OFFICE OF AUDIT & COMPLIANCE REVIEW
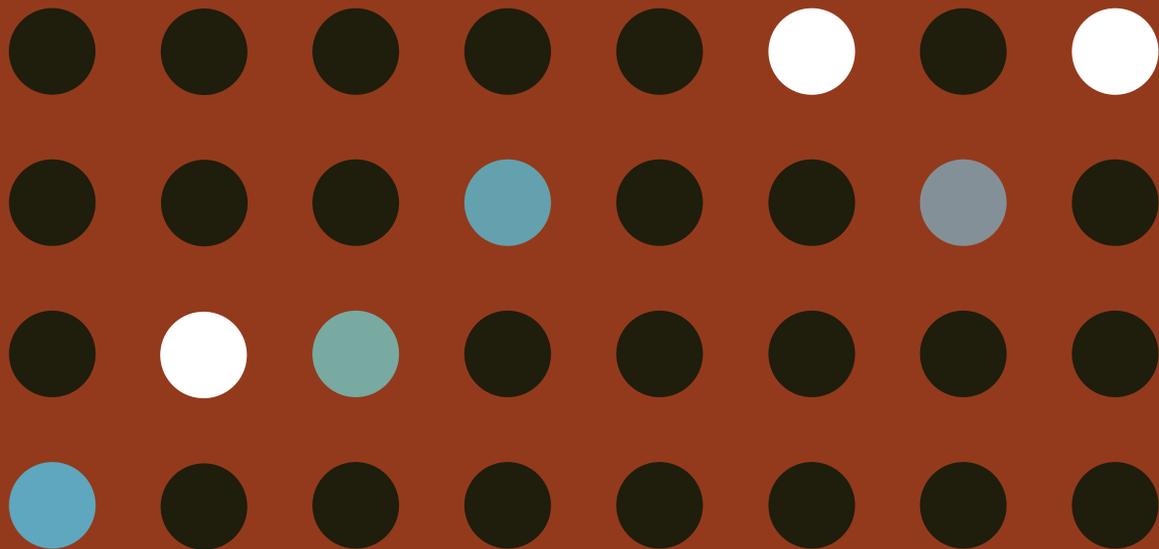
Operational, Financial, Compliance Audits
Management Advisory Services
Special Reviews

2004-05

UNIVERSITY OF FLORIDA

A N N U A L   R E P O R T

Tigert Hall

CONTENTS

Message from the Chief Audit Executive

At this time, having staffed most of our open and new positions, the Office of Audit and Compliance Review (OACR) continues to be positioned and committed to making significant contributions to the re-designed business processes of the University and the associated systems of internal control.

With the first year of implementation and the stabilization efforts behind, we will conduct the postponed "myUFL systems" post implementation audits and continue to provide proactive consulting to the managers at all levels.

While the staffing change had the biggest impact on OACR, 2004-2005 also brought:

Implementation of AutoAudit, a commercial audit support software

A renewed emphasis on professionally endorsed COSO control framework

Annexation of office space in Yon Hall

A comprehensive risk assessment in support of the 2005-2007 audit plan.

Accountability, effectiveness and compliance expectations by the external and internal stakeholders of the State's Flagship University are understandably high and ever increasing. Our internal audit program strives to serve as an important component to meet and exceed these expectations.

In this 2004-2005 annual report, we present a summary of activities and services and provide operational data for benchmarking OACR's effectiveness.

Nur Erenguc, CPA
Chief Audit
Executive

OACR STAFF back row: Elizabeth Tang, Joe Cannella, Lily Reinhart, Murat Telli, Marilyn Velez, Vito Hite, Nur Erenguc. Front row: Jeff Capehart, Chris Bunn, Al Moon, Brecka Anderson, Laura Kurtz, Suzanne Newman, Craig Reed, Carole Silverman Brian Mikell (not pictured: Kayla Spellman)

INTRODUCTION

The Office of Audit and Compliance Review (OACR) provides a central point for the coordination of and responsibility for activities that promote accountability, integrity, and efficiency for the University of Florida.

Fiscal year 2004-2005 was the first full year of the PeopleSoft Enterprise Resource Planning System (Bridges Project) implementation. As a result, the Bridges Project was OACR's primary focus for 2004-2005. We completed audits and provided significant management advisory assistance by assigning six staff to four areas for part of the year. We expect to continue providing proactive assistance as well as performing post implementation audits to promote good business procedures together with a reasonable level of controls.

Another unique aspect of this period was extended audit coverage focusing on the University of Florida Foundation and University Athletic Association. The 2004-2005 period also reflected a major change in the operational environment of the OACR. We hired and trained new staff, purchased an auditing software package and revised audit procedures in alignment with COSO framework.

OPERATIONS

Goals and Objectives

A key operational objective for the period was recruitment and training of new staff. We directed additional emphasis and resources to the University's direct support and affiliated organizations and followed closely the trends and developments in the application of Sarbanes-Oxley accountability measures to not-for-profit organizations and universities in particular.

As we started a new two year audit cycle, we initiated comprehensive risk assessment procedures to generate an audit plan significantly addressing University and its affiliates' operational, financial reporting and compliance risks and control systems. The 2005-2007 work plan will provide broad coverage and emphasize post Bridges implementation and business processes.

Staffing and Other Resources

During 2004-2005 OACR hired six full-time staff and two part-time graduate assistants. Five were hired as replacements for position vacancies and one was an added position. We successfully recruited two audit managers, two senior auditors and two staff auditors. However, one audit manager was on parental leave for a significant portion of the year. To accommodate additional staff, we opened a satellite office in Yon Hall (Florida Stadium East).

