

Benefits of an IIA Endowed Program

The 2000-2001 Research Project

Conducted by the Dallas Chapter of the Institute of Internal Auditors

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INTRODUCTION

The Institute of Internal Auditor’s Dallas Chapter Board of Governors approved The Benefits of An Endowment Program as the research topic for the 2000-2001 term. The primary objective of our paper is to communicate the benefits of the IIA endowment program at the University of North Texas (UNT). Knowing these benefits, other IIA chapters and local businesses may seek to partner together to form additional endowment programs. These programs provide additional educational resources for universities, thus enhancing the training, education, and employability of students, and provide the Internal Auditing profession with a valuable employment resource.

Project Scope:

The research was focused on three Dallas/Ft Worth public universities (University of North Texas, University of Texas at Arlington, and University of Texas at Dallas). In addition, local companies, alumni of the universities, and members of the Dallas and Ft. Worth chapters of the Institute of Internal Auditors and Information Systems Audit and Control Association (ISACA) for the North Texas Chapter were contacted.

The report is divided into two major discussion areas, as follows:

- History and Development of an endowment program
- Benefits and Enhancements of an Endowment Program

Research Methodology:

Surveys were developed based on input from various University faculties, enhancements recommended from current IIA Dallas chapter members, and the research of the committee members. Six surveys were developed which targeted the following groups: company, students, alumni, Boards of Governors of the Dallas and Ft. Worth IIA chapters and ISACA, faculty, and university. The response rate for the various surveys was as follows:

Survey	Number Sent	Number Received	Response Rate
Company	11	7	64%
Student	173	173	100%
Alumni	*	31	*
Board	41	10**	24%
Faculty	7	7	100%
University	3	1 (UNT)	33%
* -- See Alumni explanation below.			
** -- Four BOG responses indicated they did not have enough information to respond to the survey.			

All survey questions are included in Appendix B. The number of survey responses may vary per question since not all respondents answered all survey questions.

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EXECUTIVE SUMMARY

What Does It Take To Start An Endowment? A Historical Perspective

In the late 1980's and early 1990's, the Dallas and Ft. Worth IIA Chapters combined forces to raise \$350,000 for an Endowed Professorship in Internal Auditing at the University of North Texas (UNT) in Denton, TX. The objective of the Endowment Program was to enhance the Department and the University by supporting the Internal Audit program at UNT.

UNT was selected because of UNT's involvement of the local IIA chapters, professorship commitment to the students, the strong enthusiasm and support of the university for such a program, and the strength of UNT's accounting department. In 1988, UNT became the 3rd university selected by the IIA Research Foundation as an IIA Endorsed Internal Audit curriculum because UNT was seen as a university that was very committed to furthering Internal Audit programs. In 1993, an advisory board was established to give guidance to the UNT Endowment Program. The UNT IAAB decided to pursue to endow a professorship.

The task of fund raising the needed \$350,000 was not easy. This process took several years and a great deal of commitment from D/FW IIA Chapters and later the North Texas ISACA Chapter. Monies were received from D/FW IIA Chapters and North Texas ISACA Chapter, individual IIA members, local companies, the IIA Research Foundation, and other foundations.

The process of endowing a professorship was a long process with challenges to overcome. The challenges included: obtaining funding, obtaining enthusiastic support of university faculty and administration, declining accounting student enrollment nationwide, and limiting selections of Internal Audit textbooks. UNT has been able to overcome these challenges to develop and maintain the UNT Endowment Program.

When surveyed, UNT IAAB members indicated that the major accomplishments of the program included full funding for the endowment which financially supports the University's Internal Audit program. Additional accomplishments include the community service project, professional auditors lecturing in Internal Auditing classes, internship program, and research programs. The major strengths included introducing students to the profession, involving chapter members, professionals, and the community with students and educators.

Although establishing the Endowment program took time, effort and monies, the UNT IAAB members surveyed stated they would recommend other organizations implementing similar programs. Advice to other organizations would include: be prepared for the work required to raise funds, stay involved with the school selected, and have clear communication, so there is a clear agreement among all parties involved.

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The Benefits and Enhancements of an Endowment Program:

BENEFITS

According to the Endowed Professorship contract, “the purpose of the (UNT Endowment program) is to enhance the accounting department and university by supporting a professor with a national and/or international reputation in Internal Audit.” This program not only benefits the University of North Texas, but also the students, local companies, and the local IIA and the ISACA chapters.

The benefits can be categorized into continued educational resources for the university, enhanced student training and education, and professional employment resource pool for companies. Educational resources are enhanced by stimulating academic research in internal auditing, reducing gaps between professors and practitioners, and continuous funding of the program. Student training and education is enhanced by increased awareness of the IIA profession, involvement by practitioners, community service projects, and student memberships in the local IIA Chapters. Professional employment resource pool is also enhanced by internships, participation in local IIA chapters, group of certified individuals, relationships with the community, graduates with on-the-job effectiveness, and reduction in training costs.

The IIA Endowment program does not have written critical success factors; however, the factors used for an IIA Endorsed program would be similar for an endowment program for the purpose of enhancing the program. These factors include a strong commitment from faculty and university, support from local IIA chapters and companies, energetic student leadership, timely publicity, and performance standards. Evaluating a program on these factors will ensure program quality.

ENHANCEMENTS TO AN ENDOWMENT PROGRAM

We would like to share two major themes for enhancements of an endowed professorship in Internal Auditing. These major themes focus on communication and program criteria.

Communication

In order for UNT’s Endowed Program to grow, awareness needs to be further developed with the business community, IIA Chapter members, and potential students. The UNT IAAB and local IIA Chapters should be responsible for enhancing the sharing of information to the business community and chapter members. The university should be responsible for enhancing the marketing of the program to existing and potential students.

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Enhancements for Program Criteria

With the declining trend in accounting student enrollment nationwide, accounting departments and curricula will be impacted. The reasons for this decline in enrollment include: "starting salaries are less for accounting majors, availability of more attractive career alternatives, willingness of students to choose more risky majors, lacking information about accounting, increasing opportunity costs of a masters education with the inception of 150 hour programs." (*Accounting Education: Charting the Course Through a Perilous Future* by Steve Albrecht and Robert Sack). The University of North Texas accounting enrollments also reflects this nationwide decline. Given the nationwide decline in accounting student enrollments and that internal audit programs are usually placed under Accounting Departments, EIAP schools should consider advancing the Internal Audit specialty to other programs. Then Internal Auditing programs will have a greater student base.

Conclusion:

The establishment of the UNT Endowment Program was an involved process that took considerable time and resources. This program has benefited local companies, students, the University of North Texas, the local IIA chapters, and the Dallas/Ft. Worth community. Improvements can be made to the Endowment in the areas of communication and enhancements to the program. We conclude from our research that the UNT Endowment Program was and is worthwhile and other chapters and universities should consider establishing their own endowment program.

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Section Objective(s):

This section is included to provide IIA membership and other interested parties information about how to start an endowment fund. Following is a historical perspective of the establishment of the Internal Auditing Endorsed and Endowed program at the University of North Texas (UNT). This information may facilitate the establishment of other university endowments by the IIA/IIA Chapters or other community organizations in the field of Internal Auditing or related fields. In this section, we provide the historical process for the establishment of an endowed professorship, which supports the Master of Science Degree of Accounting, with an Internal Audit Specialty (hereafter referred to as the Internal Audit program) at UNT.

The research methodology included the following:

- ✓ Review of literature/documents, including but not limited to, Institute of Internal Auditing (IIA) Publications, American Accounting Association publications, UNT Internal Audit Advisory Board documents, and the UNT Endowment Contract.
- ✓ Surveys of the D/FW IIA and North Texas ISACA Chapters' Board Members. The purpose of the survey was to ascertain the following:
 - From the Chapters, determine the chapters' history of involvement in establishing an Endowment and what the chapters' expectations were in establishing an Endowment.
 - For those that are also UNT Internal Audit Advisory Board members, determine the endowment program objectives and accomplishments.
 - Information regarding perceived strengths, recommendations for enhancements/changes, and to what level the chapters' are involved in the progression of the Endowment.
- ✓ Interviews of the following:
 - Former and current members of the UNT Internal Audit Advisory Board
 - UNT Faculty and Administration for the College of Business Administration
 - Institute of Internal Auditors Research Foundation members

Literature Review and Background:

The Dallas and Fort Worth IIA Chapters “embarked on a ‘Degree of Excellence’ Campaign to raise \$350,000 for an Endowed Professorship in Internal Auditing at the University of North Texas (UNT) in Denton, TX” (*IIA Today*, “Texas Rewards UNT’s ‘Degree of Excellence’”, July/August 1992). The “purpose of the Professorship is to enhance the department and college by supporting a professor with a national and/or international reputation in internal audit (*Dallas/Fort Worth Chapters of the Institute of Internal Auditors D/FW IIA Professorship in Internal Auditing – Memorandum of Understanding*”, D/FW Chapters of IIA and UNT, March 1993). The funds are to continue to “benefit instruction and research in internal audit.”

In order to obtain clarification of the initial vision and objectives of the program, current and former members of the UNT Internal Audit Advisory Board (UNT IAAB) were contacted. It is

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based on their input and review of UNT IAAB meeting minutes/notes, IIA articles, and other documentation related to the endowment that this history was developed.

History of the Establishment of the UNT Professorship/Endowment:

In 1987, the Dallas IIA Chapter decided to sponsor a local university's Internal Audit Program. In order to determine which local university to sponsor, the Chapter requested proposals from five local universities. Three universities submitted proposals, which were reviewed based on the following criteria:

- Level of involvement in the local chapter.
- Level of professorship commitment to the students.
- Strong enthusiasm and support of the professors and university administration for developing an internal audit program.
- Strength of the accounting departments on a state and national level.

Based on the above criteria, the Dallas Chapter sponsored UNT which, in 1988, became the "3rd university selected by the IIA Research Foundation as an IIA-Endorsed internal audit curriculum" (*IIA Today*, "Texas Rewards UNT's 'Degree of Excellence,'" July/August 1992).

