ACUA
Association of College & University Auditors

March 24-26, 2026

ACUA VIRTUAL SPRING SUMMIT

Audit in Action

People-Centric Auditing

Objectives:

- To define people-centric auditing
- To understand how this type of objectives differ from traditional objectives and more importantly, **why it matters.**
- To identify the planning process associated with this type of audit.
- To develop audit procedures and recommendations you can consider your audits.

Why do we audit?

What is a primary source of risk?

People-Centric Auditing

An approach that places human behavior, decision making, incentives, competencies, and organizational culture at the center of audit planning, execution, and reporting—recognizing that people, not processes alone, are the primary drivers of risk, control effectiveness, and organizational performance.

People-Centric Auditing

…helps leadership understand **why** issues persist despite "adequate" controls AND supports recommendations that are more realistic, adoptable, and durable.

How is it different?

Risk-based audits

- Are controls designed and implemented effectively?
- Are policies/regulations followed?
- What failed?

People-Centric audits

- Do people understand **why** the control is needed and implement the controls **efficiently** and effectively?
- Why are policies/regulations followed – **or not followed** – in practice?
- What **behaviors** led to the failure?

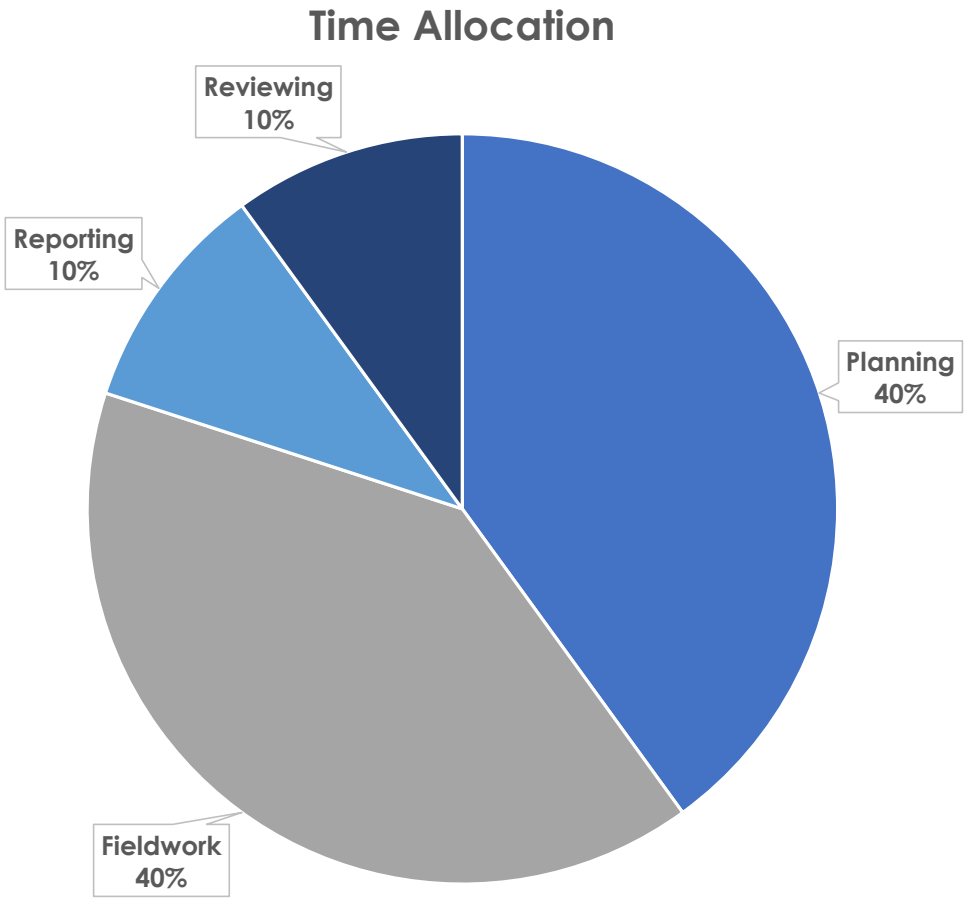
Core Principles

1. Human behavior as a risk driver.
2. Empathy is allowed, so long as it does not compromise independence.
3. Culture and climate matter.
4. Stakeholder-focused audit design is key.

