



Item: AF: I-2

AUDIT AND FINANCE COMMITTEE

Wednesday, October 22, 2008

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL'S REPORT ON ANNUAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2008.**

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 activities of the previous fiscal year. The report summarizes internal audits, follow-up on prior audit recommendations, investigations, and consulting activities, as well as goals and challenges for fiscal year 2008/2009.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: OIG Report on Annual Activities for FY Ended June 30, 2008

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FLORIDA ATLANTIC
UNIVERSITY



OFFICE OF INSPECTOR GENERAL

Report on Annual Activities

Fiscal Year Ended June 30, 2008

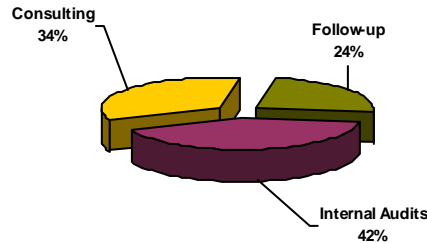
Our Mission and Standards

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 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 Finance Committee.

2007-2008 Highlights

During fiscal year 2007-08, our office spent a total of 6,225 hours in support of direct services related to our mission.

Relative Effort for 2007-2008



AUDITS

During the fiscal year, we completed all five of our planned audits. Total time spent on these projects was 2,666 hours. Results of our completed audits are summarized on page 3 of this annual report.

AUDIT FOLLOW-UP

In total, 1,463 hours were spent on efforts to determine the implementation status of prior audit recommendations made by the Florida Auditor General's Office and the Office of Inspector General. Of 84 items that were subject to follow-up, the following conclusions indicate the implementation status of the recommendations as of June 30, 2008:

• <i>Fully Implemented</i>	54	(64%)
• <i>Partially Implemented</i>	19	(23%)
• <i>Implementation no longer applicable</i>	8	(9%)
• <i>Not Implemented</i>	3	(4%)

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 2007/08, our consulting projects included on-going scrutiny of daily p-Card transactions, review of expenditures by University direct support organizations, and periodic surprise cash counts of the University's petty cash/operating change funds. In addition to these scheduled projects, we assisted the FAU Foundation by reviewing documentation used to support requests for matching certain bundled gifts with state funds. The inspector general also served on the committee responsible for selecting a sponsored research time and effort reporting system.

In September 2007 management requested that our office perform detailed analyses of unofficial withdrawals by students who received financial aid from the federal government. This review was prompted by a request from the U.S. Department of Education (DOE) based on recent federal awards audits by the Florida Auditor General. As a result of the review, approximately \$245,000 was returned to the DOE and financial institutions, with the beneficiary students being billed for the majority of this amount. Our office continues to work with management to develop acceptable means of documenting student attendance, and thus reduce the possibility of having to return student financial aid funds in the future.

INVESTIGATIONS

Our office is typically involved with two or three significant investigations each fiscal year. During 2007/08, we did not conduct any significant investigations.

Summary of Audits

Northern Campuses Cashier's Offices

Synopsis of Scope and Objectives:

Controls at the cashiers' offices on the MacArthur and Treasure Coast campuses were evaluated for adequacy of accountability for money collections and customer refunds, as well as safeguarding of cashier personnel and monetary assets.

Summary of Recommendations:

Six recommendations were made to address transaction accountability, segregation of duties, and asset security issues.



Construction

Synopsis of Scope and Objectives:

Two major projects completed during the period July 1, 2004 through September 30, 2007 were reviewed for compliance with established policies and procedures applicable to the Facilities Planning Department.

Summary of Recommendations:

Five recommendations were made to address procedural and documentation issues.



Hazardous Waste Management

Synopsis of Scope and Objectives:

The University's program for managing hazardous waste was reviewed for compliance with federal and state regulations, as well as University policies and procedures. Primary focus was on the biological, chemical, and radioactive waste generated by University labs and the Scripps Research Institute.

Summary of Recommendations:

No recommendations were made. We noted that the Environmental Health and Safety Department was well-organized and had taken comprehensive steps to properly manage hazardous waste materials.



Lifelong Learning Society (LLS)

Synopsis of Scope and Objectives:

Audit procedures centered primarily on testing controls for monetary collections, issuance of parking permits, and security over the society's personnel and facilities.

Summary of Recommendations:

Thirteen recommendations – affecting the LLS offices at the Boca Raton, MacArthur, and Treasure Coast campuses – were made for improvements in the areas of transaction documentation, segregation of duties, and asset security.



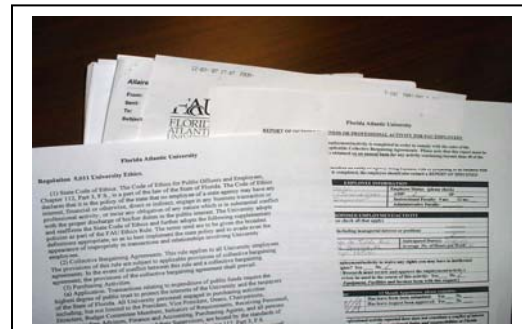
Employee Outside Activities

Synopsis of Scope and Objectives:

This audit centered on the policies, procedures, and practices established by the University to address issues related to reporting and approval of paid and unpaid activities outside of the employee's primary job responsibilities.

Summary of Recommendations:

No recommendations were made. During the audit, we noted that a special committee had been formed to clarify employee outside activities reporting for all employee categories. Based on committee observations, revised policies and procedures were expected to take effect at the beginning of the 2008/09 fiscal year.



Other Activities

In addition to its planned direct services, OIG spent approximately 8% of total available hours on administrative and support activities. Examples of the most significant activities included the preparation of the annual risk analysis, related work plan, and the annual report, coordinating activities with external auditors, addressing personnel matters, and general internal administration of the office. The OIG staff also spent 205 hours, or 3% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

Goals and Challenges for 2008/09

- # Timely completion of the 2008/09 work plan;
- # Continue to add value to the University's operations by identifying and addressing risks with management and the Board of Trustees, and encouraging all employees to guard against fraud, waste, and abuse; and
- # Increase use of our data mining software in analysis of certain expenses during a time of budgetary constraints.

Contact Information



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A word from our staff . . .

We wish to thank the various members of the FAU community who participated in our efforts to effectively carry out our mission. We appreciate the assistance of all employees who contributed to the successful completion of the internal audits, follow-up on prior audit recommendations, and consulting projects during the fiscal year.



Ben Robbins, Allaire Vroman, Christine Gnanaseelan, Mike Hewett, Morley Barnett