Establishment of the UNT Internal Audit Advisory Board (UNT IAAB):

In 1989, the Director of the UNT Internal Auditing program established an advisory board, the UNT IAAB, for the Internal Audit program comprised of 12 internal audit leaders, including D/FW Chapters' Presidents. ("Internal Auditing: Master of Science Degree in Accounting" Campaign Brochure). The Board's Bylaws were amended September 1997 to include the North Texas ISACA Chapter President and increased the number of audit leaders represented on the Board to 22 members, including the Chairman.

The UNT IAAB was established to provide guidance and input in the development of the internal audit program ("Letter to Aaron Saylor," Ray Clay, October 2, 1990)¹. To help the board assess the developmental needs of the program, the board used the IIA Endorsement programs' essential and preferential criteria as discussed in the *IIA's Educator's Handbook*, dated January 2000. (See also the section entitled *Benefits and Enhancements to an Endowment Program*). The UNT IAAB also obtains a copy of the *IIA Endorsed Internal Auditing Programs Annual Report*, which UNT submits to the IIA Research Foundation each May (Debbie Townsend, 2001) In addition, the UNT IAAB also obtains verbal updates on the programs progress at semi-annual UNT IAAB board meetings.

¹ The current Chairman of the UNT IAAB pointed out that the Board could only make recommendations related to the program, they could not enforce any recommendations.

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Decision to Endow UNT's Internal Auditing Program:

The Dallas Chapter pledged and paid over \$52,000 between 1988 and 1991 to the Endorsed Internal Audit Program (EIAP) at UNT ("Letter to John Adams," Bob Wygal, January 10, 1996). However, without continued funding and without a dedicated, IIA approved faculty member, the program would lose its endorsement status and be in jeopardy of being discontinued. The *IIA's Educator Handbook* states:

"When an EIAP school loses or reassigns one or more faculty members who are an integral part of the internal auditing program, its continued status as an EIAP school is not assured. If the school wishes to continue its designation as an EIAP school, it must submit a letter to the Academic Relations Committee (ARC) within six months of the faculty change.... The IIA ARC will review the program and new faculty member credentials... to determine if the endorsement will continue."

So in 1991, the UNT IAAB reviewed the needs of the internal auditing program. They concluded that in order for the Internal Audit program to grow and survive, funding was required for such things as ("Internal Auditing: Master of Science Degree in Accounting" Campaign Brochure):

- Faculty Support
- Hiring of additional faculty
- Research Projects
- Conference attendance, presentations, and travel

An endowment fund provides guaranteed long term funding and therefore prevents a University or College of Business Administration from discontinuing such a specialty program due to the lack of state funding. Furthermore, an ex-officio UNT IAAB, who was also the Chairman of the Fundraising Campaign to endow the UNT Internal Audit Program, said the guarantee of long term funding implies a guaranteed program. A guaranteed program would attract other quality Internal Audit professors if the current professor were to leave or be reassigned. Thus the Internal Audit specialty would "remain an integral part of (UNT's) accounting program" (*IIA Today*, "Texas Rewards UNT's 'Degree of Excellence,'" July/August 1992). See also the *Benefits and Enhancements to an Endowment Program* section.

Endowment of a Professorship versus a Chair:

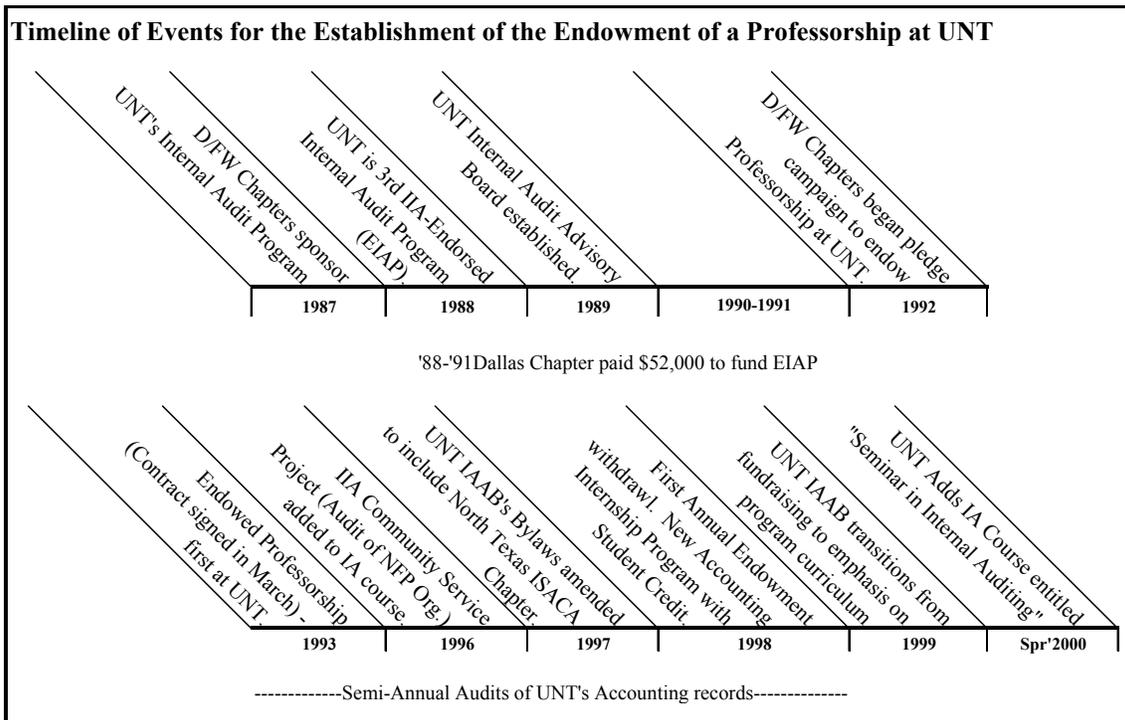
Based on the needs of the program, the UNT IAAB began discussions on endowing a Professorship and/or a Chair for the Internal Audit Program at UNT. The difference between endowing a Professorship and a Chair is the amount of money required to create the endowment (Dr. Raymond Clay, April 2001). An endowment of a Professorship requires a donation of \$350,000 and for a Chair requires a donation of \$1,000,000 (Dr. Raymond Clay, April 2001). The UNT IAAB determined they would initially endow a professorship.

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Fundraising Campaign:

The process of endowing the professorship in internal audit at UNT was a long one (1993 to 1998) that required considerable commitment and planning. Questions were raised as to where and how the funds would be obtained. The timeline for the establishment of the endowment and the fundraising process are outlined below.



Gaining support of the D/FW Chapters:

The local IIA chapters enthusiastically supported the development of the UNT Internal Audit Program. The *Dallas/Fort Worth Chapters of the Institute of Internal Auditors D/FW IIA Professorship in Internal Auditing* contract was developed and signed in March 1993 solidifying the desire and intent of the D/FW Chapters to support an Internal Auditing program at UNT.

The contract outlined the terms and conditions for establishing an endowment, including the donation requirement of \$350,000, requirements for the investment of funds, and distribution of investment income (*Dallas/Fort Worth Chapters of the Institute of Internal Auditors D/FW IIA Professorship in Internal Auditing*, March 1993). The \$350,000 would be invested and the income from the investments would grow the fund to endow a Chair.

Planning and Execution of a Fundraising Campaign:

The Chairman of the Fundraising Campaign stated that the D/FW Chapters sought leadership to give guidance and order to the fundraising campaign. Therefore, they hired a consultant with a

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fundraising background. The consultant acted as an Honorary Chair for the Fundraising Committee. His responsibilities included:

- Preparing documentation and materials for presentations to applicable 3rd parties.
- Attending and presenting at proposal meetings.
- Identifying foundations from which to solicit funds and submitting corresponding applications.

In this process, the fundraising committee developed proposal packages, which included:

- Proposal letter from the Campaign Chairman providing a history of the development of the program, the importance of the program to the students, employers and the chapter, and requesting their monetary assistance.
- Letters from companies disclosing their monetary contributions to the program and why they felt the Internal Audit program is important.
- Letter from the State of Texas approving UNT's Articles of Amendment.
- Letter from the District Director of the Internal Revenue Service, which gives assurance that the donation is tax deductible.
- A copy of an article from the *IIA Today* entitled "Degree of Excellence Campaign in Phase 2" dated January/February 1993.
- Campaign brochure entitled *Internal Auditing: Master of Science Degree in Accounting*. The brochure discusses why the Chapters decided to endow the UNT EIAP, benefits of the Internal Audit specialty degree including a discussion on the advantages to employers, and how the readers could help.

Obtaining the support of the Chapters' local membership and the IIA Research Foundation:

The D/FW Chapters/Membership and the UNT IAAB together contributed approximately \$100,000 (*IIA Educator*, "\$350,000 UNT Endowment Announced," Summer 1997) to the establishment of the UNT Internal Auditing Endowment Program. These moneys were raised as follows: (*IIA Today*, "Texas Rewards UNT's 'Degree of Excellence,'" July/August 1992)

- D/FW Chapters and individual member contributions collected over a 3-year period.
- D/FW Chapters coordinated fundraising events and hosted seminars with UNT accounting faculty.

The \$100,000 in contributions from individual members only emphasized that the chapter membership fully supported the cause and were committed to giving back to the community and their profession. This strong level of commitment would be used as a tool in negotiations with D/FW area organizations, who contributed the remaining \$250,000 (*IIA Educator*, "\$350,000 UNT Endowment Announced", Summer 1997)

Soliciting Contributions from the Corporate Community and CPA Firms:

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The Fundraising Committee also solicited funding from the corporate community and CPA firms in the local D/FW Metroplex. Discussions with the Fundraising Chairman noted these key factors in gaining funding from various companies/firms:

- Enthusiastic support and commitment of the IIA local chapters/membership as disclosed above under *Obtaining the support of the Chapters' local membership and the IIA Research Foundation.*
- Support of a CEO, who served as an Executive Honorary Chairman on the fundraising committee and who solicited contributions from other CEO's.
- Emphasis on the direct and indirect benefits of the program, both for the community and also potential employers. (See also the section entitled "Benefits" section for additional information.)
 - ✓ Providing educational resources for the University to develop an internal auditing program that enhances student training and education.
 - ✓ Providing employers a professional internal auditing employment resource pool.