Yon Hall

Organization Chart
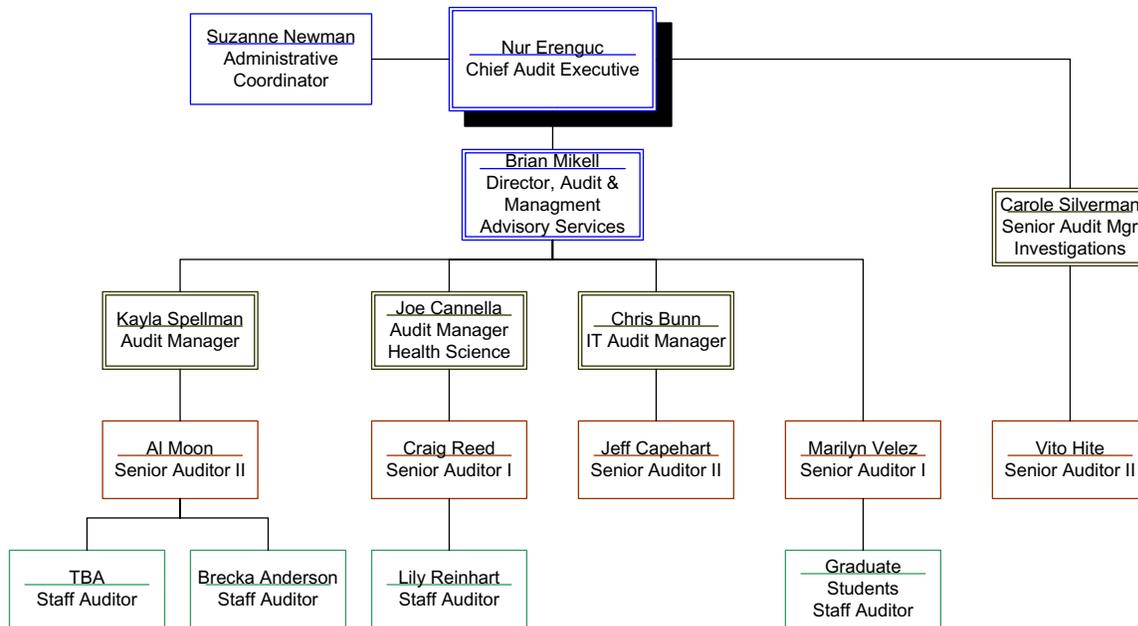
To better align audit resources with the University units expecting and supporting audit effort, we implemented a funding methodology necessary to meet this need and expectation. We expect to hire two additional auditors in the coming year so, when fully staffed at 14.5 auditor positions, the OACR will favorably benchmark with its peer organizations and meet the internal audit needs of the University and its support organizations.

Staff Training

Continuing professional education is highly valued and attendance at relevant conferences and seminars is promoted. Since cost-effective training of new staff was a priority, we initiated two days of IIA-sponsored training in Gainesville as well as a half-day seminar on Sarbanes-Oxley legislation. Audit staff from other organizations participated in this training. **Table 1** reflects a listing of staff participation in formal training programs in 2004-2005.

Table 1-Staff Training

Sponsored by:	Hours	Employees Attending
Institute of Internal Auditors	286	14
Paisley Consulting	145	15
Price Waterhouse Coopers	36	12
Association of College and University Auditors	123	5
Florida Institute of CPAs	16	2
Purvis Gray and Company	16	2
Association of Certified Fraud Examiners	14	1
Florida Audit Forum	6	1
Canaudit, Inc.	40	1

Budget and Expenditure Analysis

The OACR expenditures by category are illustrated in **Table 2**. Professional staff salaries remain our predominant commitment representing 92% of total expenditures. The increase in total salary and OPS expenditures is attributable to additional positions as the OACR moves towards appropriate staffing to address the needs of a growing and more complex structure of the University. Miscellaneous office supplies and travel represented the largest percentage of operating expense. After operating expenses, training represented the largest expenditure for the year.
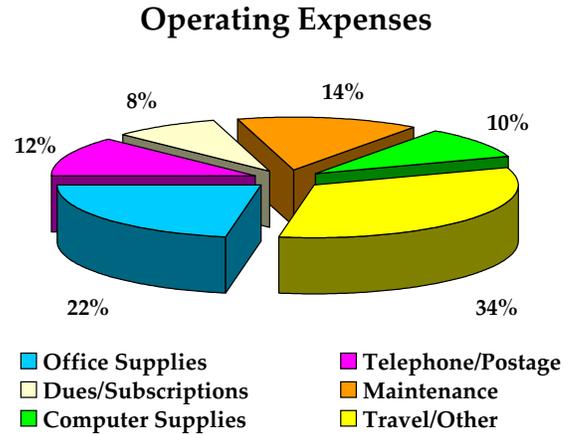
Operating Expenses

- ■ Office Supplies
- □ Dues/Subscriptions
- ■ Computer Supplies
- ■ Telephone/Postage
- ■ Maintenance
- ■ Travel/Other

Table 2-Analysis of Expenditures

	2003-2004	2004-2005
Salaries	$750,647	$929,524
Other Personal Services (OPS)	8,506	24,204
Fixed Assets	11,800	12,502
Operating Expenses	18,935	20,673
Training	11,480	18,627
Total	**$801,368**	**$1,005,530**

Time Analysis

Table 3 provides a comparison between time available as planned and actual time available for projects. Actual project time available, including 240 hours worked in excess of normal hours, was 28% less than planned due to unanticipated position vacancies, family leave use and training. This had a signficant impact on project progress and completion.

Table 3 – Planned/Actual Hours

	PLANNED	ACTUAL	DIFF.
Time Available	(8x2,040)+(6x1360) 24,480	24,480	
Less: Adjustment for Position Vacancies		(3,206)	3,206
Training/Leave Use/Operational Support	(7,344)	(9,210)	1,866
Total		(12,416)	
Excess hours worked		240	(240)
Time Available for Projects	17,136	12,304	4,832

Time Allocation

Chart A represents the planned activity mix for time available for projects and actual effort expended, and **Chart B** provides a comparison between prior year and current allocation of time available for projects. In comparison with budgeted, the actual hours allocated to audits was lower due to the cancellation of post implementation Bridges audits. The systems were being stablized and advisory support was prioritized. In comparison with the prior year, actual hours spent for training/leave and operational support is reflective of extensive recruitment and new staffing.