Audit Process

- Typical phases of an audit, not including follow-up.

Audit Planning



Audit Planning

- Entrance Conference
- Scope
- Audit Survey
  - Methodologies
    - Interviews
    - Surveys
    - Peer Benchmarking
    - Policies & Procedures
    - Data
- Risk Identification
- Procedure Development

Audit Planning

- Entrance Conference
  - Audit Process
  - Tentative scope, but not limited
  - Tentative objectives, be vague
  - Plan to meet with personnel
  - Management concerns
  - Estimated timeline
  - Report format and delivery type

Audit Planning

- Scope
  - Tentative scope
    - Current
    - Appropriately limited
  - But not limited to…..
    - Turnover
    - Organizational shifts
    - Significant compliance changes

Audit Planning

- Audit Survey - Feedback
  - Organizational Chart(s)
    - “Getting to know you”
      - Background
      - Role and responsibilities
      - Barriers and opportunities
      - The Big Question
    - Survey(s)
      - Customers
      - Stakeholders
      - Other

Audit Planning

- Audit Survey – Research
  - Policies and Procedures
  - Peer data
    - Benchmark vs. Aspirational
  - Data

Audit Planning

- Risk identification

- Cultural and ethical risks
- Capacity and workload risks
- Training, competency, and knowledge transfer risks
- Change management and change fatigue risks
- Accountability and role clarity risks
- Leadership and tone-at-the top risks
- Communication and information flow risks
- Incentive and performance pressure risks
- Psychological Safety and reporting risks
- Equity, consistency, and fairness risks

How is it different?

Risk-based audits

- Does a policy exist?
- Are controls properly designed to limit risk?
- What control failed to allow an error to occur?
- What control failed to allow noncompliance to occur?

People-Centric audits

- Is the policy understood and usable?
- Is the control designed so that it is realistically executable?
- What systemic conditions enabled the error?
- Is there a misalignment of capacity, culture, or incentives which allowed noncompliance to occur?

Audit Planning

- Procedure development

People-centric procedures are designed to surface **root-causes**, not just control gaps. They validate whether controls are **usable**, **understood**, and **sustainable** and they assess the **culture**, **behavior**, **capacity**, and **decision-making** alongside compliance. They also rely on **qualitative evidence supported by documentation and data.**

Audit Planning

- Risk identification

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Audit Planning & Fieldwork

- Procedure development & execution
  - Cultural and ethical risks
    - Interviews & Surveys
    - Stated values and policies compared to actual behaviors
    - Ethics hotline data
    - Performance reviews
    - Human resource changes

Audit Planning & Fieldwork

- Procedure development & execution
  - Capacity and workload risks
    - Process walk-throughs
    - Identify single-point-of-failure-roles
    - Overtime/Compensatory time
    - Vacation usage and duration
    - Backlog metrics
    - Compare workload expectations to staffing levels and job descriptions

Audit Planning & Fieldwork

- Procedure development & execution
  - Training and competency risks
    - Interviews
    - Onboarding
    - Professional development
    - Documented procedures

