

The logo for the University of Florida, consisting of the letters 'UF' in white on an orange square background.

UF

Office of Internal Audit

Annual Report

Fiscal Year 2024



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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

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 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 & AI into audit methodology to improve efficiency and provide in-depth analysis and insights
- 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

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”

Our Mission

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

Our Vision

- *Protect University Business*
- *Deliver Measurable Value*

Our Strategic Values

- | | |
|------------|-----------------|
| Integrity | Collaboration |
| Excellence | Objectivity |
| Quality | Trusted Advisor |

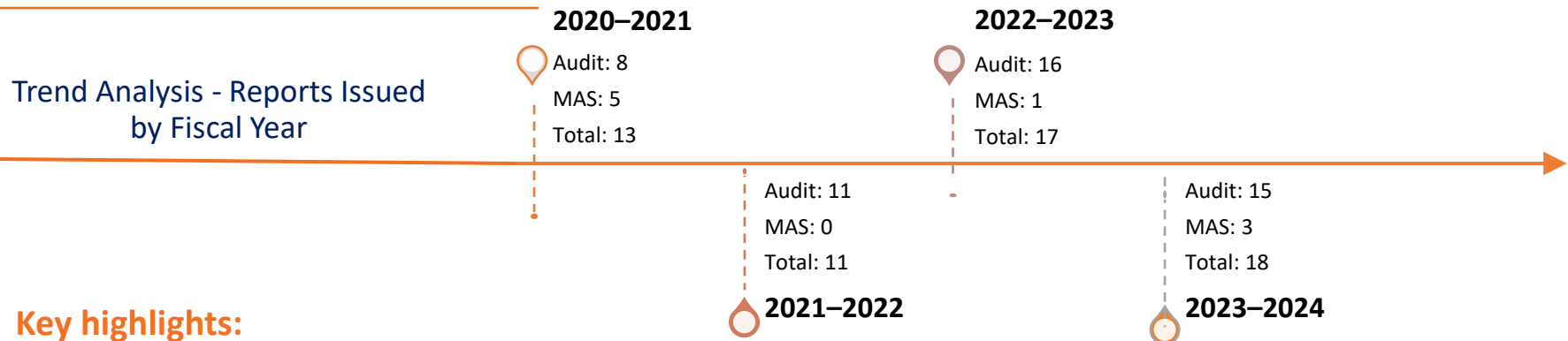
Audit Focus

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

THE YEAR IN REVIEW

THE YEAR IN REVIEW

HIGHLIGHTS



Key highlights:

- Staffing and resources
 - **Senior Auditors and Staff Auditor** roles filled mid-way through FY24.
 - Continuing search for a **Manager** and a **Senior Auditor** in a challenging environment.
 - Strategically co-sourced ‘**subject matter resources**’ to complement in-house skills for certain strategic audits and provide value-added insights.
- Updated the ‘**assurance map**’ of the University’s mega business processes to provide a comprehensive overview of risk coverage as an input into the annual audit plan and alignment with UF strategic initiatives.
- Developed a **risk-based** annual audit plan which had a “OneUF” approach.
- Incorporated ‘**agile approach to auditing**’ and **enhanced data analytics** into internal audit methodology for all applicable projects.
- Audit reports had recommendations to improve business processes, internal controls, efficiency and **add value while mitigating risk**. Focus areas during the year included major construction, cyber security, auxiliary operations, college operations, IT related audits, BOG mandated audits, and DSO level audits.

HIGHLIGHTS (Cont'd)

- **OIA coordinates** external audit activities including information and system access management.
- **Value-added consulting opportunities** – provided **internal control, IT security, project management** and **business process improvement** guidance to colleges and units at their request on an ad-hoc basis.
- **Investigations and risk management:**
 - Collaboratively shared themes from various **investigations** with management to improve the University's control and risk environment in addition to taking a lead role in **hotline** and Internal Review Committee triage meetings.
 - Investigations Director provided lectures and training on **fraud, conflicts of interest, and ethics and integrity** at UF and externally to the internal audit and accounting profession (IIA and FICPA).
 - UF colleges and units proactively sought guidance and subject matter assistance on various **internal control, HR and fraud risk matters** throughout the fiscal year.
- **External leadership activities:** OIA staff developed skills, promoted the university and profession:
 - Have **leadership roles** within local Institute of Internal Auditors Chapter
 - Participated in UF's Managers Cohort program structured around UF's key leadership competencies for success
 - 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 Review** for a peer university.
 - Regularly participated and contributed at **State University Association of Chief Auditors (SUAC)** and the **IT Audit Group** forums.

THE YEAR IN REVIEW

OTHER ACTIVITIES

INVESTIGATIVE SERVICES The OIA received a total of 241 complaints and allegations which is consistent with prior years. Most of the incidents (86%) were reported via the anonymous UF Compliance Hotline. Reports were also received via email (5%) and through the BOG Office of the Inspector General (4%).

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	2023-24 Reports	2022-23 Reports	2021-22 Reports
Hostile Work Environment or Harassment	48	61	47
Alleged Fiscal/Grant Fund/Scientific Misconduct	22	21	14
Nepotism/Favoritism	19	12	10
Outside Activities/Conflict of Interests	13	7	9
Retaliation Claim	13	14	9
Theft or Misuse of Assets/Funds/Time	17	16	14
PCard Misuse/Purchasing	5	5	2

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 144 recommendations and related action plans from the internal audit reports that were issued for the reporting period. Internal audit follows up on the implementation of the recommendations and has provided status updates to the Audit and Compliance Committee at each meetings.

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. In keeping with the Standards, the OIA maintains a strong working relationship with the Audit and Compliance Committee and has regular communications with the Audit and Compliance Committee Chair. The Chief Audit Executive presents results of audits and other activities to the Audit and Compliance Committee, 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 (QAR) at least once every five years. OIA, with involvement of CAEs from peer institutions, will undergo a QAR in November 2024 for conformance with the IIA's *Standards*. Due to staffing challenges and using the 'agile approach to auditing' the audit leadership is continuously involved in all stages of the audit to ensure adherence to IIA's standards. Additional internal peer reviews are performed also to assess compliance with IIA standards.

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.