Applying for funding from foundations and obtaining funding from other chapters/professional organizations:

Applications requesting funds were completed and submitted to approximately 43 not-for-profit foundations. The process of applying for foundation grants and other funds was tedious. The Campaign Chairman stated it was difficult to obtain funding from these resources since foundations are in the business of supporting and advancing social issues, not in the business of supporting business related issues. The fundraising committee was often referred back to corporations and professional organizations since the main benefactors of the endowment fund would be corporations.

In addition, the D/FW Chapters asked the North Texas Chapter of ISACA to sponsor the program since information technology auditing is critical to the internal auditing profession. This collaboration only made sense. The Campaign Chairman stated, the ISACA members "made personal pledges and help(ed) to get corporate sponsors" (Email, Dated April 23, 2001).

Challenges to Consider if Your Chapter is Considering Endowing an Internal Audit Program:

The process of endowing a professorship is a long process that requires the enthusiastic support of all involved including strong commitment from the faculty and university administration and enthusiastic support from the sponsoring chapter(s) and the business community. Some things that create challenges include:

Obtaining Funding:

The biggest challenge to establishing an endowment is gaining the funding to meet the donation requirements. A fundraising campaign is time intensive and requires organization, planning and preparation. The planning and preparation will include preparing and distributing fundraising proposal packets/brochures, organizing fundraising events, and soliciting contributions from chapter(s) members/business community/other organizations. The Fundraising Chairman

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recommended chapters approach funding in two phases: 1) gain local chapter support and solicit as much funding as possible from the local chapters' membership and 2) gain the support of the business community.

Obtaining the enthusiastic support of university faculty and administration for developing an internal audit specialty:

According to Albrecht and Sack's book, *Accounting Education: Charting the Course Through a Perilous Future* (page 13):

“Accounting education is burdened with hierarchy within universities. Before curricula changes can be made, approval must often be given by departmental and college curriculum committees, university administrators, and even boards of regents. Traditional higher education... is slow to change by design.... Professional schools... are trapped by this bureaucracy even though they would like to change and be more relevant.”

“Bottom line is that the internal auditing instructors must work harder in developing” (*IIA Educator*, “Year One of an EIAP Program,” Fall 2000) a meaningful program and courses.

According to former and current members of the UNT IAAB, UNT's faculty and administration have always been open and supportive of ideas or suggestions made to enhance or grow the program. The Fall 1999 *IIA Educator's* article entitled “UNT's Clay Named Educator of the Year,” states the Director of the UNT Internal Audit Program “has extensive involvement in internal audit academia and has used innovative teaching methods and programs to better prepare students as future internal auditors.... He is working in conjunction with members of the internal auditing profession in Dallas and Fort Worth areas....” If the program did not have his enthusiasm and spirit of cooperation, the program would be lost.

Accounting student enrollment is on the decline:

According to Albrecht and Sack's, book, *Accounting Education: Charting the Course through a Perilous Future* (page 19), accounting degrees have decreased 20 percent nationwide from 1995 to 1999. Auditing student enrollment has the potential to suffer as well. For more information on this topic and for recommendations on how to potentially overcome this concern, see the “Benefits and Enhancements” sections of the paper.

Limited selection of current internal auditing textbooks:

In the *IIA Educator* of Fall 2000, the article entitled “Year One of an EIAP Program: An Experience to Share” discusses the challenge of a limited selection of internal auditing textbooks:

“Because few universities offer an internal auditing course, there is a thin market and a limited number of internal auditing texts published. Most authors naturally prefer to write texts for a broader market. Additionally, the IIA's *Standards and Code of Ethics* are undergoing significant changes that will cause current texts to be significantly out of date. Another major problem with internal auditing texts relates to the emphasis on internal financial audits. Internal auditing is moving more to development and

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maintenance of controls, improving efficiency and effectiveness, and discovery of irregularities and fraud.”

Thus professors have to find ways to be creative in creating internal auditing curricula. UNT’s Internal Auditing Program Director has found ways to supplement his internal audit curricula, including:

- ✓ In the spring of 1996, he incorporated the IIA’s Community Service Project as a requirement for one of his courses. The 2000/01 Dallas IIA Chapters’ Community Service Project Committee Chairman describes the project as follows:

“The IIA’s Community Service Project is an audit of a non-profit community service organization performed by graduate auditing students from the University of North Texas under the supervision and guidance of professional members of the IIA.”

The project is “very popular with participating students because it gives them a chance to try out their skills first-hand and start to develop soft skills for internal auditing that can’t be taught from textbooks” (*IIA Educator*, “UNT’s Clay Named IIA Educator of the Year”, Fall 2000).

- ✓ In the spring of 1998, UNT added a new accounting internship program that allows students to get some additional practical experience while also receiving credit toward their degree. (UNT IAAB Minutes, May 1997) “As a result of (the Director’s) collaboration with students and major corporations, more than 130 students have been placed in internal audit internships over the past 11 years” (*IIA Educator*, “UNT’s Clay Named IIA Educator of the Year”, Fall 2000).
- ✓ In the spring of 2000, UNT added a course entitled “Seminars in Internal Auditing”. The course curriculum was developed by UNT’s Internal Audit Program Director with help from the UNT IAAB (Memorandum to the UNT Advisory Board, June 8, 1999). The course includes “a number of practical internal audit topics presented by practicing internal auditors” (*IIA Educator*, “UNT’s Clay Named IIA Educator of the Year”, Fall 2000).

Comments on Selected Survey Results:

Summary of Board Survey Responses:

The six respondents to the Board Survey were all board members of the Dallas IIA Chapter with one identified as a board member for both the Dallas IIA Chapter and the North Texas ISACA Chapter.

Questions/Responses

Inception of the UNT Endowment Program

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1. *Was your chapter a founding organization? If yes, what was your chapter's involvement?*

The chapter was the founding organization for the UNT Endowment Program. The chapter's involvement included program initiation, fund raising, contract development, furnishing speakers and organizing an advisory group to monitor the program. The Dallas Chapter drove the process.

2. *What was the process for selecting UNT for the endowment?*

Respondents indicated that applications were obtained from local schools with an interest. UNT submitted the winning proposal. The board wanted a local school with a good accounting program and an active faculty member. Some respondents' (2) indicated the UNT Internal Auditing Program Director's interaction/involvement with the local chapter and knowledge of the school played a role.

3. *What was the process for obtaining funding?*

A campaign fund-raising consultant for charitable organizations provided initial guidance. Fund raising started with the local chapter and progressed to companies and foundations. Personal and corporate donations/sponsorships were solicited from Board members, employers of all IIA D/FW members and the North Texas ISACA Chapter members. Raffle tickets were also used for fundraising.

4. *What roadblocks were encountered when trying to establish the endowment?*

Three respondents indicated three roadblocks: getting a final commitment from the university, determining the monetary amount of the endowment, and the time/effort involved in fundraising. The remaining three respondents either did not know or were not involved in the process.

UNT Advisory Board Members

5. *Are you also a UNT Advisory Board Member?*

6. *Number of years?*

All six respondents were also UNT Advisory Board Members. Respondents have been board members for an average of 2.25 years. Specific terms for each respondent ranged from 1-4 years.

7. *As a member of the Advisory Board, what were your major objectives for the program?*

Respondents indicated that the major objectives for the endowment program were to provide meaningful education and experience opportunities for the students through the help of practitioners and to recruit new individuals to the profession. The Board has helped in the development and identification of core courses and skill set requirements, provided speakers for classes, provided assistance with the intern programs, up-to-date course material, on-going community service projects, and involved students in research. One respondent indicated that the objective was "to get the program on track for higher student production" however they were

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“not sure that we have done a very good job at this. Much of this is due to the push of Public Accounting by the faculty”.

General

15. Major Objective for establishing the Endowment Program

Respondents indicated that the endowment program gives the IIA the ability to give input in the educational program and to fulfill objectives mentioned earlier. In addition, the program benefits the internal audit profession by increasing student awareness, providing corporations with a steady supply of graduating students with enhanced auditing skills, and ultimately providing ongoing support and world class development of internal auditors.

Conclusion

16. Would you recommend implementing a similar program to other organizations?

Five of the respondents indicated that they would recommend implementing a similar program to other organizations stating that the benefits gained by local companies, students, community, and the profession are contributing factors.

The remaining respondent indicated that it was dependent on the organization’s ability to commit resources (people and financial) to establish and maintain the program. The respondent further stated that it is not a short-term project. The organization and its members must be willing to stay involved for the long run.

17. What advice would you give another organization or chapter?

Respondents’ advice is summarized as follows:

Raising money is not easy. It takes dedicated individuals who have the support of their management and who are willing to see it through to the end. Stay involved with the school and the professor. Be sure that all parties are in agreement and have a clear understanding of the expectations.

Conclusion:

In summary, the D/FW IIA Chapters, together with the North Texas ISACA Chapter and the business community support the advancement and growth of the Internal Auditing profession through the Endowment of a Professorship in Internal Auditing at the University of North Texas (UNT) in Denton, TX”. The purpose of the endowment is to provide the necessary funding to support a professor with “a national and/or international reputation in internal audit” (*Dallas/Fort Worth Chapters of the Institute of Internal Auditors D/FW IIA Professorship in Internal Auditing – Memorandum of Understanding*, D/FW Chapters of IIA and UNT, March 1993). By supporting a professorship of internal auditing, the endowment provides assurance of the

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program's existence where the lack of other funding which otherwise would have caused the termination of the program. The process for endowing a program requires the following:

1. Strong commitment from the faculty and university administration.
2. Enthusiastic support from the sponsoring chapter(s) and the business community.
3. Communication and publicity about the program
4. Performance metrics to monitor the growth of the program.

Challenges to establishing an endowment include:

1. Obtaining funding
2. Obtaining the enthusiastic support of university faculty and administration for developing an internal auditing program.
3. The decline of accounting student enrollment.
4. Limited selection of up to date internal auditing textbooks.

