

Annual Report

Office of Audit & Compliance Review

Operational, Financial, Compliance Audits
Management Advisory Services
Special Reviews

2007-2008



CONTENTS

Introduction 2

Operations 2

Goals and Objectives

Staffing and Other Resources

Organization Chart

Staff Training

Expenditure Analysis

Time Analysis

Time Allocation

Audits and Other Planned Reviews 6

Trend Analysis

Client Surveys

Audit Report Summaries 7

Management Advisory Services 11

Investigations 12

Follow-Up..... 13

Other Activities 14

Reports Issued 15

Contacts and Resources 16



UF Butterfly Garden



**Message from
the Chief
Audit Executive
Nur Erenguc,
CPA, CFE**

The 2007-2008 Annual Report provides a summary of the Office of Audit and Compliance Review's (OACR) activities for the year and presents data for benchmarking the effectiveness of its operations.

One of the most significant activities of the period was the documentation and assessment of campus wide business process controls and control environment through validation visits conducted with 50 randomly selected units. In addition to identifying unit level internal control improvement opportunities, this approach provided a basis to evaluate the internal controls on an institutional basis.

During this period we also:

- *Completed a significant portion of the planned projects and responded to advisory review requests.*
- *Maintained an effective follow-up program.*
- *Participated in the internal control training and other orientation and training activities including the Research Administrator Training series and New Chair/Dean orientation sessions promoted by the Office of Research and the Office of the Provost, respectively.*
- *Initiated a risk based long-term audit plan for the university, the University of Florida Athletic Association and the University of Florida Foundation.*
- *Facilitated the reviews for issues brought forward through the 24/7 anonymous hotline managed by a contracted provider.*
- *Initiated the audit of Facilities Planning and Construction as a co-sourced arrangement with an external firm uniquely experienced in performance of construction audits.*

As change agents, we know that change is inevitable. During this period, the OACR had its share of changes. We successfully recruited for the senior audit manager position vacated through retirement; bid farewell to a senior auditor and student auditors as their academic association with the university came to an end; moved from Tigert Hall to the Human Resources Building; and did not escape the budget cuts implemented in response to state budget shortcomings.

We hope to continue serving the university and its affiliated organizations as promoters of positive change for improved accountability.

Nur Erenguc

INTRODUCTION

The mission of the Office of Audit and Compliance Review (OACR) is to serve the University of Florida and its affiliated support organizations by providing a central point for the coordination of activities that promote accountability, integrity, and efficiency for the University of Florida.

In 2007-2008, we moved our office from UF's main administration building to a newly renovated space off-campus; we successfully recruited personnel for four key positions, including a re-hire of a former employee. We coordinated the execution of an outsourced audit in a specialized area and continued to provide audit support for the major direct support organizations, UF Foundation and University Athletic Association. In 2008-2009, we expect to continue to provide proactive assistance in strengthening internal controls in a decentralized environment as well conducting audits to promote good business practices.



OACR Staff (From left to right): Joe Cannella, Vito Hite, Lily Reinhart, Stan Anders, Nur Erencuc, Craig Reed, Marilyn Velez, Suzanne Newman, Roger Frank, Choi Choi, Jeff Capehart, Brian Mikell

OPERATIONS

Goals and Objectives

A key operational objective for the period was the completion of the first year of the 2007-2010 audit work plan. Our work plan included university audits as well as audits of the university's direct support and affiliated organizations.

We continued working on initiatives started during the prior period, including the management of the compli-

ance hotline. We also validated the results of the Control Self-Assessment and produced a report highlighting areas for improving internal controls university-wide. As part of the employee fiscal management certification program, we co-facilitated with the University Controller's Office eight sessions of *Internal Controls at UF*. We were proactive in outreach to newly hired deans to introduce them to the OACR's role in assisting academic administrators.

