

Mapping Our Audit Strategy For 2009



Board of Regents
Audit Committee
July 9, 2008

Presentation

- FY 2009 Audit Plan
- FY 2008 Office of Internal Audit Results
- Office of Internal Audit Score Card/Metrics

Office of Internal Audit Portfolio

- Audits
- Advisory Services
- Investigations

Mapping the Audit Plan

- External Risk Assessment



e.g., "10 market st, san francisco" or "hotels near lax"

200 Oak St SE, Minneapolis, MN 55455

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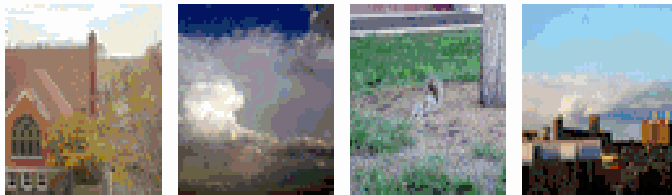
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More photos, videos, and user-created maps »

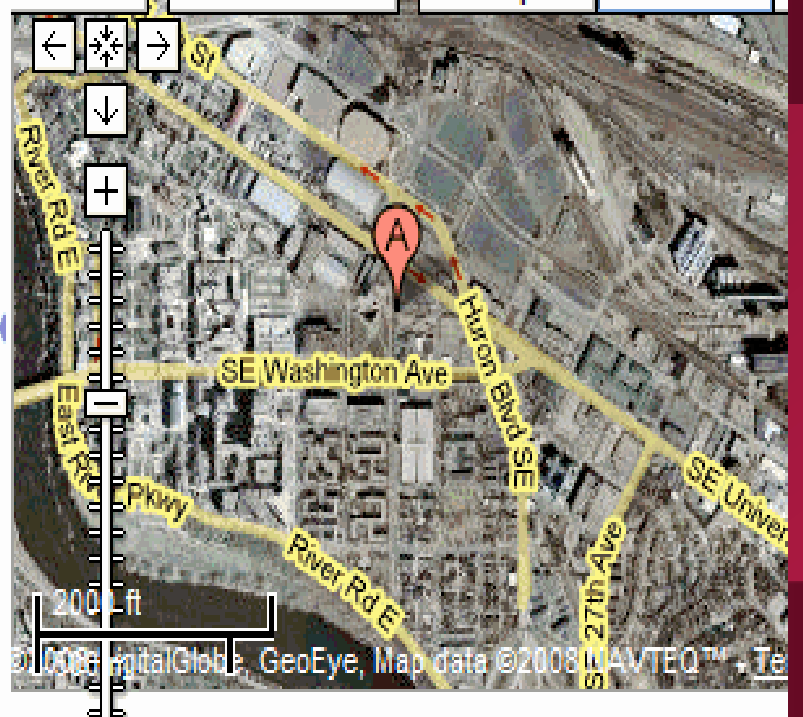
Street View

Traffic

More...

Map

Satellite



Internet

External Risk Assessment

Risks relevant for 2009

- Information technology and data security
- Sponsored account management (OIG's concerns)
- Conflicts of Interest
- Expansion of international activities

External Risk Assessment

Additional Risks

- Declining sponsored funding
- Ethics, corporate/non-profit/Sarbanes Oxley
- Capital Projects/construction
- Student health & safety
- Emergency/business continuity planning campus wide

Mapping the Audit Plan

- External Risk Assessment
- Operational Risk Assessment



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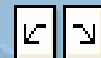
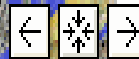
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Te



Oak St SE

Operational Risk Assessment

Methodology changes from prior years

- Redefined audit universe due to EFS implementation
- Redefined criteria for operational risk assessment

Results:

- Auditable units increased from 145 to 160
- Risk Criteria reduced from 9 to 7

Operational Risk Assessment

- Impact of unit on the University mission
- Impact of Information Technology
- Regulatory compliance issues
- Organizational change/turnover
- Complexity/Diversity of operations
- Known or perceived control concerns
- Audit history

Mapping the Audit Plan

- External Risk Assessment
- Operational Risk Assessment
- Internal Risk Assessment