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Section Objectives

In this section, specific benefits of an endowment program will be discussed, as well as enhancements for an endowment program. Benefits and enhancements were explored based on the following three strategic objectives defined by the Research Committee:

- ◆ Provide additional educational resources for the Universities.
- ◆ Provide training and education of the student thus enhancing their employability.
- ◆ Provide the profession with a more valuable employment resource.

The research methodology included the following:

- ✓ Surveyed local D/FW Companies, Students, Alumni, Faculty, and the D/FW IIA and North Texas ISACA Chapters' Board Members.
- ✓ Reviewed literature/documents, including but not limited to, Institute of Internal Auditing (IIA) Publications, American Accounting Association publications, UNT Internal Audit Advisory Board documents, and the UNT Endowment Contract.
- ✓ Interviews with the following:
 - Former and current members of the UNT Internal Audit Advisory Board
 - UNT Faculty and Administration for the College of Business Administration
 - Institute of Internal Auditors Research Foundation members

Literature Review and Background

BENEFITS

As previously stated, the purpose of the D/FW IIA Professorship (Endowment Program) is to enhance the accounting department and university by supporting a professor “with a national and/or international reputation in Internal Audit” (*Dallas/Fort Worth Chapters of the Institute of Internal Auditors D/FW IIA Professorship in Internal Auditing – Memorandum of Understanding*”, D/FW Chapters of IIA and UNT, March 1993).

Upon establishing this program, local members of the business community acknowledged the importance of supporting worthwhile projects such as the Endowment and recognized the need to secure academic training in internal auditing. The business community recognizes that “most professionals generally have several common attributes (including): a common body of knowledge... an experience requirement, a code of ethics, a professional association, accreditation credentials and formal academic preparation.” By supporting programs, like the IIA Endorsement Program, that accentuates these common attributes, companies become involved in securing academic training for potential employees (Robert Jeckerd, “Letter to Fellow Executive”, December 10, 1992).

The Endowment program affords universities and students the opportunity to bond and build relationships that students need to effectively evaluate their own potential success. By creating a strong bond between the Dallas/Ft. Worth IIA Chapters, the academic community and the business

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community- students are able to draw upon the professional experiences, beliefs and ethical commitments to enhance their own development. (Dr. Raymond Clay, Email dated December 14, 2000).

Benefits of the IIA Endowment Program can be categorized as follows:

Educational Resources for the Universities:

The main benefit of the Professorship Endowment is the assurance it provides to the continuous funding of the internal audit program allowing it to remain “an integral part of (UNT’s) accounting program”(IIA Today, “Texas Rewards UNT’s ‘Degree of Excellence,’” July/August 1992). See also the Historical subsection entitled Decision to Endow UNT’s Internal Auditing Program. Additional benefits of educational resources provided through an endowment include:

- ✓ Extending the common body of knowledge of internal auditing.
- ✓ Bridging the gaps between professors and practitioners, as well as between textbook studies and actual experience.
- ✓ Stimulating academic research in internal auditing.

Enhanced Student Training and Education:

The “first-hand experiences for the students enrolled in the program to interact with internal audit professionals, attend IIA meetings, secure internship opportunities, and participate in the workings of the a professional organization” (Dr. Raymond Clay, Email dated December 14, 2000) is a direct benefit of the endowment program. This type of interaction only enhances the students’ training and education while also increasing the awareness about the internal audit profession and providing an opportunity to increase student members of the local Chapters.

In addition, since internal auditing textbook resources are limited, internal audit professors have to be more creative in establishing an internal audit curriculum to provide meaningful experiences for their students (IIA Educator, “Year One of an EIAP Program”, Fall 2000). Because of the strong commitment of the local chapters to ensure the success of the endowment program, UNT has found the following ways to supplement internal auditing curricula:

- ✓ Enhanced classroom experience through the involvement of practitioners in the course entitled “Seminars in Internal Auditing.”
- ✓ Students’ involvement in the Community Service Project where students, who are mentored by practitioners, perform an audit of a not-for-profit organization.
- ✓ Greater opportunities for internships because of the strong commitment and support of the business community. Internship opportunities, in turn, give the university an opportunity to market their success story to participating companies.

Professional Employment Resource Pool:

Through the business community maintaining ongoing relationships with the universities, and supporting the development of the internal audit academic program, the endowment of an internal

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auditing program creates an additional resource pool of employable internal auditors. According to the *Internal Auditing – Masters of Science Degree in Accounting Campaign Brochure*, “Advantages to Employers,” graduates of the internal audit endowment program are equipped with the necessary and basic internal auditing skills. Graduates come to the employer with immediate on-the-job effectiveness, awareness of the professional code of ethics, professional associations, and formal academic preparation. Graduates have business maturity and sensitivity and are aware of professional certifications.

In the Fall 1999 *IIA Educator* article entitled, “UNT’s Clay Named IIA Educator of the Year,” a Dallas IIA BOG member stated, “I know we have an annual crop of well-prepared novice internal auditors being introduced to the work force when they have been taught by (the Internal Audit Program Director).” And a direct benefit to the business community is a reduction in training costs.

Critical Success Factors – Several critical success factors have been identified and associated with the IIA Endorsed Program – established at UNT in 1988. The Fall 2000, *IIA Educator*, “Critical Success Factors to Launching an Endorsed Internal Auditing Program” (pages 6-8) indicated the following critical success factors:

- ◆ A strong commitment from faculty and university administrators
- ◆ Enthusiastic support from the sponsoring chapter and business community
- ◆ Energetic student leadership
- ◆ Timely publicity
- ◆ Rigorous performance standards

While the IIA Endowment Program does not have stand-alone critical success factors, the program can inherently be compared to critical success factors as defined in the Fall 2000 issue of the *IIA Educator* for the IIA Endorsed Internal Audit Program (EIAP). We believe that similar critical success factors are applicable to the Endowment Program and provide evidential support of the programs ability to meet it’s objectives and provide benefits to the profession, the local business and academia community.

ENHANCEMENTS TO AN ENDOWMENT PROGRAM

The *Institute of Internal Auditor’s Academic Relations Educator’s Handbook* section entitled “Spirit of Cooperation with the IIA” (pages 6 and 7) states:

“Colleges and universities instituting (on-campus internal auditing programs) should do so with a spirit of sharing and cooperation. The EIAP school should be willing to consider input from The IIA and from other colleges and universities with similar programs, as well as share their experiences so that others may benefit from them. The EIAP schools should also be supportive of The IIA’s efforts and be concerned with internal auditing education as a whole, not just their particular program.” Furthermore, the program “should have significant support from the business community. This can be judged by financial and non-financial support received by the institution and department.”

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It is in this spirit of cooperation that we share two major themes for providing ways to enhance an endowed professorship in internal auditing. The major themes that we will focus on are:

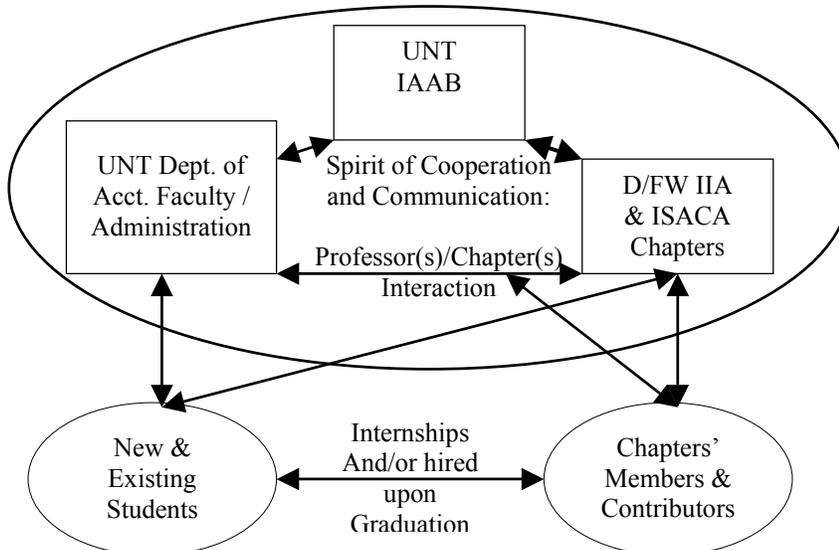
- ✓ Enhancing Communication
- ✓ Enhancements of Program Criteria

Communication

In order for UNT's Endowed EIAP to grow, it is essential to develop an awareness of the program. This awareness is critical within the chapters sponsoring the organization, the business community, the University and among existing and potential students. Clear and continuous communication, of a programs goals/objectives, its achievements, and who it benefits and why, can enhance the growth and image of the program and sponsoring organizations (*The IIA At a Glance* on the IIA Website Pressroom, "Texans Recognized as Exceptional IIA Volunteers," June 30, 2000).

Based on a "spirit of cooperation" and enthusiastic, committed long term support of the University and Chapters to the advancement of the endowed Internal Audit Professorship, we believe accountability for creating awareness and sharing information about the program is a shared responsibility between these parties (refer to diagram below). The University's responsibility is to market the program to the existing and potential students, formally and informally. The UNT IAAB and local Chapters BOG are responsible for sharing information about the program to those who contributed to the fund and general chapter membership, since they are the benefactors of the endowment as potential employers.

Diagram: Communication Flow for IA Program



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A review of a sample of IIA publications, the research committee found eight articles that specifically referenced UNT or the endorsed/endowed internal audit program at UNT. In addition, we also accessed the local IIA and the local ISACA chapter websites. Of the eight articles and review of the local IIA and ISACA websites, the following were noted (see also attachments A and B at the end of this section for a summary of the publications):

Publications that Reference/Mention:	Percent of these publications with a reference or mention of the Endowed IIA EIAP
UNT EIAP Only	20%
UNT Endowed Professorship Only	10%
Both	40%
None	30%

In addition, review of a sample of four UNT publications for any reference or mention of the UNT endowment or EIAP noted the following:

Publications that Reference/Mention:	Percent of these publications with a reference or mention of the Endowed IIA EIAP
UNT EIAP Only	0%
UNT Endowed Professorship Only*	25%
Both	25%
None	50%
* Professorship was listed as an Honor on the Academia Vita of the Internal Auditing Program Director.	

Furthermore, the local IIA and ISACA websites did not contain a website link to UNT's Department of Accounting.

