

# Office of Internal Auditing Status Update

Finance & Audit Committee Meeting  
December 11, 2008  
8:30 am



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### EXECUTIVE SUMMARY

#### Introduction

As required by laws, statutes and professional organization standards, each year the Office of Internal Auditing (OIA) develops a risk based audit plan commensurate with the current size and composition of the department. During the previous Finance & Audit Committee meeting, we provided benchmarking statistics from over 1,000 audit functions indicating that a department of our current size and composition should complete approximately 4 to 7 audit engagements per year. This report details activities undertaken as of December 2008 to complete planned activities for the 2008 – 2009 fiscal year.

#### Audits, Investigations & Advisory Services

- Three audits are complete with two reports issued. There is one audit in progress and another will begin Jan 2009
- One management advisory service related to Financial Aid has been completed
- We have received three whistleblower complaints and performed three corresponding investigations. The complaints resulted in preliminary investigations only as there was not sufficient information to warrant full investigations

#### Follow Up

- The OIA has performed follow up on all outstanding issues with a due date of November 30, 2008 or earlier
- Management has addressed all issues (i.e. closed, accepted the risk, implemented corrective action plan, etc)
- The OIA believes that all action plans sufficiently mitigate risks

#### Staffing & Recruiting

- The OIA is currently staffed by 2 individuals (total of 1.5 resources dedicated to the performance of audit activities)
- We are currently recruiting to fill an open position
- We have screened 18 applicants and performed 7 telephone interviews

#### Summary & Conclusion

Keeping pace with a rapidly growing environment with the same or reduced resources will be a constant challenge. Turnover remains fairly stable. We are not fully staffed and are in the process of filling one open position. We have, however, benchmarked this audit function with over 1,000 organizations and determined that we are making the most efficient use of available resources. The Office of Internal Auditing is fully committed to being a value added contributor to the governance structure of the University of North Florida.

[es] Robert Berry – Interim Director of Audit

**DIRECT AUDIT ACTIVITIES ANALYSIS****INTERNAL AUDITS**

The following graph provides a snapshot of planned audits, the current completion status and corresponding issues classified by significance.

- Three audits are complete, 2 reports issued and 1 audit in process.
- A second audit will be in process mid January.
- Management has addressed all issues/recommendations to a level that adequately mitigates associated risks.

**Figure 1 - Audit Engagement Status Update**

Project #/Title	Status	Report Date	Reported Issues			
			Critical	High	Moderate	Low
1. Accounts Receivable	Not Started		TBD	TBD	TBD	TBD
2. Parking Services	Not Started		TBD	TBD	TBD	TBD
3. Financial Aid	Not Started		TBD	TBD	TBD	TBD
4. Information Technology – Routers & Firewalls	In Process		TBD	TBD	TBD	TBD
5. Ticket Box Office	Complete	TBD	0	0	0	0
6. Bank Reconciliations	Complete	10/06/2008	0	0	0	1
7. Construction Operations	Not Started		TBD	TBD	TBD	TBD
8. Osprey 1 Card	Complete	10/17/2008	1	0	0	1



**MANAGEMENT ADVISORY SERVICES**

The following graph provides a snapshot of management advisory services, the current completion status and corresponding issues classified by significance.

- This advisory service was performed based on issues the Auditor General and Department of Education disclosed at a few of the other Florida universities. The nature and scope was to determine if UNF faced similar issues. There were no issues and/or concerns.

Project #/Title	Status	Report Date	Reported Issues			
			Critical	High	Moderate	Low
1. Financial Aid	Complete	11/28/2008	0	0	0	0



## INVESTIGATIONS

The following graph provides a snapshot of investigations, the current completion status and corresponding issues classified by significance.

- The 3 investigations were a result of whistleblower/complaint hotline submissions.
- Each resulted in preliminary investigations only as there was not sufficient information to warrant a full investigation.