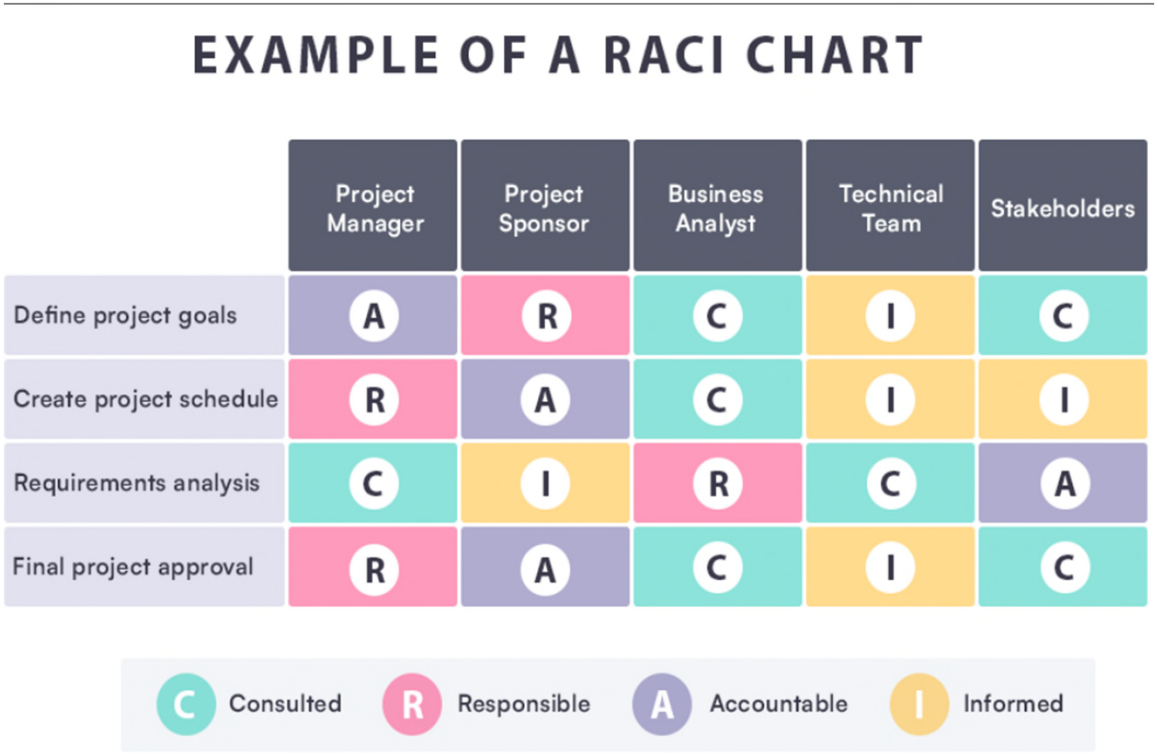
Audit Planning & Fieldwork

- Procedure development and execution
  - Change management and change fatigue risks
    - Interviews
    - Review change communications
    - Test adoption of new vs. legacy procedures
    - Assess availability and trust in feedback mechanisms (if they exist)

Audit Planning & Fieldwork

- Procedure development and execution
  - Accountability and role clarity risks
    - Interviews
    - Identify single-point-of-failure-roles
    - Review/develop RACI or RAM matrix
    - Trace decisions and approvals
    - Identify undocumented or informal delegations

RACI or RAM Matrix



Audit Planning & Fieldwork

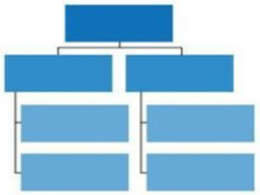
- Procedure development and execution
  - Leadership and tone-at-the-top risks
    - Interviews
    - Identify consistency, subject mater, and attendance of meetings
    - Assess how leaders respond to errors or control failures in testing
    - Determine corrective action methods

Audit Planning & Fieldwork

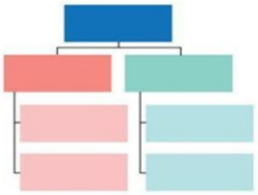
- Procedure development and execution
  - Communication and information flow risks
    - Trace how critical information flows to frontline staff
    - Test awareness of recent changes
    - Organizational chart review