Description	UNT Website	Dallas IIA Chapter	N. TX ISACA Chapter
UNT Website contains link to IIA/ISACA.	Yes		
Local IIA/ISACA Chapter Websites include a link to UNT.		No	No

Based on our review of the above, it is our opinion that overall communication of the program to the local/international IIA membership and/or the business community and students needs to be enhanced.

Alternate Ways to Communicate the Program Include:

- ✓ Internship Programs
- ✓ Student IIA Membership or Student Affiliate Chapters

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✓ CIA Designation

Internship Programs:

The October 1998 *Internal Auditor Magazine* article entitled “How Businesses Profit from Internships” states:

“Participation in an internship program demonstrates the quality of the profession. The image of the internal audit profession is enhanced through increased communication between internal audit shops and students and faculty, resulting in more status and importance for the profession.”

The December 1993 *Internal Auditor Magazine* article entitled “Internal Auditing Internships” discusses the UNT internship program and its benefits to the student, university and the potential employer. One of the benefits of the program is the “opportunity to showcase (the university’s) ‘product’ to participating companies.” In turn, the “participating companies can showcase their employment opportunities.” Therefore internships “create a realistic and mutually beneficial learning experience” (*Internal Auditor Magazine*, December 1993) and “stimulate additional interest in internal auditing as a profession among the business and education community” (*The IIA’s Academic Relations Manual*, page 26).

“As a result of (UNT’s Internal Auditing Program Director’s) collaboration with students and major corporations, more than 130 students have been placed in internal audit internships over the past 11 years” (*IIA Educator*, “UNT’s Clay Named IIA Educator of the Year”, Fall 1999)

Student Membership or Student IIA Affiliate Chapter:

Increased student membership in the local IIA chapter(s) or through a student affiliate chapter “can provide more visibility for the program (and the profession) on campus and help to recruit students into the (internal auditing) program and assure its continuity” (*IIA’s Academic Relations Educator’s Handbook*).

UNT students have attended local chapter meetings, back to school events, and student forums. Also, a number of students assisted in the registration process, monitoring sessions, and helping guide people to appropriate meeting rooms at the 1998 IIA International Conference (“UNT IAAB Minutes,” May 1997 and Dr. Raymond Clay, April 2000).

CIA Designation:

Internal Auditing professors are encouraged to obtain the Certified Internal Auditor designation. Through the professor’s example, students may place higher value on the Internal Audit profession due to the faculty interest in the area of Internal Auditing and their level of commitment to the profession. The IIA EIAP program states that “faculty interest in the area can be demonstrated (also) through active membership in The IIA and internal auditing experience.... (In addition, the IIA EIAP program asks) the EIAP coordinator (to) include... plans for promoting and encouraging students to take the CIA exam.” The value of an endowed EIAP and the Internal Audit profession is only enhanced when the “the value of the Certified Internal Auditor (CIA)... become(s) apparent” (*The Institute of Internal Auditors Academic Relations Manual*, page 58).

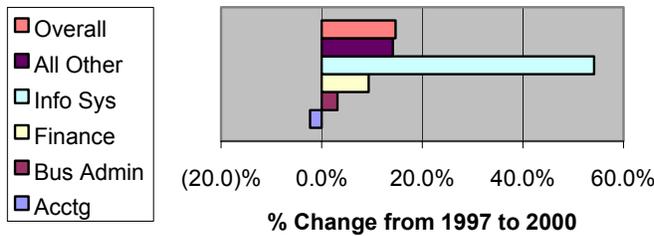
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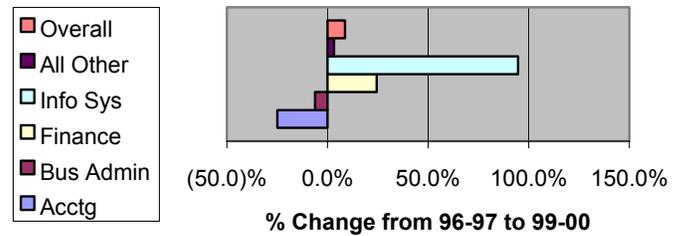
Enhancements for Program Criteria:

The decline in the Accounting student enrollment nationwide has caused some concern in the academic and professional environments. Facing declining enrollments, availability of funding for these programs is at risk. According to Steve Albrecht and Robert Sack’s book, Accounting Education: Charting the Course Through a Perilous Future (page 19), “accounting degrees have decreased 20 percent nationwide from 1995 to 1999.” North Texas universities have also experienced a downward trend for the same timeframe. Information from the “University of North Texas Fact Book” and “UTA College of Business Administration – Student Headcount” shows the decline in Accounting graduates compared to other departments. As you can see, students are moving to more lucrative disciplines such as Information Systems.

UNT - Gen. Enrollment Trends (COBA)



UTA - Gen. Enrollment Trends (COBA)



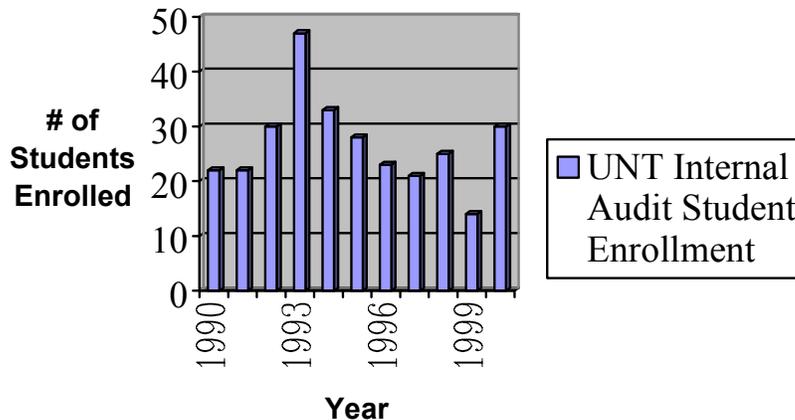
<u>Department</u>	UNT % of change (1997 to 2000)	UTA % of change (1996-2000)
Accounting	-2.3%	-25.5%
Business Administration	3.1%	-6.2%
Finance	9.3%	24.5%
Info System	54.1%	94.8%
All Other	14.2%	3.2%
Overall	14.7%	8.8%

University of North Texas total enrollment in Accounting has also dropped from 646 students in 1997 to 598 students in 2000. University of Texas at Arlington enrollment in Accounting has dropped from 498 students in 1997 to 411 students in 2000. In addition, internal audit student enrollment has also varied throughout the years (“Internal Audit Enrollment”, UNT Internal Audit Advisory Board Document and Dr. Raymond Clay, April 2001).

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UNT Internal Audit Student Enrollments



Since Internal Audit curricula is usually placed within Departments of Accounting, the decrease in accounting students may naturally impact the number of graduates interested in pursuing a career in Internal Audit. If no action is taken to change this trend the authors mention “we are destined to live with decreasing budgets, decreasing faculty positions, and possibly, elimination of our accounting program” (*Accounting Education: Charting the Course through a Perilous Future* by Steve Albrecht and Roberts Sack, page 2).

The reason for the decline can be summarized by some key findings published in the American Accounting Education Series entitled *Accounting Education: Charting the Course through a Perilous Future* by Steve Albrecht and Roberts Sack (page 23). Some key findings of the report are as follows:

“There are a number of perceived reasons why the quantity and quality of students choosing to major in accounting have decreased, including:

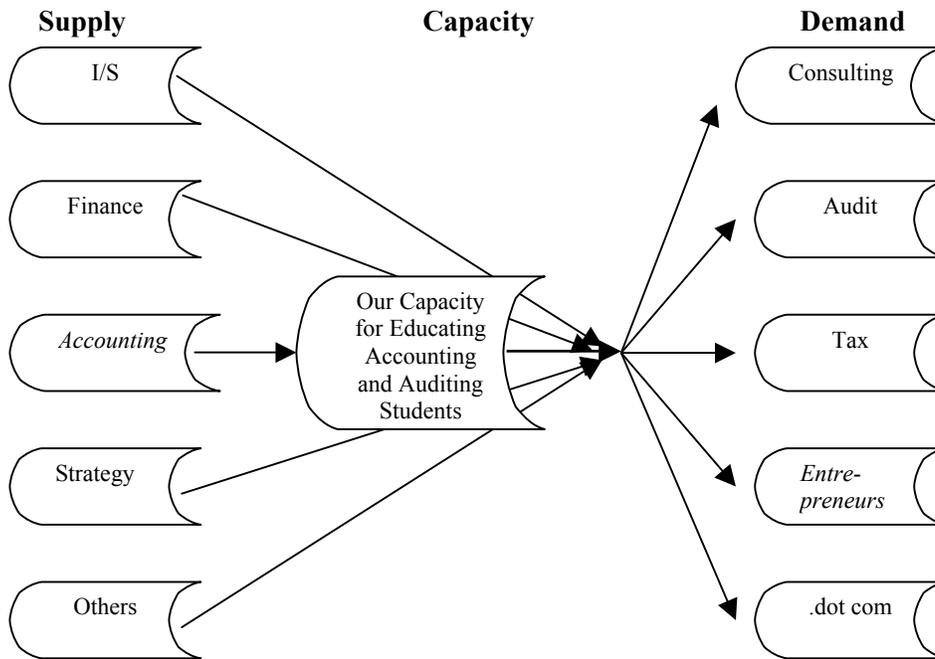
- (1) starting salaries for accounting majors are less than other business majors
- (2) students today have more attractive career alternatives than in the past
- (3) students today are more willing to choose risky majors than they were in the past
- (4) there is a lack of information and considerable misinformation about what accounting is and what accountants do
- (5) the 150-hour rule has increased the opportunity costs to become a CPA and perspective students perceive 150-hour programs as being too narrow and non-value-added.

“(Because there are still) customers for (accounting output), other disciplines, such as I/S, Finance and Strategy, are educating students who are assuming many of the positions previously filled by accounting students” (page 14).

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Thus we recommend future endowed Internal Audit programs be incorporated into the curricula of the College of Business administration as a whole. We demonstrate this suggestion with a modified model taken from *Accounting Education: Charting the Course through a Perilous Future* (page 14). The model illustrates the supply and demand of accounting and auditing as accounting enrollment declines.



