

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 18
DATE: February 24, 2009

RECOMMENDATION

APPOINTMENT OF INTERNAL AUDIT FIRM AND CONTRACT FOR SERVICES

ACTION REQUESTED

It is recommended that the Board of Regents appoint Grant Thornton LLP as the University's Internal Audit firm and authorize the Interim Chief Financial Officer and Treasurer to the Board of Regents to negotiate a contract with Grant Thornton LLP for internal audit services. The initial term of the contract is February 2009 through June 2011, with two mutually agreeable one-year extensions.

STAFF SUMMARY

The University bylaws provide that the Board shall appoint an Internal Auditor who shall report to the Board Finance and Audit Committee.

An RFP was issued in November 2008 seeking qualifications of firms to perform internal audit services for the University. Seven firms responded, and the proposals were reviewed and scored by an eight-member selection committee of University staff. Three firms were selected as finalists. On January 6, 2009, the finalist firms were interviewed by the selection committee with Grant Thornton recommended by the committee. The Board Chair and Finance and Audit Committee Chair met with Grant Thornton's EMU team on January 29, 2009 and are recommending Board approval of the appointment.

The Scope of services Grant Thornton will provide includes:

- Conduct reviews of the University's internal control environment, ERP systems, business and other operating processes, and policy compliance. Provide other investigative services as needed.
- Submit audit findings/reports regularly to the Board of Regents and monitor compliance with recommendations where necessary.
- Assist in risk assessment and development of the audit schedule

FISCAL IMPLICATIONS

The fees paid for these services are based on a fixed per hour rate. The anticipated annual cost is \$200,000 and is reflected in the University's General Fund budget.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date