Staffing and Other Resources

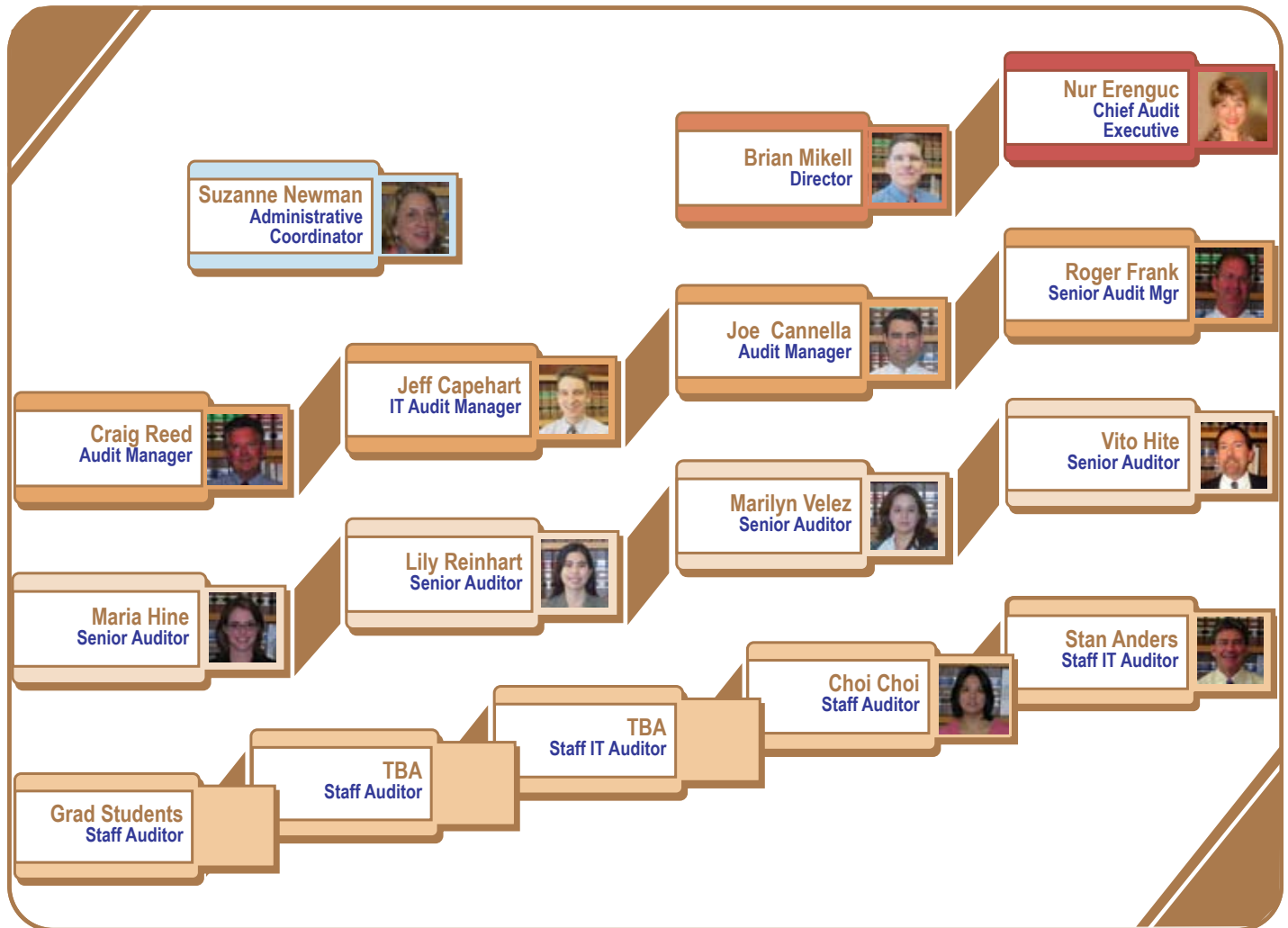
During 2007-2008 OACR hired one senior audit manager, two senior auditors and a staff IT auditor. In order to respond to budget cutbacks, we left a staff auditor position vacant and when a staff auditor re-signed, we left that position

vacant to meet anticipated 2008-2009 budget cutbacks. We expect to fill a senior auditor vacancy in the coming year and recruit graduate students to help offset our staff auditor position vacancies.

We moved off-campus from our office in Tigert Hall, which housed the OACR for at least 30 years, to the Human Resource Services building at 903 West University Avenue. This move provided better accommodations for our entire staff in a newly furnished space with state-of-the-art telecommunications equipment.

To better align audit resources with the university units expecting and supporting audit efforts, we continued to utilize a funding methodology that meets these needs and expectations.

ORGANIZATION CHART



Staff Training

Continuing professional education is highly valued and attendance to relevant conferences and seminars is promoted. Table 1 reflects a listing of staff participation in formal training programs in 2007-2008.

Table 1-Staff Training

Sponsored by:	Hours	Employees Attending
Association of Certified Fraud Examiners	20	1
Association of Colleges and University Auditors	159	8
Florida Institute of Certified Public Accountants	32	4
Institute of Internal Auditors-North Central Florida Chapter	128	12
The Institute of Internal Auditors	82	4
University of Florida	43	3

Expenditure Analysis

The OACR expenditures by category are illustrated in Table 2. Our primary budgetary commitment remains professional staff salaries. This year, we purchased audit services from an auditing firm and we renewed our contract with a firm that provides intake services for anonymous compliance reporting.

Telephone represented the largest percentage of operating expense this year due the purchase of a new telephone system.

Operating Expenses

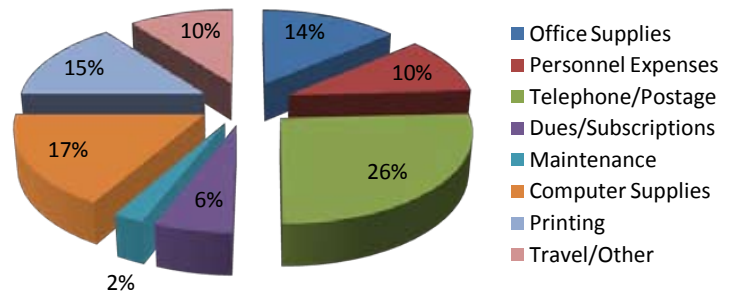


Table 2 - Analysis of Expenditures

	2006-2007	2007-2008
Salaries	\$1,085,247	\$1,174,551
Other Personal Services (OPS)	34,733	22,145
Fixed Assets	2,951	2,652
Operating Expenses	28,713	30,663
Training	17,990	16,985
Consultants	15,811	93,800
Compliance Hotline	9,500	9,500
Personnel Recruitment	4,408	
Total	\$1,199,353	\$1,350,296

Time Analysis

Table 3 provides a comparison between time available as planned and actual time available for projects. Actual hours lost due to position vacancies exceeded the planned amount, having an impact on project progress and com-

pletion. The impact was mitigated by the 1,194 hours of overtime, resulting in available hours for the period being only 5.1% less than planned.

