Internal Audit Strategic Plan 2015

A. Current unit plans (this section is OPTIONAL): Please provide the URL for any current unit plans already in existence. NA.

B. Unit mission/vision statement: Please provide your current unit mission/vision statement. If your unit has multiple departments with differing mission/vision statements, list them as well.

Internal Audit vision statement:
- UC Internal Audit will be a universally recognized knowledgeable, collaborative and trusted resource on governance, risk management and control.

Internal Audit mission statement:
- The mission of the University of California (UC) internal audit (IA) is to provide the Regents, President, campus Chancellors, and Laboratory Director independent and objective assurance and consulting services designed to add value and to improve operations. We do this through communication and collaboration with management to assist the campus community in the discharge of their oversight, management, and operating responsibilities. IA brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

C. Adaptive organizations: Identify actions your unit will take in 2015-16 to advance the five characteristics of adaptive organizations (Heifetz and Linsky): 1. Elephants in the room are named 2. Responsibility for the organization's future is shared 3. Independent judgment is expected 4. Leadership capacity is developed 5. Reflection and continuous learning are institutionalized.

1. Elephants in the room are named:
    - Establish additional campus outreach to ensure that senior leaders are aware that IAS exists to assist them in carrying out their fiduciary responsibilities, including assurances and counsel on campus risk identification and mitigation efforts.
    - Begin steps to rename our function from Internal Audit & Advisory Services (IAS) to Audit and Management Advisory Services (AMAS) and update our campus website.
    - Continue to work with campus clients during IAS project engagement to identify and share risk analysis and concerns as they arise.
    - Continue to inform senior leadership of requirements imposed on IAS both internally and externally, and to follow professional standards while satisfying the needs of both campus and UC Ethics, Compliance, and Audit Services (ECAS).

2. Responsibility for the organization's future is shared:
   - Assist the BAS VC through independent review that simplification efforts have been evaluated from a risk/control and governance perspective. Ensure that roles, responsibilities and guidance have been established to ensure sufficient controls are maintained and process efficiencies are realized.
   - Advance efforts in communicating to senior leadership, IA's role in identifying risks, analyzing the balance between risk and control and reporting on campus risk conditions that require management attention as part of campus leadership's stewardship responsibilities.
   - Seek to provide value added services and shared outcomes with audit clients and senior leadership in our internal audit and management advisory service role.
   - Review the balance of risks and controls, and governance over recommended BAS simplification efforts. Assess available guidance and direction material over processes reviewed where policies have been revised or eliminated through process simplification efforts.
   - Continue to conduct monthly review and quarterly client contact for audit follow-up of open management agreed upon actions from issued audit reports, and report out quarterly to campus senior leadership on open MCA status.

3. Independent judgment is expected:
   - Assist campus by evaluating the relevancy and effectiveness of campus policies and procedures.
   - Ensure that both UC and Campus interests are served and requirements are communicated to senior leadership, in carrying out IAS's dual-reporting roles and responsibilities.
   - Continue to use a disciplined approach for evaluating the balance of risk and control, and relevancy of UC and campus policies in all projects conducted in FY15-16.
   - Continue to serve both UCOP and Campus leadership in accordance with its Charter.

4. Leadership capacity is developed:
   - Continue to offer academic internship programs and evaluate the feasibility of expending the program to include more students.

5. Reflection and continuous learning are institutionalized:
   - Assist campus units in identifying simplification opportunities.
   - Continue to maintain continuous personal development and professional education by seeking out and attending training as embedded into our professional certification requirements.

D. Unit strategies and year one actions: For each of the four BAS goal areas, identify strategies (that will span the entirety of the strategic plan timeframe) and year one actions

that your unit will undertake. Ensure you review the BAS strategies and year one actions to avoid duplication or the creation of conflicting efforts.

1. Finances (advances campus goals 1,5) - Deploy and manage BAS resources to align with institutional goals

Internal Audit – Finance:
- Inform campus leadership of IAS resource requirements and challenges.
- Demonstrate to UC and campus leadership, IA's effective stewardship and use of audit program resources.
- Deploy available resources to meet BAS and campus goals through planned audits, consultations and investigations.
- Support BAS financial simplification and standardization reporting initiatives.

Internal Audit Year One Actions – Finance:
- Update Internal Audit Staffing and Transition Plan, last completed in August 2013, outlining audit program funding plans and needs.
- Continue to develop and issue an annual audit plan in consultation with campus. Included in this plan is a detailed account of resources to be deployed and tracked (both hours and project due dates) providing transparency on audit program resource stewardship and accountability throughout the year.
- Participate on BAS workgroups established in support of BAS financial reporting goals.

2. Learning and development (advances campus goals 4,6,5) - Ensure that BAS team members have the opportunity for engagement, advancement and fulfillment

Internal Audit Strategies – Learning and development:
- Maintain an environment within IAS where staff members can communicate learning and development opportunities.

Internal Audit Year One Actions – Learning and development:
- Director will encourage staff to explore new learning opportunities related to engagement, advancement, and fulfillment while maintaining continuing education required to maintain professional certifications.
- Staff will identify and communicate areas of interest to the IA Director and include opportunities identified for learning and development for integration into their individual annual self-appraisal development plans.

3. Constituents (advances campus goals 3,2,5,6) - Collaborate with stakeholders to ensure alignment of BAS activities with efforts to support teaching, research and public service

Internal Audit Strategies – Constituents:
- Identify ways to collaborate and ensure that the alignment and expectations of campus units, senior leadership and UC ECAS are met.

Internal Audit Year One Actions – Constituents:
- Continue to be responsive to UC ECAS, including systemwide audit support, initiatives, projects, and information requests.
- Continue to work with and communicate with the Audit Committee in the development and approval of the annual audit plan.
- Continue to work with and seek client perspectives in all phases of a project, including the development of corrective action plans that are actionable and address identified unmitigated risk conditions.

4. Processes (advance campus goals 4,5,6) - Ensure BAS processes are transparent, efficient and effective

Internal Audit Strategies – Processes:
- Provide transparency to audit operations through distribution of the detailed annual audit plan and publication of IAS audit reports.
- Ensure that IAS processes are aligned with UC and industry best practices, including the use of internal quality assurance review processes to monitor efficiency, effectiveness, and compliance with professional standards.
- Improve or eliminate inefficient and duplicative audit processes consistent with BAS streamlining and stewardship goals.

Internal Audit One Year Actions – Processes:
- Continue to follow UC ECAS guidance in posting audit reports to the UC Transparency website.
- Update and maintain the current internal audit website.
- Continue to conduct internal quality assurance reviews and monitor time budgets, both in hours and due dates for each project, with the purpose of identifying ways to improve efficiencies and effectiveness on future reviews.
- Continue to participate in the Quality Assurance Review (QAR) process. Further strategies and opportunities identified in the most recent internal QAR as identified in the April 2015 Internal Audit Update issued by UC ECAS.

E. Success measures: Please identify success measures that your unit will utilize to track progress on unit plans.

Internal Audit Success measures:
- Identify cost savings and efficiencies in campus processes, and be considered value added by audit clients and senior leadership.

- Pursue on-time and within budget completion of the annual internal audit plan. Utilize project management techniques to monitor and measure success on individual projects.
- Balance requests for IAS services with the commitment to complete the audit plan, and remain prepared to reprioritize campus requirements for audit services.
- Pursue and identify opportunities for cost savings and efficiencies in every completed audit and advisory service review conducted.
- Act as change agent. Continue to monitor and assist audit clients with risk mitigation efforts, and report on the status of management corrective actions.
- Seek out client satisfaction by using surveys. Track the number of requests for assurance and advisory services.