AUDIT SERVICES
UNIVERSITY OF MICHIGAN

Our reports summarize what was audited, present background information about the unit or process reviewed, provide information on the observations made during the audit, and summarizes the audited unit's action plans to mitigate risks.

Internal Audit of

Sample Report

Date

Conclusion

- Informs senior executives about the extent to which the audited unit, system, or process is managing its key risks.
- Contains a balanced assessment of what is done well and where there are opportunities for improvement.
- Provides senior executives with insights into what the audit observations mean to the unit, process, or the university.
- Provides additional details of notable observations.

Audit Scope, Objectives, and Results by Sub-Activity

The table below presents the key areas audited, related audit objectives, and the overall results for each sub-activity audited.

Key Areas and Sub-Activities Audited	Results	Priority Level (See Appendix 1 for definitions)	Details
I. Key Area *Objective*: Description of what was tested and reviewed			
A. Sub-Activity Audited			
B. Sub-Activity Audited			
C. Sub-Activity Audited			

✓ Controls are functioning as intended, no audit observation noted

O Audit observation(s) noted. Corresponding priority level to each audit observation noted in the Priority Level column.

Context and Key Risk Considerations

- Contains perspective relevant to the audit scope, objectives, and observations.
- Provides a concise description of the operations, size, and complexity of the unit/function/process audited.
- Explains why certain areas were included in the audit or emphasized (e.g., large volume of new activity, key personnel turnover, new regulations, other significant activity, or changes).

Appendix 1: Definitions for Priority Levels and Audit Observations Follow-Up Process

Priority[1]	Definition	Audit Observations Follow-up Process	Follow-up Timing
High	• A control breakdown with a combination of potential consequence and likelihood of occurrence to create a *significant adverse* outcome for the unit or the university. • Generally, requires *immediate* corrective action or *implementation of an interim control* to minimize the potential effects until permanent corrective actions occur.	• Audit Services will verify the completeness and sustainability of management's corrective actions. • Any observations open beyond the six-month window are communicated to the Finance, Audit, and Investment Committee of the Board of Regents.	• Corrective actions for *high-priority observations* are expected to be completed within *six months* of the report issue date unless otherwise indicated in a management action plan. • Audit Services will follow up every six months until all management action plans are implemented.
Medium	• A control breakdown with a combination of potential consequence and likelihood of occurrence to create enough impact to require corrective action within *one year*.	• Audit Services will verify the completeness and sustainability of management's corrective actions. • Any observations open beyond one year are communicated to the Finance, Audit, and Investment Committee of the Board of Regents.	• Corrective actions for *medium-priority observations* are expected to be completed within *one year* of the report issue date unless otherwise indicated in a management action plan. • Audit Services will follow up every six months until all management action plans are implemented.

[1] Note: Low-priority observations are reported directly to the audited unit, do not require senior management attention, and are not included in the audit report. Unit Management is expected to address these observations. Audit Services will not conduct follow-up procedures but may review observations and management action implementation if another audit is conducted for the same unit.

Appendix 2: Report Distribution

The report is shared with leadership in the audited unit.

The president, executive vice presidents, general counsel, associate vice president for finance, controller, executive director of enterprise risk management, ethics, compliance and integrity officer, and director of internal controls receive all audit reports.

The chief information officer and chief security officer receive all IT audit reports.

The Michigan Medicine chief information officer and Michigan Medicine chief information security officer receive all Michigan Medicine related IT audit reports.

The Board of Regents periodically receives a summary of all audit reports issued.