Tuesday, June 17, 2014

subject: approval of the 2014-15 work plan for the office of inspector general

proposed board action


background information

The Office of Inspector General develops its annual work plan based on a risk assessment of basic programs, functions, and activities of the University. Input is sought from senior management, the BOT Audit and Finance Committee, and the internal audit staff through a risk assessment survey. A proposed work plan is prepared by applying auditor judgment, with an emphasis on avoiding duplication of audit services, among other considerations. The final work plan was approved by the president and is being presented to the Committee for review and approval.

implementation plan/date

July 1, 2014.

fiscal implications

Not applicable.


Presented by: Mr. Morley Barnett, Inspector General  Phone: 561-297-3682
MEMORANDUM

TO: Dr. John Kelly  
    President
FROM: Morley Barnett  
    Inspector General
DATE: May 22, 2014
SUBJECT: 2014/15 Work Plan

Attached for your review and approval is our One-Year Work Plan for Florida Atlantic University covering fiscal year 2014/15.

Our plan reflects a commitment by the Office of Inspector General to provide the University with services in the areas of traditional audits, management advice, accountability activities, and the performance of non-criminal investigations. The plan was prepared with input from senior management, members of the BOT Audit and Finance Committee, and our audit staff. As in previous years, we requested completion of a risk assessment survey by various stakeholders. Survey results did not yield a consensus as to which areas bear the most risks, and therefore, using our professional judgment, we are proposing those activities and functions we believe are best suited for various levels of audit coverage during the upcoming fiscal year.

We believe the proposed plan is balanced and offers flexibility to make logical changes, should they be required, and is designed to avoid unnecessary repetition of recent audits or duplication of services by others who are responsible for providing audit and accountability oversight for the University and its affiliated organizations.

If you have any questions or need additional information, please contact me.

Approved:  
Dr. John Kelly  
President  
5/22/14  
Date
BACKGROUND

In accordance with professional standards of the Institute of Internal Auditors, the Office of Inspector General (OIG) has completed its annual risk assessment of the University's programs, activities, and functions. Results of the risk assessment process provide the primary information source for developing our annual work plan for the University. Care is taken in developing the work plan to: 1) effectively use the OIG professional staff; 2) avoid duplicating audit coverage of other audit providers and regulatory agencies; and, 3) maintain a reasonable balance between the types of services offered the University community - audits, consulting services, and non-criminal investigations.

Critical to the assessment process are surveys completed by senior management and Board of Trustees Audit and Finance Committee (AFC) members. These surveys help to provide risk evaluations for the programs, functions, and activities of 17 major business cycles of the University. Surveyed individuals are requested to rate the perceived risk of each program, function, and activity on a sliding scale from 1 through 5, with 5 considered the most risk-prone categories.

As with other past annual risk assessments, we encouraged all participants in the risk assessment process to consider various risk factors that are common to higher education, and to FAU in particular, when deciding possible areas to be audited during the 2014/15 fiscal year. Some of the more significant factors include:

- Whether the program, function, or activity had been subjected to an internal or external audit within the last five years;
- Turnover of key personnel;
- Whether there were numerous findings and recommendations in prior audits;
- Results of follow-up on prior recommendations;
- Recent changes in computerized applications or systems; and,
- Recent significant changes in laws, rules, regulations or policies.
Over the past several years, we concentrated our efforts on core university operations such as Accounts Payable, Payroll, Cashiering, Undergraduate Admissions, Student fees, Revenue-generating contracts, Research compliance (Time and Effort Reporting and Sub-recipient Monitoring), Construction, Parking and Transportation Services, Housing and Residential Life, Student Government, Employee Outside Activities, and Faculty Activities Reporting. The planned audits for fiscal 2014/15 reflect our commitment to further cover University functions and activities which may have not been audited in the past or for an extended period.

Based on an analysis of internal audits that have been performed within the last five years, and consideration of areas that have not previously been audited, we plan to conduct internal audits of the following:

1) *Human Resources – New Hires*;
2) *NCAA Compliance – Sports Camps and Clinics*;
3) *Fiscal Management of Telephone Charges*
4) *College of Business – Executive Programs*;
5) *Graduate Admissions*; and,
6) *University Meal Plan*.

Also, in keeping with our commitment to provide management advisory reviews, we plan to provide consulting services related to the student grading process and select operations of a limited number of institutes and centers.
SPECIAL ON-GOING REVIEWS
The following areas are examined at least annually:

- Direct Support Organizations (DSO) transactions
- Purchasing Card (pCard) Program
- Surprise Counts of Change/Petty Cash Funds
- Payroll Certifications

INTERNAL AUDITS

- Human Resources - New Hires
- College of Business - Executive Programs
- NCAA Compliance - Sports Camps and Clinics
- Fiscal Management of Telephone Charges
- Graduate Admissions
- University Meal Plan

MANAGEMENT ADVISORY SERVICES

- Centers and Institutes (review of several entities yet to be determined)
- Student Grades

OTHER OFFICE ACTIVITIES

- Periodic follow-up on Auditor General, internal audit and external audit report recommendations
- GetLean Hotline, other anonymous complaints and/or Whistle Blower investigations
- Special projects and investigations, as requested
- Coordination of all University external audits
- Consultation with University administrators, as needed

PERFORMANCE-BASED FUNDING METRICS

Review of data linked to metrics established by the Florida Board of Governors will be considered based on requests by state officials, University management and/or the FAU Board of Trustees.
## OFFICE OF INSPECTOR GENERAL
### WORK PLAN
#### TIME ANALYSIS For FISCAL YEAR 2014/15

<table>
<thead>
<tr>
<th></th>
<th>HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Available Time (Inspector General + 3 Staff @ 2080 hrs.)</td>
<td>8,320</td>
</tr>
</tbody>
</table>

Less:

- Vacation: 650
- Sick Leave: 600
- Personal Holidays: 32
- Holidays (incl extended Dec holidays): 448
- Staff Development/Training: 300

Total Available Productive Time: 6,290

### Special On-Going Reviews

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audits</td>
<td>2,900</td>
</tr>
<tr>
<td>DSO transactions - FAU Foundation, FAU Research Corp., and HBOI Foundation</td>
<td>350</td>
</tr>
<tr>
<td>Purchasing Card Reviews (including daily monitoring of transactions)</td>
<td>400</td>
</tr>
<tr>
<td>Surprise Counts of Change/Petty Cash Funds</td>
<td>100</td>
</tr>
<tr>
<td>Payroll Certifications</td>
<td>300</td>
</tr>
</tbody>
</table>

Total: 1,150

### Unallocated - Available for Unscheduled Work and Special Projects

190

### Internal Audits

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources - New Hires</td>
<td>560</td>
</tr>
<tr>
<td>College of Business - Executive Programs</td>
<td>500</td>
</tr>
<tr>
<td>NCAA Compliance - Sports Camps and Clinics</td>
<td>500</td>
</tr>
<tr>
<td>Fiscal Management of Telephone Charges</td>
<td>450</td>
</tr>
<tr>
<td>Graduate Admissions</td>
<td>450</td>
</tr>
<tr>
<td>University Meal Plan</td>
<td>450</td>
</tr>
</tbody>
</table>

Total: 2,900

### Management Advisory Services/Consulting

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centers and Institutes</td>
<td>350</td>
</tr>
<tr>
<td>Student Grades</td>
<td>200</td>
</tr>
<tr>
<td>Miscellaneous ad-hoc consulting</td>
<td>100</td>
</tr>
</tbody>
</table>

Total: 650