April 27, 2010

The Emerging Importance of Internal Audit to Higher Education Institutions

RISK ADVISORY/INTERNAL AUDIT

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In an era when effective governance is continually increasing in importance, internal audit is shifting from a best practice to a necessity in higher education. Historically, only larger, research-driven universities had internal audit departments; however, with a continually evolving environment and higher education model, mid-size and small colleges and universities must now address many of the same issues as their larger counterparts, as well as other issues unique to them.

Has your institution implemented online/distance learning? Are you expanding internationally? Do professors post grades electronically on an intranet site or Blackboard®? Is your institution planning or in the midst of a large construction project(s)? These are just a few of the many instances that expose your institution to risks that you may not have faced previously. Internal audit can assist management and the board in evaluating risks, and in establishing stronger corporate governance and internal controls. Internal audit can also help management to enhance organizational performance and find cost-savings opportunities, which may prove critical to tuition-driven institutions trying to effectively meet students’ needs while balancing their budget.

Internal audit can play a key role in governance and assisting in the achievement of your institution’s goals and objectives. Whether you are facing new risks or wondering if your institution is doing enough to effectively manage risk and governance, it may behoove you to explore the possibility of establishing an internal audit function, be it in-house, co-sourced or out-sourced. The question at hand may not be whether you can afford to take that next step in governance, but rather if you can afford not to.

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