



Item: AF: I-3

AUDIT AND FINANCE COMMITTEE
Wednesday, November 16, 2016

SUBJECT: OFFICE OF INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES FOR FISCAL YEAR ENDED JUNE 30, 2016.

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, 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, 2016

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Florida Atlantic University Office of Inspector General



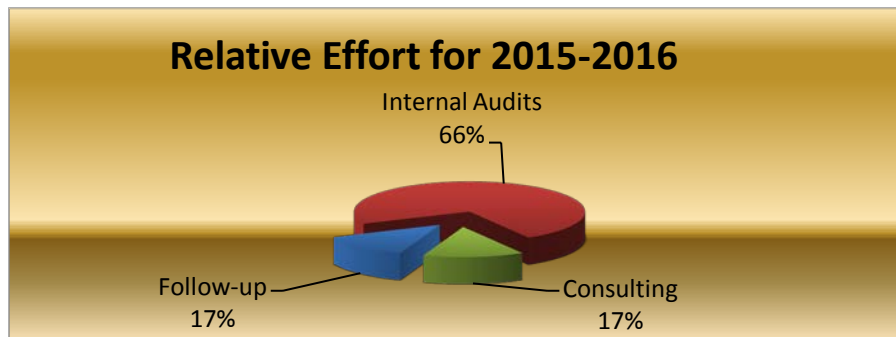
Annual Report of Activities
Fiscal Year Ended June 30, 2016

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 Finance Committee.

2015-2016 Highlights

During fiscal year 2015/16, our office spent a total of 5,061 hours in support of direct services related to our mission.



AUDITS

For the fiscal year ended June 30, 2016, 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. Two of our planned audits were in progress at the end of the fiscal year and completed in fiscal 2016/17, prior to publication of this report. Total time spent on these projects was 3,345 hours. Results of our completed audits are summarized on page 3 of this report.

AUDIT FOLLOW-UP

In total, 832 hours were spent on efforts to determine the implementation status of prior internal audit recommendations. Of 17 items subject to follow-up, seven were fully implemented and ten 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 fiscal 2015/16, our major consulting projects included reviews of select activities of the FAU Foundation and the FAU Harbor Branch Oceanographic Foundation, revenue accountability for performing art events sponsored by the Schmidt College of Arts & Letters, and evaluation of institutional control for student-athlete eligibility under NCAA regulations.

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 2015/16 no complaints or internal audit issues lead us to conduct any significant investigations.

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 Recommendation:

Recommended additional controls be put in place to ensure consistency in timely submission of data required by the BOG for performance metrics.

Performance Funding Model 2016-17 Florida Atlantic University					
	Excellence		Improvement		Final Score
	Data	Points	Data	Points	
Key Metrics Common to All Universities Plus 2 Institution Specific Metrics					
Percent of Bachelor's Graduates Employed and/or Continuing Their Education (3 Yr after Graduation)	75.0%	0	8.0%	0	0
Median Wages of Bachelor's Graduates Employed Full-Time in Florida (3 Yr after Graduation)	\$36,500	0	1.4%	2	0
Average Cost per Bachelor's Degree	\$28,270	0	2.1%	0	0
New Year Graduation Rate	88.4%	0	3.4%	0	0
Full-time and Non-Comp FTE	71.9%	0	8.1%	10	10
End Year Retention with GPA Above 2.0	58.2%	10	-0.9%	0	10
Bachelor's Degrees Awarded in Areas of Strategic Emphasis	40.3%	10	-0.3%	0	10
University Success Rate	61.2%	10	5.7%	10	10
Percent of Undergraduates with a Pell Grant					
Graduate Degrees Awarded in Areas of Strategic Emphasis					
Institution Specific Metrics					
Percent of Bachelor's Degrees Awarded without Excess Hours	76.0%	7	2.7%	3	7
Bachelor's Degrees Awarded to Minorities	49.2%	10	0.4%	2	10
TOTAL					84

Campus Recreation - Memberships

Synopsis of Scope and Objectives:

Focus of this first-time audit was on internal controls and documentation to ensure restricted use of recreation facilities at the Boca Raton and Davie campuses to registered students and paying members of the university community.