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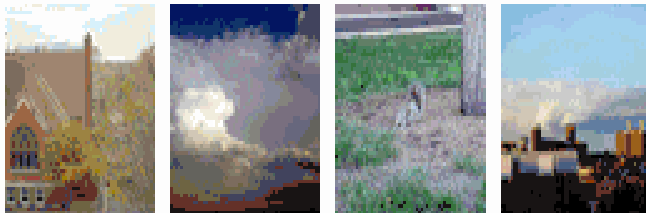
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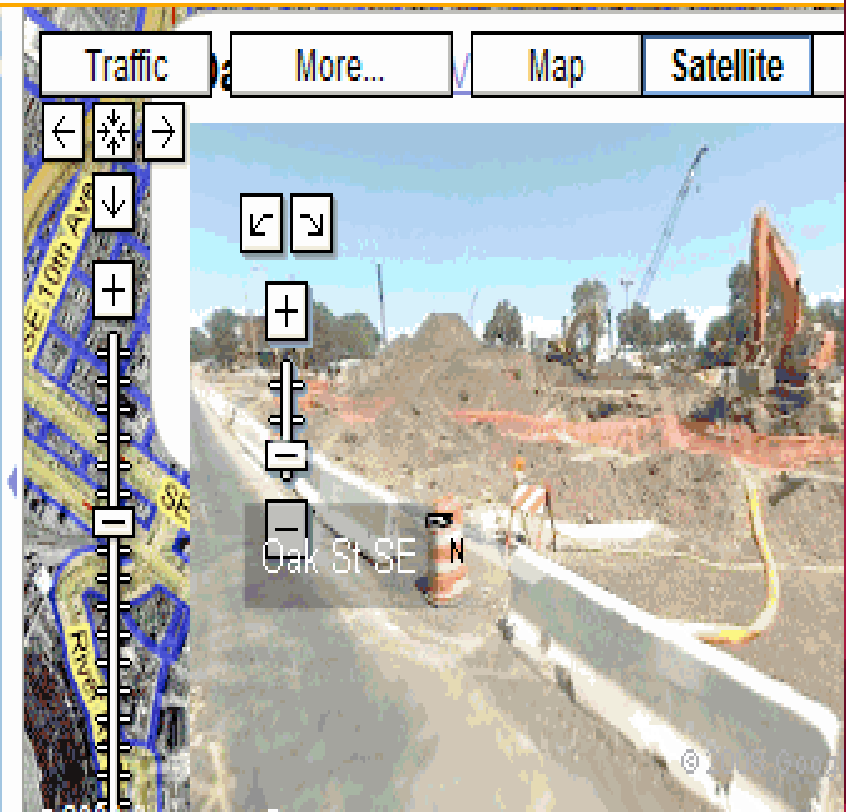
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Internal Risk Assessment

- Implementation of the Enterprise Financial System (EFS)
- Impact of implementation of new organizational models
- Potential for significant turnover of long term/near retirement employees
- Changes in key leadership positions and succession planning of senior leaders

Internal Risk Assessment

- Increasing interest in expanding international activities
- Metro LRT plans
- Accuracy and credibility of newly implemented institutional metrics.
- UMORE Park plans

Mapping the Audit Plan

- External Risk Assessment
- Operational Risk Assessment
- Internal Risk Assessment
- Overall Risk Assessment



Globalization

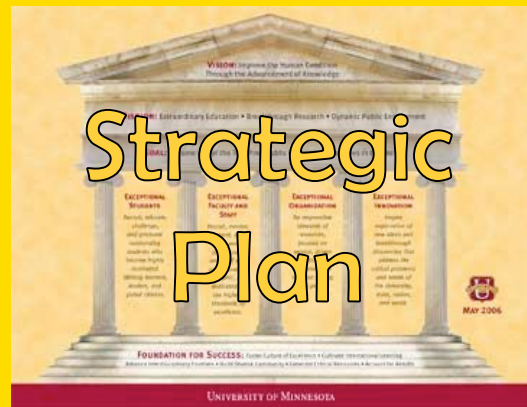
Where in the World are We Going?



