



Item: AF: I-1

AUDIT AND FINANCE COMMITTEE

Tuesday, February 18, 2014

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2013.**

PROPOSED COMMITTEE 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 the upcoming fiscal year.

IMPLEMENTATION PLAN/DATE

Not Applicable

FISCAL IMPLICATIONS

Not Applicable

Supporting Documentation: OIG Report of Annual Activities for FY Ended June 30, 2013

Presented by: Mr. Morley Barnett, Inspector General

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FAU

**FLORIDA ATLANTIC
UNIVERSITY**

Office of Inspector General



Report on Annual Activities

Fiscal Year Ended June 30, 2013

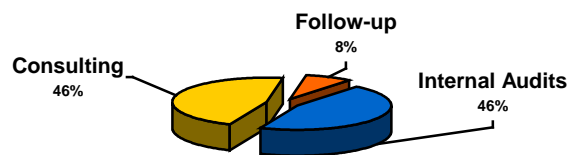
Our Mission and Standards

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.

2012-2013 Highlights

During fiscal year 2012-13, our office spent a total of 5,414 hours in support of direct services related to our mission.

Relative Effort for 2012-2013



AUDITS

During the fiscal year, we completed four internal audits. Total time spent on these projects was 2,465 hours. Results of our completed audits are summarized on page 3 of this annual report.

AUDIT FOLLOW-UP

In total, 432 hours were spent on efforts to determine the implementation status of prior audit recommendations made by the Florida Auditor General's Office and the Office of Inspector General. Of 16 items subject to follow-up, the following conclusions indicate the implementation status of the recommendations as of June 30, 2013:

- | | | |
|--------------------------------|----|-------|
| • <i>Fully Implemented</i> | 13 | (81%) |
| • <i>Partially Implemented</i> | 3 | (19%) |

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 2012/13, our consulting projects included periodic reviews of p-Card transactions, review of select activities of the FAU Foundation, and periodic surprise cash counts of the University's petty cash/operating change funds. In addition to our typical annual consulting services, we completed two major reviews: 1) the Police Department, which primarily focused on compliance with provisions of the Campus Crime Statistics Act (Cleary Act), adequacy of departmental training and certification, use-of-force policies, and storage of lethal and non-lethal weapons; and 2) a year-long review of adherence to established policies and procedures by the Facilities Planning Department in the construction of Parliament Hall, the University's newest student housing facility.

INVESTIGATIONS

Our office is responsible for conducting non-criminal investigations that may impact the University's functions, programs, or activities. The OIG website has an anonymous complaint form which, among other media, encourages the reporting of potential irregularities or known fraudulent activities. During the 2012/13 fiscal year, no complaints or internal audit issues lead us to conduct any significant investigations.

Summary of Audits

Student Union Operations

Synopsis of Scope and Objectives:

Audit coverage primarily focused on the following objectives:

- Adequacy of internal controls over fiscal operations of the Student Union including proper accounting for rental and fee revenues and monitoring of contractual requirements of vendors/contractors occupying Student Union facilities.
- Compliance with established university policies and procedures, applicable laws, rules and regulations, and sound business practices relating to fiscal operations of the Student Union.

Summary of Recommendations:

Six recommendations were made to address improvements needed for tenant and event sponsor documentation, money collections, and employee timekeeping records.



Parking and Transportation Services

Synopsis of Scope and Objectives:

Controls for Parking and Transportation Services were evaluated for accountability over revenues, and physical security for parking services personnel and facilities, unissued parking permits, and monetary assets.

Summary of Recommendations:

One recommendation was made to enhance revenue reconciliation procedures.



Athletics Ticket Office

Synopsis of Scope and Objectives:

Audit objectives were to determine whether adequate controls over the receipt, recording, safeguarding and deposit of monies collected from athletic ticket events were in place. Sports with ticket revenue collections subject to testing included: football, men's and women's basketball, men's and women's soccer, volleyball, baseball, and softball.

Summary of Recommendations:

Six recommendations were made to address deficiencies in transaction documentation, asset security, accountability, and segregation of duties.



Housing and Residential Life

Synopsis of Scope and Objectives:

Audit objectives were to ensure that revenues were properly supported and accurately recorded, and security issues affecting housing residents and facilities were documented, with appropriate intervention by responsible employees.

Summary of Recommendations:

We identified opportunities for improvements related to transaction documentation, safety and security, and asset accountability. Five recommendations were made to address our findings.



Other Activities

In addition to its planned direct services, OIG spent approximately 13% 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 178 hours, or 3% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

Goals and Challenges for 2013/14

- ◇ Timely completion of the 2013/14 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,
- ◇ Consider new approaches to reduce possible repetition of past significant audit findings.

Contact Information



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A word from the IG . . .

Our staff thanks 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.



A handwritten signature in black ink that reads 'Morley'.

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This report is published on the website www.fau.edu/admin/oig; hardcopies are available upon request.