



Item: AC: I-1

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, November 13, 2018

**SUBJECT: OFFICE OF INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES FOR
FISCAL YEAR ENDED JUNE 30, 2018.**

PROPOSED COMMITTEE ACTION

Information Only

BACKGROUND INFORMATION

In accordance with the Office of Inspector General's Internal Audit Charter, an annual report is issued to communicate the office's primary activities of the previous fiscal year. The report summarizes internal audits, follow-up on prior audit recommendations, non-criminal investigations, and consulting activities, as well as goals and challenges for the upcoming fiscal year.

IMPLEMENTATION PLAN/DATE

Not Applicable

FISCAL IMPLICATIONS

Not Applicable

Supporting Documentation: OIG Report of Annual Activities for FY Ended June 30, 2018

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Florida Atlantic University Office of Inspector General



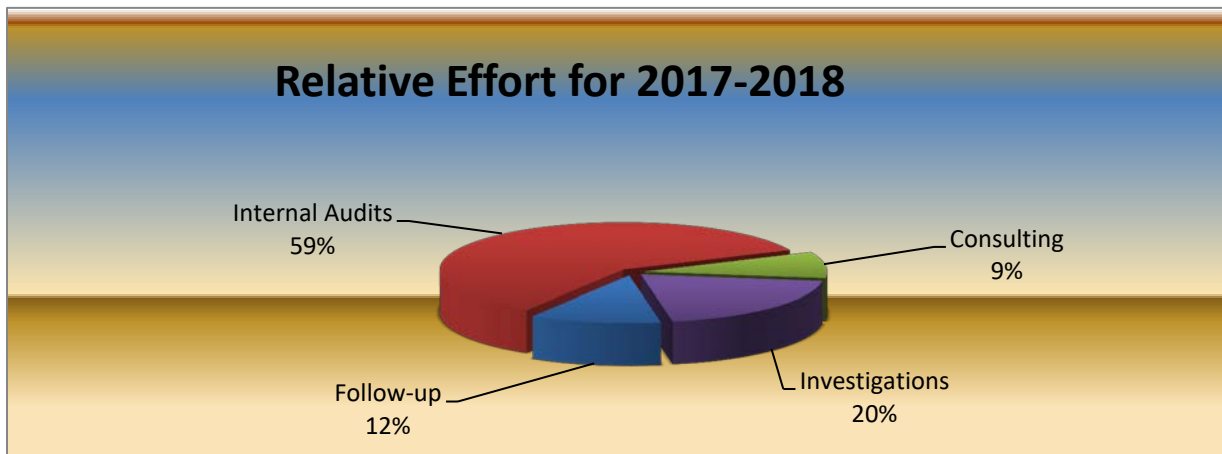
**Annual Report of Activities
Fiscal Year Ended June 30, 2018**

Our Mission and Standards

The mission of the Office of Inspector General (OIG) is to add value to the University through evaluation of its control environment, risk management, and governance processes. OIG provides a number of diverse but related activities - audit, consulting, and non-criminal investigative services - intended to promote accountability, integrity, and efficiency within the University. The Office operates under international standards promulgated by the Institute of Internal Auditors and follows an annual work plan, developed with input from senior management and members of the Board of Trustees' Audit and Compliance Committee.

2017-2018 Highlights

During fiscal year 2017/18, our office spent a total of 5,220 hours in support of direct services related to our mission.



AUDITS

For the fiscal year ended June 30, 2018, we completed four internal audits, including an audit requested by the Florida Board of Governors of all public universities related to data integrity used to support system-wide performance based funding metrics. The audit of Accounts Payable was in progress at the end of the fiscal year and completed in August 2018, prior to publication of this report. Total time spent on these projects was 3,102 hours. Results of the 2017/18 audits are summarized on page 3 of this report.

AUDIT FOLLOW-UP

In total, 604 hours were spent on efforts to determine the implementation status of prior audit recommendations. Of thirteen items subject to follow-up, eleven were fully implemented and two were considered to be partial. Additional assurance work will be performed for these partial items as part of our on-going follow-up program.

CONSULTING SERVICES

OIG provides various levels of management with scheduled and ad hoc advice on operations and the system of internal controls on an on-going basis. During this reporting period, our most significant consulting projects included an analysis of select expenditure transactions of the FAU Foundation and review of fees charged to students for use of materials, supplies and equipment under Section 1009.24, Florida Statutes, *State university student fees*.

