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November 3, 2006

Dr. Robert Kustra  
President  
Boise State University

I performed an on-site, independent validation during the period October 14, 2006 through October 18, 2006, of the quality assurance self assessment completed by the Internal Audit and Advisory Services Department at Boise State University. My independent validation was completed in accordance with the Professional Practices Framework, International Standards for the Professional Practice of Internal Auditing, of the Institute of Internal Auditors, Inc.

The scope of my independent validation included the following procedures:

- Coordinated with IAAS staff the preparation of the self assessment tools, providing advice regarding the completion of the self assessment tools in accordance with IIA standards;
- Reviewed the self assessment tools completed by the IAAS department;
- Interviewed selected members of Boise State University administration;
- Interviewed available IAAS staff and selected audit clients;
- Reviewed detailed working papers for one audit completed during the period November 2005 through April 2006;
- Evaluated observations and recommendations made and the self assessment summary report prepared by IAAS; and
- Identified and presented to IAAS opportunities for operational quality improvements and implementation of best practices for internal auditing departments.

In my opinion, the quality assurance self assessment report prepared by the Internal Audit and Advisory Services department at Boise State University, based on the self assessment performed by the IAAS staff, fairly presents the current operational and functional status of the department, and properly identified aspects of operations that generally conformed, partially conformed, and that did not conform with the Professional Practices Framework, International Standards for the Professional Practice of Internal Auditing, and the Code of Ethics of the Institute of Internal Auditors, Inc.

I concur with the overall self assessment that the Internal Audit and Advisory Services department generally conforms with IIA Standards.

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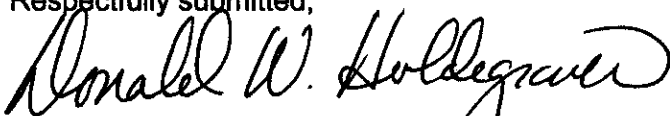
The recommended actions included in the IAAS self assessment report provide opportunities to improve and enhance the operations of the IAAS department and University governance, and I encourage prompt action by IAAS and University administration to implement the recommended actions.

In addition to the recommendations identified by IAAS during the self assessment, I recommend the following actions be taken by IAAS:

1. *Evaluate requiring professional certification as a Certified Internal Auditor (CIA) or Certified Public Accountant (CPA) for, at a minimum, the director – Internal Audit and Advisory Services.* Currently, the director is required to have professional certification, but the preferred area of certification is not specified. Additionally, there is no requirement for professional certification for the senior auditor or staff auditor positions. Establishing such a requirement for a minimum of the CPA or CIA certification would both enhance the professional skills of the director and other department staff, and enhance the professional stature and reputation of the department.
2. *Improve the visibility of the Internal Audit and Advisory Services department to the Boise State University community.* While the department is well received in the University community, interviews with selected University administrators suggested that a more visible, interactive department would improve the department's overall value to the University. Expanded participation might include facilitating additional University staff/faculty training on internal control, fraud awareness, and other topics, and advisory participation on University committees and councils that would allow interaction with faculty and staff with whom the department might otherwise not have regular communication.
3. *Continue the implementation of changes and improvements to IAAS supervisory oversight, audit documentation, and operations that were begun during the past twelve months by the IAAS director to further improve the value being provided to Boise State University.* The department has made significant strides in upgrading its documentation and project management and supervisory activities, but should continue to seek out internal audit best practices and opportunities for improvement to its value-added audit and advisory services to Boise State University.

I have also shared best practice suggestions with IAAS Director Keith Hasselquist which, while not required by the IIA Standards, will assist the IAAS department with further improving the efficiency and effectiveness of the department's operations and value-added services to Boise State University, and encourage the careful consideration of those suggestions by Mr. Hasselquist.

Respectfully submitted,



Donald W. Holdegaver, CIA, CPA, CFE  
Independent Validator (*Accredited by the Institute of Internal Auditors, Inc.*)