Office of Internal Auditing
FY 2009 Audit Plan
&
Status Update

Finance & Audit Committee Meeting
September 2008

UNF UNIVERSITY *of* NORTH FLORIDA.

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Introduction

The prior fiscal year (2007 – 2008) was one that was met with transition and change that carries forward to the current year (2008 – 2009). The prior year saw the exit of Audit Director and the hiring of an Interim Director. There was less than one week of transition/knowledge transfer between the two parties, however, the Interim Director has 10+ years experience as a business consultant, including audit committee consulting, building brand new audit departments, and repairing ailing audit functions. Consequently, the first year of the transition was dedicated to evaluating current practices and defining

(1) Processes that are functioning well

(2) Identifying internal processes that <u>required</u> improvement

(3) Ensuring good processes continue and necessary improvements were made where necessary

The result of this evaluation disclosed several areas that were not in compliance with applicable standards and/or generally accepted best practices. As a result, we allocated a significant amount of time reengineering processes in efforts to build a solid foundation that can/will sustain the department in the present as well as the planned future growth.

The fruits of our labor are evidenced in this planning documentation and will be further supported at each audit committee based on changes made to the Finance & Audit Committee (FAC) reporting processes (i.e. better transparency of activities, etc). Additionally, the efforts taken to get this point are outlined in the 2007 – 2008 annual report.

Finally, where applicable when discussing pending and actual departmental changes, we use benchmarking statistics to (1) provide the FAC with awareness of "best practices", (2) provide evidence to substantiate our actions and (3) illustrate how best practices compare with UNF practices. Benchmarking statistics utilized in this document originate from a survey conducted of over 900 United States and international internal audit offices representing 13 industry groups with over 100 higher education representatives. The Global Audit Information Network (GAIN) survey is conducted annually by the Institute of Internal Auditors (IIA). Where applicable, we included references to the full benchmarking analysis report, included as a supplemental report within this FAC package.

Plan Objective

Every internal audit plan should be designed to effectively and efficiently deploy audit resources to meet multiple objectives including:

- Providing an audit plan that addresses significant risk areas while ensuring broad audit coverage of university functions over time.

- Allocating available resources in a manner that allows for the performance of investigations as necessary without excessive intrusion on internal audits and to be available for consultations, special projects and other management assistance as appropriate.

E X E C U T I V E   S U M M A R Y

Risk Assessment

Governmental, state and professional association standards require audit department to develop an audit based on the risks inherent within the organization.

The 2008 – 2009 audit plan was developed using a risk assessment methodology that is brand new to UNF. Reengineering the former semi-formal process was necessary to comply with standards governing how risk assessments should be constructed. Additionally, we introduced best practices globally accepted in the audit profession. We will spend some time familiarizing the committee with the new process due to the fact that:

- Law, rules, regulation, standards and best practices require audit committees to approve audit plans annually

- The audit plan, or short list of areas to be audited during a given year, is a derivative of a larger risk identification and assessment process

- Standards that require audit committees to approve audit plans also require an understanding of the underlying risk assessment process of which the audit plan is a derivative.

At a high level, this newly implemented and deployed risk assessment approach involves[1]:

- Meeting with key administrators to discuss various operational areas and the risks inherent in those areas
- Developing a high level risk universe (i.e. huge listing of items that can be audited)[2].
- Organizing universe into industry specific categories[3]
- Ranking/rating processes based on qualitative and quantitative characteristics[4]
- Selecting universe processes for inclusion in the current year audit plan

The initial development of a process such as this requires a significant time commitment. We utilized approximately 2 months developing this required process. The result is a risk/audit universe that consists of approximately 165 functions/processes that are rated as high, moderate or low risk. The overall results of this exercise can be viewed at table to the right.

Table 1 - Risk Rating Summary

Risk Rating	Count
High	67
Moderate	63
Low	29
Unrated	6
Total	**165**

Resource Allocation & Audit Coverage

As mentioned previously, the current Interim Director of Audit is approaching 14 months of employment with the University of North Florida and represented the Office of Internal Auditing at approximately 5 FAC meetings. Beginning with the first meeting, there were several recurring themes/concerns expressed by Committee members. As a result, we sifted through over years of FAC meeting minutes to determine the origin, nature and extent of the concerns. This has allowed us to provide solutions, discussion points, etc to more thoroughly address items.

