



Office of Internal Auditing
2007 – 2008 Audit Plan

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EXECUTIVE SUMMARY

The University of North Florida’s Office of Internal Auditing (OIA) is pleased to present, for review and approval, the 2007 – 2008 Internal Audit Plan. The plan was developed using a risk based approach. This approach involved:

- Meeting with key administrators to discuss various operational areas and the risks inherent in those areas.
- Reviewing prior audit results for potential risk exposure
- Coordinating with the Auditor General to avoid duplicate coverage

Table 1 – Allocation of Audit Resources

	Hours	Percentage
Available Hours	4,160.00	
Indirect Allocation		
Administrative	(582.40)	15.0%
Leave & Holidays	(478.40)	11.5%
Training	(166.40)	4%
Unplanned Activities		
Advisory Services	(832.00)	20%
Investigations	(208.00)	5%
Follow Up	(187.20)	4.5%
Planned Audit Projects	(1,705.60)	40%
		100%

Based on the risk assessment results, the OIA developed an audit plan that most effectively utilizes the resources available to provide audit coverage in those areas that matter most to the University.

Approximately 40% of OIA resources are committed to the completion of planned audit projects. We believe that the University is best served if the audit plan is dynamic in nature, continually adjusting to the needs of the University. Therefore, the plan includes resources allocated for investigations and requests from management (5% and 20% respectively).

[Table 1](#) (above) provides a summary of the allocation of audit resources. Additionally, [Table 2](#) provides a summary of the Proposed 2007 – 2008 Audit Plan. The remainder of this document provides details related to the risk assessment, resource allocation and the audit plan. Please contact us if there are any questions, comments, or concerns.

Robert Berry
 Interim Director of Audit

Table 2 - Proposed 2007 - 2008 Audit Plan

Project Name	Description and Proposed Scope	Project Budget
Management Advisory Services	Management Advisory Services hours are not allocated to specific projects, but rather reserved for special requests from management, consultative services, etc.	832
Investigations	Investigation hours are not allocated to specific planned projects, but rather time spent addressing complaints and allegations.	208
Administrative	Administrative time, while not directly related to specific projects, is time utilized managing the Internal Audit function. It includes, but is not limited to, time performing risk assessments, preparing presentations, providing updates to the President's Office, coordinating with the Auditor General etc.	582
Follow Up	Follow up hours are used to address outstanding issues and recommendation from both internal and external audit groups.	187
Accounts Receivable	As of fiscal year end 2006, the UNF Accounts Receivable balance was greater than \$30 million. The proposed scope of the Internal Audit review includes reviewing balances to ensure they represent actual receivables, reviewing reserves for adequacy, reviewing collection processes.	300
Purchasing Card Process	The UNF Purchasing Card program is rapidly expanding. There are currently over 150 card holders purchasing over \$1.5 million in items. The process is currently being modified. An audit of the program will not begin during the transition phase. Audit's involvement may be to evaluate the program during the change or to perform a review after the proposed changes have been made to ensure the internal control provide reasonable assurance that the University's assets are adequately accounted for and safeguarded.	335
Utilities Cost Allocation	The Jacksonville Electric Authority (JEA) currently bills UNF over \$3 million dollars annually for utilities. UNF allocates the costs to internal, auxiliary and external units including housing, Sprint PCS, other cell phone carriers with towers on UNF property, etc. The tentative objective of this audit is to review the process to ensure internal allocations are appropriate, external billings are timely and accurate and funds due are collected.	240
Florida Prepaid Program	There are over 2400 students participating in the program with an associated dollar impact of over \$2 million. The tentative scope is to review policies, procedures and process.	230
Courtelis Funds Usage	This program is one in which the state matches UNF donor funds dedicated to construction projects dollar for dollar. The tentative audit scope is to evaluate the processes, policies and procedures to ensure University assets are protected and business risks are appropriately mitigated.	300
Technology Physical & Environmental Security	The University currently maintains a significant amount of technology hardware including over 150 servers, over 100 telecom closets, and numerous wireless devices. The initial scope of this review is limited to determining if all hardware has been identified and to determine if the hardware is adequately safeguarded.	300

INTRODUCTION

Every University of North Florida (UNF) employee is entrusted with assets that are to be utilized in the achievement of university goals and objectives. Utilizing these assets places them at risk daily. Within any business, events can occur that impact (negatively or positively) the achievement of goals and objectives. A key function of the Office of Internal Auditing (OIA) is to understand, audit/evaluate, and report to management and the Board how risks are being managed.

The Institute of Internal Auditors' (IIA) *Professional Practices Framework* provides standards that delineate basic principles that represent the practice of internal auditing as it should be. It is the intention of the OIA to comply with the standards unless or until prohibited by law.