Direct time percentages are established as a productivity goal for each professional position and for the office as a whole. Direct time excludes administration, service support, leave and training.

Chart C compares direct time achieved in the last two fiscal years. Holidays and leave were removed from total available time before calculating the direct time for FY 04-05. The increase in new staff leading to increased operational support kept direct times lower for FY 04-05.
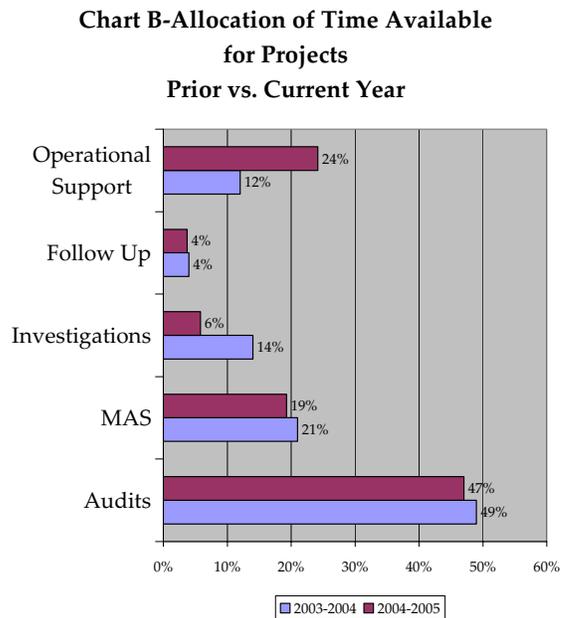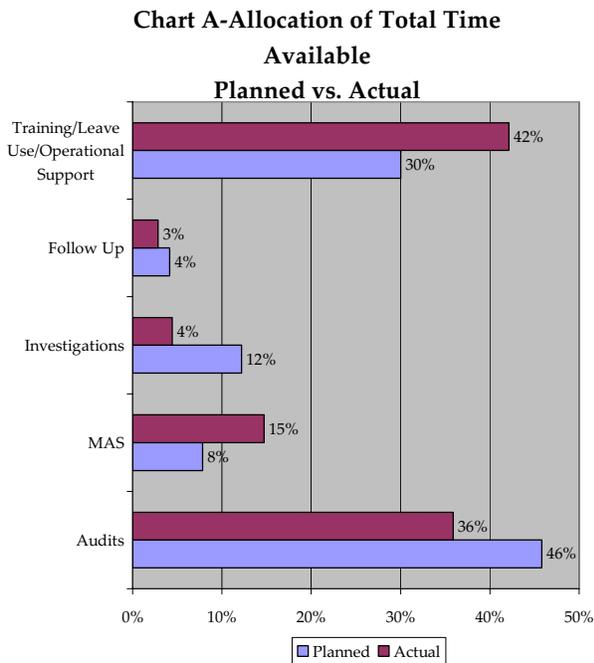
Chart A-Allocation of Total Time Available
Planned vs. Actual

Activity	Planned	Actual
Training/Leave Use/Operational Support	30%	42%
Follow Up	4%	3%
Investigations	12%	4%
MAS	8%	15%
Audits	46%	36%

Chart B-Allocation of Time Available for Projects
Prior vs. Current Year

Activity	2003-2004	2004-2005
Operational Support	12%	24%
Follow Up	4%	4%
Investigations	14%	6%
MAS	21%	19%
Audits	49%	47%

Chart C-Office Direct Time by Fiscal Years

	Quarter1	Quarter2	Quarter3	Quarter4	Total Office
FY 03-04	72%	69%	76%	75%	73%
FY 04-05	68%	75%	70%	68%	70%
Goal 72%					
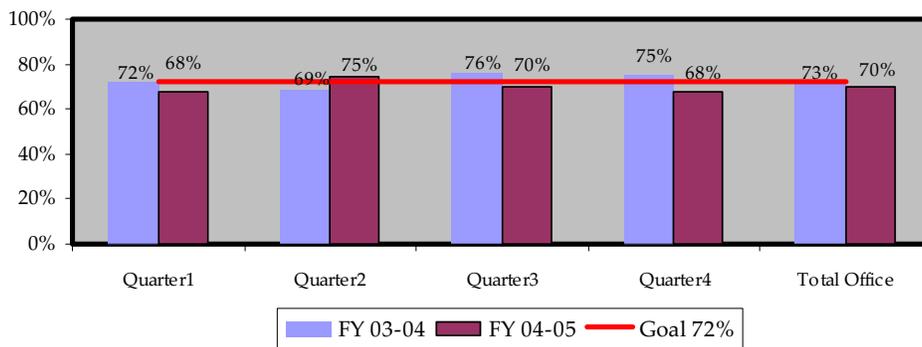
AUDITS AND OTHER PLANNED REVIEWS

**Trend Analysis of Projects
Planned/Completed**

Trend Analysis

Table 4 reflects a three-year analysis of projects planned and completed. The work plan includes planned audits and advisory reviews.

Over the last three years, 57 projects were planned and 60 were completed. The upward trend in projects planned and completed is attributable to the continued growth in OACR staff size.

During 2004-2005, 47% of available time, or 7,722 hours, was spent on audits. Internal audits were planned based on evaluation of risk and included input from university management.