INVESTIGATIONS

Our office is responsible for conducting non-criminal investigations that may impact the University's functions, programs, or activities. The OIG website has an anonymous complaint form which encourages the reporting of potential irregularities or known fraudulent activities.

During 2017/18 we conducted a whistle-blower investigation of the Division of Research operations. Recommendation was made to address documentation issues related to approval of re-charge rates for a research core facility.

Summary of Internal Audits

Performance Based Funding Data Integrity

Synopsis of Scope and Objectives:

Evaluate institutional controls and processes in place for proper data compilation and timely submission to the Board of Governors. This audit also served as support for a BOG-required certification of the University's data integrity by the president and board of trustees chair.

Summary of Recommendations:

No recommendations were made for the current audit. We noted the prior year's recommendation related to timely submission of data to the BOG had been satisfactorily addressed by management..

Minor Construction Projects

Synopsis of Scope and Objectives:

Controls for construction of projects costing up to \$2 million completed during fiscal year 2016/17 were reviewed for compliance with applicable University policies, procedures, and regulatory requirements.

Summary of Recommendations:

Four recommendations were made to address documentation issues and compliance with applicable laws, rules, regulations and University policies and procedures.

Minors on Campus

Synopsis of Scope and Objectives:

Primary objective was to evaluate adequacy and effectiveness of protocols for protecting the health, safety, and well-being of participants in University-sponsored and third-party camps and programs.

Summary of Recommendations:

Recommendations were made to mitigate risks associated with third-party youth camps and programs, and to maintain consistent adherence to established requirements set for operating University-affiliated camps and programs.

Accounts Payable

Synopsis of Scope and Objectives:

Compliance with established University policies and procedures and state requirements for timely payments, as well as adherence to sound business practice.

Summary of Recommendations:

Recommendations included improving internal processes to ensure more timely payments to vendors, and implementing additional authentication procedures to confirm validity of vendors' requests for changes in electronic banking information.

Florida Board of Governors
Performance-Based Funding Allocation, 2018-19
June 28, 2018

	Points	Allocation of State Investment	Allocation of Institutional Investment ¹	Total Performance-Based Funding Allocation
FAMU	72	\$0	\$14,765,439	\$14,765,439
FAU	84	\$20,553,876	\$22,880,729	\$43,434,605
FGCU	75	\$9,264,349	\$10,313,143	\$19,577,492
FIU	90	\$39,996,601	\$33,730,710	\$73,727,311
FSU	86	\$51,607,104	\$47,135,335	\$98,742,439
NCF	75	\$0	\$3,921,395	\$3,921,395
UCF	77	\$37,522,699	\$41,770,552	\$79,293,251
UF	93	\$57,631,857	\$53,002,618	\$110,634,475
UNF	68	\$0	\$13,574,657	\$13,574,657
USF	86	\$37,650,670	\$41,913,010	\$79,563,680
UWF	86	\$10,772,844	\$11,992,412	\$22,765,256
Total		\$265,000,000	\$295,000,000	\$560,000,000



Other Activities

In addition to its planned direct services, OIG spent approximately 18% of total available hours on administrative and service delivery support activities. Examples of the most significant other activities included: preparation of the annual risk analysis, related work plan, and our annual report; coordinating activities with external auditors; addressing personnel matters; and, general internal administration of the office. The OIG staff also spent 195 hours, or 3% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

Compliance with professional audit standards and Board of Governors Regulation

Consistent with professional standards established by the Institute of Internal Auditors (IIA) and BOG Regulation 4.002, *State University System Chief Audit Executives*, we are organizationally independent of the activities, programs and functions we review, and we consistently strive to ensure that all services provided to the University are carried out with objectivity, professionalism and adhere to ethical standards.

Goals and Challenges for 2018/19

- ◇ Timely completion of the 2018/19 work plan, including a BOG-required audit of existing controls and processes related to integrity of data submitted in support of its performance funding model.
- ◇ Add value to the University's operations by identifying and addressing institutional risks, and encouraging all employees to guard against fraud, waste, and abuse.

OIG Staffing Changes



After many years without turnover of its staff, our office is poised for significant change in leadership. Long-term supervisor Mike Hewett left in July after 22 years of service. We recognize and appreciate his contributions through the years. On a personal note, I've decided to retire in January 2019 after 25 years as FAU's chief audit executive. I appreciate the confidence that management and the Board of Trustees have placed in me to serve the University community these many years. Throughout my tenure, I am pleased to report that the focus of my service has consistently been guided by the principles of integrity and objectivity.

Contact Information

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