ANNUAL AUDIT PLAN
Fiscal Year 2011

Statewide Office of Internal Audit
University of Alaska

May 2010
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I. INTRODUCTION

The University of Alaska Internal Audit Plan for fiscal year 2011 presents coverage of the three main campuses as well as system-wide functions. The objective of the plan is to provide the most comprehensive scope of audit coverage to the university, using a risk-based approach, within the constraints of audit resources available.

While recognizing that Internal Audit’s primary responsibility is the conduct of a program of audits of university business activities, the plan also recognizes the importance of Internal Audit’s role in the following areas:

- Education and training of the workforce in concepts of internal control.
- Assisting management in their efforts toward improvement of operating systems and procedures.
- Providing coordination and support to various external audit agencies.
- Conducting investigations of financial or other irregularities.

The 2011 Audit Plan continues our approach to expand audit coverage into various departments of the university outside of the traditional “business offices” as well as increased effort in information systems auditing. Additionally, this audit plan includes allocation of effort toward evaluating internal controls, compliance with policy, regulations and external requirements, and conducting reviews of grant management and effort reporting.

II. PLAN OVERVIEW

The plan is based on four full-time equivalent (FTE) auditors for the year representing 8,704 available hours. The FTE estimate assumes full staffing levels within the department. We are currently fully staffed. The audit plan takes into consideration the professional training that is required for staff to enhance existing skills and prepare for new areas of auditing.

The following table represents the planned use of those hours:

<table>
<thead>
<tr>
<th>Hours</th>
<th>%</th>
<th>Per FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Audit Hours</td>
<td>6,534</td>
<td>75.07%</td>
</tr>
<tr>
<td>Leave Time</td>
<td>1,264</td>
<td>14.52%</td>
</tr>
<tr>
<td>Administration &amp; Other</td>
<td>586</td>
<td>6.73%</td>
</tr>
<tr>
<td>Professional Development</td>
<td>320</td>
<td>3.68%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,704</td>
<td>100%</td>
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</table>

**Leave Time** represents 12 holidays, 4 weeks of annual leave, and 1.25 weeks of sick leave as provided for by personnel policies of the university. (Sick leave actually accrues three weeks per year but average usage is just over one week.)

**Administration and Other** includes primarily the time of the director in the overall administration of the department although the director devotes substantial time to direct audit activities. This caption also includes time incurred in support of university-wide matters.

**Professional Development** time is planned to meet or exceed the annual continuing professional education requirements of the various professional organizations of which internal auditors are
members and that are required by the Institute of Internal Auditor (IIA) standards. This caption also includes time for enhanced training on the SCT Banner systems and data analysis tools.

III. ALLOCATION OF DIRECT AUDIT RESOURCES

Direct audit effort is planned to be used as follows:

<table>
<thead>
<tr>
<th>Hours</th>
<th>%</th>
<th>Per FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Audits</td>
<td>3,794</td>
<td>58%</td>
</tr>
<tr>
<td>Special Requests</td>
<td>750</td>
<td>11%</td>
</tr>
<tr>
<td>Audit Subtotal</td>
<td>4,544</td>
<td>70%</td>
</tr>
<tr>
<td>Investigations</td>
<td>730</td>
<td>11%</td>
</tr>
<tr>
<td>External Audit Coordination &amp; Support</td>
<td>400</td>
<td>6%</td>
</tr>
<tr>
<td>Support Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>180</td>
<td>3%</td>
</tr>
<tr>
<td>Audit Planning</td>
<td>240</td>
<td>4%</td>
</tr>
<tr>
<td>Audit Process Review</td>
<td>240</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>200</td>
<td>3%</td>
</tr>
<tr>
<td>Support Subtotal</td>
<td>860</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>6,534</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Planned Audits (58%)** Approximately 3,794 hours of the total available audit hours are planned to be expended in accordance with the approved audit schedule. This portion of the audit plan is slightly less than last year. Adjustments were made based on investigations and special requests that we received during fiscal year 2010.

**Special Requests (11%)** An additional 750 hours are estimated to be expended in conducting audits in response to special requests that arise during the year. Special requests are evaluated in relation to planned audits to establish the priority of projects. Not all special requests can be met. However, the underlying cause of the request often represents information that would have caused the area to be given a higher risk consideration had such information been available during the annual planning process. In those circumstances, re-prioritizing the schedule of planned audits is both reasonable and appropriate. This category also includes consultations that are lesser in scope than full audits and do not always result in the issuance of formal audit reports.

**Investigations (11%)** This is the most difficult category to predict and the one that most frequently causes disruption to the program of planned audits. It is estimated on the basis of historical experience and known open investigations at the time the plan is established. Investigations are usually conducted at the request of legal counsel and executive management.
and typically involve assisting in fraud and theft assessment and in administration of the procedures for reporting allegations of improper activities.

