

Audit & Management Advisory Services (AMAS)

Annual Report on Local Activities

Fiscal Year 2016

September 09, 2016

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Message from the Director

We are pleased to present our Annual Report on Local Activities for FY16. The goal of this report is to provide you with a better understanding of what we do in support of the University's mission in research, education, and public service.

This report provides a quick look at our reporting structure and staffing; our accomplishments at a glance for FY16; impacts of our work on improving campus governance, risk management, and control environment; the identification of the top five internal control issues/risks facing the campus; and a recap of management corrective action status.

In addition to carrying out the campus internal audit program, we support student education and development through our student intern program. This program provides students with hands-on experience working with our professional audit staff on projects while earning class credits.

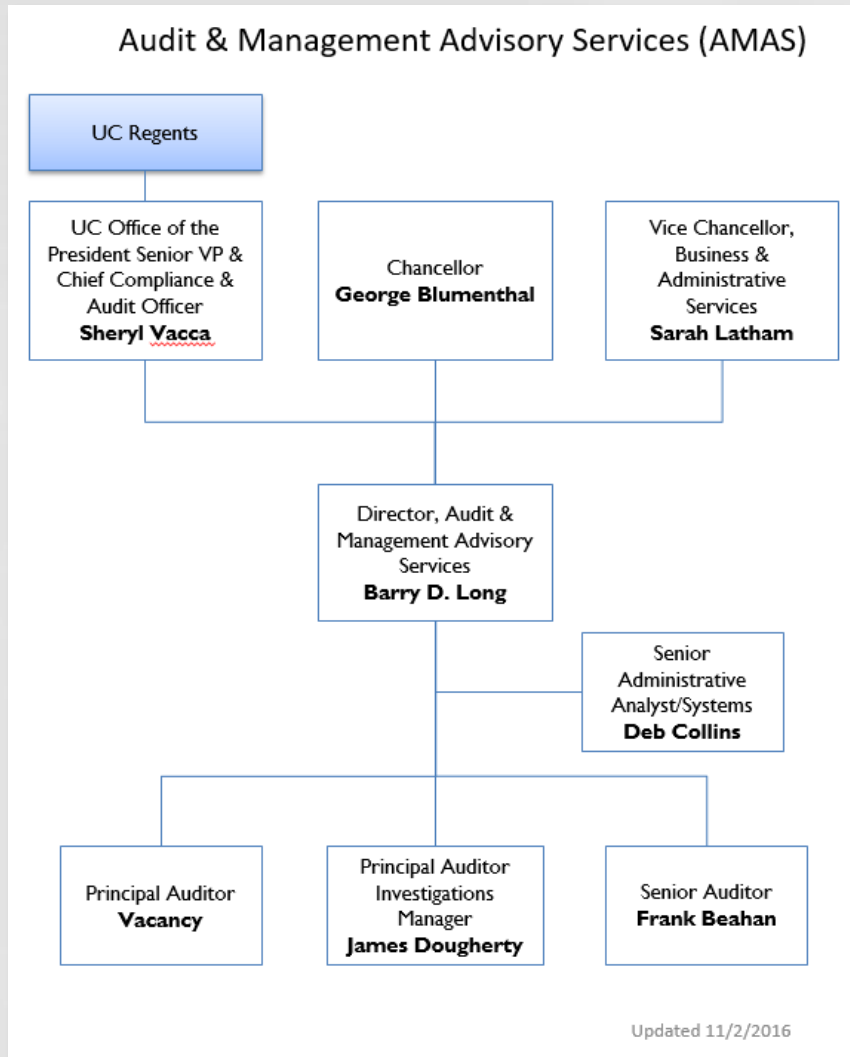
Our hope is that you will gain a better understanding of who we are and what we have done in FY16 in support of the University's mission in research, education, and public service.

For more information about us, please visit our website at www.audit.ucsc.edu

Barry Long

Director, Audit & Management Advisory Services

Campus Audit Reporting Structure and Staffing



The University of California’s Internal Audit Program operates under UC Regents approved the resolution as the University’s independent and objective resource.

Audit and Management Advisory Services (AMAS) carries out the internal audit function at UCSC. Our primary purpose is to provide value added information and assurances on the governance, risk management and internal control activities on the campus to assist the chancellor and senior management in the discharge of their oversight, management, and operating responsibilities.