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[1] Formal risk assessment present in 88% of public education audit functions (see benchmark #5)
[2] Present in 75% of public education audit functions (see benchmark #7)
[3] Present in 50% of public education audit functions (see benchmark #9)
[4] Present in over 80% of public education audit functions (see benchmark #6)

EXECUTIVE SUMMARY

Specific items discussed include the following:

- Number of audit engagements performed
- Nature, extent and number of management advisory services
- Nature, extent and performance of investigations

Through our review of 2004 through 2007 fiscal year activities, we were able to determine that the root cause of the concern is a two-way communication breakdown. For example,

- There is no evidence that the expected/target number of engagements has ever been communicated to the FAC. This is, of course, driven by the size and experience level of department personnel.
- The communication breakdown mentioned above has resulted in a misconception regarding the appropriate use of advisory services. For example, there are essentially two types of advisory services:

  o Type I is essentially an audit engagement performed at a high level. As a result, the review is limited in scope and the time allocated to the engagement is typically shorter than a full audit engagement. Results may be disclosed in a formal report, informal memo or verbally. This technique is widely used in smaller audit functions in conjunction with full audit engagements in order to provide a wide range of audit coverage in larger organizations.

  o Type II consists of providing consult to management on processes, procedure and/or policies due to expertise in a particular function. Procedures performed are typically agreed upon in advance and reporting varies but is typically a memo as the engagement may not necessarily include an assessment of a process.

Table 2 - Audit Completion Trending

Engagement Type	2003 - 2007 5 Year Avg
Audits	2.6
MAS	7.6
Investigations	6.8
Total	17

To further illustrate the point, the average number of engagements performed between fiscal year 2003 and 2007 was 2.5 Audits, 7.6 Advisory Services and 6.8 investigations. The average number of audits is somewhat below expectations when compared to the size of the department. We will provide the Committee with target expectations. However, we noted that most advisory services performed during the 5 year period were Type I in nature.

Unfortunately, an extreme majority of the advisory services were reported verbally to management. As a result, the Finance & Audit Committee was unaware of the scope and nature of advisory service engagements performed during this 5 year time period. We will work to ensure greater clarity in our communications on how these services are improving university operations and are in the legitimate scope of the OIA.

This background information is provided to set stage for communicating to the Committee:

E X E C U T I V E   S U M M A R Y

(1) The target number of audit engagement that should be expected based on the size and makeup of the department

(2) The anticipated allocation of time between audits, MAS and investigations with benchmarks from over 900 audit functions

Conclusions

The current composition of the Office of Internal Auditing dictates that University of North Florida management and the Finance & Audit Committee should expect to see the completion of between 5 to 7 full audit engagements per year. To compensate for the small department size, we should perform Type I advisory services, as described above, with formal/documented reports submitted to management and the FAC. This is a common practice in most industries including higher education. Please refer to the benchmarking statistics below substantiating these conclusions and this globally accepted best practice approach to managing the department.

Table 3 - Target Audit Completion		
	Planned	**Actual**
Average Audits Per Auditor	4.81[a]	3.92[a]
Current Staff	1.5[b]	1.5
Target Audit Sub Total	7.215	5.88
% Audits Planned Actually Performed	78%[c]	N/A
Expected Audit Total	5.63	5.88

[a] Figures based on benchmark survey of over 100 public education organizations

[b] Department currently consists of 1 auditor with 100% dedication to the performance of audit engagements and 1 director with approximately 50% time dedicated directly to the performance of audit engagements. This is known as a "working director". The allocation of 50% is actually somewhat high, however, it is necessary given the size of the department.

[c] Public education audit functions surveyed complete approximately 78% of the audits planned for a given fiscal year.

Table 4 - Resource Allocation Industry Stats
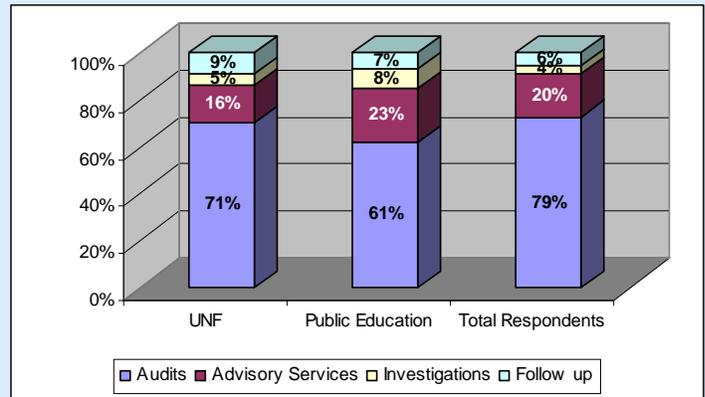
Note: Percentages based on available audit hours and does not include admin, training, indirect, etc.

