Internal Audit Program Planning Report

FY14 Annual Risk Assessment and Internal Audit Plan

Approved
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Internal Audit & Advisory Services

UC SANTA CRUZ

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I.   SUMMARY

Internal Audit & Advisory Services (IAS) has completed its FY14 annual risk assessment and internal audit planning exercise, leading to the development of the FY14 Internal Audit Plan.

This report, provided to the campus audit committee, provides a compilation of documents including Schedules 1, 2 & 3 required by the UC Ethics, Compliance and Audit Office for rollup to the system wide internal audit program report for regental approval; as well as a list of auditable topics of concern and risk themes generated from surveys and interviews conducted with campus personnel, audit universe risk scoring results, and other supporting information outlining this year's effort.

Planned audits included for FY14:

- Student Health (Systemwide)
- Deferred/Preventative Maintenance
- Financial Aid Compliance
- Sub-Cashier Cash Handling Controls
- PCI Merchant Compliance
- Campus IT Equipment Disposition Practices
- Distributed Computing Logical Security
- Employee Off-Boarding – Termination Procedures
- Cost of Construction – Work Orders and Estimates
- Campus Background Checks

Planned Advisory Services (Consulting Services) include:

- Travel Expense/Entertainment (ERF) Process Streamlining
- UC Path
- IAS Student Intern Program
- IAS Annual Risk Assessment
- NCAA Report Annual Review
- ERMCP Subcommittee/ CECO Support
- Investigation Workgroup

In addition, approximately 10% of our net available resource time has been allocated for investigations and investigation support activities.

The FY14 Internal Audit Plan takes into account the resource constraints of the internal audit office and maximizes the skill set mix of the existing IAS staff.

II. ALLOCATION AND USE OF RESOURCES

Internal Audit & Advisory Services (IAS) is comprised of a Director, three professional audit staff, and one administrative analyst. Professional staffing resources are allocated as follows:

Schedule 1 - Personnel – Gross & Net Available Hours, outlines the net available hours dedicated to the UCSC internal audit program.

FY14 Internal Audit Plan - Schedules 1 & 2   **Schedule 1**
UCSC

Schedule 1 - Personnel Gross & Net Available Hours Calculation		Total Year FTE's	1st Quarter 7/1/13-9/30/2013	2nd Quarter 10/1/13-12/31/13	3rd Quarter 1/1/14-3/31/2014	4th Quarter 4/1/14-6/30/2014
Number of authorized professional staff		4.00	4.00	4.00	4.00	4.00
Number of Permanently OPEN Authorized Professional Staff Positions			0.00	0.00	0.00	0.00
Number of professional positions at full staffing		4.00	4.00	4.00	4.00	4.00
PLANNED ACTUAL FTEs						
Beginning of Period		**4.00**	4.00	4.00	4.00	4.00
Additions--Permanent		0.00	0.00	0.00	0.00	0.00
Additions--Temporary		0.00	0.00	0.00	0.00	0.00
Departure --Within UC		(0.00)	0.00	0.00	0.00	0.00
Departure--Outside UC		(0.00)	0.00	0.00	0.00	0.00
Retirements		(0.00)	0.00	0.00	0.00	0.00
Long-Term Leave		(0.00)	0.00	0.00	0.00	0.00
Estimated Turnover		(0.00)	0.00	0.00	0.00	0.00
End of Period		**4.00**	**4.00**	**4.00**	**4.00**	**4.00**
GROSS & NET AVAILABLE HRS CALCULATION		Total Year Hours	1st Quarter 7/1/13-9/30/2013	2nd Quarter 10/1/13-12/31/13	3rd Quarter 1/1/14-3/31/2014	4th Quarter 4/1/14-6/30/2014
Weighted Avg. FTE's		4.00	4.00	4.00	4.00	4.00
Hours in the period - Campus		2,088	528	528	512	520
Hours in the period - Lab		0				
Subtotal - Lab / Campus		**8,352**	**2112**	**2112**	**2048**	**2080**
Other Resources:		Check	**2112**	**2112**	**2048**	**2080**
Overtime		0	0	0	0	0
Contract Labor/Interns		0	0	0	0	0
Recharge In (or Out)		0	0	0	0	0
Admin. & Other		0	0	0	0	0
Subtotal		0	**0**	**0**	**0**	**0**
Gross Available Hours		8,352	**2112**	**2112**	**2048**	**2080**
Non Controllable Hours		1,694	399	525	403	367
Non Controllable Hours Percent		**20.28%**	**18.89%**	**24.86%**	**19.68%**	**17.64%**
Net Available Hours		6,658	**1713**	**1587**	**1645**	**1713**

Schedule 2 – Activity Report – Distribution of Net Available Hours, outlines the allocation of hours to direct and indirect categories.