By advancing the Internal Audit specialty to other programs, internal audit will have a greater student base, thus increasing the potential for growing the internal audit profession. In today's business environment, business persons have to be more well rounded due to the:

“emergence of additional competitors, the high demands of institutional investors, the global market place, and the need to make quick decisions... (This has) increased the level of uncertainty and complexity of the business world. Trying to get a competitive edge and use every possible avenue to increase profits, corporations have entered into highly complex transactions.... This complexity and uncertainty has given rise to new types of professional services focusing on understanding risk. Although many people expect the demand for audit services to decrease because an audit is a ‘commodity that adds little value’, this increase in risk may create an even higher demand for audit-type services in the future” (*Accounting Education: Charting the Course through a Perilous Future* by Steve Albrecht and Roberts page 8 and 9).

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Since internal audit practice cover topics such as control self-assessment and risk analysis, it only makes sense to advance future internal auditing curricula to other departments within the Colleges of Business Administration.

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Attachment A: A Study of IIA Published Media in relation to the EIAP and Endowed Professorship:

Resource	Title	Date	Description	Is UNT's Endowed Professorship &/or EIAP mentioned or referenced in the article?
<u>IIA Endowed Professorship Fund, UNT</u>	“Internal Auditing: Master of Science Degree in Accounting”	1991/ 1992	Endowment Fundraising Brochure (includes brief history of EIAP)	Both
<u>IIA Today</u>	“Texas Rewards UNT's ‘Degree of Excellence’”	July/ August 1992	Discusses the local chapter's commitment to education and the fundraising campaign goals/phases.	Both
<u>IIA Today</u>	Degree of Excellence Campaign in Phase Two	January/ February 1993	Discusses first corporation and others that followed to contribute to the endowment and the campaign's goals.	Endowment Only
<u>The Internal Auditor</u>	“Internal Auditing Internships	December 1993	“An internship program linking JCPenney Company and interns at the University of North Texas benefits students, the company, and the university.	None
<i>IIA Educator</i>	“\$350,000 UNT Endowment Announced”	Summer 1997	Announces the fully funded endowment and some of the program's accomplishments and commitment to advancing internal audit curricula.	Both
The IIA website's <i>The IIA at a Glance</i>	“IIA Cites Organizations for Commitment to Quality”	June 25, 1999	“The (IIA) bestowed its new Commitment to Quality Improvement Award to 43 elite organizations at its 58 th International Conference.... (Based on) Professional Excellence..., Quality of Service..., Professional Outreach....” UNT is one of the 43 organizations.	None

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Attachment A Cont.: A Study of IIA Published Media in relation to the EIAP and Endowed Professorship:

Resource	Title	Date	Description	Is UNT's Endowed Professorship &/or EIAP mentioned or referenced in the article?
The IIA website's <i>The IIA at a Glance</i>	"North Texas Professor Named IIA's 'Educator of the Year'"	June 25, 1999	"IIA announce that Dr. Raymond Clay Jr. has been selected as recipient of the 1999 Leon R. Radde Award for "Educator of the Year"	EIAP only
<i>IIA Educator</i>	"UNT's Clay Named IIA Educator of the Year"	Fall 1999	Discusses accomplishments of Dr. Clay, the Internal Audit Program Director and his dedication to advancing Internal Auditing education.	EIAP only
The IIA website's <i>The IIA at a Glance</i>	"Texans Recognized as Exceptional IIA Volunteers"	June 30, 2000	Aaron Saylor, CIA, who is credited with enhancing the growth and image of the (D/FW) IIA Chapters and the Institute worldwide, is one of two persons presented with Exceptional Volunteer Citations.	Both: "He spearheaded the chapter's funding of a professorship in the Endorsed Internal Audit Program at the University of North Texas"
<i>D/FW IIA Chapters and North Texas ISACA Chapter</i>		As of April 2001	General Search of the Website for references to or mention of the UNT Endowed Professorship or EIAP, link(s) to UNT	None. The Websites does not include a link to UNT

Resource Mentioned or Referenced:	Number of Times Met Criteria
UNT's EIAP Only	2
UNT's Endowment Only	1
Both	4
None	3
Total Publications Reviewed	10

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Attachment B: A Study of the UNT's Published Media

Resource	Title	Date	Description	Is UNT's Endowed Professorship &/or EIAP mentioned or referenced in the article?
<i>Brochure by UNT Department of Accounting, College of Business Administration</i>	"The Importance of Internal Auditing"	Not listed	Brochure promoting the "Professional Auditing Program"	Both
<i>UNT Course Bulletins or Course Catalogs</i>		As of April 2001		None
<i>UNT Accounting Department Website, including the MSA Degree Requirements</i>		As of April 2001		Professorship only (Listed as an Honor on the Academia Vita of the Director of the Internal Auditing Program).
<i>Used the search function for the entire UNT website</i>			Using variations of endowment, endorsement, professorship, internal auditing, searches for mention of Endowment or EIAP.	None *

Resource Mentioned or Referenced:	Number of Times Met Criteria
EIAP	0
Endowed Professorship	1
Both	1
None	2
Total Publications Reviewed	4

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*Using the UNT Website's search feature, we were able to find the following:

- ✓ A link to The IIA (theiia.org) and ISACA (isaca.org) on the Accounting Resource Links webpage.
- ✓ The Dallas IIA Chapter was listed as a Crown Eagle Contributor.
- ✓ Mention of the Internal Audit Specialty under the Master of Science Degree Requirement in Accounting however there was no mention that it was endorsed or endowed.
- ✓ In the Accounting Monthly Update (1998-1999), references to IIA/ISACA meetings attended and/or presentations made to the IIA, and also awards received from the IIA.

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Specific questions from each of the surveys were selected for analysis. The complete surveys can be reviewed in Appendix B.

Comments on Selected Survey Results:

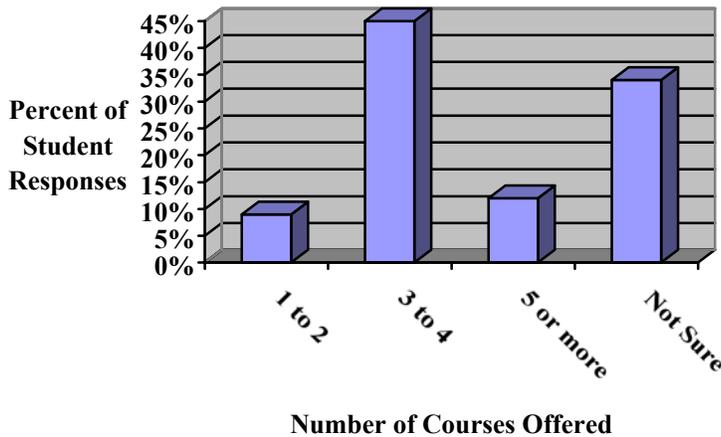
Student surveys provided some insight into the perceived value and knowledge of the IIA and the Endowment Program. Feedback was obtained related to critical success factors including timely publication and strong commitment from the faculty and university administrators. A total of 171 Student survey responses were obtained and evaluated from the following schools:

- UNT, 56 responses or 32.7%
- UTA, 72 responses or 42.1%
- UTD, 43 responses or 25.2%

10. *How many Auditing courses are offered at your university?*

UNT currently offers five different courses with an internal audit emphasis (Appendix A). Most of the

UNT Student Response % to Number of Audit Courses Offered

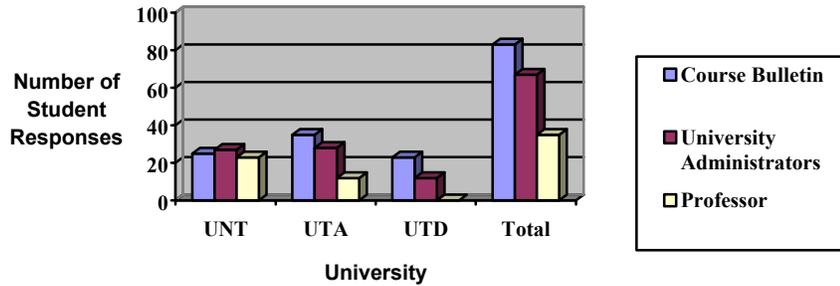


students surveyed were aware of the variety of courses offered. A total of 19 students, or 34%, were unsure of the number of audit courses offered. This can be interpreted as an overall lack of information or uncertainty as to the correct response.

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12. *How were you made aware of auditing courses at your university?"*



Overall, 83 students, or 48.53%, identified course bulletins as the medium used to generate awareness of auditing courses. For UNT, where the Endowment Program is established, students indicated a more even spread among course bulletins, university administrators and professors when compared to the other respondents.

13. *Does your university have an internal auditing program endorsed by the Institute of Internal Auditors?*

14. *Did you attend this university because it has an endorsed internal auditing program?*

For UNT, 13 out of 55 responses, or 24%, were aware UNT had an IIA endorsed program. Only one UNT student indicated they attended the university because it had an IIA endorsed program. In comparison:

- 8 UTA students out of 70, or 11% that were aware of the endorsed program.
- 2 UTD students out of 39, or 5% that indicated an awareness of the endorsed program.

However, UTD does not have an IIA Endorsed Program.

16. *Does your university have an internal auditing program financially endowed by the Institute of Internal Auditors?*

For UNT, 11 students out of 55, or 20%, were aware UNT had an IIA endowment. None of the UNT students indicated they attended the university because of the endowment (see next question).

17. *Did you attend this university because it has an endowment program in internal auditing?*

Fifty-five students attending UNT accounting or auditing courses completed the overall survey. However, only 20 students responded to this survey question. Of those who responded, the following responses were obtained:

Response	Number of Response
Yes	1 (UTD)
No	6
Not Applicable	13

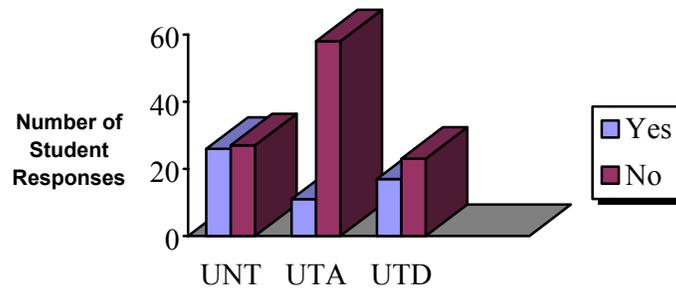
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Given the low student response, consideration should be given to identifying ways to expand and enhance the student awareness level regarding the Endowment Program, so student are made aware of the benefits of an endowment program.