U More Park

UNIVERSITY OF MINNESOTA

Congressional Inquires



Strategic Plan

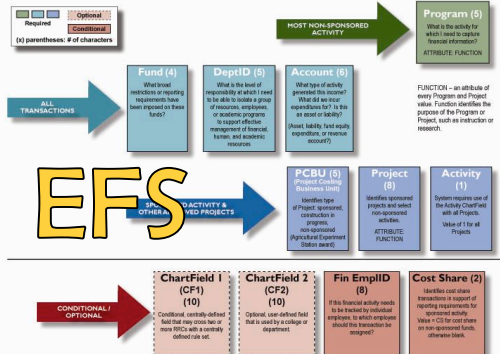


LRT



AHC Expansion Plans

The Financial System General Ledger ChartField



Approach to The 2009 Plan

First two months

- Limit audit work
- Complete self study for peer review
- Retool audit processes & tools
- Train staff on EFS
- Complete longitudinal trending of audit findings
- Reduce number of outstanding IS audit findings

Approach to The 2009 Plan

Two tiered audit plan

- 51% planned audits
- 6% Reserve- emerging risk needs

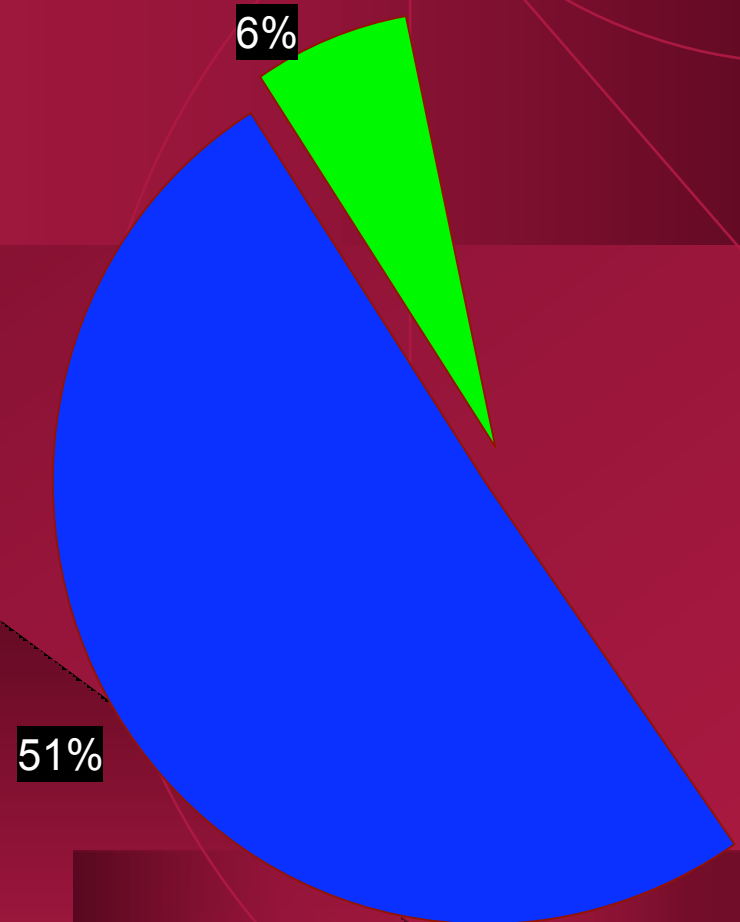
Allocation of Resources

TIER 1

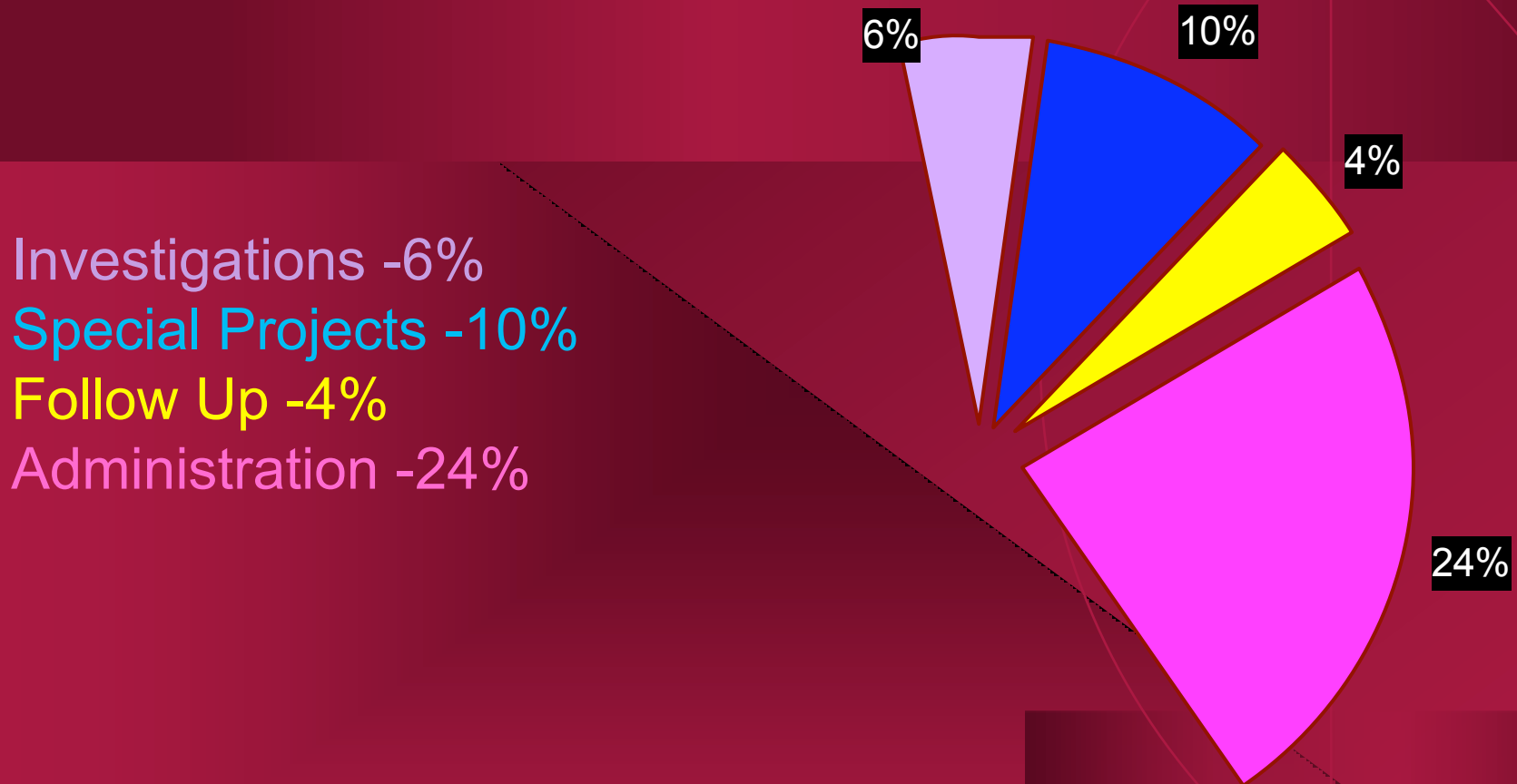
- Scheduled Audits - 51%
- Individual units
- Functional/Process audits
- Information Systems

TIER 2

- Reserve - 6%



FY 2009 Planned Allocation of Resources



Investigations -6%
Special Projects -10%
Follow Up -4%
Administration -24%

Development of Plan

- High risk units
- Major organizational components
- Areas of strategic priority
- U-wide reviews of selected business processes

