

Audit Report

The audit report is the culmination of the audit process. It communicates the conditions found during the audit, assures you of the validity of the audit issues and provides a mechanism in table format to be used to follow-up on action plans. A quality audit report highlights your concerns; immaterial items will be omitted. The audit reports at the University of Louisville consist of an Executive Summary and a Detailed Audit Report.

Executive Summary

The Executive Summary provides you with an overview of the audit results. The executive summary includes:

- A brief description of what was audited, objectives, scope, time periods;
- Statement that gives the proper perspective of the concerns and conclusions;
- Overall audit report rating; and,
- A table of significant issues, types, priorities, and implementation dates.

Overall Audit Report Rating

The overall audit report rating is tied directly to the objectives of the project, and is intended to give administration an indication of the overall status of internal controls in the audited area. The available opinions are Excellent, Good, Satisfactory, Needs Improvement, and Unsatisfactory. The rating for each audit will be determined by Audit Services and is included in the Executive Summary of the audit report. The rating will be based on Audit Service's overall assessment of the significance of issues identified during the audit process. In determining the applicable opinion, the areas that Audit Services will consider include but are not limited to, the following:

- Establishment and effectiveness of internal controls, policies, procedures, systems and safety requirements;
- Compliance with policy, procedural, legal, regulatory, safety, accounting, financial, contractual and security requirements;
- Accuracy of data and information utilized and disseminated;
- Efficiency of systems and resource utilization

Specific Rating Guidelines

These definitions are only a guide and are not meant to be all-inclusive. The auditor's professional judgment will be the ultimate basis for the report rating.

RATING	CONDITION
Excellent	Overall performance exceeds the expected level No report comments combined with very few technical exceptions or verbal comments
Good	Overall performance meets the expected level <ol style="list-style-type: none">1. Few moderate priority report comments which are minor in nature2. One or two high priority comments which were corrected during the audit3. Relatively few technical exceptions or verbal comments which were easily corrected in a short period, combined with a few moderate priority report comments
Satisfactory	Overall performance does not consistently meet the expected level <ol style="list-style-type: none">1. Several moderate priority report comments2. Average number of technical exceptions or verbal issues3. Two or more high priority report comments4. Report comments that require routine efforts (reorganization, time, or resources) to correct in the normal course of business
Needs Improvement	Overall performance is weak and frequently falls below expected levels <ol style="list-style-type: none">1. Numerous moderate priority report comments2. Three or more high priority report comments3. Internal control weaknesses that create above average exposures4. Report comments that require substantial effort (reorganization, time, or resources) to correct5. Reoccurring report comment(s)
Unsatisfactory	Overall performance is unacceptable <ol style="list-style-type: none">1. Excessive number of report comments2. Several major report comments (High priority)3. Unreasonable deadlines for correction of report comments4. Previously reported, unresolved report comments5. Significant violations of law, regulations, or established policies6. Internal control weaknesses that create substantial or material exposures7. Fraud, embezzlement, or misappropriation of funds occurred because of failure to maintain controls or follow established policies or procedures

Detailed Audit Report

This section of the audit report provides management with brief overview of the areas audited and description of the audit tests performed and the results of these procedures. The audit report includes Audit Services issues to management, developed because of the audit, as well as corrective action plans with a targeted implementation date for each recommendation.

Issue Priority Guidelines

Audit ratings are based on the condition of the audit issues at the time of the audit, not at the time of the report. You cannot affect the opinion by addressing the issues before audit report issuance. Management's willful disregard for known control deficiencies or known violations of regulation, policy, etc. can be a factor in determining the appropriate opinion. If there appears to be an intentional disregard of significant controls by management, the opinion could be downgraded. Management has a responsibility to be continuously aware of the status of controls in its area. Accordingly, lack of knowledge of control violations ordinarily would not preclude a Needs Improvement or Unsatisfactory overall audit opinion.

PRIORITY

CONDITION

High

Management should initiate immediate action to address the issue

1. Major internal control weakness
2. Major policy or procedure exceptions
3. Significant unmitigated risk exposures
4. Major financial impact – loss, misstatement, errors, fraud (regardless of amount)
5. Non-compliance with significant laws or regulations
6. Significant potential opportunity for revenue enhancement, cost savings, efficiencies, and improvements

Moderate

Management should initiate timely action to address the comment

1. Substantial internal control weakness
2. Substantial policy or procedure exceptions
3. Substantial unmitigated risk exposure
4. Substantial financial exceptions
5. Substantial non-compliance with laws and regulations
6. Substantial opportunities to enhance revenue, reduce costs, or realize efficiencies

Low

Management should initiate reasonable action to incorporate a plan to address the comment in the normal course of business

1. Minor internal control weaknesses
2. Minor policy or procedure exceptions
3. Limited unmitigated risk exposure
4. Minor financial errors
5. Limited potential opportunities to enhance revenue, reduce costs, or realize efficiencies