Dual reporting to the Regents and to the campus chancellor allows AMAS to operate with transparency and independence and is an integral part in the university’s shared governance structure.

In 2016 AMAS had a staffing budget for four full-time professional staff, which is small relative to other UC campuses.

Experience: Average professional staff experience is 19 years
Certifications: Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFA), Certified Public Accountant (CPA).

Accomplishments - FY16 at a Glance

Service Element	FY16 Accomplishments
Support the Regents/UC/Campus Internal Audit Program	Successfully executed the FY16 Audit Plan by completing planned Audits, Consulting Services, Investigations, and a requested UC systemwide audit. Completed reviews included key areas such as IT Cloud Computing, Safety of Faculty & Staff on Field Research Assignments, Campus Key & Building Access Controls, New & Emerging Strategic Agreements Governance, Campus Policy & Guidance Implementation, Student Fee Governance, ICS Security and Management, and Systemwide Construction. At management's request, we completed a review of the Slug Support Program and two confidential investigations.
Served on Committees & Workgroups	AMAS staff served on several committees and workgroups including Investigations Workgroup, IT Security Committee, Data Warehouse Steering Committee, Accessible Technology Committee, BAS Strategic Finance Workgroup, and the WCMS Campus Directory Project workgroup, UC TeamMate Champion workgroup, UC Data Analytics workgroup.
Support to UC CCAO	Represented the UC Chief Compliance and Audit Officer by participating as requested on Lawrence Berkeley National Laboratory Contractor Assurance Council monthly and quarterly meetings.
Governance	Notable observations and agreements in campus governance were identified in a majority of the audits completed, indicating a common area requiring attention on campus that may not have otherwise been addressed.
Risk Management & Compliance	<ul style="list-style-type: none"> • Notable observations and agreements were reached to address risk management and compliance elements within several of the audits completed including New & Emerging Strategic Agreements, Campus Policy & Guidance Implementation, and Campus Key & Building Access Controls. • Completed FY16 Annual Risk Assessment & Internal Audit Plan which outlined the results of our annual risk assessment exercise, deployment of audit resources, and generated a list of auditable topics of interest and risk themes. • Supported Campus Ethics and Compliance Officer (CECO) in the development of campus risk register and risk intelligence topics, and presenting on the integration of campus audit and compliance efforts at the UC Risk Summit.
Audit Follow-up	Closed 48 management corrective actions in the follow-up system.
Affirmative Action and Principals of Community	Supported affirmative action policies, promoting education and professional development in areas of diversity. Operated in an open and inclusive working environment, embraced and adhered to UCSC's Principles of Community.
Student Internships	Internships allow students to work directly with audit staff on audit related projects while earning academic credit. Hands-on work allows students to apply what they learn in the classroom and obtain valuable experience and skills.