Table 3 - Planned/Actual Hours

	PLANNED		ACTUAL	DIFF.
Time Available	14 x 2,040	28,560	28,560	
Less: Adjustment for Position Vacancies		(2,000)	(4,335)	(2,335)
Training/Leave Use/Operational Support		(8,196)	(7,995)	201
Total			(12,330)	
Excess hours worked			1194	1,194
Time Available for Projects		18,364	17,424	(940)

Time Allocation

Chart A compares the planned activity mix for total time available with actual effort expended, while Chart B provides a comparison between prior year and current allocation of time available for projects. Actual time by category did not vary significantly from the plan. In comparison with the prior year, time spent on follow up, and operational support remained constant. The shift in time from Management Advisory Services (MAS) to audit projects and investigations resulted from an increase in hotline and other complaints, and the lack of a major MAS project such as the previous year's control self assessment initiative.

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. An emphasis on training new staff and increase in staff leave use did not allow us to achieve the targeted goal of 72%.

Chart A - Allocation of Total Time Planned vs. Actual

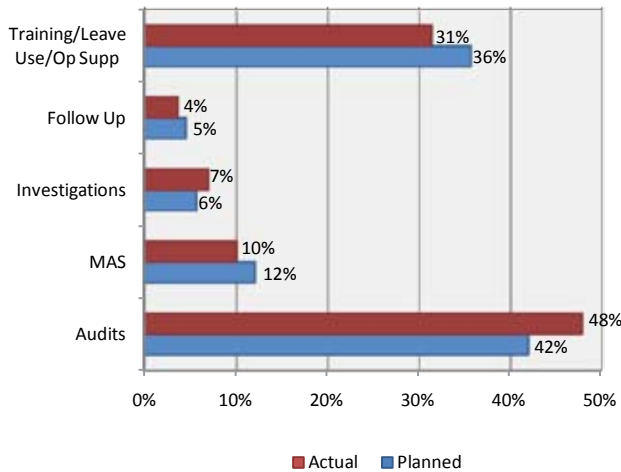


Chart B - Allocation of Time Available for Projects Prior vs. Current Year

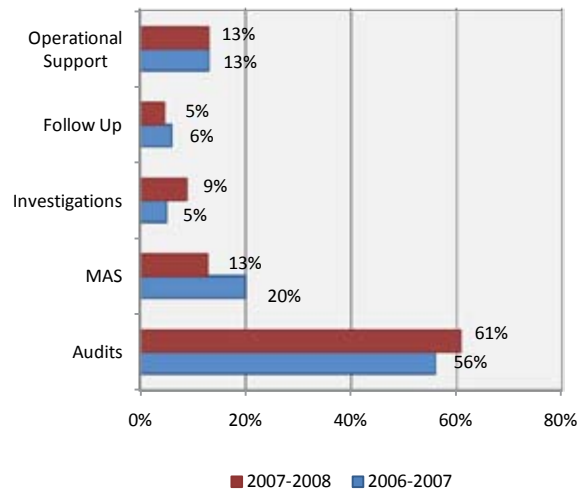
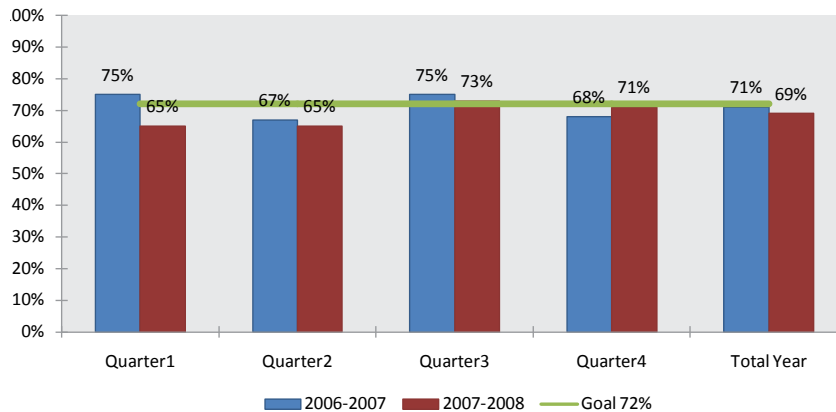


Chart C - Office Direct Time by Fiscal Years



AUDITS AND OTHER PLANNED REVIEWS

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, 75 projects were planned and 63 have been completed. Internal audits and Management Advisory Services were planned based on evaluation of risk and included input from university management.

Many of the planned projects not completed are in progress and are included with the following year's work plan. Planned MAS engagements do not always result in a project report that would be shown as a completed project. During 2007-2008, 61% (12,171 hours) of available time was spent on audits and 13% (2,557 Hours) of available time was spent on MAS.

Trend Analysis of Projects Planned/Completed

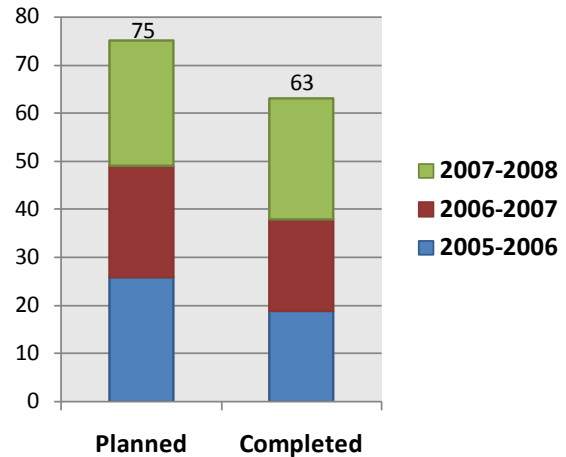


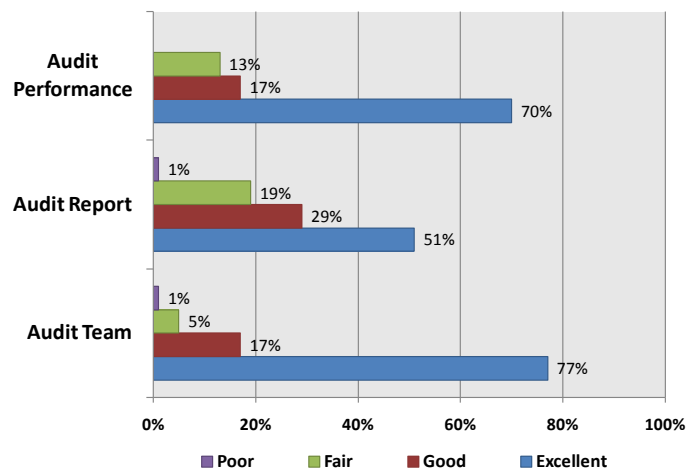
Table 4 - Trend Analysis of Projects Planned/Completed