Project #/Title	Status	Report Date	Reported Issues			
			Critical	High	Moderate	Low
1. INV001	Preliminary Investigation - Complete	N/A	0	0	0	0
2. INV002	Preliminary Investigation - Complete	N/A	0	0	0	0
3. INV003	Preliminary Investigation - Complete	N/A	0	0	0	0



**FOLLOW UP ACTIVITIES**

The Office of Internal Auditing (OIA) performs follow up on any issues resulting from audit, investigations, etc. The scope of follow up includes issues originated both internally from the OIA or any external organization that may evaluate university functions. The following graph provides an issue status (i.e. open, closed, etc) stratified by risk significance (i.e. critical, high, etc).

- Management has addressed all issues currently due.

	Audit Issue Status <sup>1</sup>				Total
	Critical	High	Moderate	Low	
Open	0	0	0	0	0
Risk Accepted	0	0	1	1	3
In Process	0	2	0	0	2
Resolved	0	2	1	0	3
Closed	1	0	4	3	7
<b>Total</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>15</b>

<sup>1</sup> Note – These figures are cumulative as of the 2007 – 2008 fiscal year. The “issue rating” concept was introduced to the university in 2007, therefore, older issues were resolved, closed and purged from reporting. Greater than 45 issues were removed as a result of the restructuring.



### WHILSTLEBLOWER/COMPLAINT HOTLINE STATISTICS

The Office of Internal Auditing receives complaints from a variety of different sources including internal and external hotlines, anonymous email, written correspondence and referrals from other agencies.

Each complaint receives some degree of scrutiny to determine if there is sufficient cause to warrant an investigation. These investigations may result in formal reports with recommendations for improvements of internal controls, informal verbal recommendations, or transfers to other departments for resolution.

Various standards and regulations require reporting the nature and/or extent of complaints and whistleblower activity to executive management and/or the audit committee. The charts below delineate complaint history based on the medium in which the item was received and categorized by the functional area.

Figure 2 – Whistleblower/Complaint History By Method Received

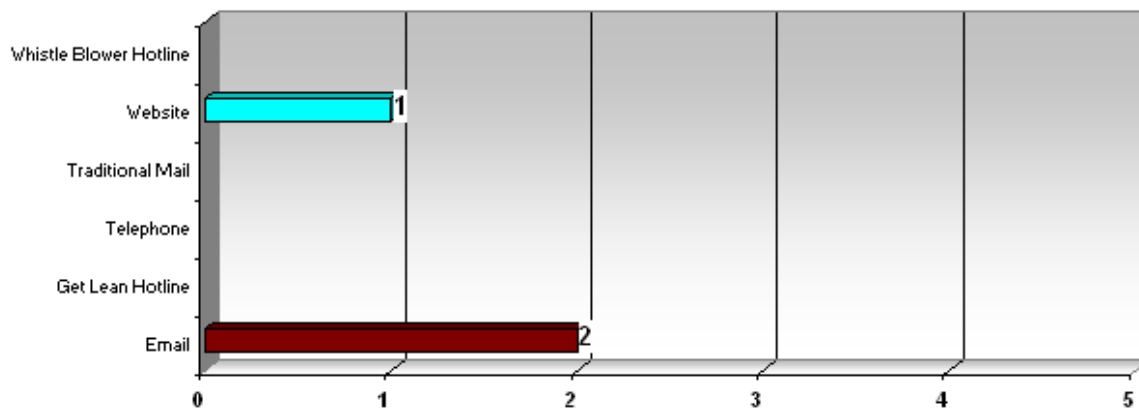
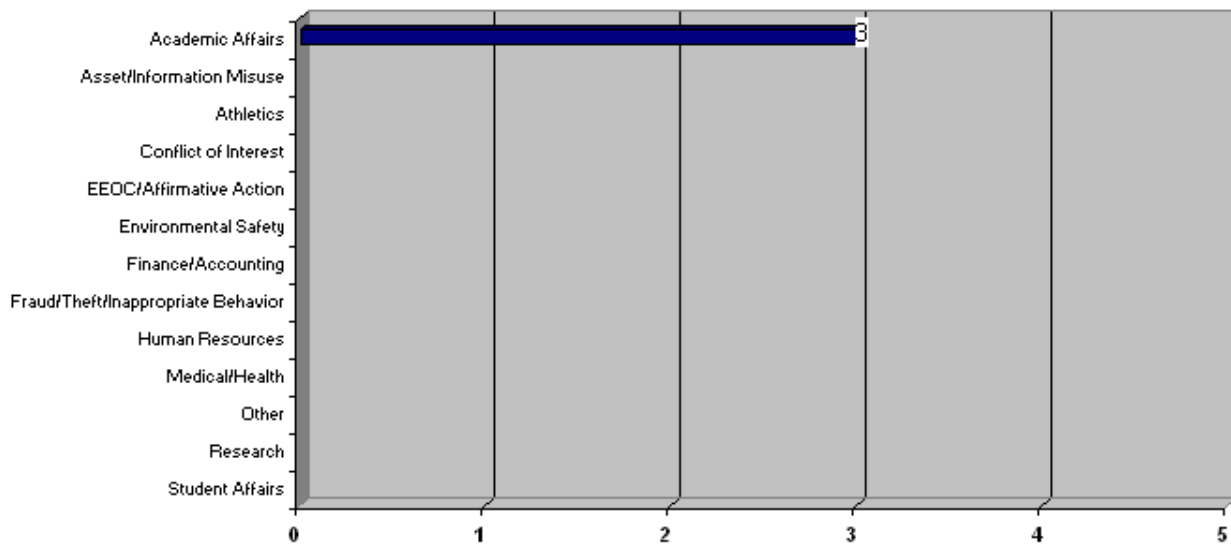