Internal Audit Projects Completed in FY16

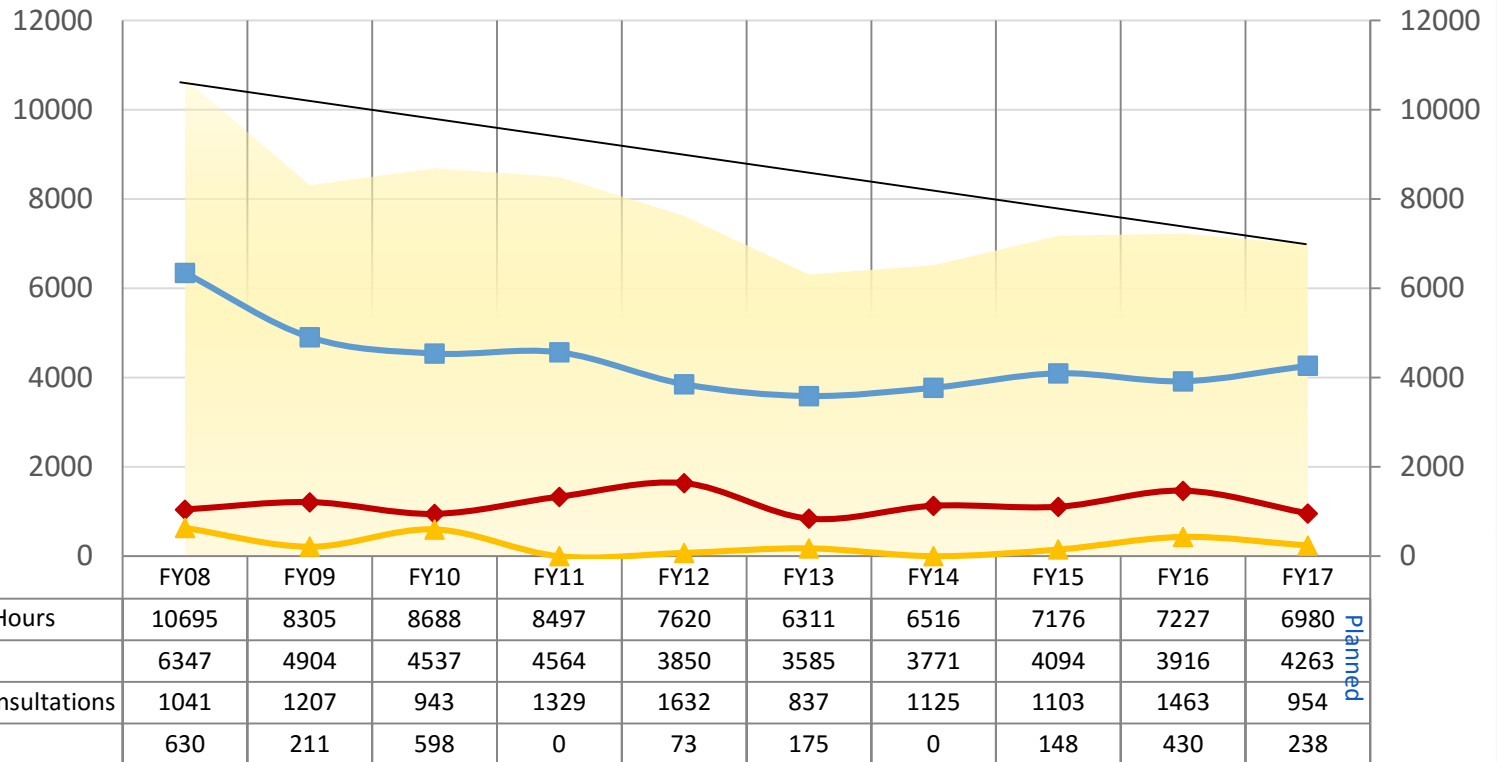
Audit #	Audit Title
SC-16-01	IT Cloud Computing
SC-16-02	Industrial Control Systems (ICS) - Security and Management
SC-16-03	Safety of Faculty & Staff on Field Research Assignments
SC-16-04	Campus Key and Building Access Controls
SC-16-05	New & Emerging Strategic Agreements Governance
SC-16-06	Campus Policy & Guidance Implementation
SC-16-07	Student Fee Governance
SC-16-10	Systemwide Construction

	Advisory Service Title
SC-16-51	NCAA Report Annual Review
SC-16-56	Slug Support*
SC-16-57	FY17 Annual Risk Assessment and Audit Plan

	Investigation Title
SC-16-99	*
SC-16-98	*

* Confidential topics – title or detail not shown

Effort by Service Type (in hours)



The mix of internal audit services between audits, management advisory services and investigations is fairly constant, but does change slightly year by year, and within the year. In FY16, the trend was a dip in planned audits and an increase in management advisory and investigation services. Going into FY17, the number of risk based planned audits is slightly increased in relation to planned management advisory and investigation services. However, as management requests come to us during the year for advisory services and investigations, the number of planned audits may be reduced. It is our intention to be responsive to the changing needs of campus senior leadership.

Impacts of Audit Projects Completed in FY16

(available upon request)