Summary of Recommendation:

Four recommendations were made to address several documentation deficiencies and money collection issues.



Lifelong Learning Society (LLS)

Synopsis of Scope and Objectives:

Audit procedures for LLS operations at the Boca Raton and Jupiter campuses centered primarily on testing controls for monetary collections, issuance of parking permits, and security over the society's personnel and facilities.

Summary of Recommendation:

Seven recommendations were made for improvements in the areas of transaction documentation, money collection practices, and safeguarding of LLS facilities and information.



Research - Effort Reporting

Synopsis of Scope and Objectives:

Determine whether current university policies, procedures and records were consistent with cost principles outlined in the Office of Management and Budget's Uniform Guidance regulations - effective as of 12/26/2014.

Summary of Recommendations:

One recommendation was made to address the need for updated policies and procedures, and resuming preparation of effort certifications using the university's new enterprise software system, Workday.



University Meal Plans

Synopsis of Scope and Objectives:

Review operational and administrative oversight of campus meal plans required for students living in residence halls and optional plans offered to faculty and staff, and to students living in on-campus apartments.

Summary of Recommendations:

Four recommendations made to address contract documentation and disclosures, accountability for receipt of negotiables, and vendor payments.



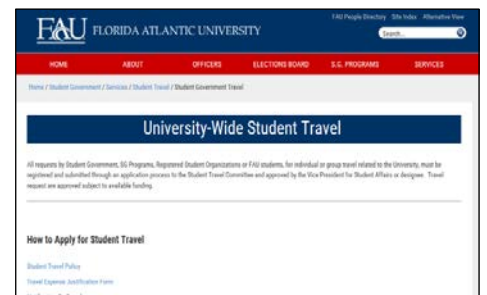
Student Government Association (SGA) - Travel

Synopsis of Scope and Objectives:

Focus of this audit was primarily on SGA oversight of student-specific travel policies, procedures, and practices, as well as general university policies applicable to SGA-related travel.

Summary of Recommendations:

Two recommendations were made with respect to improving required documentation.



Other Activities

In addition to its planned direct services, OIG spent approximately 25% of total available hours on administrative and service delivery support activities. Examples of the most significant other activities included the 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 219 hours, or 3% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

Compliance with professional audit standards and BOG regulations

Consistent with professional standards established by the Institute of Internal Auditors (IIA), 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 ethical standards set by the IIA. We believe that our charter remains relevant to our mission, and our internal audit purpose, authority, and responsibility continue to be adequate in guiding us to accomplish our objectives. During the 2016/17 fiscal year, our function will undergo a formal five-year, independent, quality assurance review as required by the IIA.

The Florida Board of Governors has recently drafted regulations which address governance and operational issues affecting our office. Our internal procedures and practices will be appropriately revised when the regulations are finalized (anticipated by November 2016).

Goals and Challenges for 2016/17

- ◇ Timely completion of the 2016/17 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.

Contact Information

Respectfully submitted by Morley Barnett, CPA, CFE - Inspector General | mbarnett@fau.edu | (561) 297-6493



Office of Inspector General
Learning Resources Building
777 Glades Road
Boca Raton, Florida 33431

-OFFICE OF INSPECTOR GENERAL PROFESSIONAL STAFF-

Mike Hewett, CIA, CBA, CFSA, CGAP
Director of Audits and Investigations
mhewett@fau.edu / (561) 297-6467

Allaire Vroman
Internal Auditor/Investigator
avroman@fau.edu / (561) 297-6466

Ben Robbins, CPA
Internal Auditor/Investigator
brobbin@fau.edu / (561) 297-6468

This report is published on our website www.fau.edu/admin/oig