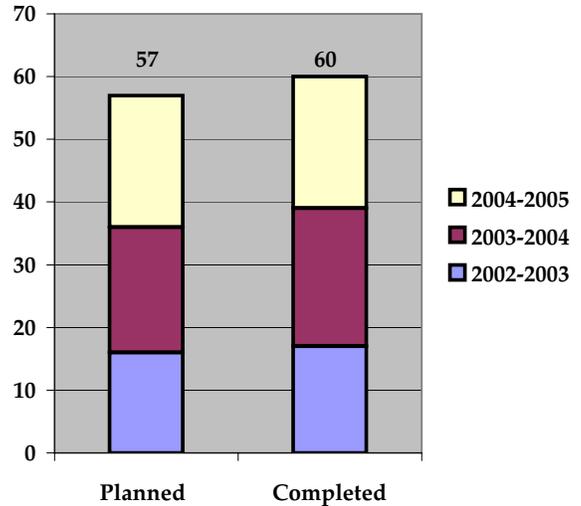**Table 4-Trend Analysis of Projects Planned/Completed**

	Planned		Completed		
	Original	Revised	Current	Carry Over	Total[1]
2002-2003	16	16	14	3	17
2003-2004	21	20	15	7	22
2004-2005	27	21	17	4	21
TOTALS	64	57	46	14	60

1 Table 6 lists reports issued this period.

**Client Surveys
(5 Responses)**

Client Surveys

Client surveys completed at the conclusion of each engagement reflect that OACR services are well received. One-hundred percent of survey responses indicated ratings of either good or excellent in all categories, an improvement over last year's 95%. The most notable improvement was in the 'Audit Report' category.
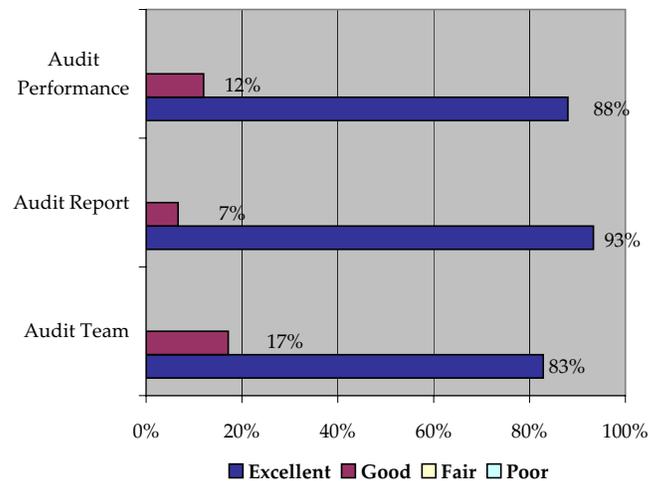
AUDIT REPORT SUMMARIES

The summary of audits issued profiles major engagements completed during the fiscal year. The subjects of the reports illustrate the commitment to proactive and diverse coverage. We conducted Bridges audits of customer relations design and contract management. We performed an information technology audit of individual remote access to the University of Florida network. An audit of the Purchasing Card Program was conducted as well as an audit of the Upward Bound Program. The internal controls over material and supply fees charged to students were evaluated. Finally, in our expanded coverage of Direct Support Organizations (DSO), we performed audits of the University of Florida Foundation, University Athletic Association and Florida Foundation Seed Producers, an Institute of Food & Agricultural Sciences DSO.

Privately Funded Restricted Programs

This audit, requested by the University of Florida Foundation, Inc. (Foundation), complemented the financial audit performed by the Foundation's external auditors, KPMG, for fiscal year 2002-2003. The primary objective was to determine whether the use of endowed funds established by the University units was in accordance with donor restrictions and intent. The audit covered nine endowed funds established within the Foundation and administered by a specific university department, school college or Student Financial Affairs. During 2002-2003 total Foundation disbursements to the University from the selected funds was $3,434,034. All funds under review were deposited intact to University of Florida accounts. Generally, their use by University units was in compliance with donor intent and restrictions. Controls to assure such compliance were generally satisfactory.

Customer Relations Design Implementation – Bridges Project

The UF Bridges group was charged with the implementation of modules purchased from PeopleSoft including the Customer Relations Design Implementation (CR) applications. CR includes cash receipting, accounts receivable and banking applications. The primary objective of this audit was to evaluate whether the design and

implementation of the applications would ensure the integrity and reliability of system data. Controls over the processes were generally adequate to ensure appropriate segregation of duties, authorization of transactions and data integrity. Audit concerns included design of bank reconciliation functionality and procedures and development of policies to ensure appropriate segregation of duties when assigning and distributing user security roles.

Intercollegiate Athletics Continuing Academic Eligibility

The primary objective of this audit was to evaluate the effectiveness of policies and procedures in place to ensure student-athlete continuing academic eligibility, for the 2003-2004 academic year based on National Collegiate Athletic Association (NCAA) and Southeastern Conference (SEC) requirements. The University Athletic Association, Inc. (UAA) is responsible for the intercollegiate athletics programs at the University of Florida. Key controls over the function of certifying that student-athletes meet continuing academic eligibility guidelines were adequate and ensured compliance with these guidelines for the 2003-2004 academic period. The University established an appropriate organizational structure and procedures for continuing academic eligibility.

Upward Bound Program

The University of Florida Upward Bound Program, established in 1971, is a US Department of Education funded program that promotes projects designed to facilitate the development of academic skills and motivation necessary for completing high school and entering the post-secondary institution of the participant's choice. For the 2003-2004 fiscal

Computer Science Engineering

period, the Program received Federal Funding of $343,269 and served approximately 60 to 80 participants. The primary objective of this audit was to evaluate the adequacy of support and documentation for program activities; compliance with program participation criteria and fund use; and compliance with established University procedures. The Program was generally administered in compliance with Federal program guidelines; however we identified significant opportunities for the improvement of controls in the management of Program funds.

UF Bridges Contract Management

Significant contracts were made to purchase software and consulting expertise as part of the Bridges implementation effort. Payments to contract vendors during fiscal year 2003 and 2004 were 62% of the $24.5 million capitalized disbursements. The primary objective of this audit was to assess the internal controls in place for contract management. Although contracts were negotiated, authorized and reviewed appropriately, monitoring contract compliance and disbursements could be improved through the development of procedures ensuring documented authorization and receipt of goods and services.

