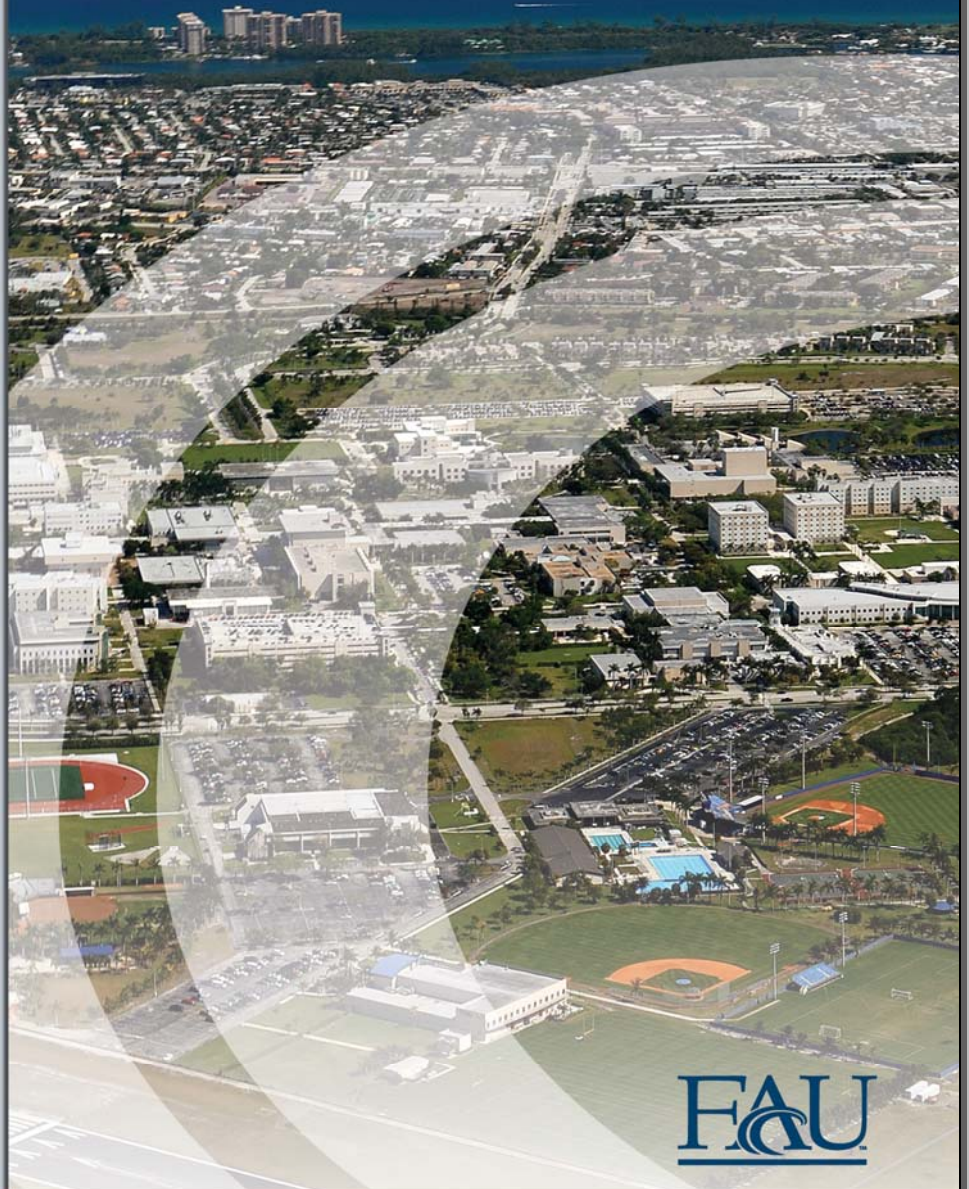




FLORIDA ATLANTIC UNIVERSITY

Office of Inspector General

Report on Annual Activities
Fiscal Year Ending June 30, 2010



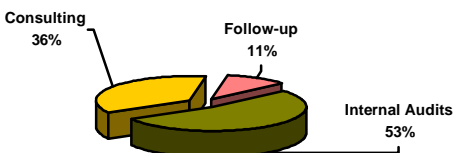
Our Mission and Standards

The mission of the Office of Inspector General (OIG) is to add value to the University through evaluation of its control environment, risk management and governance processes. OIG provides a number of diverse but related activities - audit, consulting, and investigative services - intended to promote accountability, integrity, and efficiency within the University. The Office operates under international standards promulgated by the Institute of Internal Auditors, and follows an annual work plan developed with input from senior management and members of the Board of Trustees' Audit and Finance Committee.

2009-10 Highlights

During fiscal year 2009-10, our office spent a total of 5,110 hours in support of direct services related to our mission.

Relative Effort for 2009-10



AUDITS

During the fiscal year, we completed all five of our planned audits. Total time spent on these projects was 2,707 hours. Results of our completed audits are summarized on page 3 of this annual report.