	Planned		Completed		
	Original	Revised	Current	Carry Over	Total
2005-2006	30	26	16	3	19
2006-2007	31	23	12	7	19
2007-2008	28	26	16	9	25
TOTALS	89	75	44	19	63

Client Surveys

In an effort to ensure that OACR services continue to add and maintain a high quality level, input from clients is requested at the conclusion of each engagement. Feedback is obtained via client surveys on the overall performance of the engagement, the quality and usefulness of the report, and the conduct of the audit team. Results of our client surveys for the year reflect, for the most part, OACR services were well received. Overall, 87% of survey responses from all categories indicated ratings of good or excellent.

Client Surveys (12 Responses)



AUDIT REPORT SUMMARIES

This summary of audit reports profiles major engagements completed during this fiscal year. A major initiative during 2007-2008 was validation of responses to the Internal Control Self Assessment questionnaire by visiting 50 university units to evaluate the supporting documentation for selected controls. The subjects of other reports illustrate our commitment to proactive and significant coverage through audits of the Shands Cancer Center, Environmental Health & Safety, the Division of Continuing Education and the E-Learning online course management system. Audits of other critical functions of the university such as purchasing cards, fiscal closing procedures and the tax reporting processes were also conducted during the period. We continued to conduct audits in UF's largest direct support organizations, the University of Florida Foundation (UFF) and University Athletic Association (UAA) as well as an audit of the Athletic Association fund raising entity, Gator Boosters.

UFF Control Activities

We performed an internal control review of the Foundation using the COSO framework where select control points within the control environment, risk assessment, control activities, information and communication, and monitoring were evaluated. The focused activities included budgeting, payroll and personnel, travel and entertainment, procurement and contracts.

Fiscal Closing

At the end of each fiscal year, the university closes its financial records to ensure that transactions are recorded in the appropriate period and to promote timely and accurate compilation of financial reports in accordance with GAAP. A typical fiscal closing process spans several months where management ensures that current year funds are used to their maximum benefit, expenses and/or revenues are accrued or deferred when necessary, and funds are properly carried forward. The reliability of the university financial statements is dependent upon the adequacy, effectiveness, and completeness of the closing process.

The objective of this audit was to evaluate the adequacy and effectiveness of controls related to the closing of general accounting and associated subsystems. Specifically, we evaluated controls associated with:

- Planning to ensure a timely and coordinated fiscal closing process.

- Designed procedures to ensure transactions were recorded in the appropriate period.
- Authorization and monitoring over each subsystem closing.

UF Shands Cancer Center

The University of Florida Shands Cancer Center (Center) is an interdisciplinary initiative under the University of Florida and Shands with a mission to provide state-of-the-art cancer treatment, to conduct research and to foster coordination and collaboration of clinical research findings. The Center's administrative, research and educational activities take place within the University of Florida Health Sciences Division which includes the colleges of Dentistry, Public Health and Health Professions, Medicine, Nursing, Pharmacy, and Veterinary Medicine. Center membership includes research and clinical faculty from 2 campuses, 12 colleges and 41 departments. The Center's budgeted revenue for the 2007 fiscal year was \$11.2 million.

The primary objective of this audit was to evaluate key controls over the administrative processes of the Center. Specifically, we focused on the following:

- Information management systems including project accounting and budget administration
- Payroll and personnel administration
- Purchasing and disbursements
- Asset management including building security

Environmental Health & Safety

The university established the Environmental Health and Safety (EH&S) program in April of 1974, the first program of its kind within the Florida State University System. EH&S initially began with a staff of 30 and has grown to an organization of 78 employees and one of the most comprehensive university EH&S programs in the state.

The primary objective of this audit was to evaluate key controls in place to ensure compliance with local, state, and federal laws and regulations for hazardous waste management and biological safety. Our review focused on the following specific areas:

- Compliance with current biological safety regulations and guidelines
- Procedures for the handling and disposal of hazardous waste materials
- Lab inspections

Food Vendor Contract

Business Services, organized under the Vice President for Business Affairs, has oversight for the campus-wide food services provided through Gator Dining Services. Aramark Educational Services, Inc. (Aramark), a professional food contractor, has operated Gator Dining Services since May 1995. The current contract is scheduled to expire on June 30, 2009. Gator Dining Services includes 32 dining locations, 4 convenience stores, and the campus-wide catering service. The university recognized almost \$2.5 million from food sales commissions from this contract during the 2007 fiscal year.

The objective of this audit was to evaluate the key controls relative to the administrative oversight of the food vendor contract with primary focus on accounting for sales commissions and rent revenues. Additional contract terms reviewed included:

- Food product pricing and portions
- Maintenance of food service equipment
- Insurance and performance bond
- Satisfaction surveys

UAA Budget Control & Travel

The primary objectives of this audit were to evaluate key controls over:

- Budget adoption, approval, and amendments
- Budget monitoring
- Processing of travel to ensure compliance with NCAA and UAA policies

UAA utilized a planning calendar to control the budget process, which begins each January when planning work sheets are sent to all head coaches and department heads, and culminates with final approval by the UAA Board of Directors in June.