The following student survey questions related to aspects of the programs offered at the 3 universities.

23. *Have you completed any assignments that provide you with practical audit experience?*



Students attending UNT appear to have a greater likelihood of completing assignments that provide practical audit experience, which is a defined benefit of the Endowment Program. However, of 53 UNT Students that are currently participating in various auditing courses, 26, or 49%, indicated they have completed assignments that provided practical auditing experience.

26. *Do you feel the amount of internal auditing courses offered by your university is just enough, not enough, too many?*

Response	UNT	UTA	UTD
Enough	40 (74%)	55 (80%)	20 (53%)
Not Enough	13 (24%)	12 (17%)	18 (47%)

While the majority of students feel that the internal audit curriculum is sufficient, a number of students would like to have more courses available. An endorsement program should attempt to identify these needs and determine whether enhancements are warranted.

28. *Has your instructor(s) encouraged you to pursue a career in Internal Auditing?*

Of the 164 respondents, 72, or 44%, indicated “Yes” their instructor(s) had encouraged them to pursue a career in internal auditing. An additional, 40 students, or 24%, indicated that they had received “some” encouragement from professors.

The UNT student responses (shown below) rated higher than the total population, which may indicate that the Endowment Program objectives and benefits are being realized.

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Response	Response Rate
Yes	28 (54%)
No	10 (19%)
Some	14 (27%)

29. *Are you or have you been involved with any internal auditing internship programs?*

Response	UNT	UTA	UTD
Yes	4	3	1
No	51	59	40

A surprisingly low number of students have taken advantage of the internal auditing internship program. We were unable to determine if this was due to a lack of information or lack of interest on the part of the student. Overall, both the Endowment and the Endorsement programs should seek out ways to provide students with the information necessary to make well-informed personal decisions regarding internship program participation and the benefits.

33. *Did you feel the internship was beneficial? (if answered “Yes” to question 29)*

Students that participated in the internship program indicated their experience was positive.

35. *What field do you plan on going into once you graduate?*

Ten UNT students out of 53, or 19%, indicated they plan on pursuing an Internal Auditing career once they graduate. This compares favorably to the total of all students, in which 18 out of 163, or 11%, plan to pursue Internal Auditing after graduation. This provides additional support for the benefits of the Endowment Program.

The following student survey questions relate to the general Institution of Internal Auditing.

38. *Are you aware of the Certified Internal Auditor (CIA) certification?*

Of the total student responses, 87.5% were aware of the CIA certification. UNT students were aligned with the overall totals, coming in with 87% affirmation.

39. *a. Have you sat for any parts of the CIA exam?
b. If no, do you plan on taking the CIA exam?*

One UNT student, out of 166 total respondents, indicated that they had sat for parts of the CIA exam. In addition, 18 out of 51 UNT student responses, or 35%, plan on taking the CIA exam compared to UTA and UTD respectively 17% (12) and 31% (12).

40. *Does your university sponsor a review course for the CIA exam?*

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A total of 130 responses out of 166, or 78%, were not sure whether their university offered a CIA exam review course. However, none of the universities included in this study sponsored CIA review courses.

41. Does your university belong to a local IIA Chapter?

Only 7 out of 53 UNT students, or 13%, knew that the university belonged to a local IIA Chapter. In comparison to the total student response which indicated a 5% awareness level.

42. Are you a student member of your university's local IIA Chapter?

Of the 49 UNT students that responded to this question, four, or 8%, were members of the university's local area IIA Chapter.

43. What activities have you participated in with the local IIA Chapter?

Six students indicated that they were student members of the local IIA Chapter. Four of the 6 were UNT students. Students indicated they have participated in beneficial career enhancing activities including:

- IIA Luncheon Meetings
- Student Forums
- IIA Seminars

44. What do you like about the Internal Audit program at your school?

Students were given the opportunity to highlight positive aspects of the Internal Audit programs at the different schools. A total of 26 students responded to the survey question. Students indicated the following:

- They enjoyed practical experiences that were incorporated into their course work.
- They appreciated how their professors presented the information.
- They were glad to be exposed to internal auditing and felt the courses pulled all accounting course material together.
- They thought the course work would help them on the CPA exam.
- They learned more about career opportunities in accounting.

UNT students' comments including practical experiences and the focus on group activities are aligned with the planned benefits of the UNT Endowment Program.

Faculty Survey Results:

COBA faculty members from UNT, UTA, and UTD were asked to complete the survey to obtain a sense of awareness and interest among the specific faculty members. Seven responses were received.

3. What curriculum are you currently teaching under?

Out of 7 faculty members surveyed 4 were Accounting, 2 were Business Administration and 1 was General Business.

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5. *What does your prior work experience (non-professorship) include?*

Respondents indicated prior work experience in areas including:

Areas	Number of Responders
Accounting	2
Internal Auditing	3
Government	2
Public Accounting	7
Other	2

- 7. *Are you a CIA?*
- 8. *Are you a member of the IIA?*

None of the faculty members responding to the survey are Certified Internal Auditors. In addition, only 4 of the 7 are members of The IIA. Consideration to increase membership among the professors may directly enhance the support for The IIA programs and professional certifications.

- 15. *a. Does the university have a Student Affiliate Chapter of IIA?*
b. If no, do you feel there is an interest to start one?

A Student Affiliate Chapter of The IIA is not present for any of the universities surveyed. Only 1 faculty member indicated an interest to start a Student Affiliate Chapter of The IIA.

16. *Do you attend the monthly IIA meetings or luncheons of the local IIA Chapter?*

Four out of 7 faculty members, or 57%, indicated that they attend monthly meetings or luncheons of the local IIA Chapters.

- 17. *Do your students attend the monthly IIA meetings or luncheons of the local IIA Chapters(s)?*
- 18. *Is this a requirement of the course curriculum?*

A total of 3 out of 4 faculty members, or 75%, responded yes regarding students attending between 1 and 2 meetings per year. In addition, 2 faculty members from UTD and UTA make attendance a course requirement.

Alumni Survey Results:

- 20. *Did your University have any of the following programs?*
- 21. *If available, indicate which programs you participated in.*

	Knowledge	Participation
IIA Endorsement	2	0
IIA Endowment	4	2
Internal Audit Internship	11	6

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Of the 20 survey respondents, those indicating knowledge of the Endowment Program were all alumni of UNT, with the exception of one from UTD. Those participating in one or more of the programs were all alumni of UNT.

22. *If you participated in a program, do you agree or disagree that the following contributed to your participation?*

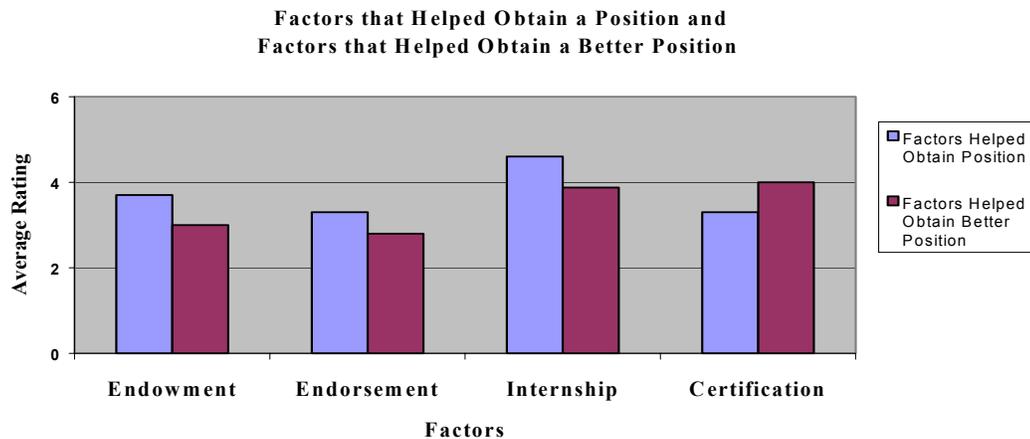
23. *Indicate which of the following influenced your decision to pursue a career in Internal Audit?*

Six of the 8 participating in the specific programs strongly agreed that “professor recommendation” contributed to their participation in the programs.

For comparison, of all alumni, 11 of 20, or 55% strongly agreed or agreed that the professor influenced their decision further demonstrating potential benefits that can be derived from developing a solid relationship with university professors.

24. *Indicate which of the following were helpful in obtaining an Internal Auditing position?*

25. *Do you feel your participation in the programs contributed to you obtaining a better position/salary?*



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Of the survey responses, 52% of the question responses indicated that the above factors did not have an impact on their situation. For those with an impact, the weighted-average rating indicated that the endowment, endorsement, and internship programs had a greater impact on obtaining an Internal Audit position, while professional certifications had a greater impact on obtaining a better position/salary.

Company Survey Results:

One of the key benefits of the Endowment Program, identified during the background research and board member surveys, was the ability to provide local companies with skilled graduates. One of several critical success factors is the ability to maintain enthusiastic support from the business community. Based on this, local companies were surveyed to assess the perceived benefits and level of support. Seven companies completed the survey.

4. Does your company participate in an internship program with any of the local universities/colleges?

One company out of the seven, or 14%, participated in an internship program with a local university/college. Texas Christian University (TCU) was the local university.

10. Does your company sponsor any of the local colleges/universities?

One company out of the seven, or 14%, responded that they sponsored one of the local universities/colleges. UNT is the only local university that is sponsored by a company.

12. Our Internal Audit Department prefers to recruit from:

Program Description	Number of Responses				
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
University/College with an IIA endowed program	1	1	4	1	0
University/College with an IIA endorsed program	0	2	4	1	0
Within the Company	2	4	0	1	0
Outside the Internal Audit Function	0	4	1	2	0

Most companies strongly agreed or agreed that they prefer to recruit from within the company for internal audit positions. A possible explanation may be the increasing tendency to create an audit staff with skills sets traditionally not associated with accountants and/or auditors.

