ANNUAL AUDIT PLAN
Fiscal Year 2014

May 2013

UNIVERSITY
of ALASKA
Many Traditions One Alaska

Statewide Office of Audit and Consulting Services
University of Alaska

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I.   INTRODUCTION

The Audit Plan is developed based on risks faced by the University of Alaska. This includes risks that are known by the audit department and risks that are communicated by stakeholders via risk assessments and in response to our annual planning questionnaire. Risks that are not able to be addressed due to audit department resources must be communicated to senior management and the Board of Regents Audit Committee. Planned audits that are not able to be conducted during the current year are communicated to the Audit Committee and reevaluated for inclusion in the next year's annual audit plan. This is important since factors that lead to risks are in a constant state of change. For example, a risk that existed during the audit plan development for FY13 may not be relevant during audit plan development for FY14 due to revision of policies and procedures or implementation of other internal controls during FY13.

The 2014 Audit Plan 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 and within the constraints of available audit resources.

While recognizing that Audit and Consulting Services' primary responsibility is the conduct of a program of audits of university business activities, the plan also recognizes the importance of the department'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 2014 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 restricted funds, such as grant and contract management.

II. PLAN OVERVIEW

The plan is based on five full-time equivalent (FTE) auditors and one part-time student intern for the year representing 11,400 available hours. The FTE estimate assumes full staffing levels within the department. 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, as well as required university training.

The following table represents the planned use of those hours:

	Hours	%	Per FTE
Direct Audit Hours	8,758	76.56%	1,592
Leave Time	1,580	13.81%	287
Administration & Other	502	4.39%	91

Professional Development	600	5.24%	109
Total	11,400	100.00%	2,080

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 chief audit executive in the overall administration of the department although the chief audit executive 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 Banner systems, data analysis tools, and required safety training.

III. ALLOCATION OF DIRECT AUDIT RESOURCES

Direct audit effort is planned to be used as follows:

	Hours	%	Per FTE
Planned Audits	6,022	69%	1,094.91
Special Requests	350	4%	63.64
Audit Subtotal	6,372	73%	1,158.55
Investigations	350	4%	63.64
External Audit			
Coordination & Support	406	5%	73.82
Support Activities			
Technology	110	1%	20.00
Audit Planning	60	1%	10.91
QA and PM Activities	775	9%	140.91
Other	685	8%	124.55
Support Subtotal	1,630	19%	296.36
Total	8,758	100.00%	1,592.36

Planned Audits (69%) Approximately 6,022 hours of the total available audit hours are planned to be expended in accordance with the approved audit schedule.

Special Requests (4%) An additional 350 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 (4%) 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 (7%) Audit and Consulting Services (A&CS) 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. A&CS is contractually committed to provide a minimum of 320 hours of assistance to the external audit firm annually. A&CS works with the external auditing firm as well as other audit agencies as requested to facilitate their efforts.

Support Activities (19%) This category includes a variety of matters to which A&CS resources are allocated to fulfill our additional roles and support our own processes and initiatives including:

- Technology (1%) - 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. This also includes the time spent monitoring the tests established for continuous controls auditing.

- Audit Planning (1%) - Representing the time spent in the design and modification of the audit planning tool and preparation of annual audit plans.

- Quality Assurance and Project Management (9%) - 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 (8%) - Representing such matters as reporting to the Audit Committee, preparation of the executive travel and compensation report and assisting with risk assessments. During FY14 this will also include research for a comprehensive compliance framework and development of an internal controls matrix, both of which are intended to assist departments outside of A&CS.

IV.   FISCAL YEAR 2014 PROPOSED AUDIT SCHEDULE

<u>External Audit Support</u>
(Budgeted 406 hours; 5% of Planned Direct Audit Hours)

Year-end cutoff   Cash depositories
Pledge receivables   Auxiliary fund analysis
Payroll   Unexpended plant fund additions
Journal entries   Search for unrecorded liabilities
Cash disbursements & bank transfers

<u>Special Requests and Investigations:</u>
(Budgeted 700 hours; 8% of Planned Direct Audit Hours)

Special Requests*   Investigations*

<u>Audits and Projects:</u>
(Budgeted 6,022 hours; 69% of Planned Direct Audit Hours)

University of Alaska Anchorage:
1. Student*
2. Department Review*
3. Subcontract Monitoring

University of Alaska Fairbanks:
1. Student*
2. Department Review*
3. Athletics

Statewide:
1. Department Review*
2. Training

Function and System Reviews:
1. Budget
2. Construction Project Management
3. Contract Authorization and Administration
4. Risk Management

Information Systems Reviews:
1. OnBase Access Controls**
2. Mobile Technology Security
3. Records Management and Data Disposal
4. Business Continuity *(consulting activity)*

Ongoing Audits:
1. Follow-up Auditing
2. Continuous Controls Auditing

<u>Legend:</u>

* Specific departments/areas to be determined during planning for specified audit or project

**Carried forward from FY13

V. RISK ASSESSMENT AND PLAN DEVELOPMENT

The Audit Plan is developed each year based on results from the audit universe risk assessment. The risk assessment takes into consideration the following internal and external factors.

