Audit Status Report
As of March 23, 2010

State Legislative Audit Activities

None

External Audit Reports & Activities

Final Reports Issued:
>   None

Work in Progress:
>   University of Alaska TRS, PERS, and SSA (SOA Department of Administration)
>   FY07 Incurred Costs for Fringe Benefits (DCAA)
>   National Science Foundation Audit of UAA Grants (NSF OIG)

<u>FY2010 Annual Audit Plan</u>

Italic Items - have been completed or are in progress

Special requests and investigations are listed by their audit number in order to maintain confidentiality

KPMG External Audit Support

>   *Year-end cutoff*
>   *Inventory observation*
>   *Cash disbursements & bank transfers*
>   *Cash depositories*
>   *Auxiliary fund analysis*
>   *Unexpended plant fund addition*
>   *Search for unrecorded liabilities*

Function and System Reviews
MAU Risk Assessments – in progress, this is an ongoing project
Continuous Controls Auditing – in progress, this is an ongoing project

UAA
Procurement (Cell Phone Procurement)
Departmental Review* (Facilities Maintenance & Operations)
Athletics
Follow-up Audits* (Follow-up of UAA Facilities, Planning & Construction)

UAF
Procurement – next in queue
Departmental Review* - next in queue
Rural Campus Review*
Cash Receipts*
Follow-up Audits* (Follow-up of Cash Receipts)

UAS
Procurement
Departmental Review*
Rural Campus Review*

Information Systems Reviews
Campus IT General Controls*
Rural Campus Information Security*
Banner Program Upgrade Follow-up

Statewide
Procurement

Travel
Follow-up Audits*

Special Requests and Investigations
10-38
10-39

Reports Issued:

- UAF Athletics and Campus Recreation Follow-up (FY09) – Preliminary report issued
- UAF Departmental Travel & Travel Card (FY09) – Preliminary report issued
- Statewide Departmental Cash Receipts (FY09) – Draft report issued

Audits in Review:

None

FY2010 Audit Plan Progress

There are expected to be a few changes to the audits scheduled for FY10. At this time, we do not expect to complete the following audits. They will be included on the FY11 audit plan, however.

1. UAF Rural Campus Review

2. UAS Rural Campus Review

3. UAA Athletics – The majority of the planned scope for this audit was covered by the external audit NCAA Agreed-upon Procedures that was conducted in December 2009

4. Statewide Follow-up

5. Campus IT general controls or Banner Upgrade

We have hired a student intern for spring 2010 and continue to be fully staffed.

MAU Risk Assessments

Update:

We are scheduling to conduct the workshop and risk assessment with UAF on April 12. A follow-up meeting was held with UAA in late February. The two MAUs will present their results at the June Audit Committee meeting.

Background:

In conjunction with the MAU risk assessments that our department is facilitating, we are also working with the chief risk officer to educate UA staff and leadership on enterprise risk management (ERM). It is appropriate for Internal Audit to assist with promoting this activity and lend advice on best practices for ERM. The director for Internal Audit has been providing this assistance with guidance from the Institute of Internal Auditors regarding appropriate auditor roles in ERM.

Our approach has been multi-step: contact each MAU to schedule time with the chancellor and their direct reports, use this time to host a workshop to explain and discuss ERM, and facilitate an executive-level risk assessment (ERA) with the attendees. Part of the ERA process is to assign a responsible person or position to the areas identified, and then to determine the best course of action or mitigation. Suggested next steps for each MAU include performing a risk assessment on the areas that have been identified as higher in risk. Typically this would be a more detailed risk assessment conducted by a single department's staff.

Each MAUs ERA will be presented to the Audit Committee during FY10. A consolidated version of the risk assessment results will be presented to the full board at the June meeting. Internal Audit will also be able to use the results to assist with development of the FY11 audit plan. The ERM process will aid the Board of Regents with their oversight and fiduciary responsibilities by presenting a list of risks, identified and prioritized, by the positions that are most familiar with the business functions.

We plan to continue this approach in FY11 to assist the MAUs, individual departments, and extended sites with their risk assessments, as resources allow.

Other Department Activities

- Continuous Controls Monitoring – This is an ongoing project that involves analytical tests which run automatically on a prescheduled basis. An auditor has been assigned to the follow-up of results from tests, refinement of tests, and development of new tests.

    o Potential Duplicate Payments by Accounts Payable

    o Potential Scheduled Payments (unauthorized)

    o Representational expenditures with inappropriate funding sources

    o Gifts Exceeding $25 Threshold

    o Potential Duplicate Payroll Checks

    o Terminated Employees on the Payroll

    o Phantom Employees

- Quality Assessment Review (QAR) – Progress chart attached

Tool	Title	Completed Date	Notes
Tool 1	Preparation and Planning for Conducting a QA	12/1/2008	Completed
Tool 2	Self-Assessment Guide		
Tool 3	Chief Audit Executive Questionnaire	5/13/2009	Completed
Tool 4	Audit Customer Survey	7/24/2009	Completed
Tool 5	Internal Audit Activity Staff Survey	6/18/2009	Completed
Tool 6	Interview Guide - Board (Audit Committee) Member	12/16/09	Completed with Regent Tim Brady
Tool 7	Interview Guide – Executive to Whom the CAE Reports	5/21/2009	Completed with Joe Trubacz, CFO
Tool 8	Interview Guide – Senior and Operating Management	11/6/2009	Completed with Myron Dosch, Controller; Mark Hamilton, President; and scheduled for Dan Julius, Vice President for Academic Affairs.
Tool 8A	Interview Guide – Chief Information Officer	2/04/10	Completed
Tool 9	Interview Guide – Chief Audit Executive		
Tool 10	Interview Guide – Internal Audit Activity Staff	12/18/2009	Completed
Tool 11	Interview Guide – External Auditor	1/5/2010	Completed
Tool 12	IA Activity Structure and Responsibilities	1/12/2009	Completed
Tool 13	Risk Assessment and Audit Planning	1/20/2009	Completed
Tool 14	Staff Professional Proficiency	2/2/2009	Completed
Tool 15	Information Technology	2/16/2009	Completed
Tool 16	Assessing Production and Value Added	3/9/2009	Completed
Tool 17	Planning and Conducting the Engagement, Work Paper Review, Audit Report, and Monitoring Progress	1/22/2010	Completed
Tool 18	Observations and Issues Worksheet		This is where we describe the exceptions noted in the other tools.
Tool 19	Standards Compliance Evaluation Summary		This is the summary of all the work papers.
Tool 20	Reports – Explanatory Information		