



Item: AF: A-9

Tuesday, May 17, 2016

SUBJECT: APPROVAL OF THE 2016-17 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL.

PROPOSED BOARD ACTION

Approval of the 2016-17 Office of Inspector General (OIG) Work Plan.

BACKGROUND INFORMATION

In accordance 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 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, 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, 2016.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: 2016-17 OIG Proposed Work Plan

Presented by: Mr. Morley Barnett, Inspector General

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Office of Inspector General
Proposed Work Plan for Fiscal Year 2016/17

ON-GOING REVIEWS

The following areas are examined at least annually:

- gFAU Foundation- Select transactions*
- gCard Administration and Transactions
- gSurprise Counts of Change/Petty Cash Funds

INTERNAL AUDITS

- gPerformance Based Funding Metrics - Data Integrity
- gCashier's Office
- gPurchasing
- gBank Account Reconciliations
- gPharmacy

MANAGEMENT ADVISORY SERVICES

- gMaterials and Supplies/Equipment Fees
- gPine Jog Environmental Education Center

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 and/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 2016/17

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 and Finance Committee (AFC) 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 2016/17 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 2016/17

Recommended internal audit services for fiscal year 2016/17

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 2016/17 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 2016/17 based on input from management, the AFC, and suggestions from the internal audit staff:

Proposed internal audit	Primary reason for proposed audit coverage
<i>Performance Based Funding Metrics - Data Integrity</i>	Assumed continued annual audits of performance metrics based on correspondence with BOG inspector general.
<i>Cashier's Office</i>	Last audited in fiscal 2011/12; Practices revised based on unique function as the only cashier's office serving all FAU campuses and <i>Workday</i> implementation as of 7/1/2015.
<i>Purchasing</i>	Central purchasing function last audited in fiscal 2009/10. Critical operational unit responsible for university-wide procurement of goods and services.
<i>Bank Account Reconciliations</i>	Last audited in fiscal 2009/10; Critical internal control function within the university’s cash management office; New procedures instituted for the reconciliation process based on implementation of <i>Workday</i> .
<i>Pharmacy</i>	First-time audit of this Student Health Services auxiliary; Unique products, including controlled substances which require specialized safekeeping, periodic inventories, and compliance with state statute.

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



OFFICE OF INSPECTOR GENERAL
WORK PLAN
TIME ALLOCATION For FISCAL YEAR 2016/17

			HOURS
Total Available Time (Inspector General + 3 Staff @ 2080 hrs.)			8,320
Less:			
	Vacation	650	
	Sick Leave	600	
	Personal Holidays	32	
	Holidays (incl extended Dec holidays)	448	
	Staff Development/Training	250	(1,980)
Total Available Productive Time			6,340
	Internal Audits	2,600	
	Special On-Going Reviews	600	
	Management Advisory Services/Consulting	400	
	Investigations	200	
	Follow-Up on Recommendations	900	
	Service Delivery Support	250	
	Office Administration - (see NOTE)	1,100	(6,050)
Unallocated - Available for Unscheduled Work and Special Projects			290
Special On-Going Reviews			
	FAU Foundation - Select Transactions		300
	Purchasing Card Transaction Monitoring		200
	Surprise Counts of Change/Petty Cash Funds		100
	Total		600
Internal Audits			
	Performance Based Funding Metrics - Data Integrity		400
	Cashier's Office		500
	Purchasing		600
	Bank Account Reconciliations		650
	Pharmacy		450
	Total		2,600
Management Advisory Services/Consulting			
	Materials and Supplies/Equipment Fees		200
	Pine Jog Environmental Education Center		200
	Total		400

NOTE: Includes allowance for 5-Year Quality Assurance review required by the Institute of Internal Auditors