



Item: AC: A-2

AUDIT AND COMPLIANCE COMMITTEE

Tuesday, May 16, 2017

SUBJECT: REQUEST FOR APPROVAL OF THE 2017-18 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2017-18 Office of Inspector General (OIG) Work Plan.

BACKGROUND INFORMATION

In accordance with our Internal Audit Charter and standards promulgated by the Institute of Internal Auditors, 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 Compliance 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, and providing a number of diverse, but related activities - audit, consulting, and investigative services - intended to promote accountability, integrity, and efficiency.

With respect to the proposed work plan, our staff remains independent and objective relative to the scheduled projects, and our current staffing level is considered adequate to complete the plan.

IMPLEMENTATION PLAN/DATE

July 1, 2017

FISCAL IMPLICATIONS

Not applicable.

Supporting Documentation:

2017-18 OIG Proposed Work Plan

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Office of Inspector General
Proposed Work Plan for Fiscal Year 2017/18

ON-GOING REVIEWS

The following areas are examined at least annually:

- ◆FAU Foundation- Select transactions*
- ◆Surprise Counts of Reserve/Petty Cash Funds

INTERNAL AUDITS

- ◆Performance Based Funding - Data Integrity
- ◆Accounts Payable
- ◆Minors on Campus
- ◆Environmental Health & Safety – Hazardous Materials
- ◆Minor Construction Projects

MANAGEMENT ADVISORY SERVICES

- ◆Material and Supplies/Equipment Fees

OTHER OFFICE ACTIVITIES

- Periodic follow-up on recommendations from internal audits and reports issued by the Florida Auditor General;
- Anonymous complaints, requests to respond to complaints received by the Board of Governors or the Florida Chief Inspector General, and Whistleblower investigations;
- Coordination of University external audits, as requested; and,
- Consultation with University administrators, as needed

*Requested by FAU Foundation Board Audit Committee

Office of Inspector General

Work Plan Narrative - FY 2017/18

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 by 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 & Compliance Committee members. These surveys help to provide risk evaluations for the major programs, functions, and activities of 17 critical business cycles of the University. Surveyed individuals are requested to rate the perceived risk of the programs, functions, and activities on a scale of 1 through 5, with 5 considered the most risk-prone categories.

Factors considered in determining upcoming internal audits

As with 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 2017/18 fiscal year. Some of the more significant factors include:

- Whether the program, function, or activity had been subjected to an internal or external audit in recent years;
- Turnover of key personnel;
- Whether there were numerous findings and recommendations in prior audits;
- Results of follow-up on prior recommendations;
- Volume and complexity of transactions;
- Major changes in business applications or information technology systems; and,
- Recent significant changes in laws, rules, regulations or policies.

Office of Inspector General

Work Plan Narrative - FY 2017/18

Recommended internal audit services for fiscal year 2017/18

Over the years, our goal in initiating the annual risk assessment has consistently been to provide a balanced analysis of the level of audit coverage for core University functions and activities. Traditionally, the Office of Inspector General has primarily provided services to the university’s operational units, including those that support student life and FAU’s academic mission. Past internal audits have covered functions such as Payroll, Cashiering, Bank Account Reconciliations, Purchasing, Undergraduate Admissions, Student Fees, Revenue-generating Contracts, Student Government, Time and Effort Reporting and Sub-recipient Monitoring for research projects, Construction, Parking and Transportation Services, Housing and Residential Life, Employee Outside Activities, Faculty Activity Reporting, and NCAA Compliance (various association bylaws). The planned audits for fiscal 2017/18 reflect our commitment to continue coverage of University functions and activities which may have not been audited in the past or for an extended period.

Listed below are the planned internal audits for 2017/18 based on input from management, the Audit & Compliance Committee, and suggestions from the internal audit staff:

Proposed internal audit	Primary reason for proposed audit coverage
<i>Performance Based Funding Metrics - Data Integrity</i>	Recurring annual audit of performance-based metrics as requested by the Florida Board of Governors.
Accounts Payable	Last audited during fiscal 2010/11. First audit since new accounting system, <i>Workday</i> , implemented as of 7/1/2015.
<i>Minors on Campus</i>	Sensitive area, with reputational risks; Primary focus on protocols and policies. Considered supplemental to the 2014/15 audit of sports camps/clinics.
Environmental Health & Safety - Hazardous Materials	Last audited during fiscal 2007/08; Subject matter carries inherent physical, as well as reputational risks.
Minor Construction Projects	First-time audit (previously reviewed 2011/12 as a management advisory service); Individual projects can cost up to \$2 million, with specialized procurement procedures.

In addition to the planned internal audits, we are committed to providing specific and ad-hoc consulting services in fulfillment of our stated mission.