



Item: AF: A-10

**AUDIT AND FINANCE COMMITTEE**  
Tuesday, June 19, 2012

**SUBJECT: REQUEST FOR APPROVAL OF THE 2012-13 WORK PLAN FOR THE OFFICE OF INSPECTOR GENERAL**

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**PROPOSED COMMITTEE ACTION**

Review and recommend approval of the 2012-13 Office of Inspector General (OIG) Work Plan.

**BACKGROUND INFORMATION**

The OIG 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 Audit and Finance Committee, and the 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 factors. The final plan is approved by the president and subsequently presented to the Committee for review and approval.

**IMPLEMENTATION PLAN/DATE**

July 1, 2012

**FISCAL IMPLICATIONS**

Not applicable.

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**Supporting Documentation:** 2012-13 OIG Work Plan

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

MEMORANDUM

TO: Dr. Mary J. Saunders  
President

FROM: Morley Barnett   
Inspector General

DATE: May 2, 2012

SUBJECT: 2012/13 Work Plan

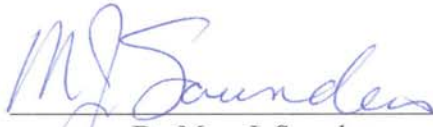
Attached for your review and approval is our One-Year Work Plan for Florida Atlantic University covering fiscal year 2012/13.

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. This year's proposal also includes a provision for an external (outsourced) evaluation of the university's information technology risks as a result of the 2011 quality assessment review of our office.

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

5/7/12

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## Office of Inspector General

Risk Plan Assessment - FY 2012/13

### 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 investigations.

Critical to the assessment process are surveys completed by senior management and Board of Trustees (BOT) Audit and Finance Committee 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 eight BOT members, for which we received four management responses and two responses from committee members. Ideally, we would prefer to receive responses from more than half 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. That being absent in the current analysis, we applied the following factors in deciding the recommended areas to be audited during the 2012/13 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 2012/13

Recommended internal audit services for fiscal year 2012/13

Over the past several years, we concentrated our efforts on core university operations such as Accounts Payable, Payroll, Cashiering, Admissions, Construction, Athletics compliance, Student fees, Revenue-generating contracts, Research compliance, and the Student Government Association. The planned audits for fiscal 2012/13 reflect our commitment to cover other essential aspects of operations and activities affecting university quality-of-life issues, but which may have not been audited in the past or for an extended period.

Upon analysis of internal audits that 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) *Athletics Ticket Office;*
- 2) *Housing and Residential Life;*
- 3) *Parking and Transportation Services;*
- 4) *Police Department;* and,
- 5) *Student Union Operations.*

Also, in keeping with our commitment to provide management advisory reviews, we plan to provide consulting services related to materials and supply fees, faculty credentials verifications, unrelated business income taxes (UBIT), university fleet vehicle operations, and proper completion and retention of payroll certifications.

### 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. It is anticipated that such an evaluation will be performed during the 2012/13 fiscal year.

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**Office of Inspector General  
2012/13 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
- ◆ Faculty Credentials Verification
- ◆ Payroll Certifications

**INTERNAL AUDITS**

- ◆ Housing and Residential Life
- ◆ Athletics Ticket Office
- ◆ Parking and Transportation Services
- ◆ Police Department
- ◆ Student Union Operations

**MANAGEMENT ADVISORY SERVICES**

- ◆ Materials and Supplies Fees
- ◆ University Fleet Vehicle Operations
- ◆ Unrelated Business Income Taxes (UBIT)

**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.



OFFICE OF INSPECTOR GENERAL  
WORK PLAN  
TIME ANALYSIS For FISCAL YEAR 2012/13

	HOURS
Total Available Time (Inspector General + 3 Staff @ 2080 hrs.)	8,320
Less:	
Vacation	700
Sick Leave	700
Personal Holidays	32
Holidays	288
Staff Development/Training	250
	<u>(1,970)</u>
Total Available Productive Time	6,350
Internal Audits	3,000
Special On-Going Reviews	1,100
Management Advisory Services/Consulting	600
Investigations	100
Follow-Up on Recommendations	500
Service Delivery Support	150
Office Administration	700
	<u>(6,150)</u>
Unallocated - Available for Unscheduled Work and Special Projects	<u>200</u>
<b>Special On-Going Reviews</b>	
DSO transactions - FAU Foundation, FAU Research Corp., and HBOI Foundation	300
Purchasing Card Reviews (including daily monitoring of transactions)	250
Surprise Counts of Change/Petty Cash Funds	150
Faculty Credentials Verification	200
Payroll Certifications	200
	<u>1,100</u>
<b>Internal Audits</b>	
Housing and Residential Life	650
Athletics Ticket Office	550
Parking and Transportation Services	600
Police Department	600
Student Union Operations	600
	<u>3,000</u>
<b>Management Advisory Services/Consulting</b>	
Materials and Supplies Fees	250
University Fleet Vehicle Operations	200
Unrelated Business Income Taxes	150
	<u>600</u>