FY14 Internal Audit Plan - Schedules 1 & 2   **Schedule 2**
Distribution of Net Available Hours
UCSC

Schedule 2 - Activity Report Distribution of Net Available Hours	UCOP % Guideline	Total Year Hours	1st Quarter 7/1/13-9/30/2013	2nd Quarter 10/1/13-12/31/13	3rd Quarter 1/1/14-3/31/2014	4th Quarter 4/1/14-6/30/2014
INDIRECT HOURS						
Administration	5--10%	682	180	150	180	172
Professional Development	2--5%	182	50	32	50	50
Other	0--3%	0	0	0	0	0
Total Indirect Hours		864	**230**	**182**	**230**	**222**
Total Indirect Percent	**15%**	**12.97%**	**13.43%**	**11.48%**	**13.97%**	**12.96%**
DIRECT HOURS						
Audit Program						
Planned Carried Forward Audits, PC		0	0	0	0	0
Planned New Audits, PN		2,727	639	679	684	725
Supplemental Audits, PS	Approx 10%	288	64	64	128	32
Unplanned Carried Forward Audits, PU		0	0	0	0	0
Audit Follow up, PNF		182	47	45	45	45
Total Audit Program Hours		3,197	**750**	**788**	**857**	**802**
Total Audit Program Percent	**40--60%**	**48.02%**	**43.78%**	**49.65%**	**52.10%**	**46.82%**
Advisory Services						
Consultations/Spec. Projects, SC		1,247	345	298	238	366
Ext. Audit Coordination, SE		31	7	8	8	8
Internal Control & Accountability, SI		1	1	0	0	0
IPA, COI & Other, SP		1	0	1	0	0
Compliance Support, SU		1	0	0	1	0
Systems Dev., Reengineering Teams, etc., SR		1	1	0	0	0
Total Advisory Services Hours		1,282	**354**	**307**	**247**	**374**
Total Advisory Services Percent	**10--25%**	**19.26%**	**20.67%**	**19.34%**	**15.02%**	**21.83%**
Investigations Hours, IN		659	209	150	150	150
Investigations Percent	**10--20%**	**9.90%**	**12.20%**	**9.45%**	**9.12%**	**8.76%**
Audit Support Activities						
Audit Planning		100	25	25	25	25
Audit Committee Support		106	31	25	25	25
Systemwide Audit Support		114	25	29	30	30
Computer Support		44	9	9	11	15
Quality Assurance		292	80	72	70	70
Total Audit Support Hours		656	**170**	**160**	**161**	**165**
Total Audit Support Percent	**5--10%**	**9.85%**	**9.92%**	**10.08%**	**9.79%**	**9.63%**
Total Direct Hours		5,794	**1483**	**1405**	**1415**	**1491**
Total Direct Percent	**85%**	**87.03%**	**86.57%**	**88.52%**	**86.03%**	**87.04%**
Total Net Available Hours		6,658	**1713**	**1587**	**1645**	**1713**
Total Net Available Percent	**100%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Schedule 1,2 - Cross Check		Total Year Hours	1st Quarter 7/1/13-9/30/2013	2nd Quarter 10/1/13-12/31/13	3rd Quarter 1/1/14-3/31/2014	4th Quarter 4/1/14-6/30/2014
Total net available hours (From Sch 1)		*6658.00*	*1713.00*	*1587.00*	*1645.00*	*1713.00*
Total net available hours (From Sch 2)		*6658.00*	*1713.00*	*1587.00*	*1645.00*	*1713.00*
Total A+AS+IN (Scd 3 Check)		***5138***	***1313***	***1245***	***1254***	***1326***

Actual FTEs, End of Period (Check down)		4.00	4.00	4.00	4.00	4.00
Avail. Hours, Other Res., Subtotal (Check Down)		0	0	0	0	0
Gross Available Hours		8352	2112	2112	2048	2080
Net Available Hours		6658	1713	1587	1645	1713
Indirect Hours		864	230	182	230	222
Audit Program		**3197**	**750**	**788**	**857**	**802**
Audit Support Activities		**656**	**170**	**160**	**161**	**165**
Investigations Hours		**659**	**209**	**150**	**150**	**150**
Advisory Services		**1282**	**354**	**307**	**247**	**374**
Total Direct Hours		5794	1483	1405	1415	1491
Net Available Hours		6658	1713	1587	1645	1713

III.   PLAN DETAIL

Schedule 3 – Internal Audit Plan Detail – Provides a list of the Planned Audits and Planned Advisory Services, identifying information, and planned hours. (double click on image for full pdf version)

UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PLAN DETAIL   *SCHEDULE 3*
FY 2014
UCSC

FY	LOB	LOC	Prj Code	Prj Number	Name/Title of Audit	OPTIONAL High Risk [?] 1, 2, 3	Planned Hours	Primary Index Code	IT Indicator [2]	Est. Qtr Completion	Proposed Additions
					Prior Year Audits Not Completed (DNFs):						
FY14	Campus	SC	DNF				0				
					(a) Subtotal - Planned Carry Forward		**0**				
					Planned New Audits (PNs):						
FY14	Campus	SC	PN	SC-14-01	Student Health (Systemwide Q2)		200	A.d.07		Q2	
FY14	Campus	SC	PN	SC-14-02	Deferred/Preventative Maintenance		257	K.b.04		Q2	
FY14	Campus	SC	PN	SC-14-03	Financial Aid Compliance		350	A.d.03		Q2	
FY14	Campus	SC	PN	SC-14-04	Sub-Cashier Cash Handling Controls		215	H.b.02		Q1	
FY14	Campus	SC	PN	SC-14-05	PCI Merchant Compliance		200	H.f.03		Q3	
FY14	Campus	SC	PN	SC-14-06	Campus IT Equipment Disposition Practices		225	G.b.01		Q3	
FY14	Campus	SC	PN	SC-14-07	Distributed Computing Logical Security		400	G.g.01		Q4	
FY14	Campus	SC	PN	SC-14-08	Employee Off-Boarding/Termination Procedures		225	J.b.04		Q3	
FY14	Campus	SC	PN	SC-14-09	Cost of Construction Work Orders and Estimates		371	K.a.02		Q4	
FY14	Campus	SC	PN	SC-14-10	Campus Background Checks		284	J.b.04		Q4	
					(b) Subtotal - Planned New Audits		**2727**				
FY14	Campus	SC	PS		(c) Planned Supplemental Audits (lumpsum)		288				
FY14	Campus	SC	PNF		(d) Audit Follow Up (lump sum)		182				
					Total Planned Audit Program (a+b+c+d) [1]		**3197**				
					Planned Advisory Services:						
FY14	Campus	SC	SC	SC-14-50	Travel/Entertainment Process Streamlining		228	H.c.02		Q4	
FY14	Campus	SC	SC	SC-14-51	UC Path/Shared Initiative (Systemwide)		220	H.e.01	A	Q4	
FY14	Campus	SC	SC	SC-14-52	Use of Electronic Approval - Survey		125			Q4	
FY14	Campus	SC	SC	SC-14-53	IAS Annual Risk Assessment		232			Q3	
FY14	Campus	SC	SC	SC-14-54	NCAA Report Annual Review		65	M.a.01		Q3	
FY14	Campus	SC	SC	SC-14-55	ERMCP Subcommittee/CECO Support (SC)		150			Q4	
FY14	Campus	SC	SC	SC-14-56	Investigation Workgroup (SC)		48			Q4	
					(e) Subtotal - Planned Advisory Services		**1068**				
					Unplanned Advisory Services (by Category) [2]						
FY14	Campus	SC	SC		Limited Scope Consultations/Spec. Projects (SC) (Max 4 hours)		179			Q4	
FY14	Campus	SC	SE		External Audit Coordination (SE)		35			Q4	
FY14	Campus	SC	SI		Internal Control & Accountability (CRSA) (SI)		0				
FY14	Campus	SC	SP		IPA, COI & Other (SP)		0				
FY14	Campus	SC	SU		Compliance Support (SU)		0				
FY14	Campus	SC	SR		Systems Development, Reengineering Teams (SR)		0				
					(f) Subtotal - Unplanned Advisory Services		**214**				
					Total Advisory Services (e+f) [1]		**1282**				
FY14	Campus	SC	IN		**Planned Investigation Hours (lump sum)**		**659**				
					Total Audits, Advisory Services, and Investigations		**5138**				

[1] Must tie with Audit Program and Advisory Services on Schedule 2 Activity Report
[2] enter lump sums for each applicable AS category (i.e. - SC, SE)
[?] 1 = Top 10 scores, 2 = next top 10 scores, 3 = all others
[2] IT Indicators: A – application review
                      I – integrated review
                      T – technical review
                      S – system development or post-implementation review
                      G – general controls review

Available upon request

Exhibit 1 - List of Auditable Topics and Risk Themes

APPENDIX A – List of Campus Personnel Interviewed by Position

APPENDIX B – FY14 Risk Assessment On-Line Survey

APPENDIX C – Risk Perspectives Article

APPENDIX D –Audit Universe – Sorted by Risk Score