



Office of Internal Audit Annual Report FY 2021

Dhanesh Raniga, Chief Audit Executive

Committee on Audit and Compliance
Pre-Meeting
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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

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...



Our Mission

- Provide objective and independent 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

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 a Valued Partner”
- “Protect 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 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

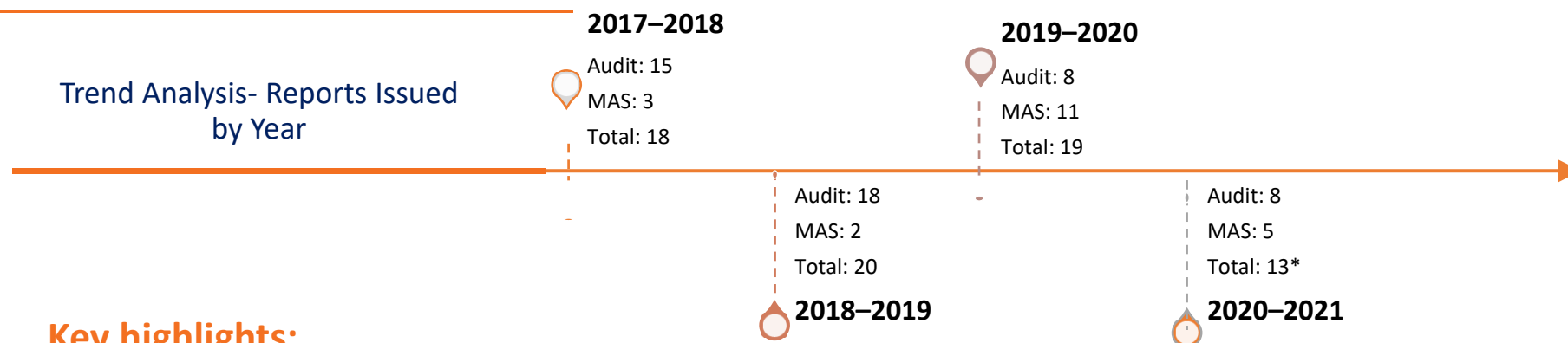
Audit Focus

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:

- **New Chief Audit Executive (CAE)** commenced in September 2020
- Strategically realigned Office of Internal Audit (OIA) **roles and responsibilities** with revised structure and OIA mission and values
- Created an **'assurance map'** of the University's mega business processes and related risks to provide a comprehensive overview of risk coverage
- Developed a **risk-based** annual audit plan covering the University's current risk profile
- Incorporated **data analytics** into internal audit methodology for all applicable projects
- Internal audit report recommendations implemented by management – **100%**
- Collaboratively shared themes from various **investigations** with management to improve the University's control environment
- Utilized current trends from **investigations** to educate management on emerging issue identification and prevention at the Administration, College and unit levels
- Maintained local and national **leadership** presence within IIA and ACUA



THE YEAR IN REVIEW

OTHER ACTIVITIES

INVESTIGATIVE SERVICES

The OIA received a total of 186 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	2020-21 Reports	2019-20 Reports	2018-19 Reports
Hostile Work Environment or Harassment	41	46	46
Alleged Fiscal/Grant Fund/Scientific Misconduct	11	20	22
Nepotism / Favoritism	8	13	16
Outside Activities/ Conflict of Interests	6	8	16
Improper Termination/Retaliation Claim	6	10	14
Theft or Personal Misuse of Assets/Funds/Time	12	15	11
PCard Misuse/Purchasing	1	6	3

FOLLOW-UP

The OIA tracks outstanding recommendations and management action plans from the internal 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	Not Implemented	Percent Implemented	Prior Year Percent Implemented
Academic Affairs	2	2	0	0	100%	82%
CFO	6	6	0	0	100%	100%
CIO	9	9	0	0	100%	100%
COO	1	1	0	0	100%	100%
IFAS	3	3	0	0	100%	0%
Research	3	3	0	0	100%	100%
UAA	3	3	0	0	100%	92%
UFF	8	8	0	0	100%	100%
Totals	35	35	0	0	100%	89%

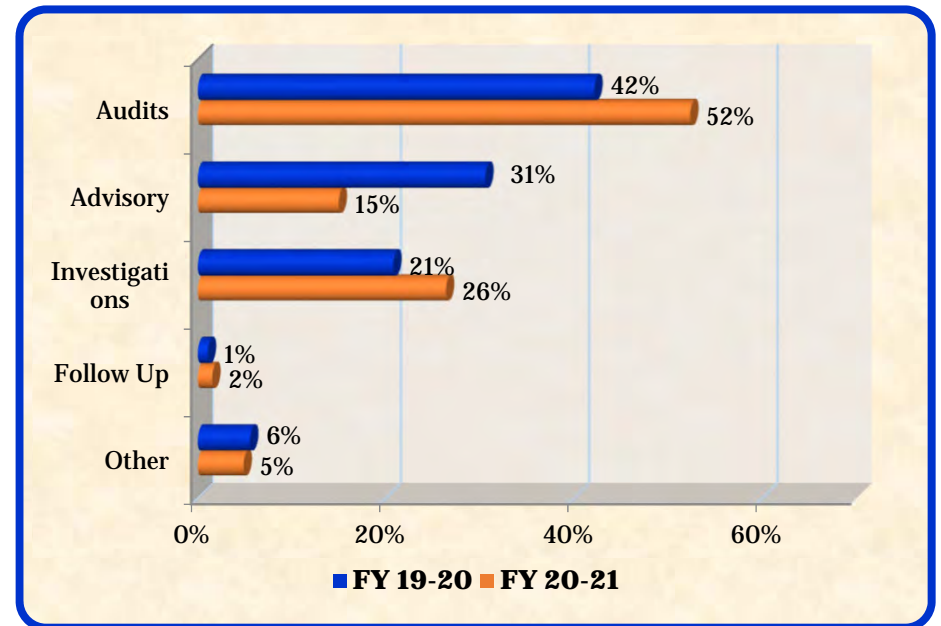
THE YEAR IN REVIEW

OTHER ACTIVITIES (contd.)

The amount of time spent by the OIA on management advisory services was unusually high during the prior year due to COVID.

For the reporting year OIA returned to focus on its core responsibilities for conducting audits and assurance type projects while also utilizing fewer resources due to staffing challenges.

How Direct Time was Spent



REQUIRED COMMUNICATIONS



REQUIRED COMMUNICATIONS

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 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.