University Purchasing Card Program

The University's Purchasing Card (PCard) Program, initiated in April 2004, is administered by the Assistant Director of Purchasing. The PCard issuing bank is Wachovia and the credit card vendor paid for purchase transactions is MBNA. As of December 2004, the University had 4,173 active cardholders. The primary objective of this audit was to evaluate the adequacy of the Program's internal controls. We reviewed card issuance, use, cancellation, or revocation, bank reconciliation and processing for payments, purchase authorization and budgetary controls, and procurement economies. Key controls over the PCard Program were adequate, however control improvement opportunities included more specific guidance related to PCard purchases, notification of the PCard team when cardholders terminate employment, card cancellation and re-training for units not following program guidelines, elimination of certain merchant category codes, and vouchers that fail budget checking.

CNS Data Center - Bryant Hall

University of Florida Network Remote Access

The objective of this audit was to determine the adequacy of internal controls over individual remote access to the University of Florida network. Accessing the University of Florida network remotely allows authorized students, faculty and staff the ability to perform computer activities from off campus. Individual remote access to the University network is used by more than 5,000 students, faculty and staff. Remote access to the University network can be performed using virtual private network (VPN) or dial-in access. Remote access is managed by Network Services, a department within the Office of Information Technology (OIT) and Computing and Network Services (CNS). Internal controls were found to be effective in OIT and CNS policies and procedures. The opportunities for improvement were applicable to logical security and change management and were already underway before the audit.

Florida Foundation Seed Producers, Inc.

Florida Foundation Seed Producers, Inc. (Producers), located north of Marianna, Florida is a Direct Support Organization of the University of Florida. Producers was incorporated in 1943 to provide to Florida farmers and producers of crop seed and nursery stock, the foundation seed stock of the best known varieties adaptable to Florida climate and soils in cooperation with the University of Florida's Institute of Food and Agricultural Sciences. Producers had over 400 contracts for the production, harvesting, bagging,

buying, selling, and storing of seed and nursery stock during fiscal 2004. Producers' gross royalty income for 2004 was $1,298,339 and income from sales of seed was $1,023,413. The primary objective of this audit was to evaluate the control procedures in place to account for those revenues. Key controls over the business transactions were adequate, except that reports available for managerial monitoring of royalty receivables and verification of accuracy of amounts received needed improvement.

Material & Supply Lab Fees

The primary objective of this audit was to determine if Material and Supply (M&S) fees are established, disbursed and managed in compliance with University policies. M&S Fees offset the cost of materials or supplies consumed in the course of the student's instruction. Registration is managed by the University Registrar and fees are assessed by University Financial Services. Academic departments are responsible for fee disbursements and maintaining records, for each course, of the fee collections and disbursements. As of Spring 2005, nearly 1,200 course fees were established and the cash balances available for these courses totaled nearly $1 million. There was opportunity for improvement in the establishment, disbursement and management of M&S fees to ensure that complete, accurate and consistent fee data is available for use in the establishment, assessment, collection and allocation of M&S fees.

University of Florida Athletic Association Ticket Office

The primary objective of this audit was to assess the adequacy of internal controls over revenues from ticket sales and for compliance with applicable laws, rules and regulations, including NCAA rules for complimentary tickets. The University of Florida Athletic Association Ticket Office coordinates ticket sales for all sporting events including managing ticket priorities for boosters, alumni, faculty and staff, students and the general public. In fiscal year 2003-2004, approximately 86% of total revenues came from the sale of season and single game tickets for football, 12% from men's basketball and 2% from other sports. Although revenues and ticket stocks were materially accounted for and operations were generally in compliance with applicable

Ben Hill Griffin Stadium at Florida Field

regulations, there were significant opportunities where controls and procedures could be improved.

Gator Boosters, Inc. Internal Controls

The primary objective of this audit was to evaluate Gator Boosters' fund-raising policies and procedures; to identify revenue sources and control procedures for their accounting and safeguarding, and to evaluate controls for procurement and disbursements. Gator Boosters is a Direct Support Organization of the University of Florida. Its mission is to strengthen the University's athletics program by encouraging private giving and volunteer leadership. Fundraising policies and procedures were in support of Gator Boosters mission and goals. Revenues were properly accounted and disbursements were in compliance with applicable rules and regulations, although we noted significant opportunities where controls and procedures could be improved.

myUFL Systems Information Technology Controls

The primary objective of this audit was to evaluate the adequacy of information system controls over the Bridges systems. The Bridges systems include the Human Resource and Finance transactional systems, and the Enterprise Reporting system. Internal controls were found to be generally effective in the areas of network security, database security, computer operations, and physical and environmental security. Opportunities for improvement were noted in the areas of platform and application security, system development and change management, and contingency planning.

myUFL System Enterprise Reporting

The primary objective of this audit was to determine the adequacy of information technology and data integrity controls over the Enterprise Reporting system. Employing Cognos Business Intelligence tools, Enterprise Reporting is the system used to obtain information from the University's financial and human resources information systems as well as student and other management information. The reporting system contains both delivered reports and dynamically generated reports. As of August 2005, 4,920 users have access to the Enterprise Reporting system. Internal controls were generally effective in the area of computer operations; however opportunities for improvement were identified applicable to data integrity, system availability, effectiveness of reports and change management.