**External Audit Coordination and Support (6%)** Internal Audit is designated as the focal point for coordination of work by any third party audit agency, including regulatory bodies as well as the Board of Regents’ external audit firm. Internal Audit is contractually committed to provide a minimum of 320 hours of assistance to the external audit firm annually. Internal Audit works with the external auditing firm as well as other audit agencies as requested to facilitate their efforts.

**Support Activities (13%)** This category includes a variety of matters to which Internal Audit resources are allocated to fulfill our additional roles and support our own processes and initiatives including:

- **Technology (3%)** - Representing time incurred in the development and maintenance of electronic audit capabilities ranging from the use of local area networks to data extraction and analysis capabilities and the development of computer assisted audit techniques.

- **Audit Planning (4%)** - Representing the time spent in the design and modification of the audit planning tools. This also facilitates the preparation of annual audit plans.

- **Audit Process Review (3%)** - Representing our continued efforts to improve the audit function of the university by conforming to the IIA standards for the conduct of audits, investigations, and consultations.

- **Other (3%)** - Representing such matters as reporting to the Audit Committee and administrative support to audit projects.
IV. FISCAL YEAR 2011 PROPOSED AUDIT SCHEDULE

External Financial Audit Support:

- Year-end cutoff
- Inventory observation
- Cash disbursements & bank transfers
- Cash depositories
- Auxiliary fund analysis
- Unexpended plant fund additions

Audits and Projects:

- University of Alaska Anchorage:
  - PCI Compliance
  - Grant Review
  - Athletics**
  - Rural Campus Review*

- University of Alaska Fairbanks:
  - PCI Compliance
  - Grant Review
  - Procurement**
  - Rural Campus Review**

- University of Alaska Southeast:
  - PCI Compliance
  - Departmental Review*
  - Rural Campus Review**

- Statewide:
  - PCI Compliance
  - Procurement**
  - Follow-up Audit**

Function and System Reviews:

- Sponsored Programs Effort
- Reporting
- Continuous Controls Monitoring

Information Systems Reviews:

- External Security Follow-up
- Data Security**
- Campus IT General Controls**
- Banner Program Upgrade**

Special Requests*

Investigations*

*Specific departments/areas to be determined later
**Carried forward from FY10
V. **AUDIT UNIVERSE** with year of last audit included

<table>
<thead>
<tr>
<th>Statewide Administration</th>
<th>Last Audited</th>
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</thead>
<tbody>
<tr>
<td>President’s Office</td>
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<tr>
<td>General Counsel</td>
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<tr>
<td>Regent Affairs</td>
<td></td>
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<tr>
<td>System Governance</td>
<td></td>
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<tr>
<td>University Relations</td>
<td></td>
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<tr>
<td>Finance</td>
<td></td>
</tr>
<tr>
<td>Fund Accounting</td>
<td>1995</td>
</tr>
<tr>
<td>Cash Management</td>
<td>2010</td>
</tr>
<tr>
<td>Financial Systems</td>
<td></td>
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<tr>
<td>Advance College Tuition</td>
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<tr>
<td>Travel</td>
<td></td>
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<tr>
<td>Cost Analysis</td>
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<tr>
<td>Land Management</td>
<td>1996</td>
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<tr>
<td>Risk Management</td>
<td></td>
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<tr>
<td>Procurement</td>
<td>2000</td>
</tr>
<tr>
<td>Property</td>
<td></td>
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<tr>
<td>Human Resources</td>
<td>1998</td>
</tr>
<tr>
<td>Labor Relations</td>
<td></td>
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<tr>
<td>Payroll/Benefits</td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>2001</td>
</tr>
<tr>
<td>Information &amp; Technology Services</td>
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<tr>
<td>AK Teleconference Network</td>
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<tr>
<td>MicroLAN Support</td>
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<tr>
<td>User Services</td>
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<tr>
<td>Production Services</td>
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<tr>
<td>Telephone Services</td>
<td>1999</td>
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<tr>
<td>UA Corporate Programs</td>
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<tr>
<td>Student Services and Enrollment</td>
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<tr>
<td>Health Programs</td>
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<td>Research Operations</td>
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<thead>
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<th>University of Alaska Fairbanks</th>
<th>Last Audited</th>
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<td>Chancellor’s Office</td>
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<tr>
<td>Provost Office</td>
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<tr>
<td>Supported Programs</td>
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</tr>
<tr>
<td>University Relations</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td></td>
</tr>
</tbody>
</table>
Equal Opportunity
Development
Athletics & Recreation 2010
Academic Affairs 2001
Libraries & Information Technology 2001
Academic Advising Center
   Admissions 2001
Financial Aid
Registrar 2001
Museum 2001
Press 2007
College of Liberal Arts 2001
College of Science, Engineering and Mathematics
School of Education 1997
School of Fisheries & Ocean Sciences 2008
Geophysical Institute 2001
   Poker Flat 2004
School of Management 1999
School of Natural Resources and Agricultural Sciences (formerly SALRM) 1999
School of Mineral Engineering 1999
Office of Electronic Miniaturization 2008
Institute of Arctic Biology 2001
Arctic Region Supercomputing Center
Institute of Northern Engineering
International Arctic Research Center
Center for Global Change and Arctic System Research
College of Rural & Community Development 2009
   Cooperative Extension Service 2009
   Center for Distance Education and Independent Learning 2009
Kuskokwim Campus Business Office 2008
Northwest Campus Business Office 1999
Chukchi Campus Business Office
Bristol Bay Campus Business Office
   Interior-Aleutians Campus Business Office 2008
Tanana Valley Campus Business Office 2003
Rasmuson Library
UAF Business Office 2004
Student Services
Associated Students of the UAF 1995
Wood Center Activities 2001
Residence Life 1996
Administrative Services 1998
Facilities Services 2010
Physical Plant
    Warehouse 2001
    Utilities 2001
    Design & Construction 2006
    Parking 1998

