ANNUAL AUDIT PLAN
Fiscal Year 2010

UNIVERSITY *of* **ALASKA**

Many Traditions One Alaska

May 2009

Statewide Office of Internal Audit
University of Alaska

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I.   INTRODUCTION

The University of Alaska Internal Audit Plan for fiscal year 2010 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, 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 2010 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. The audit plan also continues allocation of effort toward facilitating risk assessments, increased use of information systems resources, and implementation of a quality assurance program.

II. PLAN OVERVIEW

The plan is based on four full-time equivalent (FTE) auditors and one student intern auditor 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 training required for new staff.

The following table represents the planned use of those hours:

	Hours	%	Per FTE
Direct Audit Hours	6,546	75.21%	1,637
Leave Time	1,264	14.52%	316
Administration & Other	550	6.32%	138
Professional Development	344	3.95%	86
Total	8,704	100.00%	2,176

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.) The student intern auditor is not eligible for leave time.

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:

	Hours	%	Per FTE
Planned Audits	4,066	62%	1016.50
Special Requests	630	10%	157.50
Audit Subtotal	4,696	72%	1,174.00
Investigations	600	9%	150.00
External Audit			
Coordination & Support	400	6%	100.00
Support Activities			
Technology	180	3%	45.00
Audit Planning	210	3%	52.50
Audit Process Review	240	4%	60.00
Other	220	3%	55.00
Support Subtotal	850	13%	212.50
Total	6,546	100.00%	1,636.50

Planned Audits (62%) Approximately 4,066 hours of the total available audit hours are planned to be expended in accordance with the approved audit schedule.

Special Requests (10%) An additional 630 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 (9%) 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 (3%) - 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 (4%) - 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 2010 PROPOSED AUDIT SCHEDULE

<u>External Financial Audit Support:</u>

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

<u>Audits and Projects:</u>

University of Alaska Anchorage:
    Procurement
    Departmental Review**
    Athletics
    Follow-up Audits**

University of Alaska Fairbanks:
    Procurement
    Departmental Review*
    Rural Campus Review*
    Cash Receipts**
    Follow-up Audits*

University of Alaska Southeast:
    Procurement
    Departmental Review*
    Rural Campus Review*

Statewide:
    Procurement
    Travel**
    Follow-up Audits**

Function and System Reviews:
    Continuous Controls Auditing**
    MAU Risk Assessments

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

Special Requests*

Investigations*

*Specific departments/areas to be determined later
**Carried forward from FY09

V.   AUDIT UNIVERSE

Statewide Administration	Last Audited
President's Office	
General Counsel	
Regent Affairs	
System Governance	
University Relations	
Finance	
Fund Accounting	
Cash Management	
Financial Systems	
Advance College Tuition	1995
Travel	2001
Cost Analysis	
Land Management	1996
Risk Management	
Procurement	2000
Property	
Human Resources	1998
Labor Relations	
Payroll/Benefits	
Academic Affairs	2001
Information & Technology Services	
AK Teleconference Network	
MicroLAN Support	
Network Engineering	
Network Services	
User Services	
Technical Services	
Production Services	
Telephone Services	1999
UA Corporate Programs	
Student Services and Enrollment	
Health Programs	
Research Operations	

University of Alaska Fairbanks	Last Audited
Chancellor's Office	
Provost Office	
Sponsored Programs	
University Relations	

Governance	
Equal Opportunity	
Development	
Athletics & Recreation	2009
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 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	1996
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	

	Last Audited
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	

University of Alaska Anchorage	Last Audited
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   2001
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   2001
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

	Last Audited
Facilities & Campus Services	1994
Facilities Maintenance	
Parking Services	2001
Facilities Planning & Construction	2009

University of Alaska Southeast	Last Audited
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	2005
Student Services	

Information Systems Audits	Last Audited
General Controls	1994
Security Software	
Security-Banner Access	2005
Change Control	2001
Systems Software	2002
Database Management	
Data Integrity (Banner Upgrade Testing)	2005
Systems Acquisition	
Human Resource Application	
Finance Application	
Student Application	
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	Last Audited
Banking Activities	2004
Budget Process	
Campus Development and Fund Raising	
Construction	
Consulting Contracts	
Disaster Planning	
Disbursements	
Cash Receipts	2008
Endowments	
Entertainment	
Equipment Purchases	
Faculty Utilization	
Grant and Contract Administration	
Hazardous Materials Management	
Indirect Cost Reimbursements	
Insurance and Risk Management	
Investments	
M&R and R&R	
Motor Vehicles	
Payables	
ProCard Use	2008
Procurement	
Real Estate Transactions	
Receivables	
Records Retention	2007
Salaries, Wages, and Fringe Benefits	1998
Short Term Student Loans	
Software Acquisition	
Student Fees	
Student Records and Registration	
Travel	2001
Trust Funds	
Tuition Waivers	2007
Unrelated Business Income	
Health Benefits Administration	2005