Foundation Disbursements Processed through the University

The University of Florida Foundation, Inc. (Foundation) is a direct-support organization of the University. Its mission is to promote, receive and administer private support for the University. Beginning July 1, 2004, all disbursements of Foundation funds for the benefit of the University were made by transfer to and processed through the University's accounting system. Through January 31, 2005, Foundation transfers to the University totaled $41,804,647. The objectives of this audit were to evaluate the effectiveness and efficiency of this process and the adequacy of controls to ensure compliance with University and Foundation requirements. We noted opportunities for improvement in the controls and processes, and identified tools and practices that, when implemented by Foundation and University personnel, should improve the effectiveness of funds transfers and disbursement monitoring.
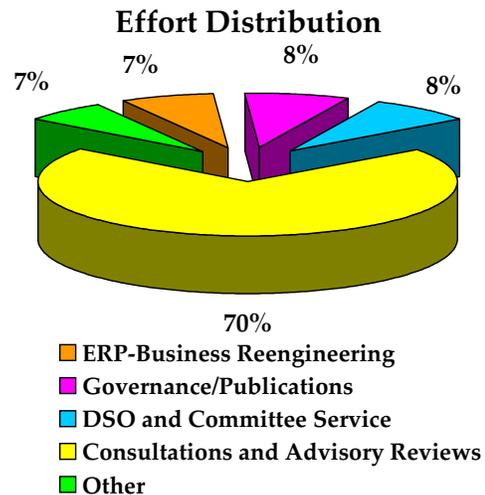
Donor Intent Compliance

The primary objective of this audit was to determine whether restricted funds established within the University of Florida Foundation, Inc. (Foundation) and administered by University units were used in accordance with donor restrictions and intent. The respective University school, college or department oversees the administration and proper use of these funds. Foundation funds were appropriately established and disbursements

were deposited intact to University accounts. Generally, fund use by University units was in compliance with donor intent and restrictions including that of Eminent Scholar and Professorship. The current accounting for restricted funds created an integrated information base providing greater opportunity for donor intent communication and use monitoring.

MANAGEMENT ADVISORY SERVICES

OACR is committed to providing proactive, preventive advice on internal controls, operations and compliance. Requests for management advisory services (MAS) usually come from various management levels throughout the university. The information provided through these services assists management in decision making and in improving operations. Results of these types of services are usually communicated through management letters.

OACR provides advisory reviews, consulting assistance, training and training tools, and post-audit assistance. The following chart illustrates the MAS performed and the percentage of time associated.

Effort Distribution

- ☐ ERP-Business Reengineering
- ☐ Governance/Publications
- ☐ DSO and Committee Service
- ☐ Consultations and Advisory Reviews
- ☐ Other

During fiscal year 2004-2005, 3,166 hours were spent on MAS. This represented 19% of available hours. The majority of MAS effort was expended on advisory reviews and consultations. Following are summaries of major MAS projects.

Role Security Management

The objective was to evaluate PeopleSoft role security management. This review involved the heavy use of queries to identify conflicting roles in the financials and human resources modules. Conflicting roles were identified and communicated to appropriate departments. Departments, along with the Bridges Security Team, initiated actions to clean-up conflicting assigned roles.

Payroll Issues

The major objective of this project was to work with the Payroll Office to investigate and determine the causes and impact of over-payments to employees in PeopleSoft HRMS Payroll. For the time period July 1 through December 22, 2004, University Payroll collected 1,011 wage refunds totaling $1,496,725. While causes of overpayments varied, OACR assisted Payroll in identifying potential methods for detecting and preventing wage overpayments in the future.

Treasury Management Issues

The primary objective of this project was to develop a process to reconcile bank account information with University accounting records – all the way to the General Ledger (GL). The University has seven bank accounts. Due to errors and timing differences, subsystems were not in agreement with the GL. OACR assisted University Treasury Management in developing a process to perform these reconciliations.

Contracts and Grants Issues

The primary objective of this project was to work with University Contracts and Grants (C&G) to assist with the implementation of the PeopleSoft billing function. The primary problems related to billing issues were conversion of historical data, and the inability to create accurate bills for active contracts. OACR assisted C&G in identifying and correcting problems on a grant-by-grant basis.

Florida Museum of Natural History Butterfly Exhibit

The primary objective of this project was to identify and evaluate the operating results and reported variances of the Butterfly Rainforest Exhibit (Exhibit). The Exhibit opened to the public on August 14, 2004. Certain functions required for operation of the Exhibit are provided by a Contractor and certain other functions by Museum staff.

As of February 28, 2005, there were significant differences in the financial information and operational results generated by the Contractor and by the Museum management. The differences were identified and communicated to all parties. Recommendations were made to further improve accountability and allow for better information generation and communication with regards to operational results.

Gainesville HSC Billing Compliance

The UF College of Medicine has established an internal billing compliance office in Gainesville and engaged external auditors to perform an annual review of their compliance activities. As part of our review of this compliance program we met with the external review team, reviewed the report, and discussed their findings and conclusions with the Associate Director of Billing Compliance. The external auditor did not have any recommendations of significance.

Jacksonville HSC Billing Compliance

The primary objective was to evaluate the adequacy and effectiveness of the Jacksonville Health Science Center billing compliance program and identify opportunities to strengthen existing practices. We obtained an understanding of the organizational structure, mission, and responsibilities of the compliance program as well as relevant policies. The engagement consisted of a review of operational procedures, on-site examination, analysis of reports and meeting correspondence, interviews with key personnel and identification of established internal and external rules and regulations. We did not identify any significant issues or opportunities impacting the effectiveness of this program.

UF Privacy Office - HIPAA Compliance

The primary objective was to evaluate the adequacy and effectiveness of the UF Privacy Offices in Gainesville and Jacksonville, and identify opportunities to strengthen existing practices. The UF Privacy Office directs programs to respond to the Medical Privacy Rule of the Health Insurance and Portability Act of 1996 (HIPAA). These programs include training, monitoring and response to privacy complaints and concerns. We obtained an understanding of the organizational structure, mission, and responsibilities of the Privacy Office as well as relevant policies. The engagement consisted of a review of operational procedures, on-site examination, analysis of reports and meeting correspondence, interviews with key personnel and identification of established internal and external rules and regulations. We did not identify any significant issues or opportunities impacting the effectiveness of this program.

