

**Office of Internal Auditing  
FY 2010 Audit Plan**

**Finance & Audit Committee Meeting  
September 17, 2009**



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**EXECUTIVE SUMMARY**

**Background**

The International Standards for the Practice of Internal Auditing (Standard #2020) state: “The chief audit executive should communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and to the board for review and approval. The chief audit executive should also communicate the impact of resource limitations.”

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 Office of Internal Auditing (OIA) to comply with the standards unless or until prohibited by law.

To comply with this standard, we have prepared and submitted this document for review/approval.

**Audit Plan Objective**

The primary objective of the Internal Audit Plan is to effectively and efficiently deploy our resources to meet multiple objectives including:

- Providing an audit program that addresses relevant university risks while providing broad audit coverage of the University over time,
- Assuring adequate audit attention is directed to unique activities
- Having available sufficient resources to perform investigations as necessary without excessive intrusion on the audit program and to be available for consultations, special projects and other management assistance as appropriate.

**Risk Assessment**

The plan was developed utilizing a risk based process involving several factors including input from key administrators, audit engagements previously completed by this office as well as the auditor general, and our available audit resources. We created a list of areas that can be audited (the audit universe) and ranked those areas into high, moderate and low risk categories. There are a total of 137 risk areas. The current year plan is designed in a manner that provides coverage for 30% of high risk areas.

**Resource Allocation**

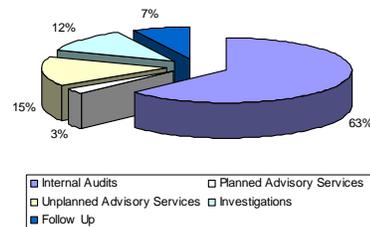
The allocation of audit resources is largely dependent on the:

- 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

<u>Position</u>	<u>Count</u>
Director	1
Senior Auditor	2
<b>Total</b>	<b>3</b>

In addition to risk, we developed the 2009 – 2010 portion of the 3 year audit plan based on the resources currently available. There are currently three individuals directly responsible for Office of Internal Auditing activities. Therefore, the plan utilizes total available hours in manner that allocates a majority of time to internal audit activities while allowing time for management requests, advisory services, investigations and follow up activities. This breakdown is illustrated in the first graph below. The table below provides a brief snapshot of the planned engagements for the year. Additional details are available in the full report.

**Allocation of Hours**



**Planned Audit Activities**

<b>Planned Audits</b>
Cash Collections/PCI
Application Security
Financial Aid
International Program (SEVIS)
Osprey 1 Card
Parking Services
Purchase Cards
<b>Planned Advisory Services</b>
GolfPlex
Stimulus Funds
External Audit Coordination



BACKGROUND

The International Standards for the Practice of Internal Auditing (Standard #2020) state: “The chief audit executive should communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and to the board for review and approval. The chief audit executive should also communicate the impact of resource limitations.”

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RISK ASSESSMENT

The plan was developed utilizing a risk based process involving several factors including input from key administrators, audit engagements previously completed by this office as well as the auditor general, and our available audit resources. The 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.

Figure 1 - Risk Distribution

Table with 6 columns: Risk Area, High, Moderate, Low, Unrated, Total. Rows include Academic Affairs, Auxiliaries & Business Arrangements, Governance & Vision, etc.

RESOURCE ALLOCATION

INTRODUCTION

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

There are currently three individuals (1 Director, 2 Senior Auditors) directly responsible for Office of Internal Auditing activities. The Senior Auditors are fully dedicated to the completion of audit activities. In contrast, the Director’s duties are between audit activities and administration of the department. Figure 2 provides a summary of hours allocated by audit service.

ALLOCATION SUMMARY – HOURS

Figure 2 - Audit Resource Allocation

Table with 2 columns: Category, Hours. Rows include Gross Available Hours, Uncontrollable Hours, Administration, Training, Total Available Direct Hours, Internal Audits, Planned Advisory Services, Unplanned Advisory Services, Investigations, Follow Up.



**ALLOCATION SUMMARY - PROJECTS**

The table below represents the allocation of audit resources by audit areas. The plan spans 3 years and is designed to be flexible. The Office of Internal Auditing will review the plan periodically (annually at a minimum) throughout the 3 years and make adjustments as necessary.

**Figure 3 - Proposed 3 Year Audit Plan**

	2010	2011	2012
<b>Planned Audits</b>			
Cash Collections/PCI	x		
Application Security	x		
Financial Aid	x		
International Program	x		
Osprey 1 Card	x		
Parking Services	x		
Purchase Cards	x		
Campus Security		x	
Change Management		x	
External Audit Assistance		x	
Grants/Contracts		x	
Vendor Management		x	
Information Security		x	
Wireless Security			x
Intellectual Property			x
Student Health Services			x
Foundation Accounting			x
<b>Planned Advisory Services</b>			
Golf Plex	x		
Stimulus Funds	x		
External Audit Coordination	x	x	x
<b>Unplanned Advisory Services</b>			
Investigations	x	x	x
Follow up	x	x	x

The audit plan (above) provides coverage for approximately 30% of identified high risk areas during the 2010 audit year and 22% of high risk areas during the 2011 year. This coverage is due, in part, to efforts from UNF’s internal audit department as well as the efforts of other audit functions (i.e. Florida Auditor General, etc). Refer to the chart below for more information.

**Figure 4 - Risk Coverage**

	2009	2010	2011
<b>High Risk Coverage</b>	28%	30%	22%

**GOALS/MEASUREMENTS**

The International Standards for the Practice of Internal Auditing (Standards #1300 and 1320) state: “The chief audit executive must develop and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity.” and “The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.”

The Office of Internal Auditing developed a QAIP during the 2008 fiscal year. The QAIP is a tool for measuring audit department effectiveness. Therefore, we developed a set of measurable goals with specific targets. These goals were developed based on benchmarking statistics obtained from the Institute of Internal Auditors in which over 1,000 organizations were surveyed regarding audit practices.

**Figure 5 - Performance Measurements**

#	Measurement Goal/Criteria	Target
<b>Personnel</b>		
1.	Staff with college degrees	75%
2.	Staff w/Certified Internal Auditor	50%
3.	Staff with other certifications	50%
4.	Professional development hours	40
<b>Productivity</b>		
5.	Staff Auditor – direct utilization ratio	75%
6.	Senior Auditor – direct utilization ratio	70%
7.	Director – direct utilization ratio	30%
8.	Engagement budget tolerance of 20%	20% var
<b>Reporting</b>		
9.	Report turnaround time	10 Days
10.	FAC communications	4 time/year
<b>Quality &amp; Effectiveness</b>		
11.	Client satisfaction survey results	70%

**INITIATIVES**

New and current departmental initiatives are as follows:

- Develop and implement an issue tracking and reporting system
- Explore internship opportunities
- Explore alternative whistleblower hotline solutions