Internal: Institutional Factors

a. Risks and concerns communicated by management in response to the annual stakeholder survey.

b. Risk assessment results from the the Statewide Office of Risk Services Annual Risk Register. This report is communicated to the Board of Regents in September, so the stakeholder survey includes questions that permit the updating of the risks reported in the Risk Register.

c. Internal concerns communicated by management and staff throughout the year.

Internal: Audit Department Factors

d. Risks that were discovered while conducting audits but not included in the review because they were outside the audit scope.

e. Audits that were planned for the current year but will not be completed due to time or staffing.

f. Functions and processes of which the university benefits from routine review, such as cash receipts and procurement card usage.

g. The last date the unit, function or process was audited.

h. Auditor knowledge of risks based on maintaining relationships with professional organizations and peers and attending audit topic seminars.

i. Current trends that have an expected impact on higher education organizations (i.e.: opportunities for cost reduction/saving, areas of concern with recent Office of Inspector General audits at other higher education institutions, information from NACUBO, ACUA, AICPA, IIA, ISACA and other professional organizations).

External Factors:

j. Concerns communicated by annual financial auditors, federal agency auditors, and legislative auditors during the course of external audit activities.

k. Functions and processes that are required to be audited per the Institute of Internal Auditors International Professional Practices Framework standards, for example:

   Standard 2110.A2 - The internal audit activity must assess whether the information technology governance of the organization supports the organization's strategies and objectives.

VI.   RISK ASSESSMENT RESULTS

The chart below displays the results of the risk assessment, taking into consideration the internal audit staffing and experience. It also demonstrates the disposition of audits that were on the FY13 Audit Plan but not completed.

Yellow Highlighted Rows = Audit topics that were considered for FY14 because of the reasons shown by the column headers, but omitted due to one or more of the following: inclusion in a planned external audit, internal audit staffing level, skill set or experience.

Planned Audits	Should be Audited Routinely	May Result in Savings (efficiency, cost)	Based on Last Date Audited	Originally Planned for FY13	IA =Internal Audit Concerns; EA = External Auditor Concerns; MC = Management Concerns from FY13; Audit Standard#	Based on Management Concerns from FY14 Planning Questionnaire
Follow-up Auditing	X				2500.A1	
Continuous Controls Auditing	X					X
UAF						
Student	X		X		MC	X, X
Athletics	X		X		MC, EA	
Departmental – TBD		X				
Departmental – Parking Services		X	X	X		
Budget *(will be a system-wide audit)*	X	X			MC	X
Heat and Power Plant					MC	X,X
UAA						
Student	X		X		MC	X, X
Subcontract Monitoring	X		X		MC	
Departmental – TBD		X			MC	X

Planned Audits	Should be Audited Routinely	May Result in Savings (efficiency, cost)	Based on Last Date Audited	Originally Planned for FY13	IA =Internal Audit Concerns; EA = External Auditor Concerns; MC = Management Concerns from FY13; Audit Standard#	Based on Management Concerns from FY14 Planning Questionnaire
UAS						
Covered within system-wide reviews						
Information Systems Reviews						
OnBase Access Controls	X		X	X	EA, MC	X
Mobile Technology Security	X		X		IA, MC	X,X
Records Management and Data Disposal	X		X		MC	X, X
Business Continuity *(consulting activity)*	X		X		EA, MC	X,X,X
Change Control *(will be included in follow-up auditing)*					IA, EA	
Cloud Computing *(will be included in follow-up auditing)*					MC	X
Statewide						
Departmental – TBD					IA, MC	X
Training					MC	X, X, X
Succession Planning					MC	X
Health Care Changes					MC	X
Benefits and Management					MC	X
Facilities – Infrastructure and Aging					MC	X, X
Function and System Reviews						
Budget	X	X	X		MC	X, X
Construction Project Management	X	X	X		MC	X
Contract Authorization and Administration	X	X	X		IA, MC	X
Risk Management	X		X		2120, MC	X
Fixed Cost Contracts Assessment		X		X	MC	

Planned Audits	Should be Audited Routinely	May Result in Savings (efficiency, cost)	Based on Last Date Audited	Originally Planned for FY13	IA =Internal Audit Concerns; EA = External Auditor Concerns; MC = Management Concerns from FY13; Audit Standard#	Based on Management Concerns from FY14 Planning Questionnaire
Travel Compliance					MC	X, X
ProCard Compliance					MC	X
Deferred Maintenance (backlog, funding)					MC	X, X

