
  - Specialties (Engineering, Food Service, etc.)
- Language
- Interest
- Time constraints and work schedule



## ■ Assign in-charge auditor from Internal Audit responsible for completion of audit

- Based on student experience levels, can also assign student as co-in-charge auditor over the student team.

## ■ Break into teams (3-5) and discuss preliminary project plan.

# Necessary Items to Obtain

## Independence Statements

*“...By my signature below, I certify that I have disclosed by attachment to this statement any personal impairment of which I am aware and which might be viewed as an impairment of my independence. In addition, I have been informed of and understand the independence policies of the Office of Internal Audits. If any information changes I will notify the Director of Internal Audits.*

*Signed: \_\_\_\_\_ Date: \_\_\_\_\_”*



**STATEMENT OF NON-DISCLOSURE FOR CONFIDENTIAL  
AND SENSITIVE DATA**

I understand by virtue of my affiliation/employment at the University of Texas at Dallas, I may have access to records on various media which contain individually identifiable information, the disclosure of which is prohibited by either state or federal law, or university-designated as confidential or sensitive. I acknowledge that I fully understand that the intentional disclosure by me of this information to any individual not authorized by the owner of the data could subject me to criminal and civil penalties imposed by law. I further acknowledge that such willful or unauthorized disclosure also violates The University of Texas at Dallas' policy and, for an employee, could constitute just cause for disciplinary action including termination of my employment regardless of whether criminal or civil penalties are imposed.

I also acknowledge that failure to sign this statement could result in denial or revocation of my access to all computer information systems at The University of Texas at Dallas.

**Disclosure of your Social Security number (SSN) is required as part of your affiliation with the University of Texas at Dallas. Your SSN is used as a unique identification number in the Human Resource and/or Student Information system. The SSN is used by Security Administration only for tracking compliance with U.T. System Business Procedures Memorandum 53-02-96 and The University of Texas at Dallas Information Resources Policy. Further disclosure of your SSN will be governed by the Public Information Act (Chapter 552 of the Texas Government Code).**

_____	_____
Name Printed	Department
_____	_____
Employee's Signature	Date
_____	_____
SSN	Mail Station

- If there is any question or uncertainty, contact the Information Security Officer for clarification as to what data are confidential or sensitive, who are data owners, and what constitutes authorized access.
- A copy of classified data elements (confidential/sensitive) is available at [http://www.utdallas.edu/ir/tcs/eforms/Confidential\\_Sensitive.DOC](http://www.utdallas.edu/ir/tcs/eforms/Confidential_Sensitive.DOC)



# Planning the Audit

- Assign students to do audit planning functions, such as:
  - Audit notification
  - Time budgets
  - Planning memo
  - Research audit areas
  - Preliminary information gathering
  - Attendance at entrance conference
- Students review prior working papers, Internal Audit Manual.
- Students complete audit program and get approval from Director of Internal Audit.
- Students assigned portions of audit program to work as their schedules permit.



# Monitoring the Audit

- Schedule of deliverables for the semester monitored weekly, and progress for teams shared with entire class each week.
- Continual communication with assigned IA in-charge, email, meetings, etc.
- Weekly status reports submitted via email to the Director of IA, with time tracking.
- Weekly verbal status reports at beginning of each class meeting.



# Reporting



- Students draft audit report.
- Attend exit conference, if possible.
- Give them credit for conducting the audit work on the Executive Summary of the audit report.

# Internal Audit Project Write-Up

Name \_\_\_\_\_

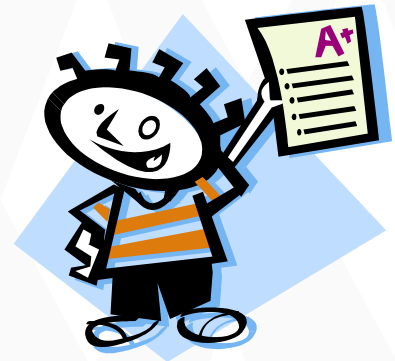
- Summary of the UTD Internal Audit Project
  - NAME OF PROJECT:
  - GROUP MEMBERS:
- Summary of Audit:
- Audit work you performed:
- Summary of Significant Findings from your project team :
- What were your key learning points from the audit project:
- What was the most significant problem you encountered:
- What were things you would do different in an audit in the future:

*“If they can’t do a good job at answering the questions above they didn’t get the right experience from working on the audit”*

THE GRADE IS PARTIALLY BASED ON THIS WRITE UP!