The majority of UAA travel expenses involved sports teams. Coaches recruiting trips, which often included use of the UAA aviation department, was another major source of travel expenses.

Division of Continuing Education (DOCE)

DOCE, an auxiliary unit, was organized pursuant to Section 6C-8.002, Florida Administrative Code to provide, or assist units of the university with, a wide variety of continuing education programs, both credit and non-credit, designed to meet personal and professional education

goals. The DOCE auxiliary is composed of 35 total units, including the Dean's Office and five core units.

The primary objective of this audit was to evaluate key controls in place to promote efficient and effective operations, accurate financial reporting and compliance with applicable laws and regulations. Our audit focused on the DOCE Dean's Office and its five core direct report units of Conferences, Flexible Learning/Correspondence Study, Distance Learning, Executive Education, and the Center for Training, Research, and Education for Environmental Occupations.

UFF Restricted Gifts

The primary objectives of this audit were to evaluate if:

- Restricted funds were appropriately established and donor intent communicated
- Transfer of restricted funds from the foundation to the university were authorized and deposited intact and processed through the appropriate channels
- University units used restricted funds in accordance with donor intent and university directives

Foundation endowed fund transfers to the university during calendar year 2006 totaled approximately \$16 million. We tested 65 endowed restricted funds established as eminent scholar funds, professorship funds, scholarship funds, fellowship funds, and "other" funds for various attributes including use of the funds in accordance with donor intent. In addition, foundation procedures were reviewed for 12 funds established during the audit period.

Facilities Planning and Construction

This audit was conducted by RSM McGladrey, the fifth largest accounting firm with specialized expertise in construction cost accounting.

The primary objective of this audit was to assess the design adequacy of the internal control structure in place at the Facilities Planning and Construction Division (FPC) for the construction of major projects and identify process improvements. Additional outcomes expected were a review of contractor compliance, knowledge transfer, benchmarking, and process documentation. FPC is responsible to the Vice President for Business Affairs for the planning and construction of all physical facilities of the university and the management of its space and physical resources.

The key controls of the following processes were evaluated: Budget and Project Setup, Qualifications-Based Selection and Evaluations, Estimating and Guaranteed Maximum Price Development, Payment Applications, Change Orders, Project Monitoring and Communication, and Project Reconciliation.

UF Internal Controls

The University of Florida's fiscal and administrative structure is based on a decentralized model. Within this structure, the deans, directors, and department heads are responsible for unit-based internal controls. To assist the units with the evaluation and understanding of their internal controls, the Office of Audit and Compliance Review launched a Control Self Assessment program. A random sample of 50 units was selected to validate the self assessment and evaluate the supporting documentation for selected controls. A limited review of access controls and segregation of duties through *myUFL* role security was also performed. The review of controls were in the categories of *Control Environment; Budgeting, Accounting and Financial Reporting; Collection, Deposits and Cash Funds; Asset Management; Payroll; Human Resource Management; Purchasing and Disbursements; Research Management and Support; and Information Technology.*

Gator Boosters

Gator Boosters is a not for profit corporation and a Direct Support Organization of the University of Florida created pursuant to Chapter 1004.28, Florida Statutes. Gator Boosters functions as the fund-raising arm for the University Athletic Association and its mission is to strengthen the university's athletic program by encouraging private giving and volunteer leadership. Gator Boosters reported \$37.6 million in revenue for the 2007 fiscal year.

We evaluated Gator Boosters' internal control structure including their control environment, risk assessment, control activities, information and communication, and monitoring. Specifically, our audit focused on the policies and procedures over fundraising, accountability over revenues and expenditures, and follow-up of prior audit comments.

Purchasing Card

Significant dollar values and transactional volume make purchasing card disbursements an area where strong oversight and continuous auditing minimizes misuse. To that end, we have implemented yearly audits of the purchasing card.

As of October 31, 2007, there were approximately 5,000 active purchasing cards (PCards). During the 2007 calendar year, PCard purchases from over 385,000 transactions totaled more than \$77 million. The objective of this audit was to evaluate the effectiveness of controls in place to determine whether PCard usage was appropriate, including proper approval of PCard transactions and compliance with the PCard use guidelines.



Gator Mascot Albert

UAA Financial Aid & Scholarships

The objective of this audit was to evaluate key controls in place to promote compliance with the National Collegiate Athletic Association (NCAA) and Southeastern Conference (SEC) requirements for student-athlete scholarships and financial aid. Our audit focused on compliance with Article 15, Financial Aid, of the NCAA Division 1 Manual.

Compliance with the NCAA, SEC, and university rules related to scholarships and financial aid is the responsibility of the athletic director. Compliance efforts are jointly carried out by the UAA associate director of compliance, the UAA Office of Student Life, the UAA Controller's Office, and University of Florida Student Financial Affairs.

E-Learning

The Office of Information Technology is responsible for the general oversight of the E-Learning online course management system. Administration of the software application is primarily performed by the Office of Academic Technology's E-Learning Support Services group. Server and network administration is performed by the Open Systems Group within Computing and Network Services.

The E-Learning system can be utilized to supplement face-to-face courses with online materials and tools. Courses can also be developed and delivered entirely over the Internet. During the fall 2007 semester, E-Learning was used by 36,692 students, or approximately 70% of the entire student population. E-Learning was utilized by approximately 2,300 faculty members in relation to 2,636 course sections.