VII. AUDIT UNIVERSE *including year of last audit*

Audit Universe Category	Last Audited
Statewide Administration	
President's Office	
General Counsel	
Regent Affairs	
University Relations	
Risk Services	
Finance	
Fund Accounting	
Cash Management (Treasury)	
Controller	
Financial Systems	
Advance College Tuition	1995
Travel and Entertainment	2013
Cost Analysis	
Land Management	1996
Records and Information Management	
Planning & Budget Development	
Procurement	2000
Property	
Facilities	
Human Resources	1998
Payroll/Benefits Accounting	2012
Training	
Labor Relations	2013
Academic Affairs	2001
Governance	
K-12 Outreach	2013
UA Research	
UA Corporate Programs	
Workforce Programs	
Health Programs	
Student Services and Enrollment	2013
Institutional Research and Analysis	
Office of Information Technology	2013
University of Alaska Fairbanks	
Chancellor's Office	
Office of Multicultural Affairs and Diversity	

Governance	
Womens' Center	
Academic Affairs/Provost Office	2001
College of Engineering and Mines	1999
College of Liberal Arts	2001
College of Natural Sciences and Mathematics	
Cooperative Extension Service	
Graduate School	
Libraries & Information Technology	2001
Rasmuson Library	
Office of Sponsored Programs	
Office of Intellectual Property and Commercialization	
Planning, Analysis & Institutional Research	
School of Education	1997
School of Fisheries & Ocean Sciences	2008
School of Management	1999
School of Natural Resources and Agricultural Sciences	1999
Summer Sessions and Lifelong Learning	
UA Museum of the North	2013
UA Press	2007
University Advancement	
Athletics & Recreation	2009
Development	
KUAC	2013
University Relations	
Marketing and Communications	
Research	
Arctic Region Supercomputing Center	
Institute of Arctic Biology	2001
Institute of Northern Engineering	
International Arctic Research Center	
Center for Global Change and Arctic System Research	
Cooperative Institute for Alaska Research (CIFAR)	
Geophysical Institute	2001
GI Business Office	
GI Human Resources	
Poker Flats	2004
Alaska Climate Science Center	
CRS Special Projects	
Economic Development Projects	
Experiemental Program to Stimulate Competitive Research (EPSCoR)	2013

Office of Electronic Miniaturization	2008
IDeA Network for Biomedical Research Excellence (INBRE)	
College of Rural & Community Development	2013
Bookstore	2013
Cooperative Extension Service	1995
Center for Distance Education and Independent Learning	2013
Kuskokwim Campus Business Office	2013
Northwest Campus Business Office	2013
Chukchi Campus Business Office	
Bristol Bay Campus Business Office	
Interior-Aleutians Campus Business Office	2008
Community and Technical College Business Office	2013
Bunnell House Early Childhood Lab School	
Student Services	
Academic Advising Center	
Admissions/Registrar's Office	2001
Associated Students of the UAF	2012
Athletics & Recreation	2009
Athletics - NCAA Agreed-upon Procedures	2013
Athletics - NCAA Compliance	
Athletics - Summer Camps	
Career Services	
Disability Services	
Department of Recreation, Adventure and Wellness	
Financial Aid	
Health and Counseling	2010
International Programs and Initiatives	
Judicial Services	
Office of Sustainability	
Orientation	
Residence Life	2013
Upward Bound Classic	
Wood Center Activities	2001
Administrative Services	1998
Environmental Health, Safety and Risk Management	
Facilities Services	2013
Maintenance and Operations	2013
Physical Plant	
Warehouse	2001
Utilities	2001
Design & Construction	2006
Parking Services	1998

Financial Services
   Business Office   2004

Financial Services	
Business Office	2004
Central Receiving/Property	
Office of Finance and Accounting	2001
Office of Management and Budget	
Auxiliary & Business Services	
Polar Express Card	2002
Dining Services	
Printing Services	
Trademark	
Fire Department	2003
Grants & Contract Services	2003
Human Resources	1995
Police Department	2001
Procurement and Contract Services	2000

University of Alaska Anchorage

Chancellor's Office	
Campus Diversity & Compliance	
Governance	
University Advancement	
Alumni Relations	
Development	2001
University Relations	
Administrative Services	
Athletics	
Athletics - NCAA Agreed-upon Procedures	2013
Athletics - NCAA Compliance	
Athletics - Summer Camps	
Budget and Finance	
Accounts Payable	
Accounts Receivable and Cashiering	2013
Travel	2001
Property	1996
WOLFcard Program	
Business Services	
Bookstore	2013
Conference Services and Summer Housing	2001
General Support Services (Copy -Print Center, Postal Express (central receiving), Surplus and Relocation)	
Housing and Dining Services	
Wendy Williamson Auditorium	

