



Item: AC:A-1

AUDIT AND COMPLIANCE COMMITTEE

Tuesday, June 4, 2019

SUBJECT: REQUEST FOR APPROVAL OF THE 2019-20 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2019-20 Office of Inspector General (OIG) Work Plan.

BACKGROUND INFORMATION

In accordance with 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 the Chair, BOT Audit & Compliance Committee, and the internal audit staff through a risk assessment. 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, 2019

FISCAL IMPLICATIONS

Not applicable.

Supporting Documentation:

2019-20 OIG Proposed Work Plan

Presented by: Ms. Stacy Volnick, Vice President Administrative Affairs **Phone:** 561-297-6455



Proposed Internal Audit Work Plan for Fiscal Year 2019/2020

ON-GOING REVIEWS

The following areas are examined at least annually by the Office of the Inspector General:

- FAU Foundation- Select transactions – *This annual audit is performed at the request of the FAU Foundation Board Audit Committee*
- Surprise Counts of Reserve/Petty Cash Funds

INTERNAL AUDITS

- Payroll
- Research Grant Expenditures
- NCAA Compliance – Recruiting
- Cyber Risk Management – (student personal, financial and health data)

OTHER OFFICE ACTIVITIES

- Periodic follow-up on recommendations from internal audits and reports issued by the Florida Auditor General;
- Anonymous complaints – anonymous complaints are submitted through an on-line portal
- Requests to respond to complaints received by the Board of Governors or the Florida Chief Inspector General, and Whistleblower investigations;
- Coordination of University external audits, as requested; and,
- Consultation with University administrators, as needed



Office of the Inspector General
Proposed 2019-20 Work Plan Narrative

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; 3) identify those potential audit areas that hold the greatest institutional risk and, 3) maintain a reasonable balance between the types of services offered the University community - audits, consulting services, and non-criminal investigations.

The assessment was accomplished by IG staff identifying those areas of greatest institutional risk and confirming those areas had not been subject to recent internal audits. Those suggestions were shared with the Chair, Board of Trustees Audit and Compliance Committee to form the recommended plan.

FACTORS CONSIDERED IN DETERMINING PROPOSED AUDITS

The IG staff was encouraged to consider various risk factors when suggesting possible areas to be audited during the 2019-20 fiscal year. In doing so, they were asked to identify areas that have the greatest institutional risk – reputational and fiscal. It is important to note the the reasons for the audit and potential risk factors identified are *NOT* associated with any preliminary field work or noted deficiencies but instead potential risk factors associated with this institutional function. 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 or recommendations in prior audits
- Results of follow up recommendations
- Volume and complexity of transactions
- Major changes in business applications or information technology systems
- Recent significant changes in laws, rules, regulations or University policies and procedures.

Recommended Internal Audit Services for FY 2019-20

Proposed Internal Audit	Purpose of Audit – <i>Potential Financial/Reputational Risks Identified</i>
Performance Based Funding Metrics – data integrity	<ul style="list-style-type: none"> • Recurring annual audit required by the Florida Board of Governors related to data used for performance-based metrics
Payroll	<ul style="list-style-type: none"> • Terminated employees not removed from the system • Fake employees set-up on the payroll system • Incorrect W-2s • Unauthorized salary adjustments • Non-timely or inaccurate updates made for payroll federal, state, and local laws • Inadequate segregation of duties between HR and Payroll personnel (i.e. embezzlement of funds, misappropriation of funds, etc.) • Benefit deductions not accurately calculated • Payroll wages, 403-B deductions and tax withholding for employees not in agreement with the Form W-2s, IRS 941s, Workday account
Research Grant Expenditures	<ul style="list-style-type: none"> • Violation of Federal Agency Cost Principles • Grant Proposals not properly reviewed and approved prior to submission • Financial and Program performance reports are not accurately prepared and timely submitted • Grant records are not reconciled to university records • Program income is not accurately calculated in accordance with program requirements
NCAA Compliance - recruiting	<ul style="list-style-type: none"> • Violations of NCAA Recruiting Regulations can result in NCAA penalties and sanctions levied against the University, Athletics' Department, and individual student athletes.
Cyber Risk Management- student personal, financial and health records	<ul style="list-style-type: none"> • Hacking, data breaches, identity theft, insider and service provider threats, unauthorized system and network access, unauthorized system changes; non-compliance, unsecured system infrastructure, and not safeguarding student and employee information.