As evidenced, most audit functions allocate at least 20% of available hours to advisory service, 4% to investigations and 6% to follow up.

We believe that the University is best served if the audit plan is dynamic in nature, continually adjusting to the needs of the University. We have developed a plan that allocates resources in a manner that should provide adequate risk evaluation coverage to the University of North Florida.

Robert Berry
|es| Interim Director of Audit

I N T R O D U C T I O N

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 <u>unless or until</u> prohibited by law.

As it relates to audit planning, auditing standards require:

IIA Standards	UNF OIA Process
Prepare an annual risk assessment that considers input from senior management and the board (2010.A1)	• Formal risk assessment process • Client interviews • Risk rating/ranking process
Coordinate with other internal and external service providers to minimize duplication of efforts (2050)	• Communication with State Auditor General regarding their audit scope • Avoiding/reducing duplication
Communicate the plan and resource requirements to the Board (2020)	• Proposed 2008 audit plan presented to the Finance & Audit Committee
Obtain Board approval of current year audit plan (2020)	• See above
Provide the Board with periodic status updates (2020)	• Finance & Audit Committee meetings are scheduled throughout the year. OIA provides the committee with documented formal status updates

R I S K   A S S E S S M E N T

The OIA's risk assessment methodology is one that consistently applies qualitative and quantitative **risk factors** to a set of **risk categories** and **university functions/processes**. The result is a Risk Score that assists in determining if a process/function is inherently HIGH, MODERATE or LOW risk. This university wide risk universe is new to the University of North Florida and serves as the basis for developing the audit plan.

*A formal risk assessment process is present in almost 90% of public institutions (see benchmark #5 for full details).

The Risk Assessment components are explained as follows:

R I S K   C A T E G O R I E S / A R E A S

Categorizing risks allows us to group similar risks and compare various risk areas (i.e. Finance & Administration vs. Student Affairs vs. Academic Affairs). The Risk Categories are as follows:

- Finance, Accounting & Operational Support
- Legal & Compliance
- Information Technology
- Academic Affairs
- Student Affairs
- Facilities, Property, Construction & Maintenance

- Development & External Relations
- Auxiliaries & Other Business Arrangements
- Risk Management & Insurance, Environmental Health & Safety
- Governance & Strategic Vision
- Personnel Management

*Present in over 50% of public education organizations and 69% of audit functions in all industries (see benchmark #9)

R I S K   F A C T O R S

Risk Factors are six qualitative attributes that are applied to every risk function. Each factor receives a score (1 to 5) and a weighting (0 to 100%). The result is a risk score that determines the High, Moderate, or Low Risk Rating.

The risk factors are as follows:

- Management's Control Environment
- Public and Political Sensitivity
- Business Exposure

- Compliance Requirements
- Complexity of Operations
- Organizational Change and Growth

*Risk factors are present in 81% of public education organizations (see benchmark #6)

R I S K   F U N C T I O N S

Risk functions represent university activities and can be grouped into at least one of the Risk Categories. All functions pose a risk. This is true in any business as all business comes with its own unique set of risks. The purpose of the Risk Function is to identify all items that may be audited. These items make up the audit universe.
* Audit universe present in 75% of public education organizations and 85% of other organizations.

R I S K   R A T I N G S

Each risk factor is rated for each risk function. This provides a risk score that leads to a risk rating of high, moderate, or low. This assists in prioritizing risk functions when developing an audit plan.

*Risk factors are present in 81% of public education organizations (see benchmark #6)