The primary objective of this audit was to evaluate the controls in place to determine whether the E-Learning on-line course management system was effectively delivered in a reliable and secure manner.

IFAS Research and Education Centers

We audited four of thirteen Research and Education Centers: North Florida (located in Quincy, Marianna and Live Oak), Mid-Florida (located in Apopka), Indian River (located in Ft. Pierce) and Everglades (located in Belle Glade). Research and Education Centers are under the oversight of the university's Institute of Food and Agricultural Sciences and operate in Florida counties for the purpose of conducting research, teaching and disseminating information to improve Florida agriculture.

The primary objective of these audits was coverage of areas where procedures and controls have been decentralized. Specifically, we focused on revenues and collections; payroll and personnel administration; purchasing and expenditures; asset management; and fuel and vehicle usage.

Tax Reporting

University Tax Services, an eight person unit of the University Controller's Office, is responsible for ensuring that the university is in compliance with tax reporting for federal and state tax laws, rules, regulations, and procedures. The Federal Internal Revenue Service and State Department of Revenue routinely perform audits at universities. Failure to comply with the various tax regulations that affect universities are not only costly, but can be harmful to the image and prestige of the university.

Average monthly sales tax remittances were \$82,000 and \$75,000 for fiscal years ending June 2007 and 2006, respectively. For the last five years, the university has recognized cumulative net losses and has not paid any unrelated business income tax (UBIT). University payroll tax returns reflect average quarterly tax deposits of approximately \$68 million for 29,000 employees.

The primary objective of this audit was to evaluate the adequacy of key controls in place to determine if the university's tax reporting process is capable of generating reports and information that is complete, timely, accurate, and in compliance with applicable rules and regulations. Our review focused primarily on sales and use taxes, UBIT, and employment taxes.

MANAGEMENT ADVISORY SERVICES

OACR is committed to provide 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 often communicated through management letters.

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

During fiscal year 2007-2008, 2,557 hours were spent on MAS, which represented 13% of available hours. A significant portion of MAS effort was expended on advisory reviews, consultations and general University service and support. Following are summaries of MAS projects and service/ support:

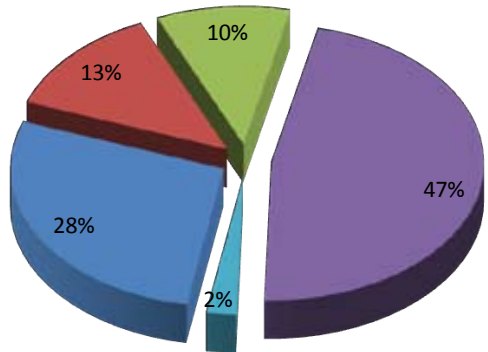
President's Reimbursable Expenses

The objective of this annual review is to evaluate the effectiveness of processing controls over the president's expenses and evaluate their propriety and compliance with established policies and procedures.

Graduate School Alumni Awards

Alumni Graduate Awards are designed as a recruiting tool to allow colleges to build a strong research program at the University of Florida. These awards generally include full four years of tuition waiver, and a stipend to complete a PhD or MFA degree. All students must be engaged during this four year period with either a research or teaching assignment and all students must be mentored during these four years. We reviewed key processes including major program changes that occurred in 2006-2007.

MAS Effort Distribution



- General University Service and Support
- University Governance and Publications
- DSO Service
- Consultations and Advisory Reviews
- Other

UAA Ticketing System

We performed a review of the UAA process to purchase a new ticketing system at the request of UAA management. Our review objectives were to:

- Gain an understanding of the process and procedures followed to date in the purchase of a new ticketing system.
- Identify potential issues for UAA's consideration as the purchase and contracting process moves forward.
- Identify potential issues for UAA's consideration during the implementation of the new system.

UAA management had already selected Ticketmaster as the vendor; therefore, our advisory review mainly focused on identifying and suggesting best practices and control issues to consider in the contracting and implementation.

Other MAS Projects

The Office of Audit and Compliance Review also participates in projects and initiatives that do not result in a released report. Examples of such projects during the 2007-2008 fiscal year includes:

- Data Security and Privacy – SSN remediation initiative
- Initiative to develop an Institutional Compliance Structure
- Direct Support Organization Financial Reporting and Governance project – annual survey of all affiliated organizations to obtain information relative to the conduct and results of their annual financial audits

Internal Control Training

OACR has continued to present, in conjunction with the university controller's office, an internal control training course. *PRO 303 Internal Controls at UF* is a course designed to help UF administrative staff understand internal control concepts and learn how to apply them to their everyday business processes. Eight sessions were conducted during the 2007-2008 fiscal year reaching nearly 300 employees. The feedback on the training program continued to be positive and it will be continued into the 2008-2009 fiscal year.

General Consultation Services

During the fiscal year, OACR provided MAS consulting services in response to requests from many university-related persons and entities including, the University President, the Senior Associate Vice President, the Vice President for Business Affairs, the University of Florida Foundation, and various academic college deans.

Newsletter

Quarterly newsletters were distributed campus-wide with regular features that include highlights from projects and campus-wide issues. Electronic copies are maintained at <http://oacr.ufl.edu>.

Post-Audit Assistance

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



OACR Staff at Lake Wauburg Retreat

INVESTIGATIONS

The OACR receives complaints and allegations of fiscal improprieties from a variety of internal and external sources, including direct correspondence and referrals from other university offices and state agencies. The OACR also is responsible for the oversight of the university's compliance hotline. In 2007, the OACR contracted with an independent third party to implement a new compliance hotline to facilitate the reporting of issues and university related concerns. The compliance hotline, which is managed by The Network, a technology-based company that aids its clients in the collection of confidential and sensitive information, allows for the reporting of complaints and allegations by either telephone or internet web page and is a key component of the compliance process for the university.



