



# Office of Internal Audit

## Annual Report

### 2021 - 2022



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*We support the mission of the university by providing objective and independent assurance, consulting and investigative services to protect university business, improve operations, and deliver measurable value.*

## **PURPOSE**

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The Board of Governors Regulation 4.002 requires the chief audit executive to prepare a report summarizing the activities of the office for the preceding year.

The *Standards* of the Institute of Internal Auditors require periodic disclosures regarding internal audit's purpose, responsibilities and independence.





MISSION VISION VALUES



The OIA will

### Integrate and Improve Risk Management & Assurance

- Lead efforts to streamline risk assessment and assurance activities across OneUF to gain efficiencies and maximize coverage
- Allocate limited resources to highest risk areas and improve information and reports to Senior Management and the Board of Trustees

### Improve Utilization of Resources & Technology

- Methodology - Implement 'agile' internal audit processes
- Data Analytics– Embed analytics into audit methodology to improve efficiency and provide in-depth analysis
- Technology– Implement audit management software to enhance efficiency, audit execution, management and reporting capabilities

### Enhance Continuing Education to Align with University Objectives

- Implement strategic professional development plans for team members that align with competencies to execute quality audits and provide valuable insight

## Strategic Overview

Transition the internal audit focus from management of historical and traditional perspectives to **proactive, value-added services providing valuable insights**

Through collaboration internal audit aims to be:

**“Valued Partner”**

**“Protect the University Business”**

**“Deliver Measurable Value”**

### Our Mission

- Provide objective and independent assurance, consulting and investigative services.
- Be invaluable resource for the **Gator Nation**.

### Our Vision

- *Protect the Business*
- *Deliver Measurable Value*

### Our Strategic Values

Integrity	Collaboration
Excellence	Objectivity
Quality	Trusted Advisor

### Audit Focus

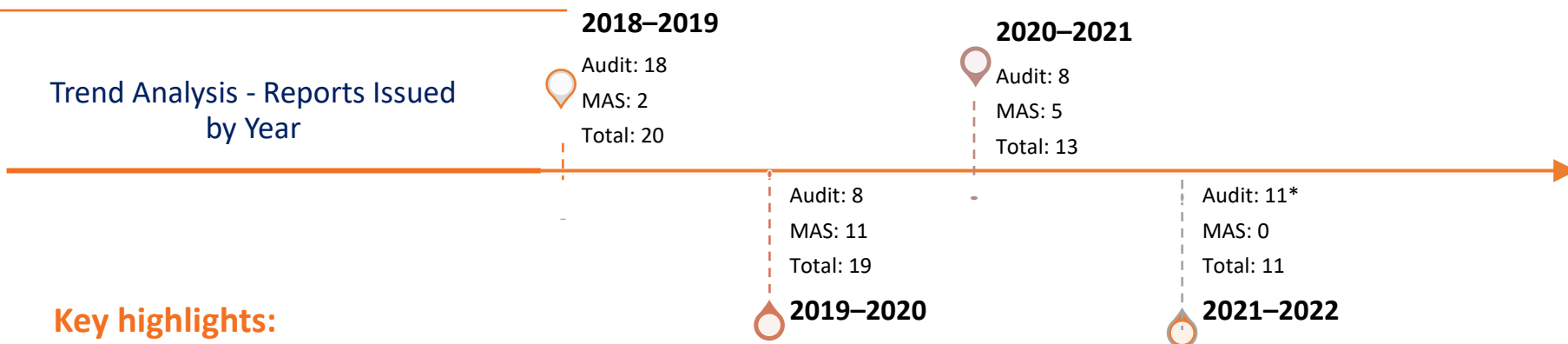
Use the assurance map to develop 'risk-based' audit plans using the 'three lines of defense' model and the current risk profile of the University.



## THE YEAR IN REVIEW

## THE YEAR IN REVIEW

## HIGHLIGHTS



## Key highlights:

- Staffing
  - Revised **OIA structure** to align with stakeholder expectations of internal audit.
  - Strategically realigned OIA **roles and responsibilities** with revised structure.
  - Updated **position descriptions** for the 13 OIA audit and investigation roles.
  - Performed **market-based compensation** assessment for all positions.
  - Hired three **Staff Auditors** and one **Staff Investigator** in August 2022 .
  - Efforts are ongoing to recruit **three Senior Auditors**.
- Conducted an enterprise-wide risk assessment and updated the '**assurance map**' of the University's mega business processes (*developed in 2021*) to provide a comprehensive overview of risk coverage.
- Developed and presented a **risk-based** annual audit plan.

\* FY2021-2022 – Challenging year with limited internal audit staffing resources when compared with prior years.