Risk Statistics/Reporting
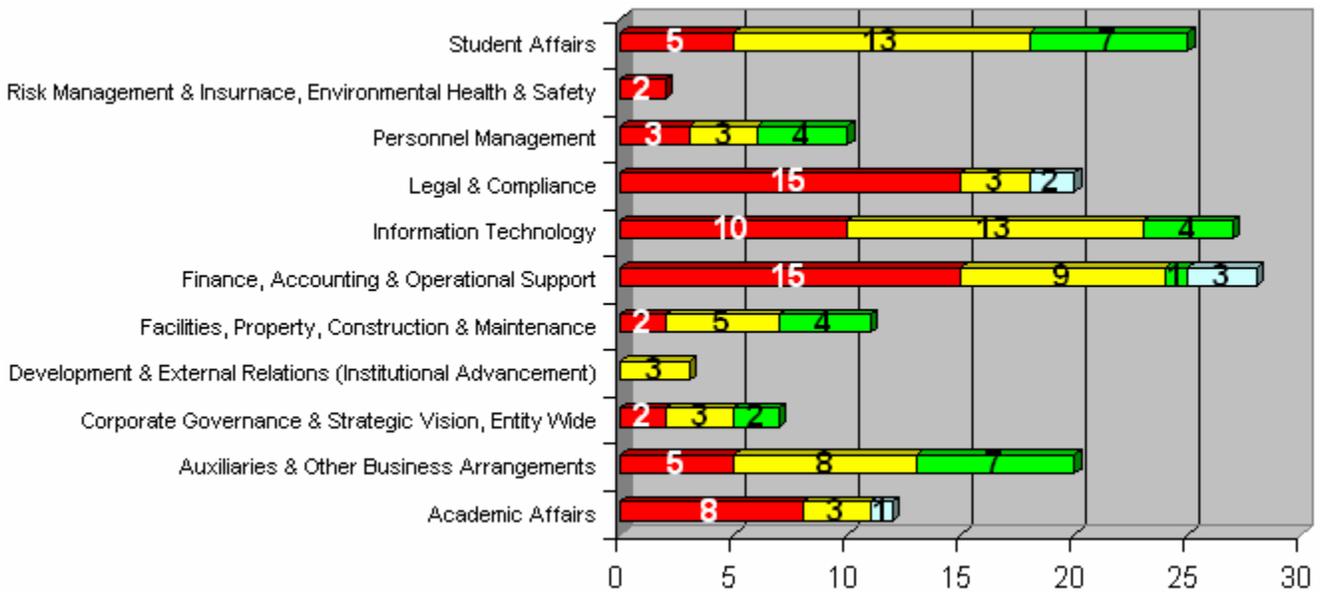
Figure 1 - Risk Distribution by Area

Figure 2 - Risk Assessment Methodology

Risk Category	Risk Function	Control Environment		Public Sensitivity		Business Exposure		Compliance		Complexity		Change/ Growth		Total Weight	Total Score	Risk Rating
		Score	Weight	Score	Weight	Score	Weight	Score	Weight	Score	Weight	Score	Weight			
Legal & Compliance	SACS Accreditation	3	17%	5	17%	4	17%	5	17%	3	17%	2	15%	100%	370	High
Auxiliaries & Other Business Arrangements	Postal Services	1	17%	1	16%	2	16%	1	17%	4	17%	1	17%	100%	167	Low

Figure 3 - Risk Rating Universe

■ High □ Medium ■ Low □ No Rating
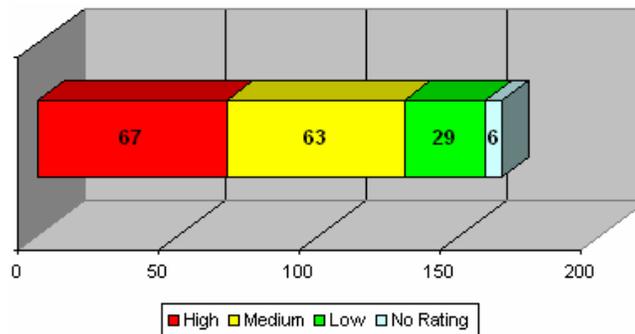
The total audit/risk universe contains 165 items.
*The average public education universe contains 492 items (see benchmark #8)
It is important to note that these institutions have had a formal process for year
and this is the first iteration of this process for the University of North Florida.

R E S O U R C E   A L L O C A T I O N

The allocation of audit resources is largely dependent on the:

- Nature and size of the audit/risk universe (areas that can be audited)
- Size of the internal audit department
- Background and proficiency level of the audit staff members

