

Audit Division

The [MIT Audit Division](#) is an independent and objective assurance activity established within the Institute to examine and evaluate internal control, risk management, compliance, and governance activities. The Audit Division assists members of the organization in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost. Additionally, the Audit Division provides the Risk and Audit Committee with counsel and information regarding the activities reviewed to assist them in fulfilling their responsibilities.

FY2016 Accomplishments and Highlights

In addition to successfully completing the audit plan, the Audit Division invested resources toward further development of reporting standards and conduct of an external quality assessment. At year-end, planning and discovery were also underway for the anticipated launch of a new externally facing website.

Internal Reporting Standards

To more clearly define the state of internal controls, as well as simplify the assurance reporting structure, significant focus was given to the classification of findings and overall engagement ratings. The classification of exposure per finding was recalibrated upward, and reportable levels of exposure were reduced from three to two: medium and high. Similarly, the range of overall engagement ratings was reduced from four to three, reserving the strongest and weakest ratings for processes well controlled and with serious control deficiencies, respectively. Standard distribution lists for reporting to campus and Lincoln Laboratory senior management were established to provide an ongoing sense of the Institute's overall internal control environment.

Quality Assessment Review

Professional standards the Audit Division adheres to require the conduct of a quality assessment review (QAR) once every five years by a qualified independent assessor. Audit Division management engaged a third-party accounting and advisory firm specializing in service to higher education and research institutions nationwide to perform an external assessment of conformance with the mandatory guidance and demonstrate the Audit Division's commitment to continuous improvement. The Audit Division received the top rating based on assessing conformance with the standards and evaluating effectiveness in carrying out its mission. The review team also presented strengths and opportunities for consideration.

Departmental and Staff Transitions

The close of FY2016 brought the transfer of the construction audit services program to a newly created unit within Facilities, Infrastructure Business Operations. The cost recovery and avoidance activities performed most recently were more appropriately aligned with operational management responsibilities. Kevin Gregory, construction

audit services manager, had managed the audit program since its inception in 2000, and transitioned accordingly to Facilities.

As of June 2016, administration for and management of the Anonymous and Confidential Reporting System transitioned from the Audit Division to the Office of Risk Management (ORM). Management determined that the objectives for the function were more appropriately aligned with the compliance role within ORM.

Kelly McVey, senior auditor, was promoted to audit supervisor for Lincoln Laboratory Audit Services. McVey joined the Audit Division in 2012.

Paul McIntyre, senior auditor, returned to the private sector as a data analyst for a large internet retailer in October 2015. McIntyre had been with the Audit Division for two years.

Suwen Duan, senior data analyst, joined the Audit Division in April 2016 with more than six years of experience in data management, analytics, and reporting for multiple industries including financial services, industrial manufacturing, and hospitality and leisure. She holds a bachelor of science in business administration from the Central University of Nationalities in Beijing, and a master's degree in economics from the University of New Hampshire. Suwen filled a redefined position vacated by Paul McIntyre.

Brigitte Tersek, senior administrative assistant, began employment in December 2015 on a full-time basis. Prior to MIT, Tersek was a program manager at an international education company. She holds a bachelor of arts in translation from Vienna University, Austria, and an associate degree in hospitality management from the University of Economics in Vienna, Austria. Tersek filled a support position vacant since April 2014 that had been upgraded and funded from part-time to full-time.

Professional Development and Certification

Professional standards require a continuous level of professional development to ensure competence and enhance proficiency. Management worked with each staff member to ascertain individual needs for growth and development, and planned training accordingly; staff attended various conferences, seminars, and webinars.

In preparation for the QAR conducted in April 2016, an all-day staff retreat was held in December 2015 at Endicott House to familiarize the staff with the objectives and value of the initiative, review and discuss the Audit Division's charter, focus on the Institute of Internal Auditors (IIA) Standards and self-assess accordingly, and engage in team building. Basil Woller, certified internal auditor, certification in risk management assurance, and principal and owner of Basil Woller and Associates, LLC, joined the group to discuss reasons for performing a QAR and set expectations for the process.

In June 2016, members of the Audit Division and select staff from the Office of the Vice President for Finance and Lincoln Laboratory attended training provided by the IIA to earn a Committee of Sponsoring Organizations of the Treadway Commission Internal Control Certificate, which recognizes expertise in designing, implementing, and conducting an internal control system.

Kelly McVey earned her master's degree in business administration from Boston University, with a special focus on Lean Six Sigma.

Professional certification for staff members is held out as a goal. Once earned, professional certifications must be maintained through a personal program for professional development. The Audit staff currently holds 22 certifications in aggregate. Included in this number are two certifications earned in FY2016. Elvira (Elvie) Mahoney, audit services manager, earned recognition as a certified fraud examiner, and Kim Ahern, manager of audit quality, earned recognition as a certified internal auditor.

One way internal auditors stay informed about improvements and current developments in internal audit standards, procedures, and techniques is by volunteering in professional organizations and presenting at conferences and seminars. Kallie Firestone, senior compliance specialist, served on the Nominating and Leadership Development Committee for the National Council of University Research Administrators. Antwon Ward, senior auditor, served on board communications activities as well as the Educational Liaison Committee for (ISC)², an international nonprofit membership association focused on promoting cybersecurity.

Staff members are also encouraged to take advantage of professional development opportunities offered by the Institute. Martha Jane Gagnon, associate audit director, was accepted for the 2016 Leader to Leader cohort, whereby she has engaged in executive level management training through workshops, individual coaching, applied learning, and manager engagement. Brigitte Tersek, administrative assistant, completed the MITx course 15.071x The Analytics Edge.

Institute Activities

MIT's governance structure is supported by a strong system of committees and councils. The Audit Division's participation in these groups presents another opportunity to engage internal control expertise. It provides access to venues where information and opinions are shared openly and promotes trusting relationships built with administrators at all levels.

Nichole Valois, senior auditor, represented the Audit Division on the 2016 MIT Excellence Awards and Collier Medal Selection Committee. Valois also served as an MIT guest services ambassador at Commencement 2016 and volunteered for the Institute's [English as a Second Language Program for Service Employees](#).

Brigitte Tersek also served as an MIT guest services ambassador at Commencement 2016 as well as during Moving Day in May 2015 to commemorate the Institute's move from Boston to Cambridge on the centennial anniversary.

Vesna Zaccheo, audit services manager, was trained as a member of MIT's Community Emergency Response team, a part of the Emergency Operations Center.

Michael Bowers, associate director for business and technology audit services, and Michael Moody, Institute auditor, served as advisors to the Uniform Guidance Project Leadership team.

Michael Bowers, Martha Jane Gagnon, and Michael Moody, served on the MIT Risk Council.

Michael Moody also served on the following Institute standing committees: Budget and Finance Steering Group; Institute Council on Environmental Health and Safety; Policy and Procedures Coordinating Committee of the International Coordinating Committee; and Research Administration Coordinating Council.

Michael Moody represented the Audit Division at the “[Collaborating for MIT’s Future](#)” poster session in October 2015. The Audit Division, along with the Office of Sponsored Programs, Office of the Vice President for Finance, and the Office of the Vice President for Research, created a poster titled “[OMB’s Uniform Guidance at MIT: What You Need to Know](#).”

Michael J. Moody
Institute Auditor