Facilities & Campus Services	1994
Maintenance & Operations	2010
Parking Services	2001
Facilities Planning & Construction	2010
Human Resource Services	
Procurement Services	2010
Sustainability	
University Police	
Student Affairs	
Admissions	
Advising and Testing Center	
Career Services Center	
Counseling and Support Services (Health Center)	
Disability Support Services	
Financial Aid	1999
Recruitment	
Registration/Records	
Residence Life	
Student Activities	
Student Life and Leadership (Associated Students of the UAA)	2013
Student Support Services (Trio program)	
Academic Affairs/ Provost Operations	2013
Academic Center for Excellence	
Consortium Library	
Information Technology Services	2001
Voice Services	2013
Institutional Research	
Research and Graduate Studies	
Office of Sponsored Programs	
Grants and Contracts	2011
Alaska Native Science and Engineering Program	2011
American Russian Center	1995
Center for Addressing Health Disparities through Research and Education (NIH)	
College of Arts & Sciences	
Center for Behavorial Health Research and Services	
College of Business and Public Policy	
Small Business Development Center	2013
Institute of Social and Economic Research	
Center for Economic Development	2013
Center for Economic Education	
College of Education	

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Professional and Continuing Education	2013
College of Health	
Alaska Geriatric Education Center	
Center for Community Engagement and Learning	
Center for Human Development	2012
Department of Health Sciences	2013
Department of Human Services	
Institute of Circumpolar Health Studies	
Justice Center	
National Resource Center for Native Elders	
Occupational Therapy Program	
Pharmacy Program	
Physical Therapy Program	
School of Allied Health	
School of Nursing	
School of Social Work	2012
WWAMI School of Medical Education	
Community and Technical College	2001
Consortium Library	2000
School of Engineering	2010
Environment and Natural Resources Institute (ENRI)	2001
Graduate School	
University Honors College	
Eagle River Campus	
Elmendorf Campus	
Fort Richardson Campus	
Kenai Peninsula College Business Office	2013
Kodiak College Business Office	2013
Mat-Su College Business Office	2013
Prince William Sound Community Campus Business Office	2006

University of Alaska Southeast

Chancellor's Office	
Public Relations and Marketing	
Development and Alumni Relations	2004
Academic Affairs	1997
Institutional Effectiveness	
School of Arts and Sciences	2009
School of Career Education	
School of Education	2011
School of Management	
Learning Center	

Library Services	
Mine Training Center	
Ketchikan Campus Business Office	2002
Sitka Campus Business Office	2013
Student & Enrollment Management	
Records and Registration	
Financial Aid	
Administrative Services	
Budget	
Bookstore	2003
Business Operations	2001
Facilities	1999
Grants and Contracts	2009
Human Resources	2012
Information Technology Services	
Travel	2009
Whale Card	
Auxiliary Services	2000
Housing	2009

Information Systems Audits

General Controls	2011
Security Software	2011
Security-Banner Access	2013
Security - Systems Access (other than Banner)	2011
Change Control	2013
Copyright Compliance	
Systems Software	2002
Database Management	2011
Data Integrity	2013
Data Security	2011
IT Governance	2011
Incident Response	2011
Software and Systems Acquisition	
Software Licensing	2013
Customer Systems Regulatory Compliance	
Banner - Human Resource Application	
Banner - Finance Application	
Banner - Student Application	2009
Property Application	
Physical Plant Work Order Application	
GI Computer Center	

Outsourced IT Services	2012
Personal Computer Reviews	
Program Upgrade Testing	2012
UAF/SW Office of Information Technology	2011
AK Teleconference Network	
MicroLAN Support	
Network Engineering	
Network Services	
User Services	
Technical Services	
Technology Oversight (Project Management)	
Telephone Services	1999
Production Services	
UAA Information Technology Services	2011
UAS Information Technology Services	2011

Functions and Systems

Banking Activities	2004
Budget	
Business Continuity/Disaster Planning	2013
Cash Receipts	2013
Cell Phones	2009
Compliance	
Construction	
Contracts	2012
Disbursements	
Endowments	
Entertainment and Gifts	
Ethics and Conflict of Interest	2013
Faculty Utilization	
Fraud/Fiscal Misconduct Incident Handling and Reporting	2013
Hazardous Materials Management	
Health Benefits Administration	2005
Indirect Cost Reimbursements	
Insurance	
Investments	
M&R and R&R	2013
Minors Protection	
Motor Vehicles	
ProCard Use	2013
Procurement	
Public-Private Partnerships	

Real Estate Transactions	
Receivables	2009
Records Retention	2005
Retirement Benefits	2013
Risk Management	
Salaries, Wages, and Fringe Benefits	1998
Short Term Student Loans	
Sponsored Projects Effort Reporting	2013
Student Fees	
Student Records and Registration	
Travel/Travel Card	2010
Trust Funds	
Tuition Waivers	2006
Unrelated Business Income	