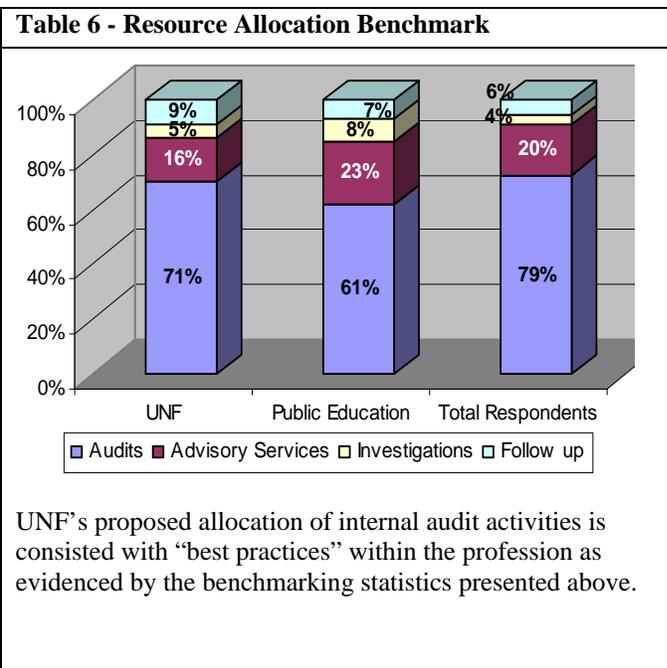|	Planned	Actual
Average Audits Per Auditor	4.81[a]	3.92[a]
Current Staff	1.5[b]	1.5
Target Audit Sub Total	**7.215**	**5.88**
% Audits Planned Actually Performed	78%[c]	N/A
Expected Audit Total	**5.63**	**5.88**

The University of North Florida's Office of Internal Auditing currently contains 2 personnel. One Internal Auditor whose time is 100% dedicated to direct assurance activities (i.e. audits, investigations, advisory services, etc) and one Interim Director with 50% of time allocated to direct activities. As a result, management and FAC members should expect the completion of between 5 and 7 full audit engagements per year with the optimal target equaling 6. We determined this number utilizing benchmarking statistics from approximately 100 public education sector institutions (see graph above). The OIA recently received authorization to increase the staff size by one. However, the addition of one person will not automatically equate to the completion of 4 additional audit engagements. Any increase in audit engagement is largely dependent on the skill level and experience of the individual hired. For example, a fairly inexperienced auditor will not yield the same results as a seasoned addition. As a matter of fact, an inexperienced addition may move the needle by 1 or 2 engagements and may take upwards of 3 years to reap the full benefits of the departmental growth.

We developed the 2008 – 2009 audit plan based on the resources currently available. Below is a snapshot of planned internal audit engagements along with anticipated required hours. Also included is the allocation of time among the various activity categories (i.e. audits, advisory services, investigations, and follow up). As expected, a majority of the audit effort is centered on the completion of internal audit engagements. As evidenced, the OIA has allocated more hours to the completion of audit engagements than most in the public education sector.

Table 5 - Summary 2008 - 2009 Audit Plan	
Project	**Budgeted Hours**
Audits	
1. Accounts Receivable	295
2. Parking Services	440
3. Financial Aid	357
4. Info Tech – Routers & Firewalls	325
5. Ticket Box Office	120
6. Bank Reconciliations	70
7. Construction Operations	225
8. Osprey 1 Card	60
Advisory Services	
1. Planned – PCI Compliance	100
2. Unplanned	316
Investigations	124
Follow Up	250
Total	2682

Table 6 - Resource Allocation Benchmark

UNF's proposed allocation of internal audit activities is consisted with "best practices" within the profession as evidenced by the benchmarking statistics presented above.

Mapping the proposed audit engagements to the risk categories discloses that some risk areas will not receive audit coverage (see below). Unfortunately this is the inherent nature of a small audit function. This is often overcome through the appropriate use of management advisory services.

