



Item: AF I-1

BOT AUDIT AND FINANCE COMMITTEE

Tuesday, October 17, 2006

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2006.**

PROPOSED BOARD ACTION

Information Only.

BACKGROUND INFORMATION

In accordance with the Office of Inspector General's Internal Audit Charter, an annual report is issued to communicate the office's activities of the previous fiscal year. The report summarizes internal audits, follow-up on prior audit recommendations, investigations, and consulting activities, as well as goals and challenges for fiscal year 2006/2007.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: OIG Report on Annual Activities for FY Ended June 30, 2006

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Florida Atlantic University

Office of Inspector General



Report on Annual Activities

Fiscal Year Ended June 30, 2006

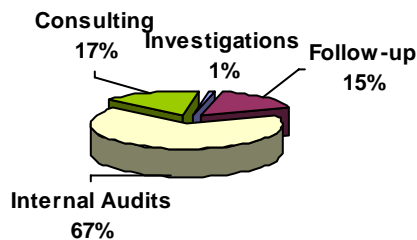
Our Mission and Standards

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.

2005-2006 Highlights

During fiscal year 2005-06, our office spent a total of 5,783 hours in support of direct services related to our mission.

Relative Effort for 2005-2006



AUDITS

We completed five of six planned audits during the fiscal year. Total time spent on these projects was 3,112 hours. The scheduled audit of student-athlete recruiting has been postponed until the 2006 fall semester. Results of our completed audits are summarized on pages 3 and 4 of this annual report.

AUDIT FOLLOW-UP

In total, 892 hours were spent on efforts to determine the implementation status of prior audit recommendations made by the Florida Auditor General and the Office of Inspector General. Of 38 recommendations that were subject to follow-up, approximately 47% were considered fully implemented and 42% partially implemented.

INVESTIGATIONS

OIG was involved with two complaints during the 2005/06 fiscal year. One situation involved a student allegation of retaliation for complaints about curriculum in the College of Science. This complaint was satisfactorily resolved with assistance from the University Ombudsman. The second case was an anonymous complaint received through the state's GetLean Hotline which alleged abuse of the Student Government Association's book voucher program. Based on the lack of written procedures, recommendations were made by OIG to improve accountability for the program.

CONSULTING SERVICES

OIG provides various levels of management with scheduled and ad hoc advice on operations and the system of internal controls on an on-going basis. During 2005-06, the most significant consulting project was a special review of the fiscal operations of the University Center. The center is operated for student and community activities, with student

activity and service fees providing much of its support. We also offered management advisory services on the fiscal operations of the Slattery Child Care Center and the FAU Pharmacy. Other services completed during the year were reviews of the University Purchasing Card Program and expenditures by University direct support organizations, and periodic surprise cash counts of the University's petty cash/operating change funds.

Summary of Audits

Central Cashier's Office

Synopsis of Scope and Objectives:

Controls at the cashier's office on the Boca Raton campus were evaluated for adequacy of accountability for money collections and customer refunds, as well as physical security of the facilities.

Summary of Recommendations:

Five recommendations were made to address transaction accountability, segregation of duties, and asset security issues.

Personnel Services

Synopsis of Scope and Objectives:

We evaluated adequacy and effectiveness of internal controls over the recruitment/hiring processes, performance appraisals, security and maintenance of personnel records, and the employment termination for administrative, service support, and non-student/non-faculty temporary employees.

Summary of Recommendations:

Six recommendations were made for improvement in departmental procedures and practices, primarily relating to documentation.

Revenue-generating Contracts

Synopsis of Scope and Objectives:

Our objectives were to determine whether revenue-generating contracts managed by the Financial Affairs Division were being effectively monitored for compliance with key contract provisions, and if controls were in place to ensure that revenue recognition and commission calculations were proper.

Summary of Recommendations:

Two recommendations were made to improve monitoring the propriety of commissions received and the receipt of key reports and documents required under terms of the contracts.

Travel

Synopsis of Scope and Objectives:

This audit centered on evaluating compliance with policies and procedures for authorization and reimbursement of travel costs processed both electronically and manually. Transactions reviewed were for the period of October 1 through December 31, 2005.

Summary of Recommendations:

Five recommendations were made to address documentation deficiencies and the need to revise policies and procedures.

Research – Time and Effort Reporting

Synopsis of Scope and Objectives:

The primary emphasis of the audit was to assess compliance with time and effort reporting requirements of the Office of Management and Budget Circular A-21, *Cost Principles of Educational Institutions*, as well as any other similar requirements for contracts and grants sponsored by state agencies or private organizations.

Summary of Recommendations:

No reportable recommendations were made as a result of this audit.

Other Activities

In addition to its planned direct services, OIG spent approximately 9% of the total available hours on administrative and support activities. Examples of the most significant activities included the preparation of the annual risk analysis, related work plan, and the 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 four percent of total available time, to fulfill continuing professional education requirements prescribed by professional standards.

Goals and Challenges for 2006/07

#Timely completion of the 2006/07 work plan;

#Continue to add value to the University's operations by identifying and addressing risks with management and the Board of Trustees, and encourage all employees to guard against fraud, waste, and abuse; and,

#Continue to incorporate technology in our oversight procedures and practices to better serve the university community.

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