Organizational Structure Types

Hierarchical Structure

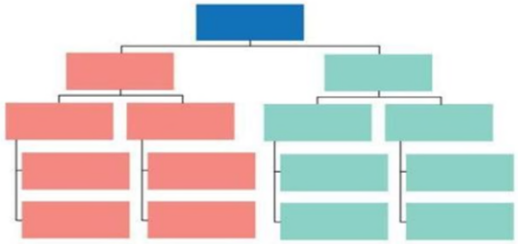


Functional Structure

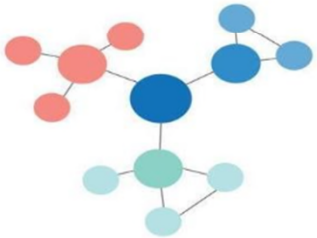


Matrix Structure

Divisional Structure



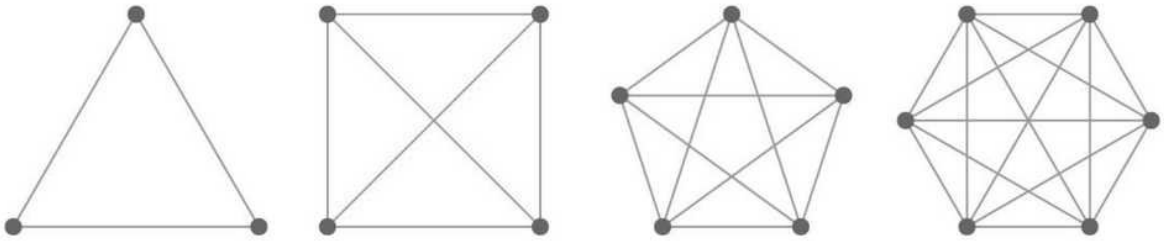
Network Structure



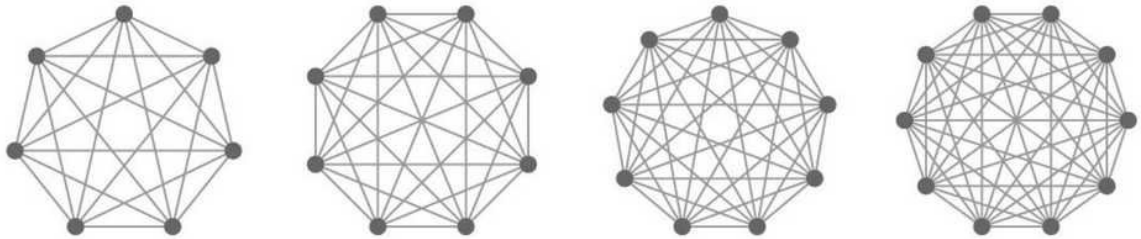
Team-based Structure

Horizontal/Flat Structure

Communication Charts



3 people, 3 lines | 4 people, 6 lines | 5 people, 10 lines | 6 people, 15 lines



7 people, 21 lines | 8 people, 28 lines | 9 people, 36 lines | 10 people, 45 lines

Audit Planning & Fieldwork

- Procedure development and execution
  - Incentive and performance pressure risks
    - Review performance metrics and evaluation criteria
    - Interviews
    - Review metrics that reward speed, volume, or outcomes over accuracy or compliance