14. What percentage of your new hires are recent college/university graduates?

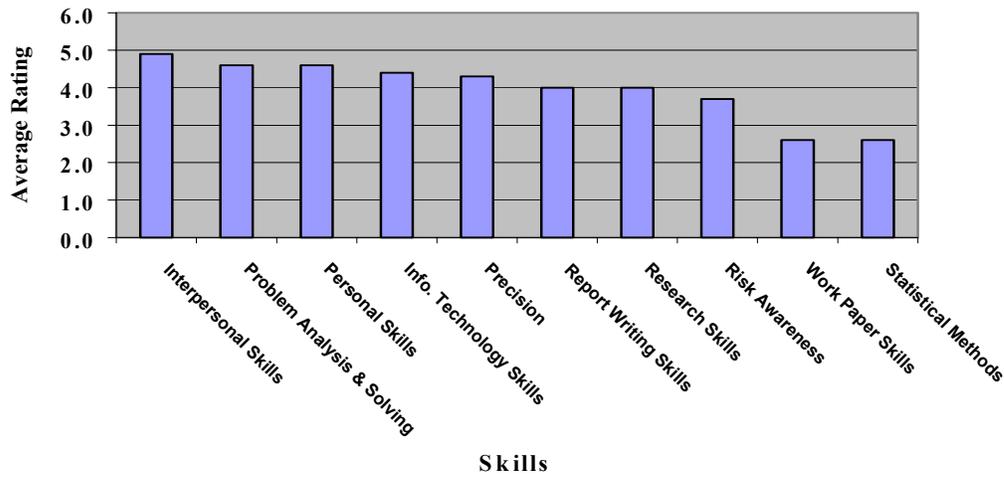
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85.7% of companies surveyed indicated that less than 10% of their new hires are recent college/university graduates.

17.a. Please rate on a scale of 1-5, 5 being "Most Important," the following top 10 wish list of skill sets that your Audit Department would like to see in a newly hired university/college graduate.

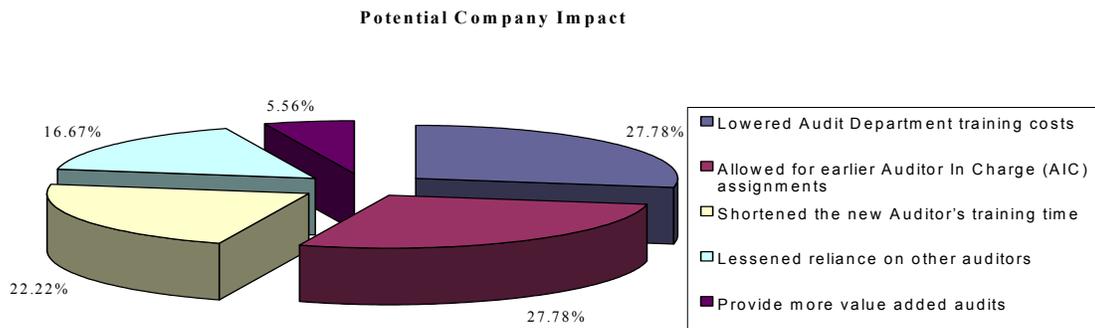
Company Survey: Top Ten Wish List of Audit Skills



As indicated, behavior skills related to interpersonal and personal skills along with analytical skills, specifically problem solving analysis, were the top rated skills. These can all be enhanced by a student's involvement in the Endowment Program.

17b. Ideally, if university graduates new hires fulfilled all of the characteristics on the wish list, what impact do you feel this would have?

Companies indicated that if graduating new hires actually fulfilled all the above characteristics, the following impacts might be realized:



- ✓ Five Companies indicated lowered Audit Department Training Costs
- ✓ Five indicated earlier Auditor-In-Charge Assignments
- ✓ Four Indicated shortened new Auditor training time
- ✓ Three indicated lessened reliance on other auditors

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18. Based on your department's experience (on average) with university graduates from the following schools, how would you rate (on a scale of 1-5, 5 being best) the universities in preparing graduates to meet the characteristics in question #17a and b?

UNT was identified by four of the seven companies with a weighted average score of 4.3. UTA and UT Dallas each came in with a weighted average of 3.5.

Board Survey Results:

8. What would you say are the major accomplishments of the Advisory Board (since inception) and the University as it relates to the endowment?

Accomplishments indicated include:

- Full funding for the Professorship and the Community Affairs Project.
- Involvement of practitioners, who are teaching five of thirteen class sessions.
- Establishment of the student internship program.

9. For another organization or individual that is considering setting up an endowment, what advice would you give them for establishing and maintaining such a program?

Respondents reinforced the critical success factor emphasizing the need to stay involved with the program and to have a good understanding of what is involved in establishing and maintaining the program. Additional advice included establishing a solid agreement, determining the support to be provided by the university, measuring and maintaining tight control over fund disbursements.

11. In your opinion, have those exceptions (chapter's expectations) been met?

Half of the respondents indicated that the expectations had been met thus far. Others expressed the need for enhancements in areas of communication and student participation.

12. What are the greatest strengths of the endowment program?

- The program introduces students to the profession and allows them to experience a professional field that they may not have otherwise developed an awareness of.
- The program gets chapter members, practitioners and the community involved with students/educators to support student development and provide educational resources and support.
- Financial support for the University to promote the profession.

13. What would you add to or change about the endowment program?

Respondents indicated they would change the level of university support and recognition. One suggestion was to enhance the existing program by increasing the number of internal audit classes included in the University's curriculum. Another indicated that they would consider expanding the program to other endorsed universities.

14. Does the Board have any input in the development of the program? If yes, please explain.

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All respondents agreed that the Board does have some input. Respondents explained that the Board has been instrumental in bringing some of the innovations to the program and being a liaison with Dallas IIA Chapter. The Board reviews funding, curriculum, supports the internship program, and assists as practitioners.

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Survey Conclusion and Enhancements

In addition to concluding on the specific benefits of an endowment program, we identified two common themes throughout each of the surveys- Communication and Program Development. Conclusions have been drawn based upon survey results and literature reviewed. We also developed enhancement considerations for communication and general program development.

Conclusions

Overall, we were able to determine that benefits, such as promoting the profession, providing the profession with valuable employment resources, enhanced training and education of the students, and providing additional educational resources for the Universities were demonstrated in some capacity for the Endowment Program.

While students tend not to select their university based on the existence of an Endowment Program, 54.3% were made aware of auditing courses and the profession by professors or other university administrators. This demonstrates the direct impact well-informed professors and university administrators can have on promoting the Internal Audit programs for both endowed and endorsed programs.

Alumni indicated minimal knowledge of the Endowment Program. However of those that indicated a minimal knowledge, most respondents believed the program was a contributing factor in obtaining an Internal Auditing position. Professional certification was indicated as the top factor for position/salary advancement. The Endowment Program and even more specifically, the associated professors should continue to promote professional certifications. Student survey results indicated a low level of interest and awareness in obtaining the Certified Internal Auditor (CIA) designation among students, a possible correlation may be the absence of CIA designations among the faculty surveyed. Students attending UNT did have a higher awareness level than others.

Traditionally, Internal Audit programs have been embedded in the accounting curriculum and given the current downward enrollment trends nationwide, we believe that The IIA will have an increasingly difficult time meeting key objectives. The ability to provide the profession with valuable employment resources will become even more challenging given the existing compensation competition from other professions. Local companies were given a “top ten” wish list of skill sets for newly hired university/college graduates for the Audit Department, which coincided with and reinforced the focal points of the IIA Endowment Program. (The Top Ten Skills List from the surveys can be further supported by the listing of skills in Albrecht’s and Sack’s *Accounting Education: Charting the Course through a Perilous Future*, page 56).

However, most companies tend to recruit from within the company as they continue to seek individuals with advanced skill sets due to the increasing demands for highly flexible employees that can work in matrix organizations. Our challenge is to do our part, through IIA supported programs like the Endowment, to produce graduates with enhanced skill sets and promote the increased worth for the local Dallas community. To accomplish this, a long-term commitment to constant communication and support must be realized from the D/FW IIA Chapters, North Texas ISACA Chapter, and local companies.

Enhancement Considerations for Communication

To increase student awareness of the Internal Auditing concentration within the Accounting Department, EIAP schools may consider posting information about its endorsed/endowed program on its website, as well as, publicize it in university course bulletins. In addition, given the decreasing trend in accounting enrollments nationwide, an increased awareness of the Internal Audit programs is warranted for other

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COBA departments, such as Information Systems, Finance, and others. Literature discussed earlier provides evidence that the capacity for producing marketable resources for auditing positions stretches across multiple COBA departments. On-campus support such as increased student IIA memberships/IIA Affiliate Chapters and program marketing campaigns across COBA departments will provide students with networking opportunities, in addition to increasing the awareness of the internal audit profession and certification.

The D/FW IIA and ISACA Chapters of the IIA can strengthen the long-term support and involvement for the Endowment Program by increasing the awareness and communication of the program to chapters' members, who represent local companies, therefore local employers. While several companies were involved in providing the initial funding, an on-going communication channel should be developed to encourage continual involvement with the program. Communication channels with non-member local companies can also be pursued to enlighten perspective employers as to the UNT talent pool for either student internships or full-time employment upon graduation.

Enhancement Considerations for Program Development

In light of the fact that nationwide enrollments in Accounting have been declining and that Internal Audit Programs are usually part of the Accounting departments, consideration may be appropriate to emphasizing Internal Audit within other COBA disciplines. Survey suggestions obtained from the BOG recommended an increase in the number of internal auditing courses.

Closing Section Comments:

The establishment of the UNT Endowment Program was an involved process that took considerable time and resources. This program has benefited local companies, students, the University of North Texas, the local IIA chapters, and the Dallas/Ft. Worth community. Improvements can be made to the Endowment in the areas of communication and enhancements to the program. We conclude from our research that the UNT Endowment Program was and is worthwhile and other chapters and universities should consider establishing their own endowment program.