AUDIT FOLLOW-UP

In total, 554 hours were spent on efforts to determine the implementation status of prior audit recommendations made by our office and by the Florida Auditor General's Office. Of 43 items that were subject to follow-up, the following conclusions indicate the implementation status of the recommendations as of June 30, 2010:

- | | | |
|--|----|-------|
| • <i>Fully Implemented</i> | 24 | (56%) |
| • <i>Partially Implemented</i> | 12 | (28%) |
| • <i>Not Implemented</i> | 1 | (2%) |
| • <i>Implementation no longer applicable</i> | 1 | (2%) |
| • <i>Replaced by another recommendation</i> | 5 | (12%) |

CONSULTING SERVICES

OIG provides various levels of management with scheduled and ad hoc advice on operations and the internal control environment on an on-going basis. During 2009/10, our consulting projects included on-going reviews of daily p-Card transactions, review of expenditures by University direct support organizations, and periodic surprise cash counts of the University's petty cash/operating change funds. Other consulting services included an analysis of utility expenses, and reviews of sub-recipient monitoring for federal awards and accountability for telephone extensions assigned to ex-employees.

INVESTIGATIONS

Our office is responsible for conducting non-criminal investigations that may impact the University's functions, programs, or activities. During 2009/10, no complaints or internal audit issues lead us to conduct any investigations. We reviewed ten complaints, seven of which were received through a dedicated complaint form on the OIG web site. None of the complaints were considered significant.

Summary of Audits

Purchasing

Synopsis of Scope and Objectives:

Audit coverage was focused on the following objectives:

- Adequacy of centralized purchasing policies and procedures to ensure proper authorization of purchase requisitions and purchase orders; and,
- Compliance with applicable laws, rules, and regulations related to competitive bidding and ethical requirements for purchasing employees.

Summary of Recommendations:

Two recommendations were made with respect to revising the July 2004 purchasing manual and posting notice of bid protest procedures as required by Florida Board of Governors Regulation 18.002(1)(b).

Student Health Services

Synopsis of Scope and Objectives:

Primary objectives of the audit were to determine adequacy of policies and procedures in place to ensure proper accountability for clinical revenues, safeguarding of drugs/medical supplies and students' medical records, and maintenance of applicable state licenses by the medical staff.

Summary of Recommendations:

Three recommendations were made to strengthen controls over accountability related to fee-for-service revenues.

Bank Account Reconciliations

Synopsis of Scope and Objectives:

Key objectives of this audit were to determine whether:

- Internal controls were adequate and effective to ensure proper completion of monthly reconciliations and timely clearance of reconciling items; and,
- Adequate management oversight existed to detect possible threats of loss posed by conflicting bank resources access uniquely available to cash management personnel.

Summary of Recommendations:

Two recommendations were made to address conflicting duties and write-off of unidentified reconciling items.

Institutes and Centers

Synopsis of Scope and Objectives:

This audit centered primarily on evaluating policies and procedures established for the required annual reporting of expenditures and staffing of institutes and centers to the Florida Board of Governors.

Summary of Recommendations:

Based on review of 2008/09 data, two recommendations were made to address ways to better ensure accuracy of reported data and document dissolution of institutes and centers.

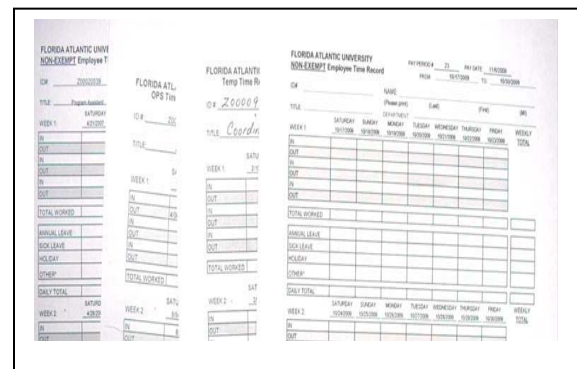
Employee Time Cards

Synopsis of Scope and Objectives:

Procedures and practices related to documenting work hours of non-exempt personnel were evaluated for compliance with the Fair Labor Standards Act and University policies.

Summary of Recommendations:

One recommendation was made to improve recordkeeping at the Harbor Branch Oceanographic Institute, and another for closer tracking of overtime compensatory leave balances of the Police Department.



Other Activities

In addition to its planned direct services, OIG spent approximately 15% of total available hours on administrative and support activities. Examples of the most significant other activities included the preparation of the annual risk analysis, related work plan, and our annual report, coordinating activities with external auditors, addressing personnel matters, and general internal administration of the office. The OIG staff also spent 256 hours, or 4% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

Goals and Challenges for 2010/11

- ⇒ Timely completion of the 2010/11 work plan;
- ⇒ Continue to add value to the University's operations by identifying and addressing risks with management and the Board of Trustees, and encouraging all employees to guard against fraud, waste, and abuse; and
- ⇒ Work closely with management to reduce the number of potential external audit criticisms.

Contact Information



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A word from the IG . . .

We wish to thank the various members of the FAU community who participated in our efforts to effectively carry out our mission. We appreciate the assistance of all employees who contributed to the successful completion of the internal audits, follow-up on prior audit recommendations, and consulting projects during the fiscal year. Please feel free to contact our staff at any time.



A handwritten signature in black ink, appearing to read 'Morley Barnett'.

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For additional copies of this report or comments concerning our activities, please contact Morley Barnett, Inspector General.