Newsletter

Quarterly newsletters were distributed campus-wide with regular features that include highlights from projects and campus-wide issues. Copies are available at *http://oacr.ufl.edu*.

Post-Audit Assistance

OACR routinely provides support and guidance on the implementation of planned actions.

INVESTIGATIONS

The OACR receives complaints and allegations of fiscal improprieties from a variety of internal and external sources, including hotline calls, direct correspondence, and referrals from other university offices and state agencies. The investigative reviews conducted by OACR have dual objectives of responding to facts of allegations and addressing relevant fiscal and administrative control weaknesses. Where appropriate, recommendations for improvements of internal controls are communicated to management and are monitored for implementation.

In total, 951 hours, or 6% of available hours were committed to investigative efforts.

During the year, in connection with prior period investigative reviews, $120,500 was restituted. An additional amount in excess of $150,000 is expected to be restituted.

Significant issues from these reviews are summarized below.

Embezzlement

OACR was alerted to the misappropriation of $28,000 Continuing Medical Education funds through personal endorsement and deposit. The extent of the misappropriation, which occurred from February 2003 through June 2004, was identified as $123,500. The Associate Dean resigned effective January 20, 2005. After a criminal investigation by the Federal Bureau of Investigation, the Associate Dean pled guilty to a single count of wire fraud and is currently awaiting sentencing. He provided restitution of $120,500 to Continuing Medical Education. Recommendations related to improved check log maintenance, Continuing Medical Education program approvals and contract monitoring were made.

Resource Misuse

- Concerns were expressed to OACR of more than $23,000 in long distance telephone calls made by a teaching assistant in the College of Liberal Arts and Sciences. Duties as a teaching assistant did not necessitate making long distance phone calls. Total long distance charges were identified as $23,821.75. Criminal charges were filed and legal proceedings are continuing. Recommendations were made to limit telephone lines with long distance service access and to review monthly the telecommunication invoices and transaction detail.

- Two cash deposits totaling $1,545 from Surplus Property Online Auction sales, University Property Services, had not been received by University Financial Services and were considered stolen. University Police Department investigated and concluded that no charges could be filed and considered the case closed due to lack of controls to provide individual accountability. An internal control review identified deficiencies in the cash collection policy, transfer of cash receipts and timeliness of management review. These issues have been appropriately addressed.

FOLLOW-UP

Audit reports include auditor's comments and planned actions developed and agreed to by the audit team and management and the estimated time for their implementation.   Reports issued by the external auditors, including the Office of Auditor General, contain recommendations for which university management also provides a corrective implementation plan.

Standard 2500, *Standards for the Professional Practice of Internal Auditing,* promulgated by the Institute of Internal Auditors, requires that the internal auditor determine that management has taken appropriate action regarding reported audit comments.

Quarterly follow-up procedures were conducted throughout the year and their results were communicated to University management and the Board of Trustees Audit Committee. For the report period, the OACR staff expended 613 hours or 4% of available hours for follow-up reviews.

Table 5 summarizes the results of our follow-up activities as of June 30, 2005.

The reduced implementation percentage was reflective of Bridges implementation stabilization efforts which at times took priority over audit implementation plans.

Table 5 – Follow-Up Activities

Oversight by	Followed Up	Implemented	In process	Not to be Implemented	Percent Implemented	Percent Implemented Prior Year
1 – Academic Affairs	26	18	8	0	69%	67%
2 – Finance & Administration	17	14	3	0	82%	71%
3 – Health Affairs	22	15	7	0	68%	60%
4 – UAA	16	8	8	0	50%	N/A
5 – UFF	7	6	1	0	86%	100%
6 – Bridges	2	1	1	0	50%	N/A
7 – IFAS	1	0	0	1	0%	81%
Totals	**93**	**63**	**29**	**1**	**68%**	**68%**

The planned action "not to be implemented" generally reflects changing conditions that render the plan obsolete.

1 – Academic Affairs
2 – Finance & Administration
3 – Health Affairs
4 – Athletic Association
5 – UF Foundation
6 – Bridges
7 – Institute of Food &
    Agricultural Sciences

Planned Action Implementation Percentage
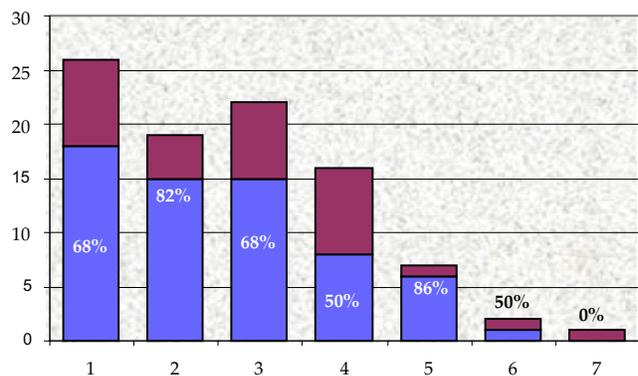
OTHER ACTIVITIES

Professional Activities

OACR staff participated in various national initiatives, training and organizations including:

· Board Member – Association of College and University Auditors (ACUA)

· Member – Institute of Internal Auditors (IIA)

· Member – Association of Healthcare Internal Auditors (AHIA)

· Member – American Institute of Certified Public Accountants (AICPA)

· Member – Florida Institute of Certified Public Accountants (FICPA)

· Member – Association of Certified Fraud Examiners (ACFE)

· Member – IIA North Central Florida Chapter

· Program Committee – IIA North Central Florida Chapter

· Board Member – IIA North Central Florida Chapter

· Webmaster – IIA North Central Florida Chapter

· Volunteer Instructor – IIA

· Session Facilitator – Large campus audit directors roundtable, Association of College and University Auditors

· Member – State University Auditors Consortium (SUAC)

