

AUDIT AND FINANCE COMMITTEE
Monday, June 15, 2015

SUBJECT: REQUEST FOR APPROVAL OF THE 2015-16 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2015-16 Office of Inspector General (OIG) Work Plan.

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, and providing a number of diverse, but related activities - audit, consulting, and investigative services - intended to promote accountability, integrity, and efficiency.

IMPLEMENTATION PLAN/DATE

July 1, 2015.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: 2015-16 OIG Work Plan

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

FAU

**FLORIDA ATLANTIC
UNIVERSITY**

MEMORANDUM

TO: Dr. John Kelly
President

FROM: Morley Barnett
Inspector General



DATE: May 14, 2015

SUBJECT: 2015/16 Work Plan

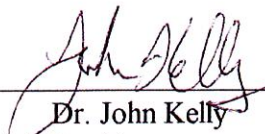
Attached for your review and approval is our One-Year Work Plan for Florida Atlantic University covering fiscal year 2015/16.

Our plan reflects a commitment by the Office of Inspector General to provide the University with services in the areas of traditional internal audits, consulting services, 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 responses 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 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

5/15/15

Date



Office of Inspector General

Risk Plan Assessment - FY 2015/16

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.

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 2015/16 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 information technology systems or business applications; and,
- Recent significant changes in laws, rules, regulations or policies.



Office of Inspector General

Risk Plan Assessment - FY 2015/16

Recommended internal audit services for fiscal year 2015/16

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, Construction, Parking and Transportation Services, Housing and Residential Life, Employee Outside Activities, Faculty Activities Reporting, and NCAA Compliance (various association bylaws). The planned audits for fiscal 2015/16 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.

One area on the risk assessment survey that is consistently recognized by management and the Board of Trustees as having a high level of inherent risk is information technology. General coverage of IT risks is under the purview of the Office of Information Technology (OIT). Further, the university's IT control environment and governance processes are the subject of an annual Florida Auditor General survey which covers a broad spectrum of general and application-related controls. Our office also covers general IT risks and controls during the course of all internal audits and continues to work with OIT management on the scope of periodic risk assessment reviews contracted with external IT experts.

Listed below are the planned internal audits for 2015/16 based on input from management, the AFC, and suggestions from the internal audit staff:

- 1) Performance Based Funding Metrics - Data Integrity;
- 2) Lifelong Learning Society;
- 3) Student Government Association;
- 4) University Meal Plans;
- 5) Time & Effort Reporting; and,
- 6) Campus Recreation.

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
2015/16 Work Plan**

SPECIAL ON-GOING REVIEWS

The following areas are examined at least annually:

- ◆FAU Foundation- Select transactions
- ◆Purchasing Card (pCard) Transaction Monitoring
- ◆Surprise Counts of Change/Petty Cash Funds

INTERNAL AUDITS

- ◆Performance Based Funding Metrics - Data Integrity
- ◆Lifelong Learning Society
- ◆Student Government Association
- ◆University Meal Plans *
- ◆Time & Effort Reporting
- ◆Campus Recreation

MANAGEMENT ADVISORY SERVICES

- ◆NCAA Compliance - Eligibility
- ◆FAU Pharmacy
- ◆University Theatre and Performing Arts Events
- ◆Workday related issues
- ◆Harbor Branch Oceanographic Institute Foundation

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

* This audit was originally scheduled to be conducted during fiscal year 2014/15, but has been carried over to the current work plan at the request of management based on vacancies in key housing positions, as well as pending implementation of the new housing/mealing online contracting system.

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**OFFICE OF INSPECTOR GENERAL
 WORK PLAN**

TIME ALLOCATION For FISCAL YEAR 2015/16

	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	2,900
Special On-Going Reviews	600
Management Advisory Services/Consulting	1,000
Investigations	200
Follow-Up on Recommendations	550
Service Delivery Support	200
Office Administration	800
	(6,250)
 Unallocated - Available for Unscheduled Work and Special Projects	 90
 Special On-Going Reviews	
FAU Foundation - Select Transactions	300
Purchasing Card Transaction Monitoring	200
Surprise Counts of Change/Petty Cash Funds	100
	600
 Internal Audits	
Performance Based Funding Metrics - Data Integrity	600
Lifelong Learning Society	450
Student Government Association	600
University Meal Plans	450
Time and Effort Reporting	400
Campus Recreation	400
	2,900
 Management Advisory Services/Consulting	
NCAA Compliance - Eligibility	250
FAU Pharmacy	200
University Theatre and Performing Arts Events	150
Workday related issues	200
Harbor Branch Oceanographic Institute Foundation	200
	1,000