As it relates to planning, the IIA's standards require audit departments to:

- Prepare an annual risk assessment that considers input from senior management and the board (2010.A1)
- Coordinate with other internal and external service providers to minimize duplication of efforts (2050)
- Communicate the plan and resource requirements to the Board (2020)
- Obtain Board approval (2020)
- Provide the Board with periodic status updates (2020)

The 2007 – 2008 fiscal year is filled with opportunities to assist the University in the overall preservation and efficient use of assets. Our goal is to be a value-added, user-friendly function while maintaining the high standards of the Institute of Internal Auditors.

RISK ASSESSMENT

The OIA experienced a surge in unplanned activities during the 2006 – 2007 fiscal year. The unplanned activities were of greater priority than the planned activities and, as a result, hours allocated to planned activities were reduced to cover the unplanned activities. Consequently, the OIA was unable to complete a majority of the planned 2006 – 2007 activities.

Because of this reallocation of planned audit coverage in the prior year, the OIA decided to not perform a full scale comprehensive risk assessment for the 2007 – 2008 year. The current risk assessment can best be described as a reevaluation of the prior year's assessment. Essentially, we met with key management personnel, discussed risks and controls, and refreshed the risk assessment where necessary.

RESOURCE ALLOCATION

The following tables and charts forecast the allocation for each Internal Audit activity for the period July 1, 2007 through June 30, 2008. The overall allocation between direct and indirect effort is based on the expectations for each position.

Table 3 - Resource Allocation - 1

Available Hours	4,160.00			
	Hours		Percentages	
Indirect Effort¹				
Administrative	(624.00)		15.0%	
Paid Leave	(478.40)		11.5%	
Training	(166.40)		4.0%	
Total Indirect Effort		1,268.80		30.5%
Direct Effort				
Unplanned Activities				
Advisory Services	(832.00)		20.0%	
Investigations	(208.00)		5.0%	
Follow Up	(187.20)		4.5%	
Total Unplanned		1,227.20		29.5%
Planned Audit Projects	(1,664.00)	1,664.00	40.0%	40.0%
Total Direct Effort		2,891.20		69.5%
GRAND TOTALS		4,160.00		100%

Table 4 - Indirect Resource Allocation Detail

	Director		Investigator		Total Hours	Total Percentage	
Total Effort Available²	2,080.00		2,080.00		4,160.00		
Indirect Effort							
Administrative	(520.00)	25%	(104.00)	5%	(624.00)	15.0%	
Paid Leave ³	(208.00) ²	10.0%	(270.40) ²	13.0%	(478.40)	11.5%	
Training	(83.20)	4%	(83.20)	4%	(166.40)	4.0%	
Indirect Totals	1,268.80	39%	1,622.40	22%	2,891.20		30.5%

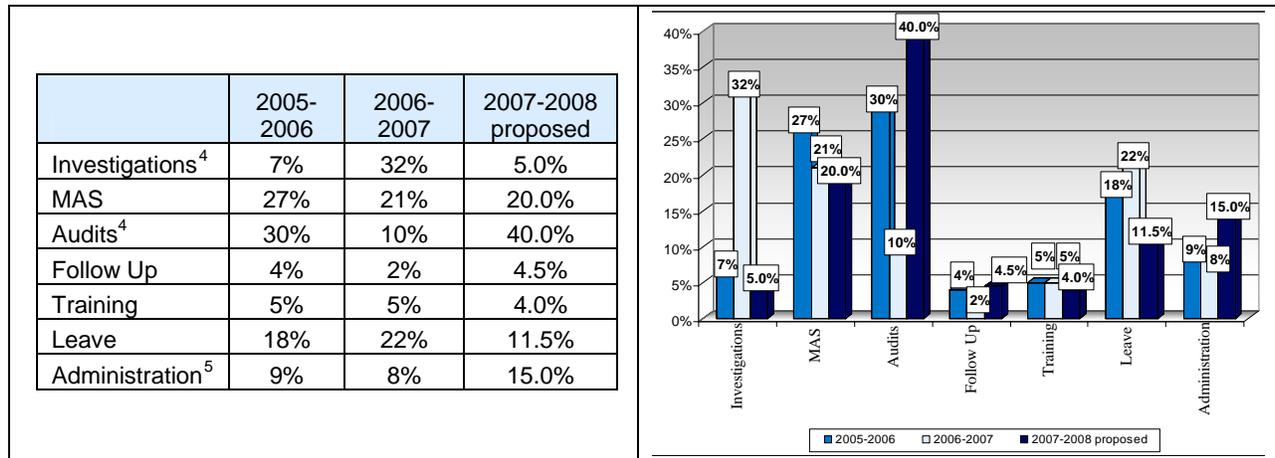
¹ Based on a blended average of available resources (1 – Interim Director, 1 – Investigator/Auditor)

Refer to Table 4 for a detailed breakdown of indirect allocations.