Figure 3 - Whistleblower/Complaint History by Functional Area



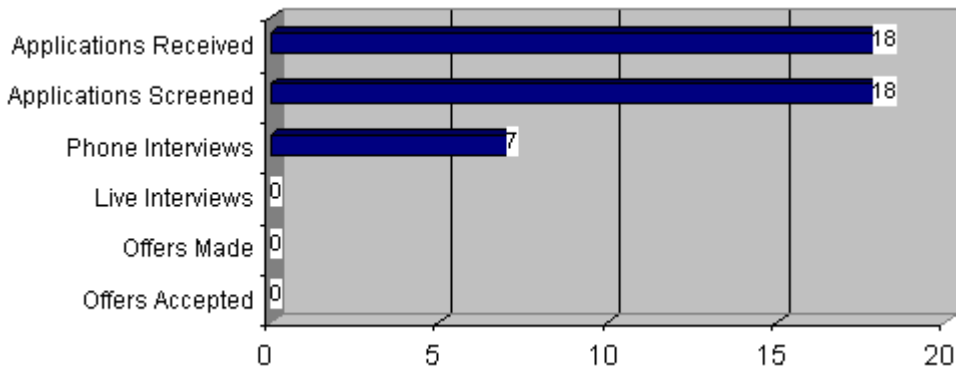




**OTHER ACTIVITIES**

**STAFFING AND RECRUITING**

- The OIA is currently 67% staffed (2 actual personnel, 3 authorized).
- We are recruiting to fill an open position.
- A total of 18 applicants have responded to the job posting.



**MISCELLANEOUS**

- Ongoing and continuous communication with Auditor General and Direct Support Organization external audit firms
- Continuous and ongoing activity with the Florida Board of Governors via the Inspector General/Director of Compliance
- Attended training sponsored by the Association of College and University Auditors
- Facilitated audit training courses in conjunction with the Institute of Internal Auditors and the University of North Florida

**AUDIT PERFORMANCE HISTORY**

- Historically, the OIA has performed approximately 2 and ½ audits per year.
- The current year pace is on track to perform 5 to 6.
- Staff size has not changed in 8 years.

	Year							
	02-03	03-04	04-05	05-06	06-07	5 Year Avg	07-08	Midyear 08-09
Audits	3	3	4	2	1	2.6	2	3