The OACR is committed to assisting the University of Florida in sustaining an operating environment whose core attributes are honesty and integrity. We strive to achieve the utmost objectivity in all reviews and strictly follow professional standards that promote our independence and objectivity. In 2008, the OACR received a total of 36 complaints and allegations by the following methods.

Source of Complaints	Number Received	% of Total
Compliance Hotline	18	50%
Telephone	8	22%
E-mail	5	14%
Referral / Letter / Other	5	14%
Total	36	100%

When complaints and allegations are received by the OACR, they are assessed to determine the most appropriate response to the conditions that are reported. In some allegations, the initial assessment indicates that the allegations are not of a fiscal nature and that other university departments would be the more appropriate body to perform a review of the reported concerns. In cases where a fiscal concern or impropriety may be present, the OACR will initiate its review process.

The review process begins with a preliminary review of the facts and information contained in the allegation and, if that preliminary review indicates that there may be merit to any allegation or complaint, then a full scale investigative review is initiated. Of the 36 complaints received in 2008, the assessments, preliminary and full scale reviews performed resulted in the following classifications or breakdown of review activities:

Classification of Activities	Number of Cases	% of Total
Referred for administrative review	19	53%
Closed at preliminary assessment	6	17%
Full scale review	11	30%
Total	36	100%

Where appropriate, recommendations for improvements of internal controls were communicated to management and were monitored for implementation. In 2008 a total of 1,775 hours, or 9% of available hours, were committed to investigative efforts. The significant issues addressed with these reviews are listed in the following table.

Activity/Controls Identified	Number of Occurrences
Travel Expense Reporting	2
Purchasing Card Use	2
Research Funds Use	2
Outside Activities	1
Gift Card Use	1
Nepotism	1
Depository/Cash Handling Procedures	1

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 uni-

versity management and the Board of Trustees Audit Committee. For the report period, the OACR staff expended 923 hours or 5% of available hours for follow-up activities.

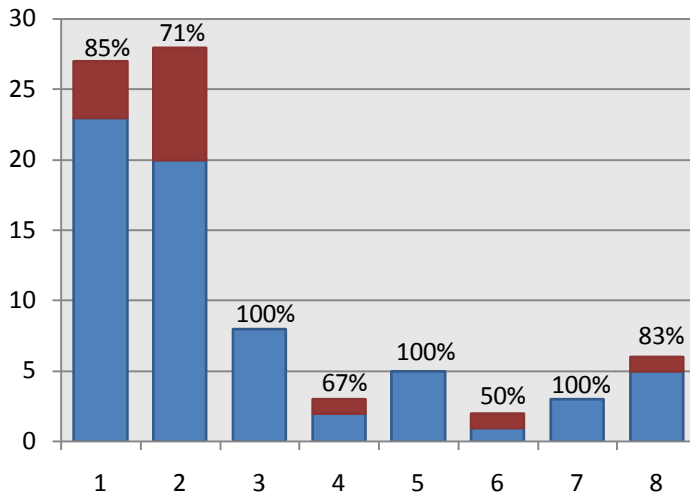
As reflected by the summarized information, management generally reacted in an effective manner to implement audit recommendations and planned actions; however these actions were not always completed timely.

The caption “in process” includes action plans that were not fully implemented during our follow-up review process for the year ending June 30, 2008. The caption “not implemented” generally reflects actions that were not fully implemented after our follow-up review procedures were completed, or changing conditions that render the plan obsolete.

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	27	23	2	2	85%	64%
2 – Business Affairs	28	20	4	4	71%	84%
3 – Health Affairs	8	8	0	0	100%	50%
4 – Human Resources	3	2	0	1	67%	N/A
5 – IFAS	5	5	0	0	100%	N/A
6 – Sponsored Research	2	1	1	0	50%	100%
7 – UAA	3	3	0	0	100%	100%
8 – UFF	6	5	0	1	83%	89%
Totals	82	67	7	8	82%	80%

Planned Action Implementation Package



- 1 Academic Affairs
- 2 Business Affairs
- 3 Health Affairs
- 4 Human Resources
- 5 Institute of Food and Agricultural Sciences
- 6 Sponsored Research
- 7 University Athletic Association
- 8. University Florida Foundation

