

# OACR Audit Focus

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## Auditors Get Audited!



Did you ever wish that your auditors were on the receiving end of an audit? Well, your wish came true when the Office of Audit and Compliance Review (OACR) was subjected to a Quality Assessment Review (QA) earlier this year.

International Standards for the Professional Practice of Internal Auditing state that *quality assessment reviews should be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.*

Following this standard, the OACR received a QA from an external team of Internal Audit Executives from Stanford University, the University of Minnesota, the University of Washington, and the Florida State University. The objectives of the

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QA, conducted in late January, were to (1) assess OACR's conformity to the International Internal Audit Standards and (2) suggest ways to enhance OACR's operations and impact on the University.

The QA Report, dated February 2, included the opinion that OACR "generally conforms" to the Standards. "Generally conforms" is the highest level of opinion allowed. The QA Report also included minor suggestions for improvement.

The QA Report was presented to the Board of Trustees Audit and Operations Committee at their March 29 meeting. OACR and BOT Audit Committee have implemented or have plans in place to implement all suggestions for improvement.

## Indirect Cost Recoveries



We recently completed an audit of Indirect Cost Recoveries for the University. The objective of the audit was to determine whether surplus indirect cost recoveries were used to support other research or sponsored training programs as identified in Section 1004.22 of the Florida Statutes.

The indirect cost recoveries are considered as "earned" and are not subject to further constraints from the sponsor but are to be spent in support of research in accordance with the above Statute. We

observed that justification for the amount or the intended research purpose for the allocations were not always documented nor was there any verification process to ensure that funds were used for research as required.

Division of Sponsored Research will monitor the use of the allocations to the administrative units and will modify directives and procedures to better define what is considered research expenditures.

## Control Self Assessment

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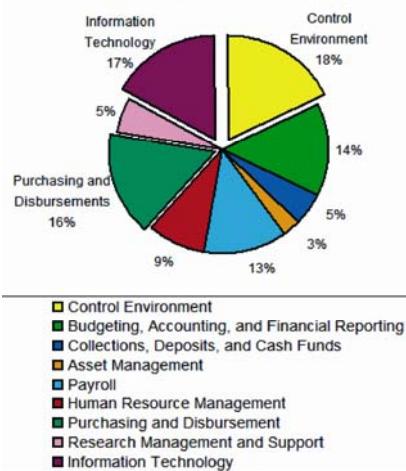
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With a DDD Memorandum distributed on April 20, 2007, the University of Florida launched the Control Assessment Tool (CAT), with the vision that managers need easily accessible mechanisms to evaluate their units' internal controls. As of May 22, 2007, we received responses from 200 units, amounting to 84% response rate.

The following chart displays the distribution of "No" responses for key control questions under each category included in the CAT. The results identify areas where additional focus may be appropriate. For more information on internal controls and UF's Control Assessment Tool, please visit the CAT webpage [http://oacr.ufl.edu/Control\\_Self\\_Assessment.htm](http://oacr.ufl.edu/Control_Self_Assessment.htm).

**"No" Responses per Category**

## Enterprise Risk Management (ERM)



The practice of managing risks, which is a key element of governance, traditionally has been within individual business units or silos of the University.

Enterprise Risk Management (ERM) takes a broader portfolio approach and deals with risks and opportunities affecting the creation or preservation of organizational value. ERM is a structured and coordinated entity wide governance approach to identify, measure, and monitor risks or opportunities that affect the entire organization. The use of an ERM methodology at any

level can expose individuals to critical business issues outside their specific areas of responsibility.

Office of Audit & Compliance Review (OACR) initiated some "pilot test groups" of a facilitated session used to discuss an enterprise risk assessment methodology. The strengths and weaknesses of this approach and its applicability were assessed within the University. The positive initial reaction promoted further organizational discussions and action plans.

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