FY 2009 Audit Coverage By Risk

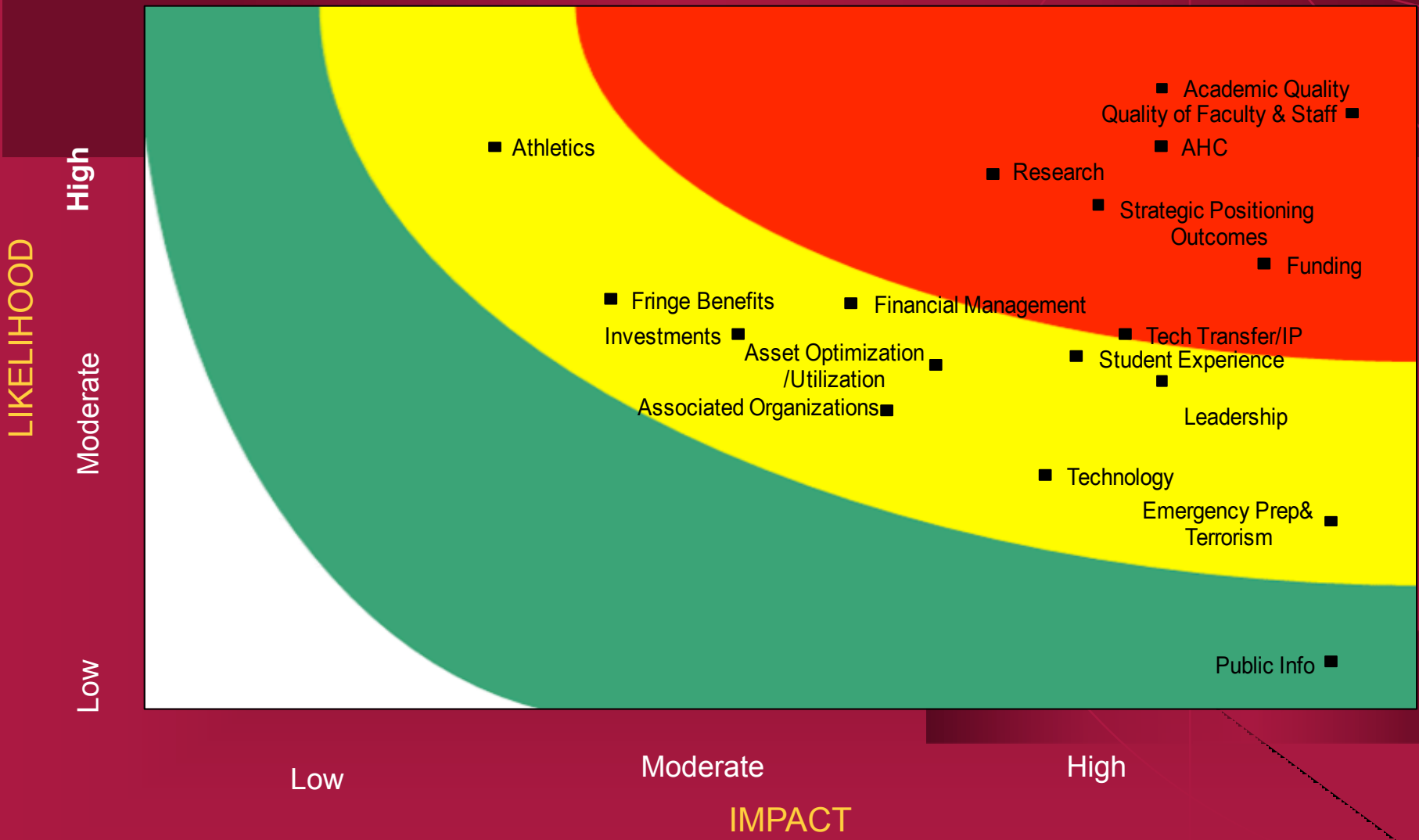
- Three high-risk system implementations
- One high-risk information system upgrade
- Three high-risk U-wide process reviews
- Four high-risk IS infrastructure reviews
- Seven high-risk functional units
- Two above-average risk IS systems infrastructure reviews

FY 2009 Audit Coverage By Risk

- Five above-average risk functional units
- Four moderate/low risk functional units- including the first audit of the University of Minnesota-Rochester campus