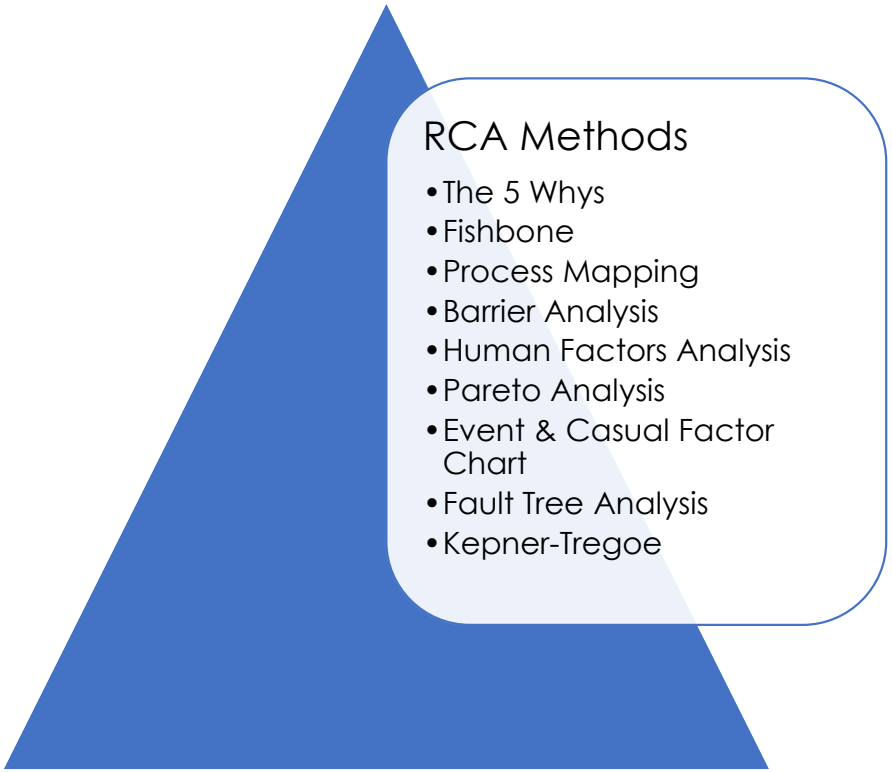
Audit Planning & Fieldwork

- Procedure development and execution
  - Psychological safety and reporting risks
    - Assess awareness and trust in reporting mechanisms
    - Review retaliation safeguards and follow-up practices
    - Compare informal concerns to formal reports

Audit Planning & Fieldwork

- Procedure development and execution
  - Equity and consistency risks
    - Review application of policies
    - Review exceptions and waivers
    - Interviews

Root Cause Analysis Methods



Fieldwork

- Embed people-centric procedures alongside your traditional control testing
- Document qualitative evidence with the same rigor as quantitative testing
- Use themes and patterns, not individual anecdotes, as audit evidence
- Tie findings back to risk statements, not personal performance
- Use criteria, where available
  - Benchmarks
  - COSO framework
  - Etc.

Reporting

- Pick the appropriate reporting method and audience.
- Ensure open communication has occurred throughout the audit and the topic is not a surprise to any level of management (other than possibly the Board).
- Write what is necessary.
- Use verified quotes.
- Just the facts.
- Lean on criteria.
- Educate the audience.
- Build support for your criteria.
- Recommendations should be open so management can take the best action.

Recommendations

- Work with applicable university leadership to strengthen the control environment through communication with all parties involved…., empowerment of ….. employees, and enforcement of adopted policies.

- Consider revising the current internal organizational structure of the office and ensure authority and responsibility are properly delegated and communicated. Management should also consider if certain functions or programs may have parallel objectives to operations outside of the office and may operate more efficiently or effectively if combined.

- Build additional communication structures and collaboration opportunities. This could be accomplished in a variety of ways including cross-training of employees between programs or teambuilding exercises where all employees work together on a program advancement. This provides operating efficiencies and a greater understanding for other program goals and objectives.

Recommendations

- Develop well-written departmental policies and procedures for significant activities and unique issues. These documents add value to the operations, especially with significant turnover. In addition, these documents provide a standard of which performance can be measured equally.

- Properly hire and train new employees. Ensure job descriptions are clear and accurate, and when changes are necessary, communicate those changes to all impacted employees as soon as possible.

- Utilize evaluations to both praise good performance but also provide constructive feedback. Openly address failure to meet performance standards and encourage leadership training, especially for new supervisors.

- Hold employees accountable for non-compliance with policies or expected behavioral standards and discipline when necessary. Investigate issues of inaccurate leave reporting and sharing of credentials and take necessary action to correct leave balances and ensure all users have needed access.

Contact information

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