· Participant – Florida Audit Forum

· President-Elect – IIA Leadership Conference

University Service

During 2004-2005, OACR members participated in various university-wide initiatives and assignments including:

· Member – Auxiliary Review Committee

· Instructor – Department Security Administrator Training

· Member – University Information Technology Advisory Committee – Information Security Management (ITAC-ISM)

· Member – University Hurricane/Disaster Committee

· Presenter – Performance Auditing—School of Accounting graduate accounting course

· Participant – Search Committee, Senior Associate Controller

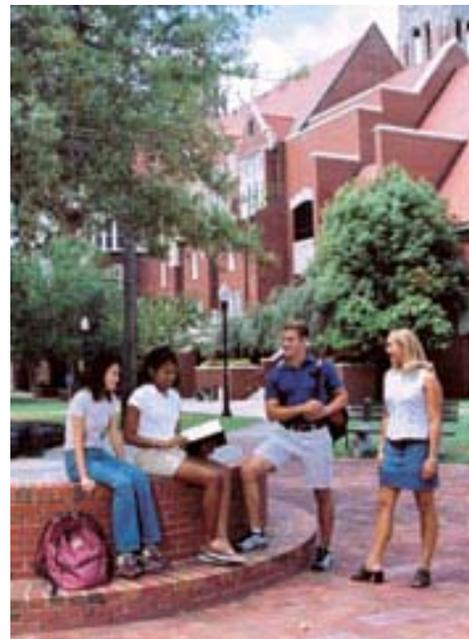· Participant – Search Committee, Vice President for Human Resources

Table 6-Reports Issued 2004-05

TITLE	PERIOD	ISSUE DATE	REPORT NO.	PROJECT
Privately Funded Restricted Programs	7/1/02 – 6/30/03	10/22/04	UF-04-398-02	Internal Audit
Customer Relations - Bridges	As of 6/18/04	11/15/04	UF-04-410-14	Internal Audit
UAA Continuing Academic Eligibility	As of 9/1/04	12/15/04	UF-04-411-15	Internal Audit
Payroll	12/1/04 – 1/31/05	1/31/05	71.200503	MAS
Role Security Management	11/1/04 – 1/31/05	1/31/05	71.200506	MAS
Upward Bound Program	7/1/03 – 6/30/04	2/16/05	UF-05-422-01	Internal Audit
Contracts & Grants	12/1/04 – 3/15/05	2/23/05	71.200504	MAS
Treasury Management	11/22/04 – 2/28/05	2/23/05	71.200505	MAS
Contract Management - Bridges	As of 8/31/04	3/4/05	UF-04-413-17	Internal Audit
Florida Museum of Natural History Butterfly Exhibit	3/29/05 – 4/18/05	5/9/05	72.200502	MAS
Purchasing Card	7/1/04 – 12/31/04	5/27/05	UF-05-442-21	Internal Audit
Remote Access	As of 5/13/05	6/8/05	UF-05-425-04	Internal Audit
Foundation Seed Producers, Inc.	As of 12/31/04	6/8/05	UF-05-445-24	Internal Audit
Material & Supply Lab Fees	As of Spring 2005	6/9/05	UF-05-445-25	Internal Audit
UAA Ticket Office	As of 12/31/04	6/29/05	UF-05-437-16	Internal Audit
Gator Boosters Internal Controls	As of 12/31/04	6/30/05	UF-05-426-05	Internal Audit
*President's Travel & Expense	7/1/04 – 5/6/05	8/9/05	72.200504	MAS
*myUFL Enterprise Reporting	As of 5/31/05	8/24/05	UF-05-423-02	Internal Audit
*myUFL IT Controls	As of 5/31/05	8/24/05	UF-05-438-17	Internal Audit
*UFF Donor Compliance	7/1/03 – 12/31/04	9/05	UF-05-436-15	Internal Audit
*UFF Other Expenses	As of 2/28/05	9/05	UF-05-447-26	Internal Audit
*Health Center Billing & Compliance		9/05	71.200501	MAS
*HIPAA Compliance		9/05	71.200502	MAS

*Substantially completed as of June 30, 2005

CONTACTS & RESOURCES

The Office of Audit & Compliance Review works collaboratively and cooperatively with many other offices. Below is a partial listing of the contacts and resources used frequently.

State Auditor General
http://www.state.fl.us/audgen/
Gainesville Office: (352) 334-1740
Campus Office: (352) 392-5255

Department of Financial Services
Consumer Helpline: 1-800-342-2762
Get Lean Hotline: 1-800-GET LEAN

University Controller's Office
http://fa.ufl.edu/
(352) 392-1321

Florida Department of Education
http://www.fldcu.org/

UF Board of Trustees
http://www.trustees.ufl.edu/

Health Science Center Compliance
http://www.med.ufl.edu/complian/
(352) 265-8359

Division of Sponsored Research
http://rgp.ufl.edu/research/
(352) 392-1582

Institutional Review Board
http://irb.ufl.edu/

UF Contracts & Grants
http://fa.ufl.edu/cg/
(352) 392-1235

IFAS Sponsored Programs
http://grants.ifas.ufl.edu
(352) 392-2356

Engineering Contract & Grants
http://www.eng.ufl.edu/home/cng/
(352) 392-6626

University Athletic Association
http://www.uaa.ufl.edu/
(352) 375-4683

Equal Opportunity Programs Office
http://www.aa.ufl.edu/aa/affact/
(352) 392-6004

Ombudsman
http://www.ombudsman.ufl.edu/
(352) 392-1308

University General Counsel
http://www.generalcounsel.ufl.edu/
(352) 392-1358

University Police Department
http://www.police.ufl.edu/
(352) 392-1111

Shands Auditing
(352) 265-7969

University Vice President for Human Resources
http://www.hr.ufl.edu/
(352) 392-1075

University Vice-President for Finance & Administration
http://www.admin.ufl.edu/
(352) 392-1336