

**PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
OFFICE OF INTERNAL AUDIT AND RISK ASSESSMENT**

***ADDING VALUE
ACROSS THE STATE SYSTEM***

Today, more than ever, the Office of Internal Audit and Risk Assessment is critical in adding value to strong governance, risk management, effective internal control, and efficient operations as a result of the many demands, challenges, and opportunities facing Pennsylvania's State System of Higher Education and its Board of Governors. Because of ongoing changes in practices, roles, responsibilities, technology, and stakeholder expectations affecting the State System as well as organizations worldwide, The Institute of Internal Auditors (the international governing body for the profession of internal auditing) recently adopted a new definition for the profession:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Board of Governors Policy 1991-06-A, *State System Audit Policy*, provided for the establishment of a State System internal review function. Under the policy, the Board's objectives were to establish an ongoing, independent capability to review University and Office of the Chancellor operations to ensure compliance with statutes, regulations and policies, and make recommendations for improvements regarding economy, efficiency, and effectiveness. The policy also requires the Office of Internal Audit and Risk Assessment to assist the Chair of the Board of Governors, the Chancellor, and University Presidents on an as needed basis to review special issues and/or conduct such audits on the campuses and in the State System headquarters as may be requested.

The State System is best served by an adequately resourced and professionally competent internal review staff that provides value-added services critical to efficient and effective organizational management. The Office of Internal Audit and Risk Assessment is charged with assisting the State System in the effective discharge of responsibilities, promoting the establishment of cost-effective controls, assessing risks, and recommending measures to mitigate those risks. As an integral part of the State System's management team, the Office of Internal Audit and Risk Assessment furnishes the Board of Governors and senior level executives with analyses, appraisals, counsel, and information on the activities reviewed. The Office of Internal Audit and Risk Assessment also monitors State System organizational ethics.

The Office of Internal Audit and Risk Assessment helps provide assurance to management and the Board of Governors that risks to the State System are understood and managed appropriately. The function also serves as an in-house consultant on many areas of interest by adding value to management's decision-making process.

Diversity of evaluating emerging technologies, analyzing opportunities, assessing quality, economy and efficiency, and providing accurate and timely communications gives the Office of Internal Audit and Risk Assessment a broad perspective on the State System. As a result, the Office of Internal Audit and Risk Assessment is a valuable resource to executive management and the Board of Governors in accomplishing its overall goals and objectives, as well as strengthening internal control and governance.

Competitive pressures demand that the State System maximize the benefits from its limited resources. Worldwide, informed senior executives and board members are relying on internal auditors for advice and counsel for everything from analysis of operations and assessment of risk to recommendations for improved governance.

Internal auditing practitioners are increasingly being challenged to apply their expertise in much broader ways than ever before. This includes evaluating emerging technologies, detecting and deterring fraud, analyzing the effectiveness of policies and procedures, and identifying opportunities to save their organizations money. When it comes to adding value across the State System, the Office of Internal Audit and Risk Assessment is an invaluable resource.