Top Five Internal Control Issues

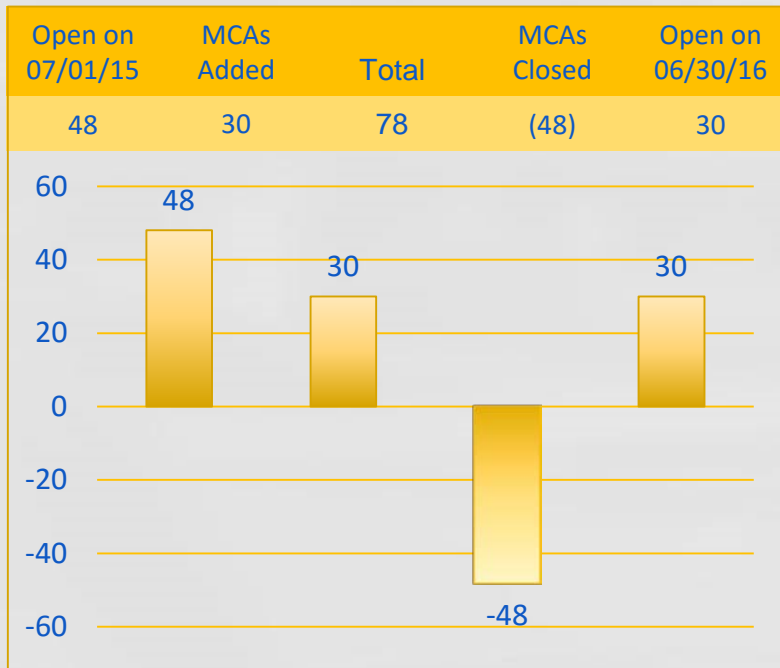
(available upon request)

FY16 Management Corrective Action Activity

AMAS monitors the progress and completion of management corrective actions (MCAs) identified in audits issued throughout the year.

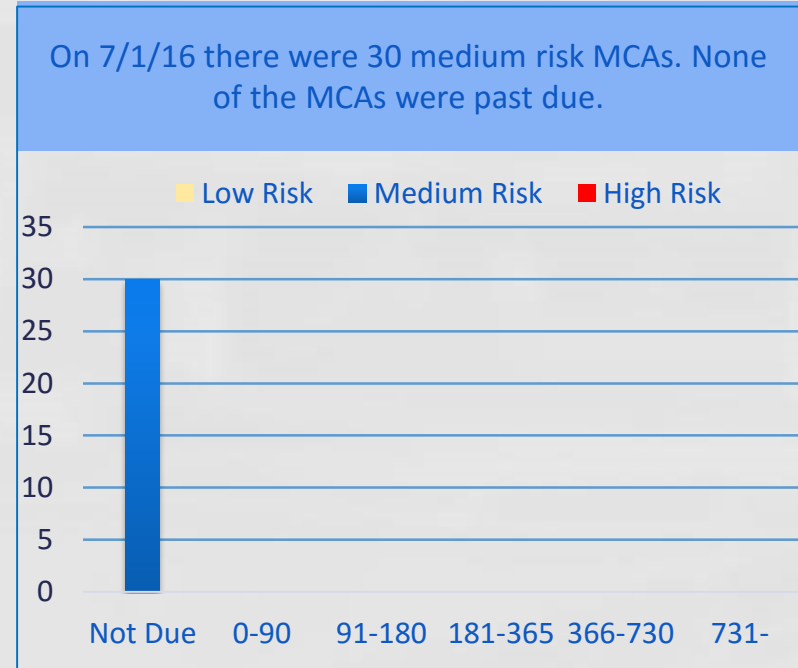
Timely closeout of MCAs demonstrates management's commitment to risk mitigation and operational improvement. AMAS obtained agreements from management on all corrective actions identified and reported on for audits issued in FY16.

FY16 MCA Activity



Management Corrective Action (MCA)

FY16 MCA Risk & Aging



Based on the MCA original expected completion date

Student Intern Program

AMAS contributes to campus student success through its student intern program. Through this program, students are provided with hands-on experience working with our professional audit staff on projects while earning class credits.

Students learn the professional practice of internal auditing: from planning an audit project, engaging with the audit client, developing audit objectives, performing a project risk assessment, developing an audit program, executing a audit testing plan, documenting work performed, using the elements of an finding to support an observation, summarizing results, sharing results with clients, and writing audit reports.

During this process, students gain a perspective on audits role in the governance of an organization and in providing information to senior management to help them carry out their responsibilities. Students also gain valuable experience working on a wide variety of audit topics.

During FY16, AMAS hosted two student interns. Interns are typically senior level UC Santa Cruz Economics students. Most interns have received full-time jobs subsequent to graduation, directly attributable to this experience and the education they have received at UC Santa Cruz.

CASEY BENDER

UCSC Internal Audit Department- Fall/Winter 2013

"This internship experience has helped me expand my skill set and allowed me exposure to career options in the auditing sphere"

Casey was a student intern- Fall/Winter 2013. She now works in assurance at Ernst & Young