Figure 4 - Planned Resource Allocation By Risk Area
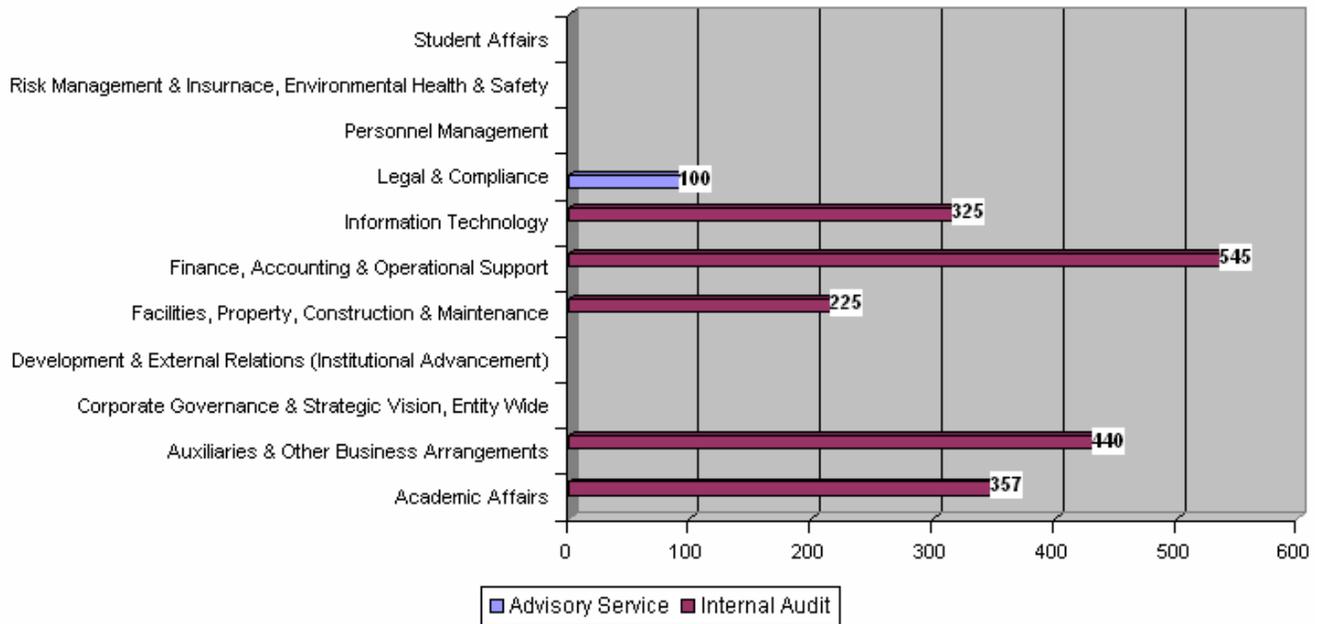
The previous 12 months was met with many comments regarding management advisory services, internal audits, and investigations. Therefore, the OIA would like to provide clarity on (1) what an advisory service is and (2) the appropriate use of an advisory service. Essentially there are two types of advisory services. The following table provides a brief explanation of each type and compares them to internal audit engagements.

Type I – Advisory Service	Internal Audit	Type II Advisory Service
Characteristic 1. May be planned or unplanned 2. Involves evaluating a function -scope typically high level -few hours than full audit 3. Report evaluation results -informal -formal -verbal	**Characteristic** 1. Typically planned 2. Involves evaluating a function -scope more detailed -typically 300 to 600 hours 3. Report evaluation results -formal reporting	**Characteristic** 1. Providing consult to management on current or pending process based on subject matter expertise. 2. Terms typically agreed to up front. 3. May include an evaluation or processes and/or advice regarding best practices.

As evidenced, "Type I" Advisory services and Internal Audit engagements are very similar. The differences between the two are the scope (level of detail) and the reporting. Therefore, we have allocated 16% of available audit hours to management advisory services. This is a common practice as illustrated in the resource allocation statistics provided on the previous page (see benchmark #12).

Office of Internal Auditing – Fiscal Year 2008 – 2009 Audit Status Update

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Status Update Begins On Subsequent Pages

STATUS UPDATE AS OF SEPTEMBER 2008

AUDITS

The Office of Internal Auditing began utilizing formal dashboards for Finance and Audit Committee reporting during the 2008 fiscal year. This type of reporting is a best practice present in over 77% of public education institutions and 88% of organizations in other industries (see benchmark #2).

Project #/Title	Status	Additional Information
1. Accounts Receivable	Not Started	
2. Parking Services	Not Started	
3. Financial Aid	Not Started	
4. Info Tech – Routers & Firewalls	Not Started	
5. Ticket Box Office	In Process	
6. Bank Reconciliations	In Process	This audit is essentially complete. We are coordinating with management to schedule an exit where we will discuss the draft report. It is anticipated that the final report will be distributed to relevant parties by the end of September 2008.
7. Construction Operations	Not Started	
8. Osprey 1 Card	In Process	This audit is essentially complete. We are coordinating with management to schedule an exit where we will discuss the draft report. It is anticipated that the final report will be distributed to relevant parties by the end of September 2008.

ADVISORY SERVICES

There has been much discussion regarding management advisory services. This report previously described the two types of advisory services and the methods in which they should be utilized. Therefore, this section describes the types of activities undertaken during the physical year.

Project #/Title	Status	Additional Information
Financial Aid	**Complete**	Florida university system Audit Directors maintain close contact and often discuss best practices, emerging issues, etc. Two of the Florida universities disclosed that the results of recent Department of Education (DOE) audits required the return of funds previously dispersed for financial aid. It was explained that these were targeted reviews with specific objectives. Consequently, these universities inquired about the practices at other universities to comply with specific guidelines. UNF receives over $45 million in financial aid per year. Therefore, we (1) informed our financial aid unit of the recent DOE audits and (2) inquired about UNF processes to mitigate risks/concerns posed by the DOE at other Florida universities. It was determined, at a high level, that UNF processes were in compliance with the applicable regulation. We also communicated our process to the other Florida universities. This engagement expended approximately 3 hours.
PCI Compliance	**In Process**	This engagement is a carry forward from the prior year. UNF has hired a third party firm to perform a PCI compliance assessment. The OIA is involved to the extent that we need to communicate with the third party provider as their result and conclusion can be utilized to reduce the scope of the current year Information Technology audit.

