



Item: AC:A-1

AUDIT AND COMPLIANCE COMMITTEE

Tuesday, May 15, 2018

SUBJECT: REQUEST FOR APPROVAL OF THE 2018-19 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2018-19 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 & 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, 2018

FISCAL IMPLICATIONS

Not applicable.

Supporting Documentation:

2018-19 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 2018/19

ON-GOING REVIEWS

The following areas are examined at least annually:

- gFAU Foundation- Select transactions*
- gSurprise Counts of Reserve/Petty Cash Funds

INTERNAL AUDITS

- gPerformance Based Funding - Data Integrity
- gLab Safety
- gTextbook Affordability
- gNCAA Compliance – Financial Aid

MANAGEMENT ADVISORY SERVICES

- gInstitutional Review Board protocols compliance

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 2018/19

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 requested of senior management and Board of Trustees Audit & Compliance Committee members. These surveys help to provide risk evaluations for seventeen core business operations 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 2018/19 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 University policies and procedures.

Office of Inspector General

Work Plan Narrative - FY 2018/19

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 Accounts Payable, Payroll, Cashiering, Bank Account Reconciliations, Purchasing, Human Resources, 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, Sports Camps, and NCAA Compliance (various association bylaws). The planned audits for fiscal 2018/19 reflect our commitment to continue coverage of the University’s functions and activities which may have not been audited in the past or for an extended period.

For this assessment cycle, we did not receive broad participation in risk surveys by management or members of the Audit and Compliance Committee, but have mostly relied upon the professional judgement of our internal audit staff in devising the 2018/19 work plan.

Recommended internal audit services for fiscal year 2018/19

Proposed internal audit	Primary reason for proposed audit coverage
<i>Performance Based Funding Metrics - Data Integrity</i>	Recurring annual audit requested by the Florida Board of Governors for data used for performance-based metrics.
Lab Safety	This audit was originally scheduled for fiscal year 2017/18 but, based on management’s request, was postponed because of frequent turnover in directorship of the Environmental Health & Safety Department.
Textbook Affordability	Audit prompted by the 2017 whistle-blower investigation into compliance with Florida’s Textbook Affordability Law. Coverage to include newly-adopted guidelines meant to ensure that textbooks and other educational materials are affordable and readily available to students.
NCAA Compliance – Financial Aid	This function was last audited during fiscal year 2011/12 and continued oversight has been recommended in a 2017 external compliance assessment of the Athletics Department and its sports programs.

In addition to the planned internal audits, we are committed to providing follow-up on prior audit recommendations, as well as specific and ad-hoc consulting services in fulfillment of our mission.

Work Plan Narrative - FY 2018/19

Role of Enterprise Risk Management (ERM) in Work Plan Development

Much has been said over the past several years about risk identification through ERM. For institutions of higher education, the ERM process recognizes a holistic, versus silo, approach to addressing key areas that are drivers of risks including:

- Strategic • Operational • Academic • Student Affairs/Life • Financial, and • Compliance.

During fall 2017, the Board of Governors conducted a survey of risks identification practices within the State University System, with the recognition that FAU does not have a university-wide policy statement on risk management. Considering that conclusion, and given the broad categories of risks covered in a formal enterprise risk management program, the Office of Inspector General strongly recommends that management and the Board of Trustees endorse implementation of this form of strategic risk analysis. Positive outcomes of adopting ERM not only include identification of many levels of institutional risks, but can also assist with development of multi-year internal audit work plans - a current goal of the BOT Audit & Compliance Committee chair and others. The recommendation for instituting a formal ERM process was an item in the 2017 external quality assessment (peer) review of our office, and we will commit to assisting senior management and the BOT in practical ways in its implementation.



OFFICE OF INSPECTOR GENERAL
WORK PLAN
TIME ALLOCATION For FISCAL YEAR 2018/19

			HOURS
Total Available Time (Chief Audit Executive + 3 Staff @ 2080 hrs.)			8,320
Less:			
	Vacation	650	
	Sick Leave	500	
	Personal Holidays	32	
	Holidays (incl extended Dec holidays)	448	
	Staff Development/Training	350	(1,980)
Total Available Productive Time			6,340
	Internal Audits	2,400	
	Special On-Going Reviews	400	
	Management Advisory Services/Consulting	400	
	Investigations	550	
	Follow-Up on Recommendations	500	
	Enterprise Risk Management implementation	200	
	Service Delivery Support	300	
	Office Administration	1,300	(6,050)
Unallocated - Available for Unscheduled Work and Special Projects			290
Special On-Going Reviews			
	FAU Foundation - Select Transactions		300
	Surprise Counts of Change/Petty Cash Funds		100
	Total		400
Internal Audits			
	Performance Based Funding Metrics - Data Integrity		550
	Lab Safety		650
	Textbook Affordability		500
	NCAA Compliance - Financial Aid		600
	Carryover from 2017/18 work plan		100
	Total		2,400
Management Advisory Services/Consulting			
	Institutional Review Board protocols		250
	Ad-hoc consulting		150
	Total		400