# Grading!

- At end of the semester, discuss student performance with the Director of the EIAP and provide input on their grades.
- Serve as reference for students for future jobs.





# Audits Completed by the Students

## Fall 2003

- Key Shop

## Spring 2004

- Salaries & Wages
- Time & Effort Reporting
- TAC 202 (Information Technology Security)

## Fall 2004

- Financial Statement Certifications

## Spring 2005

- Contracting
- Registration
- Follow-Up of FY 2004 Audit Recommendations
- Expenditures
- ACL Project

# 2005 – 2006 Audits

- “The Pub”
- IT Audit of Telecommunications
- TAC 202 Audit (IT security, general controls)
- Follow-up audit
- Compliance audits (various)
- Physical Plant Billing & Work Order System
- Contracts & Grants
- Change in Management (departmental) audits
- University Police Ticketing and Parking Operations
- UT Southwestern Medical Center – cash controls, expenses, and departmental audits
- City of Garland – Firewheel Golf Course

# Win-Win for All

## *Benefits for the Students*

- Students get real life audit experience and can add to resume
- Greatly enhances the classroom experience and the ability of students to understand what Internal Audit is
- Learn about the operations of their Alma Mater!
  - *Did they even KNOW there were auditors here?*

# Benefits for Internal Audit

- Internal Audit Staff Development (supervision)
- Recruiting
- Completion of Audit Plan/Expanded Audit Coverage
- Aligns with the mission of the University
- Audit Committee supports use of students – our customers!
- Different backgrounds and perspectives
- They're CHEAP!



# Obstacles to Overcome



- Upfront training time
- Audit staff experience
- Student workloads, schedules, full-time employment
- Confidential information
- Audits have to be completed within a semester
- Communication skills (international students)
- Attending classes at 7:00 p.m. when Survivor or Lost is on!

# How Would YOU Get Started?

- Talk to Mark Salamasick
- Ask Toni Messer, Bob Rubel, or Steve Shepard about their experiences
- Develop partnerships with local Universities in their business and management schools
- Consider hosting an internal audit open house at your company
- Consider mentoring a student or having a student shadow a current staff member
- Consider being a guest speaker to classes or groups of students
- Look for primarily graduate students or seniors
- Help market Internal Audit in other ways
- Start small and continue to build
- Consider intern opportunities

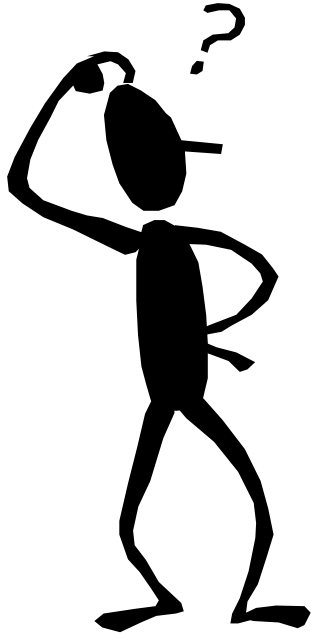
# Best Practices for Using Student Auditors

1. Create environment of excitement
2. Provide up front training, guidelines, due dates
3. Involve students in all phases of audit
4. Get 100% buy-in from Audit Committee
5. Profile students and play to their particular strengths
6. Have students sign non-disclosure agreement for sensitive audit areas
7. Give them as much freedom to develop programs and execute work
8. Meet often and **keep control** of the audits - weekly
9. Complete audits timely
10. React to those who are not performing
11. Adjust teams as need arises

# Where Are We Now?

- **Growth of a good thing**
- **Too many students?**
- **Expanding of audit clients**
- **Interviewing of students**
- **Getting better at it all the time**
- **Time for Advanced Auditing Class**
- **Never the same!**





# Questions?

**Willing to share their experiences:**

- Robert Rubel, Director of Internal Audit, UT Southwestern, [robert.rubel@utsouthwestern.edu](mailto:robert.rubel@utsouthwestern.edu)
- Steve Shepard, Director of Internal Audit, City of Garland, [ssheperd@ci.garland.tx.us](mailto:ssheperd@ci.garland.tx.us)

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# The People Who Make It Happen