Institutional Risk Profile

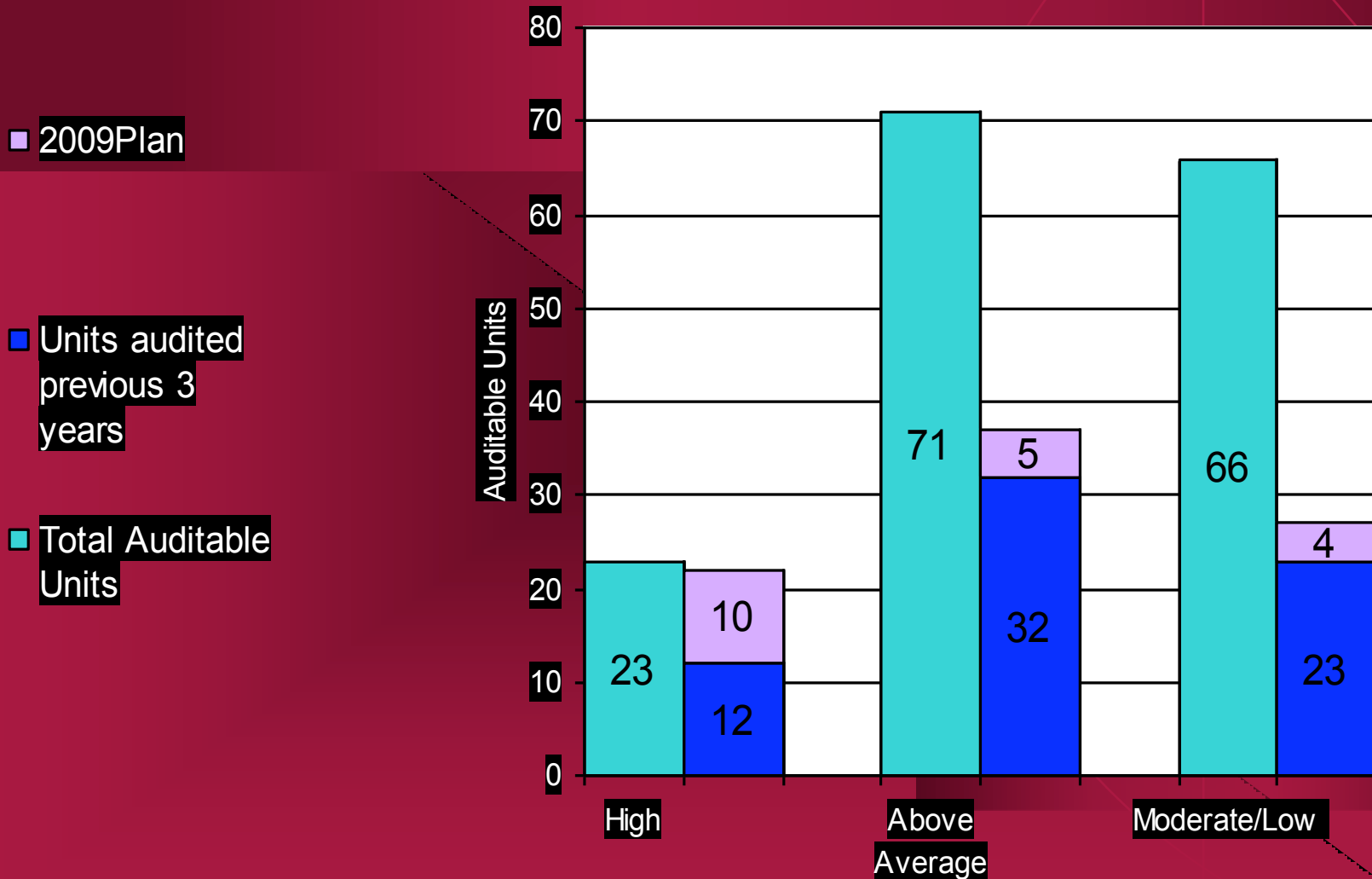
Audit Committee's Heat Map



Audit Coverage of Institutional Risks

Unit	FY 09	FY 08	FY 07	FY 06
Research- Infrastructure	x		x	x
Individual Sponsored Project	x	x	x	x
AHC	x	x	x	x
Tech Transfer		x	x	
Strategic Positioning Outcomes	x			
Academic Quality	x			
Investments				x
Fringe Benefits			x	x
Student Experience	x	x	x	x
Associated Organizations	x	x	x	x
Athletics	x	x	x	x
Emergency Preparedness	x	x		
Financial Management	x	x	x	x
Technology	x	x	x	x