## HIGHLIGHTS (Cont'd)

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- Implemented '**TeamMate Plus**', a leading audit management software to streamline audit project planning and execution.
- Trained staff, acquired tools, and incorporated **data analytics** into internal audit methodology for all applicable projects
- Utilized **subject matter resources** to complement IA skills and provide value-added insights
- Conducted **follow-up** for internal and external audit report recommendations implemented by management
- Together with the Office of the CFO, provided **project management leadership and support** to BOG's review of financial internal controls at University Support Organizations.
- Collaboratively shared themes from various **investigations** with management to improve the University's control environment in addition to facilitating **hotline** and IRC meetings.
- OIA staff developed skills, promoted the university and profession through various **external leadership activities** such as:
  - Holding offices within local Institute of Internal Auditors Chapter and as a District Leader
  - Committee leader and presenter at the Association of Colleges and University Auditors webinar and panel discussions on internal audit topics
  - Performed Quality Assessment Review for a high-profile peer university
  - Regularly participated and contributed in State University Audit Consortium and IT Audit Groups



## THE YEAR IN REVIEW

### OTHER ACTIVITIES

**INVESTIGATIVE SERVICES** The OIA received a total of 235 complaints and allegations which is consistent with prior years. Most of the incidents (90%) were reported via the anonymous UF Compliance Hotline which was maintained by the OIA.

*Investigations are conducted in accordance with the Standards for Complaint Handling and Investigations for the State University System of Florida.*

Major Activity/Issues Identified in Allegations Received by OIA	2021-22 Reports	2020-21 Reports	2019-20 Reports
Hostile Work Environment or Harassment	47	41	46
Alleged Fiscal/Grant Fund/Scientific Misconduct	14	11	20
Nepotism / Favoritism	10	8	13
Outside Activities/ Conflict of Interests	9	6	8
Improper Termination/Retaliation Claim	9	6	10
Theft or Personal Misuse of Assets/Funds/Time	14	12	15
PCard Misuse/Purchasing	2	1	6

### FOLLOW-UP

The OIA tracks outstanding recommendations and management action plans from internal and external audit reports and conducts quarterly follow-up procedures to determine the status of management actions. Results for the year are summarized below:

Oversight by	Followed Up	Implemented	In process (extended)	Percent Implemented by Original Due Date	PY Percent Implemented
Academic Affairs	7	6	1	86%	100%
Business Affairs	5	1	4	20%	N/A
Chief Financial Officer	15	14	1	93%	100%
Chief Information Officer	13	11	2	85%	100%
Human Resources	3	2	1	67%	N/A
Research	11	11	0	100%	100%
University of Florida Foundation	3	2	1	67%	100%
<b>Totals</b>	<b>57</b>	<b>47</b>	<b>10</b>	<b>82%</b>	<b>100%</b>

## REQUIRED COMMUNICATIONS



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## DISCLOSURES



The Office of Internal Audit adheres to the *Standards of the Institute of Internal Auditors (IIA)*. The following items are being disclosed in conformance with the *Standards*.

**Organizational Independence**

The Office of Internal Auditing (OIA) must confirm to the board, at least annually, the organizational independence of the internal audit activity. The OIA reports functionally to the Audit & Compliance Committee of the UF Board of Trustees and administratively to the President and the Senior Vice President and Chief Operating Officer. In keeping with the Standards, the OIA maintains a strong working relationship with the Audit Committee. And has regular communications with the Audit Committee Chair. The CAE presents results of audits and other activities to the Audit Committee at their meetings helping to promote the independence necessary for the OIA to adequately perform its function.

**Resolution of Management's Acceptance of Risks**

Each audit engagement can potentially identify observations that may pose risks to university operations. Some may require management's attention while others may be where management decides to accept the risk which may fall within the University's risk appetite. We are required to disclose to senior management and the Board of Trustees any situation where we believe that management has accepted a level of residual risk that may not adequately reduce or mitigate the risk of loss. We report the status of these items quarterly to the Audit Committee through audit reports and there were no such instances during the fiscal year.

## REQUIRED COMMUNICATIONS

## DISCLOSURES



The Office of Internal Audit operates in accordance with the guidance established by BOG Regulation 4.002, State University Chief Audit Executives

**Impairments to Independence or Objectivity**

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed. The OIA maintains a process to identify potential conflicts and there were no impairments to independence or objectivity in fact or appearance during the fiscal year. Each OIA team member is required to disclose any potential conflicts annually.

**Quality Assurance Review**

In order to fully comply with the Standards, internal audit is required to undergo a Quality Assessment Review at least once every five years. In May 2017, the external professional services firm RSM with involvement of CAE's from peer institutions, completed a review of the OIA indicating our conformance with the IIA's *Standards*. OIA has a senior member who annually performs an internal Quality Assessment Review to monitor our conformance and identify improvement opportunities.

**Disclosure of Nonconformance**

Occasionally circumstances may require the completion of a project or engagement in a manner which is inconsistent with applicable *Standards*. Although our internal quality review identifies improvement opportunities, there were no instances in which projects were completed in a manner that were not in conformance with the *Standards* during the fiscal year.