Human Resources 1995

Financial Services
    Grants & Contract Services 2003
    Planning, Analysis & Institutional Research
    Accounting and Business Operations 2001
    Budget & Cost Records
    Travel 2009

Safety Services 2000
    Police Department 2001
    Fire Department 2003

Environ Health, Safety & Risk Mgmt

Procurement & Business Services 2000

Auxiliary & Business Services
    Bookstore 2002
    UA Technology Center 1995
    Polar Express Card 2008
    Printing Services

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University of Alaska Anchorage

Chancellor's Office
Provost Operations
Campus Diversity & Compliance
Governance
Institutional Planning, Research, & Assessment

Prince William Sound C.C. Business Office 2006
American Russian Center 1995

University Advancement
    Development 2001
    University Relations
    Special Events

Academic Affairs
Academic Center for Excellence
College of Arts & Sciences
Environment and Natural Resources Institute 2001
College of Business and Public Policy
Small Business Development Center 2001

Institute of Social and Economic Research
Center for Economic Development
College of Health and Social Welfare
School of Nursing
School of Social Work
Justice Center
Center for Human Development

College of Education
  Professional and Continuing Ed.  2002

School of Engineering
Community and Technical College
Fort Richardson Campus
Elmendorf Campus
Chugiak-Eagle River Campus

Kenai Peninsula College Business Office  2002
Kodiak College Business Office  1999
Mat-Su College Business Office  2006

Consortium Library  2000
Information Technology  2001
  Voice Services  2008

Financial Aid  1999

Student Affairs
  Student Health Center
  Residence Life

Administrative Services

University Police

Athletics  2010

Budget & Finance
  Grants and Contracts  2005
  Accounting Services  2008
  Financial Systems
  Travel  2001
  WOLFcard Program

Business Services
  Procurement  2008

Food Auxiliary Operations

General Support Services
  Mail Room
  Printing Services
  Copy Center
  Receiving
  Central Warehouse Operations
  Property  1996

Bookstore  2008

Housing and Conference Services  2001

Human Resource Services

Facilities & Campus Services  1994
Facilities Maintenance 2010
Parking Services 2001
Facilities Planning & Construction 2010

University of Alaska Southeast

Chancellor's Office
   Public Information
   Development 2004
   Academic Affairs 1997
   Library
Information Technology Services
Ketchikan Campus Business Office 2002
Sitka Campus Business Office 2000
Student & Enrollment Management
   Auxiliary Services 2000
Records and Registration
Bookstore 2003
Financial Aid
Administrative Services
   Facilities 1999
   Personnel Services
   Budget
   Business Operations 2001
   Grants & Contracts 2009
   Travel 2009
   Student Services

Information Systems Audits

General Controls 1994
Security Software
Security-Banner Access 2005
Change Control 2001
Systems Software 2002
Database Management
Data Security 2010
Data Integrity (Banner Upgrade Testing) 2005
Systems Acquisition
Human Resource Application
Finance Application
Student Application 2009
Property Application
UAF Physical Plant Work Order Application
GI Computer Center
Personal Computer Reviews
Program Upgrade Testing  2004  
UAF Computing and Communications  
UAA Computing & Technology Services  
UAS Computing Services  

### Functions and Systems

<table>
<thead>
<tr>
<th>Function</th>
<th>Year</th>
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<tr>
<td>Banking Activities</td>
<td>2004</td>
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<td>Budget Process</td>
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<td>Campus Development and Fund Raising</td>
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<td>Cell Phones</td>
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<td>Construction</td>
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<td>Consulting Contracts</td>
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<td>Cash Receipts</td>
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<td>M&amp;R and R&amp;R</td>
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<td>Motor Vehicles</td>
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<td>Payables</td>
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<td>ProCard Use</td>
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<td>Real Estate Transactions</td>
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<td>Unrelated Business Income</td>
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<td>Health Benefits Administration</td>
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