Audit Coverage Through Risk Based Reviews



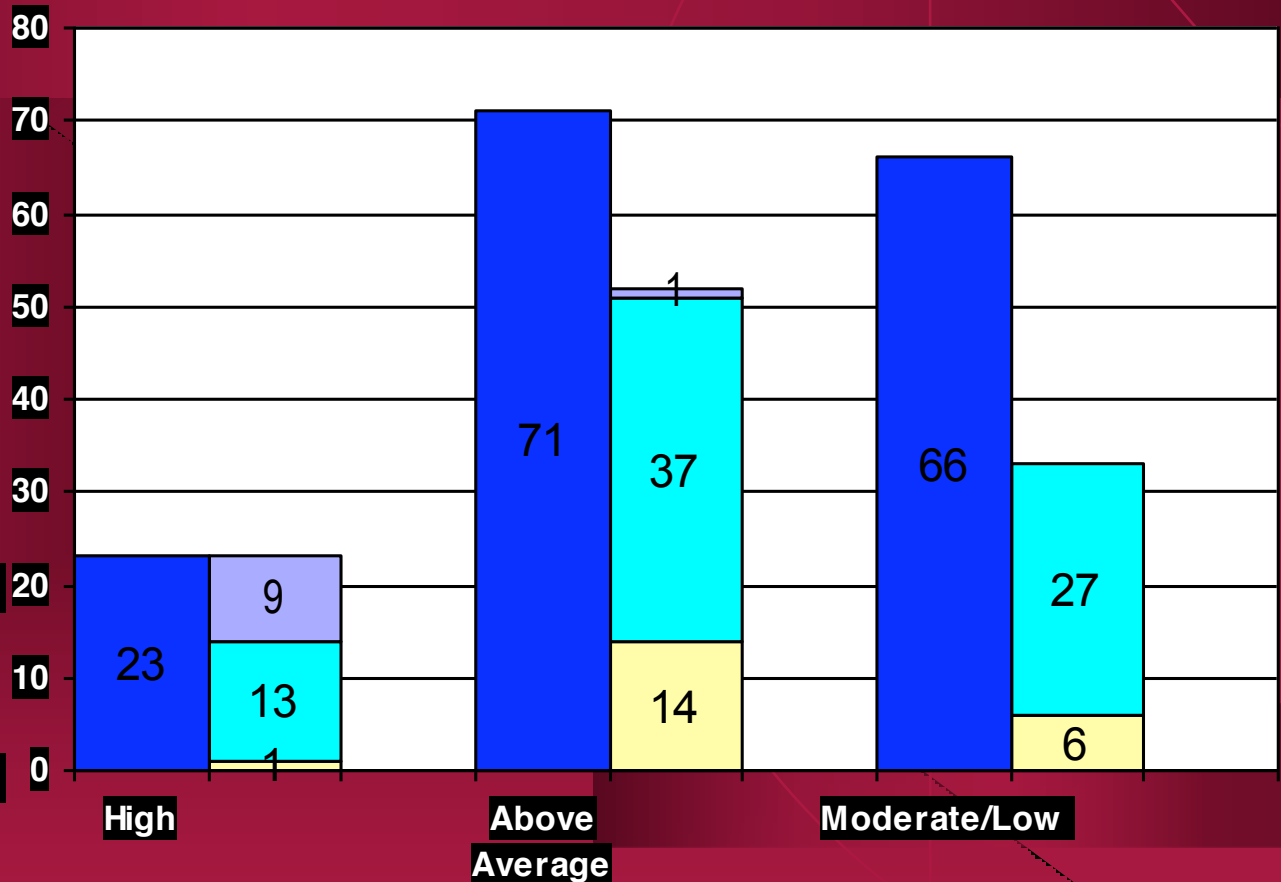
Audit Coverage Through Risk Based and U-Wide Reviews