COMPLAINT/WHISTLEBLOWER STATISTICS

Various federal, state and professional organization standards require complaint/whistleblower activity reporting. As of September 2008, there has been no whistleblower/complaint activity.

INVESTIGATIONS

Various federal, state and professional organization standards require formal investigation activity Board reporting. Investigations typically originate from complaints and/or management concerns. The Office of Internal Auditing has not performed any investigation as of September 2008.

AUDIT ISSUE FOLLOW UP

Various federal, state and professional organization standards require follow up activity Board reporting. The graph below summarizes all follow up activities as of August 2008. Eighty three (83%) of public education audit functions have a formal follow up process (see benchmark #21).

	Audit Issue Status				
	Critical	**High**	**Moderate**	**Low**	**Total**
Open		1	1		2
Risk Accepted			1	2	3
In Process		1	1		2
Resolved		2			2
Closed			3		3
Total	0	4	6	2	12
Percent Closed	N/A	0%	67%	100%	50%

Legend – Audit Issue Status Graph	
Field	**Definition**
Open	The item is included in an audit report and to the best of our knowledge there either is not a management action plan or there has been no significant progress towards completion of the management action plan designed to address the issue.
In Process	Management has provided some form of evidence indicating that substantial progress has been made to address the issue.
Resolved	Management has informed the OIA that the issue presented has been adequately addressed (i.e. the management action plan has been implemented or the issue has been rectified with the implementation of some action plan). Resolved issues are solely based on management's verbal or written statement and do not include independent verification from the OIA. High and Critical items in this status will receive a more detailed review so that they can ultimately be moved to a closed status. Low risk items may remain categorized as resolved depending on the hours available during a given year.
Closed	Management has informed the OIA that appropriate management action plans have been implemented. Additionally, the OIA has performed independent verification to ensure the implemented action plan adequately addresses the reported item.
Risk Accepted	The item is one in which an audit issue was disclosed on an audit report, however, business unit management decided that to accept the risk associated with the issue. This may be due to a variety of factors. For example, the cost to address an issue may be more than the benefit derived from correcting the matter (i.e. management would not spend $10,000 to correct a $1,000 problem).

A P P E N D I X

RESOURCE ALLOCATION DETAILS

	Hours	
Available Hours	4,160.00[5]	
Indirect Effort		
Administrative	(665.60)	
Paid Leave	(665.60)[6]	
Training	(145.60)	
Total Indirect Effort	1,476.80	
Direct Effort		
Direct Effort Availability	2,683.20	
Investigations	(124.40)	
Follow Up	(250.00)	
Advisory Services Total	(416.00)	
Unplanned		316.00
Planned		
PCI Compliance		100.00
		416.00
Planned Audit Projects	(1,892.80)	
Accounts Receivable		295.00
Parking Services (T2)		440.00
Financial Aid		357.00
Network - Routers & Firewalls		325.00
Cash Handling - Ticket Box Office		120.00
Bank Reconciliations		70.00
Construction Operations		225.00
Osprey 1 Card		60.00
		1,892.00
Total Direct Effort	2,683.20	
Grand Totals	4,160.00	

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[5] Based on current staff level of 1 Director and 1 Auditor.

[6] Each administrative staff person is eligible for a total of 176 annual leave and 104 sick hours. Additionally, each year includes 88 holiday hours (11 holidays x 8 hours). Finally, the 2008 fiscal year includes an additional 40 holiday hours (8 hours x 5 days) as the university will be closed during the Christmas break. This means that each staff member is eligible for a total of 408 hours of paid time off. This calculation is based on the assumption that a majority of this time will be taken during the year.

