



Item: AF: A-1

AUDIT AND FINANCE COMMITTEE

Tuesday, October 15, 2013

SUBJECT: REQUEST FOR APPROVAL OF THE 2013-14 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2013-14 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, among other considerations. The final work plan was approved by the president and is being presented to the Committee for review and approval.

IMPLEMENTATION PLAN/DATE

July 1, 2013

FISCAL IMPLICATIONS

Not applicable.

Supporting Documentation: 2013-14 OIG Work Plan

Presented by: Mr. Morley Barnett, Inspector General **Phone:** 561-297-3682

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MEMORANDUM

TO: Dr. Mary J. Saunders
President

FROM: Morley Barnett
Inspector General



DATE: May 8, 2013

SUBJECT: 2013/14 Work Plan

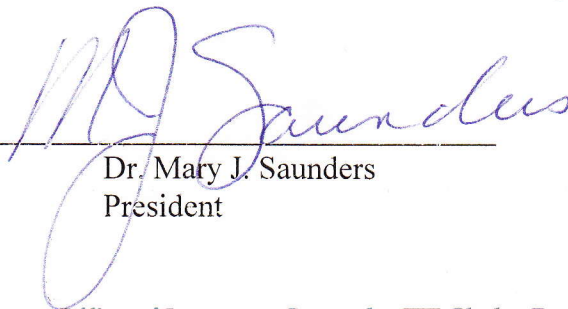
Attached for your review and approval is our One-Year Work Plan for Florida Atlantic University covering fiscal year 2013/14.

Our plan reflects a commitment by the Office of Inspector General to provide the University with services in the areas of traditional audits, management advice, 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 results 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 audit coverage during the upcoming fiscal year.

We believe the proposed plan 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. Mary J. Saunders
President

_____ Date

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Office of Inspector General

Risk Plan Assessment - FY 2013/14

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

For our current assessment, survey evaluations were solicited from nine senior managers and seven BOT members, for which we received four management responses and two responses from committee members. Ideally, we would prefer to receive responses from a majority of those surveyed and give consideration to areas with an average risk rating greater than 3.0 in determining the type of service, if any, that might be offered in the upcoming fiscal year. Based on limited responses for the current survey, we applied the following factors in deciding the recommended areas to be audited during the 2013/14 fiscal year:

- Whether the program, function, or activity had been subjected to an internal or external audit within the last four years;
- Turnover of key personnel;
- Whether there were numerous findings and recommendations in prior audits;
- Results of follow-up on prior recommendations;
- Recent changes in computerized applications or systems; and,
- Recent significant changes in laws, rules, regulations or policies.

Office of Inspector General

Risk Plan Assessment - FY 2013/14

Recommended internal audit services for fiscal year 2013/14

Over the past several years, we concentrated our efforts on core university operations such as Accounts Payable, Payroll, Cashiering, Admissions, Athletics compliance, Student fees, Revenue-generating contracts, Research compliance, Parking and Transportation Services, Housing and Residential Life, and the Student Government Association. The planned audits for fiscal 2013/14 reflect our commitment to cover University functions and activities which may have not been audited in the past or for an extended period.

Upon analysis of internal audits that have been performed within the last five years, and consideration of areas that have not previously been audited, we plan to conduct internal audits of the following:

- 1) *Employee Outside Activities Reporting*
- 2) *Slattery Child Care Center;*
- 3) *Travel;*
- 4) *Faculty Activity Reporting;*
- 5) *Research - Subrecipient Monitoring; and,*
- 6) *Student Receivables.*

Also, in keeping with our commitment to provide management advisory reviews, we plan to provide consulting services related to verification of faculty credentials, and the student grading process.

Coverage of Information Technology (IT) Risks

In the 2011 Quality Assurance Assessment of the Office of Inspector General, the external reviewer noted that there is "insufficient attention given to auditing information technology". Based on these comments, consideration was given to the best course of action to address audit coverage of information technology, including the relatively expensive proposition of hiring a professional IT auditor. Our office suggested, and senior management has agreed, that the most beneficial and cost-effective means to assess the University's management of IT risks would be through periodic reviews by external experts. Initially, management has planned for an external risk assessment of sensitive data during fiscal 2012/13 with other areas of IT risk, such as network security, covered in future years.

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Office of Inspector General
2013/14 Work Plan

SPECIAL ON-GOING REVIEWS

The following areas are examined at least annually:

- ◆ Direct Support Organizations (DSO) transactions
- ◆ Purchasing Card (pCard) Program
- ◆ Surprise Counts of Change/Petty Cash Funds
- ◆ Payroll Certifications

INTERNAL AUDITS

- ◆ Employee Outside Activities Reporting
- ◆ Travel
- ◆ Slattery Child Care Center
- ◆ Research - Subrecipient Monitoring
- ◆ Faculty Activity Reporting
- ◆ Student Receivables

MANAGEMENT ADVISORY SERVICES

- ◆ Faculty Credentialing
- ◆ Student Grades

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

PERFORMANCE-BASED BUDGETING MEASURES

Reviews of measurements linked to the University's strategic plan will be considered based on requests by senior management and/or the Board of Trustees.

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OFFICE OF INSPECTOR GENERAL
 WORK PLAN
 TIME ANALYSIS For FISCAL YEAR 2013/14

	HOURS
Total Available Time (Inspector General + 3 Staff @ 2080 hrs.)	8,320
Less:	
Vacation	700
Sick Leave	650
Personal Holidays	32
Holidays	288
Staff Development/Training	250
	(1,920)
Total Available Productive Time	6,400
Internal Audits	3,200
Special On-Going Reviews	1,000
Management Advisory Services/Consulting	500
Investigations	100
Follow-Up on Recommendations	500
Service Delivery Support	200
Office Administration	650
	(6,150)
Unallocated - Available for Unscheduled Work and Special Projects	250
 Special On-Going Reviews	
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DSO transactions - FAU Foundation, FAU Research Corp., and HBOI Foundation	350
Purchasing Card Reviews (including daily monitoring of transactions)	300
Surprise Counts of Change/Petty Cash Funds	150
Payroll Certifications	200
	1,000
 Internal Audits	
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Employee Outside Activities Reporting	550
Travel	650
Slattery Child Care Center	500
Research - Subrecipient Monitoring	550
Faculty Activity Reporting	500
Student Receivables	450
	3,200
 Management Advisory Services/Consulting	
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Faculty Credentialing	300
Student Grades	200
	500