² Based on 52 weeks at 40 hours per week (2080 hours per person).

³ Administrative staff receives 176 hours of annual leave and 104 hours of sick leave for a total of 280 hours of available leave. These figures are based on the assumption that all or a major portion of the 280 hours will be utilized.

Table 5 - Resource Allocation Trend



DETAILED PROPOSED 2008 AUDIT PLAN

Note: Audit duration is an estimate and may vary depending upon the scope and objectives of the audit or due to unforeseen issues that may arise during the audit. Additionally, special projects deemed higher priority may also alter the Audit Plan.

Risk Rating	Project Name	Project Scope	Project Budget
High	Management Advisory Services	Management Advisory Services hours are not allocated to specific projects, but rather reserved for special requests from management, consultative services, etc.	832
High	Investigations	Investigation hours are not allocated to specific planned projects, but rather time spent addressing complaints and allegations.	208
	Follow Up	Follow up hours are used to address outstanding issues and recommendation from both internal and external audit groups.	187
High	Administrative	Administrative time, while not directly related to specific projects, is time utilized managing the Internal Audit function. It includes, but is not limited to, time performing risk assessments, preparing presentations, providing updates to the President's Office, coordinating with the Auditor General etc.	582
High	Accounts Receivable	As of fiscal year end 2006, the UNF Accounts Receivable balance was greater than \$30 million. The proposed scope of the Internal Audit review includes reviewing balances to ensure they represent actual receivables, reviewing reserves for adequacy, reviewing collection processes.	300

⁴ We anticipate a substantial decrease in Investigation Services. Additionally, we expect a corresponding increase in Audit Service compared to the previous year.

⁵ We anticipate an increase in Administrative hours to allow appropriate transition time for the new Interim Director of Internal Auditing placed in the position June 25, 2007. Additionally, there is an increased involvement with the Board of Governors that might require audit resources.

Risk Rating	Project Name	Project Scope	Project Budget
High	Purchasing Card Process	The UNF Purchasing Card program is rapidly expanding. There are currently over 150 card holders purchasing over \$1.5 million in items. The process is currently being modified. An audit of the program will not begin during the transition phase. Audit's involvement may be to evaluate the program during the change or to perform a review after the proposed changes have been made to ensure the internal control provide reasonable assurance that the University's assets are adequately accounted for and safeguarded.	335
High	Utilities Cost Allocation	The Jacksonville Electric Authority (JEA) currently bills UNF over \$3 million dollars annually for utilities. UNF allocates the costs to both internal and customers including auxiliary units, housing, sprint, other cell phone carriers with towers on UNF property, etc. The tentative objective of this audit is to review the process to ensure internal allocations are appropriate, external billings are timely and accurate and funds due are collected.	240
High	Florida Prepaid Program	There are over 2400 students participating in the program with an associated dollar impact of over \$2 million. The tentative scope is to review policies, procedures and process.	230
High	Courtelis Funds Usage	This program is one in which the state matches UNF donor funds dedicated to construction projects dollar for dollar. There is a substantial amount of funds associated with this process. The tentative audit scope would be to evaluate the processes, policies and procedures to ensure University assets are protected and business risks are appropriately mitigated.	300
High	Technology Physical & Environmental Security	The University currently maintains a significant amount of technology hardware including over 150 servers, over 100 telecom closets, and numerous wireless devices. The initial scope of this review is limited to determining if all hardware has been identified and to determine if the hardware is adequately safeguarded.	300

Contingency Audits¹

Risk Rating	Project Name	Project #	Project Scope	Project Budget
High	Veterans Program Review	N/A	Approximately 600 students participate in this Federal Program.	
High	Information Security	N/A	Prior to 2006, the Auditor General reported on access controls, specifically student employees' access to records. Since this time, UNF appointed a Director of Information Technology Security. Some form of information security audit will assist in determining if confidential information is adequately protected.	

¹ Contingency audits are listed in the event that one or more scheduled audits cannot be performed.

2007 – 2008 GOALS

The IIA requires that internal audit departments undergo a Quality Assurance Review (QAR) at least once every five years.

The UNF Office of Internal Auditing QAR was performed December 6th through 8th 2006. The overall results were that the department “GENERALLY CONFORMS” to IIA Standards. There were, however, a few recommendations that may strengthen the functions operations.

Many of the 2007 – 2008 goals will be centered on addressing concerns presented in the Quality Assurance Review (QAR). Some of the action plans include:

- Revamping the Office of Internal Audit website
- Implementing a periodic newsletter
- Periodically providing content for the Campus Update newsletter
- Soliciting formal feedback from the President (and/or his designee) and the Finance and Audit Committee Chair at least annually.

An additional 2007 – 2008 goal is to expand the amount of Information Technology audit coverage provided. We believe that we have provided a plan that assists in the achievement of the above listed goals.

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