PROPOSED AUDIT PLAN DETAILS

Risk Rating	Name	Proposed Scope	Budget
		Planned Audit Services	
High	Accounts Receivable	As of June 30, 2007, net accounts receivable totaled $2.7 million, net pledges receivable totaled $1 million and due from state totaled $58 million. The objective of the Office of Internal Auditing's review will consist of evaluating processes designed to identify, collect and report receivable activity. We will determine if processes ensure all receivable are identified, related reserves accurately reflect the collectibility status of the asset, and items are accurately reported in the financial statements.	295
High	Parking Services (T2)	In efforts to streamline the ticketing, collection and reconciliation process, Parking Services is implementing a new parking system. This system is designed to improve several aspects of the current process. The OIA will review Parking Services operations to determine if tickets are accurately issued, funds collected and items are appropriately disclosed in the financial statements.	440
High	Financial Aid	The financial aid process is one that is extremely complex and must be well controlled in order to reduce inherent risks within the process. The initial scope of the engagement is to review processes and controls surrounding the: • Evaluation of eligibility and verification • Packaging process • Disbursement of funds • Cash management/fund reconciliation	357
High	Network - routers & firewalls	The UNF Information Technology network consists of a complex series of hardware devices and software designed to route, transmit and store data within and beyond university boundaries. During the 2008, fiscal year, the Office of Internal Auditing reviewed the physical security of network hardware. For the 2009 fiscal, we plan to continue this theme by reviewing the setup, maintenance and implementation of resources used to route voice and data traffic. Therefore, we will review routers and firewalls.	325

Risk Rating	Name	Proposed Scope	Budget
Moderate	Ticket Box Office	The Ticket Box Office (TBO) facilitates the purchase of tickets for the university's Fine Arts Center. Payments are processed via the internet, telephone and in person. Payment types include cash, check and credit/debit cards.	120
Moderate	Bank Reconciliations	UNF currently maintains several bank accounts that are utilized in university operations. The OIA will review the nature of the accounts and the processes for identifying, reconciling and resolving outstanding items.	70
High	Construction	There are several multimillion dollar construction projects occurring on the campus. Many projects are partially funded with matching funds from the state. As of June 30. 2007, net capital assets totaled $196.7 million and were primarily distributed among the following categories: buildings, construction in progress, infrastructure & other improvements, furniture and equipment. Additionally, total capital commitments totaled $160 million as of June 30, 2007. The preliminary scope of the review consists of reviewing operating effectiveness and efficiency in the following processes: • Contract pre-qualifications • Bid/awards • Contractor invoicing/payment • Change order processes	225

Risk Rating	Name	Proposed Scope	Budget
High	Osprey 1 Card	Beginning Fall 2008, the University of North Florida (UNF) began providing the Osprey 1 Card to all members of the campus community. The Osprey 1Card is UNF's official photo identification card and much, much more. One important function of the card is the ability to manage "Ozzie Bucks" • Ozzie Bucks is a prepaid spending account that allows cardholders to make purchases on and off campus with approved off campus merchants (i.e. Applebee's, CVS, Tropical Smoothie, etc). It is designed to eliminate the need to carry cash. A further benefit of the "Ozzie Bucks" feature of the Osprey 1 Card is the ability to generate revenue. This accomplished through an agreement with CardSmith to receive a percentage of the credit/debit card surcharge[7]. It is hoped that the revenue will be sufficient to, at a minimum, cover the cost of providing the service. The scope of this engagement is to review the upfront process such as customer sign up, account administration, etc. This initiative adds tremendous value to the university's brand. Therefore, it is pertinent that the initial customer experience is one that encourages continued use. An evaluation of backend accounting and processing functions will occur in a subsequent audit year.	60
		Planned Advisory Services	
High	PCI Compliance	The major credit card companies have established guidelines governing the activities of credit card merchants. The magnitude of the compliance efforts required range from technology, operations, to accounting. UNF will soon contract with a third party to perform a compliance assessment. The OIA intends to monitor the compliance and review efforts to ensure PCI risks are adequately addressed and mitigated.	100

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[7] Typically credit card processors charge merchants a fee (surcharge) for each debit and/or credit card transaction. Surcharges can range from 1 to 5% of the transaction amount.

Risk Rating	Name	Proposed Scope	Budget
Contingency Audits			
High	Accounts Payable	Each year, UNF pays millions of dollars to several hundred vendors. The OIA will review the Accounts Payable process to ensure the practices address significant risks including those surrounding the accuracy of payments, timeliness of reconciliations, and effectiveness of reporting.	
High	Disaster Recovery & Business Continuity	In a traditional Information Technology environment (IT), disaster recovery refers to the restoration of systems and data in the event of a problem. In contrast, business continuity is a much larger set of activities that encompasses the multitude of departmental and functional plans needed to keep the University of North Florida running and people safe during an emergency (i.e. bomb threat, power outage, flood, hurricane, etc).	