OTHER ACTIVITIES

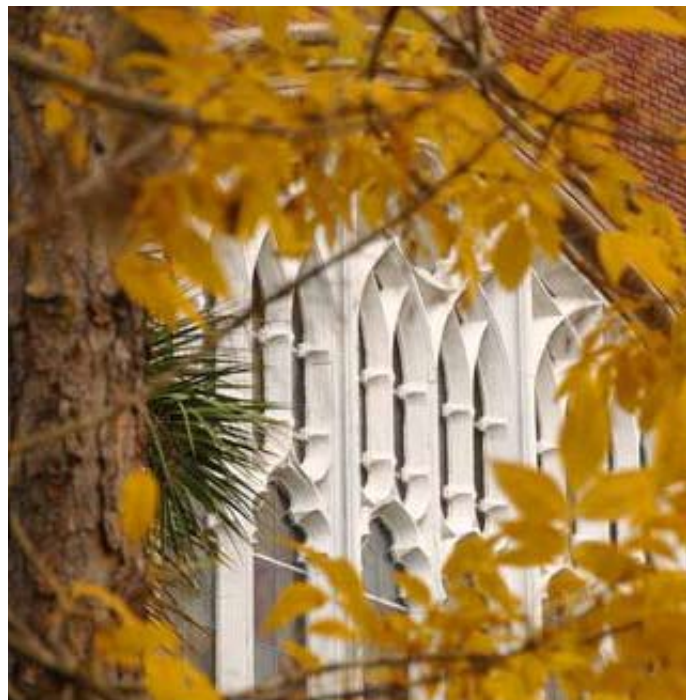
Professional Activities

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

- Member – Association for 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
- Treasurer – IIA North Central Florida Chapter
- Secretary – IIA North Central Florida Chapter
- Program Committee – IIA North Central Florida Chapter
- Academic Relations Committee – IIA North Central Florida Chapter
- Board Member – IIA North Central Florida Chapter
- Web Master – IIA North Central Florida Chapter
- Volunteer Instructor – Florida Institute of Certified Public Accountants (FICPA)
- Member – State University Auditors Consortium (SUAC)
- Member – AHIA Technology Committee
- Member – University Information Technology Advisory Committee – Information Security Management
- Member – University Information Technology Advisory Committee – Data Infrastructure
- Member – University Information Technology Advisory Committee -- Network Infrastructure
- Audit Coordination (External)
- Member – Auxiliary Review Committee
- Member – University of Florida Communications Network
- Presenter – Division of Sponsored Research – Research Administration Training Series
- Presenter – PRO3 Series – Internal Controls at UF
- Direct Support Organization Audit Committee Coordination (UAA, UFF & Gator Boosters)
- Participant – UF Academy
- Liaisons – PeopleSoft System Upgrade Committees
- Coordinator, Building Emergency Activities

University Service

During 2007-2008, OACR members participated in various university-wide initiatives and assignments including:



Autumn Leaves at UF

Table 6-Reports Issued 2007-08

TITLE	PERIOD	ISSUE DATE	REPORT NO.	PROJECT
UFF Control Activities	As of 2/28/07	9/10/07	UF-07-488-09	Internal Audit
Fiscal Closing	As of 7/31/07	10/5/07	UF-07-493-14	Internal Audit
UF Shands Cancer Center	As of 3/31/07	10/15/07	UF-06-470-22	Internal Audit
President's Reimbursable Expenses	7/1/06 – 6/30/07	10/23/07	72.200701	MAS
Graduate School Alumni Awards	As of 11/07	1/10/07	71.200801	MAS
Environmental Health & Safety	As of 11/30/07	1/24/08	UF-07-497-18	Internal Audit
Food Vendor Contract	As of 9/30/07	2/1/08	UF-08-518-10	Internal Audit
UAA Budget Control & Travel	As of 6/30/07	2/28/08	UF-07-481-02	Internal Audit
Division of Continuing Education	As of 9/30/07	3/24/08	UF-08-509-01	Internal Audit
UFF Restricted Gifts	1/1/06 – 12/31/06	4/1/08	UF-07-485-06	Internal Audit
UAA Ticketing System	As of 4/30/08	4/30/08	71.200803	MAS
Construction	As of 3/26/08	5/9/08	UF-07-505-26	Outsourced Audit
UF Internal Controls	As of 5/22/07	5/19/08	UF-08-523-15	Internal Audit
Gator Boosters	1/1/07 – 12/31/07	6/4/08	UF-08-526-18	Internal Audit
Purchasing Card	As of 12/31/07	6/24/08	UF-08-529-21	Internal Audit
UAA Financial Aid & Scholarships	As of 8/21/07	6/30/08	UF-08-525-17	Internal Audit
*E-Learning	As of 12/31/07	7/31/08	UF-08-522-14	Internal Audit
*IFAS REC – North Florida	As of 1/31/08	8/4/08	UF-08-512-04.1	Internal Audit
*IFAS REC – Mid-Florida	As of 1/31/088	8/4/08	UF-08-512-04.2	Internal Audit
*IFAS REC – Everglades	As of 1/31/08	8/4/08	UF-08-512-04.3	Internal Audit
*IFAS REC – Indian River	As of 1/31/08	8/4/08	UF-08-512-04.4	Internal Audit
*Tax Reporting	As of 12/31/07	8/5/08	UF-07-494-15	Internal Audit

* Substantially completed as of June 30, 2008.

CONTACTS AND RESOURCES

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

State Auditor General

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

FL Department of Financial Services

Consumer Helpline: 1-800-342-2762
Get Lean Hotline: 1-800-GET-LEAN
www.fldfs.com

University Controller's Office

<http://fa.ufl.edu/uco/>
(352) 392-1321

Board of Governors

<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/>

Equal Opportunity Programs Office

<http://www.hr.ufl.edu/eo/default.htm>
(352) 392-6004

University Ombudsman

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

General Counsel and Vice President

<http://www.generalcounsel.ufl.edu/>
(352) 392-1358

University Police Department

<http://www.police.ufl.edu/>
(352) 392-1111

Shands Auditing

(352) 265-7969

Senior Vice President for Administration

<http://www.hr.ufl.edu/>
(352) 392-1075

Vice President for Business Affairs

<http://www.admin.ufl.edu/>
(352) 392-1336

HIPAA (Privacy Office)

<http://privacy.health.ufl.edu/>
(352) 273-5094

Vice President and Chief Financial Officer

<http://cfo.ufl.edu/index.asp>
(352) 392-2402

Chief Information Officer

<http://www.it.edu/cio>
(352) 392-1301



UF Century Tower

Nur Erencuc

Chief Audit Executive

Post Office Box 113025

903 West University Avenue

Gainesville, FL 32611-3025

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