



Office of Internal Audit

Annual Report

2022 - 2023



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

PURPOSE

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

Our Mission

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

Our Vision

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

Our Strategic Values

Integrity	Collaboration
Excellence	Objectivity
Quality	Trusted Advisor

Strategic Overview

Focus internal audits to be **proactive, value-added services** providing **valuable insights** to key stakeholders

Through collaboration internal audit aims to be:

“A Valued Partner”

“Protect the University Business”

“Deliver Measurable Value”

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 Management, Audit and Compliance Committee 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 – Utilize audit management software and other technologies to enhance 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

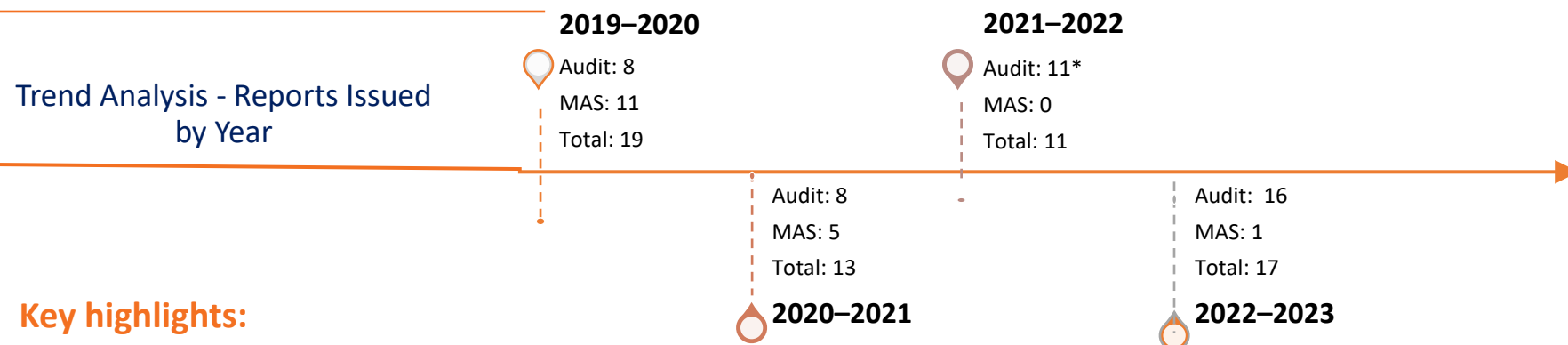
Audit Focus

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

THE YEAR IN REVIEW

THE YEAR IN REVIEW

HIGHLIGHTS



Key highlights:

- Staffing
 - Strategically realigned OIA **roles and responsibilities** with revised OIA structure.
 - Hired three **Staff Auditors**, one **Investigations Manager** and a **Staff Investigator**.
 - New **Office Manager** hired to replace incumbent who retired from UF.
 - Efforts are ongoing to recruit **three Senior Auditors**. Nationally, the senior auditor talent pool and market has been challenging with demand exceeding supply.
 - Strategically co-sourced '**subject matter resources**' to complement in-house skills for certain strategic audits and provide value-added insights.
- Increased the number of completed audits compared to prior years and after considering staffing challenges.
- Updated the '**assurance map**' of the University's mega business processes (*developed in 2021/2*) to provide a comprehensive overview of risk coverage as an input into the annual audit plan.
- 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)

- Hosted and chaired the **State University Audit Council (SUAC)** meeting at UF in August 2023.
- Improvements to internal audit processes are continuing with the use of **TeamMate Plus**, a leading audit management software to streamline audit project planning and execution. The results are reflected in the number of completed internal audits when compared to prior fiscal years.
- Incorporated **data analytics** into internal audit methodology for all applicable projects.
- Utilized **subject matter resources** to complement IA skills and provide value-added insights.
- **Audit coordinates** external audit activities including information and system access management.
- Conducted **follow-up** for internal and external audit report recommendations implemented by management.
- 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 **leadership roles** within local Institute of Internal Auditors Chapter and serving as a District Leader
 - Committee leader and **subject matter knowledge contributor** to the Association of Colleges and University Auditors' subject matter resources page on higher education specific internal audit topics.
 - Performed **Quality Assessment Reviews** for peer universities
 - Regularly participated and contributed at **SUAC** and **IT Audit Group** forums

THE YEAR IN REVIEW

OTHER ACTIVITIES

INVESTIGATIVE SERVICES The OIA received a total of 274 complaints and allegations which is consistent with prior years. Most of the incidents (91%) 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	2022-23 Reports	2021-22 Reports	2020-21 Reports
Hostile Work Environment or Harassment	61	47	41
Alleged Fiscal/Grant Fund/Scientific Misconduct	21	14	11
Nepotism/Favoritism	12	10	8
Outside Activities/Conflict of Interests	7	9	6
Retaliation Claim	14	9	6
Theft or Misuse of Assets/Funds/Time	16	14	12
PCard Misuse/Purchasing	5	2	1

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. The results of the follow-up procedures are reported at the Audit and Compliance Committee meetings. There were 211 recommendations and related action plans from the internal audit reports that were issued. While management action plans have been accepted and implemented, approximately 78% of these were implemented timely during the year.

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 Audit (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 Vice President and General Counsel. 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 fall within the University's risk appetite, so management may decide to accept the risk. 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

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 CAEs 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 that 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 was not in conformance with the *Standards* during the fiscal year.