■ Total Auditable Units

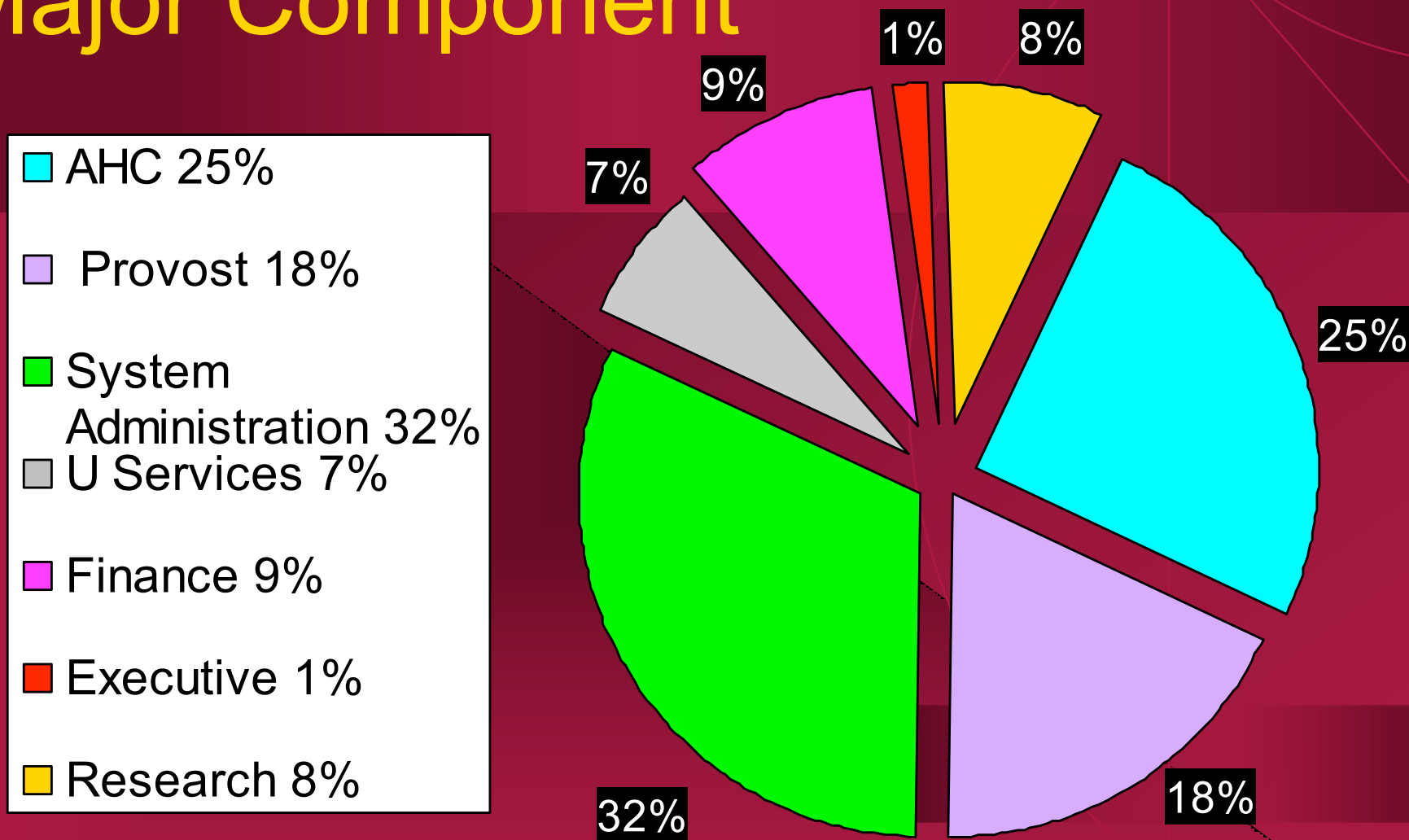
■ Units audited more than once for 4 yrs. ending 2006 (incl. U-wide reviews)

■ Units audited once during the 4 yrs. ending 2006 (incl. U-wide reviews)

■ Units with limited coverage through U-wide reviews



FY 2009 Audit Coverage By Major Component



FY 2009 Audit Coverage By Strategic Priority

Plan provides significant coverage of:

- Technology- 30% - including coverage in 13 departmental audits
- Evaluations of service quality and productivity-9 audits
- Evaluation of central services-11 audits
- Evaluations of research activities-11 audits
- Gift activities-8 audits

Our Commitment to Accountability

The Office of Internal Audit

is committed to its accountability for:

- The productive use of the resources provided by the University
- The professional competency of its staff
- The quality of the audit services it provides

Our Commitment to Accountability

Commitment to Productivity

- 27 Audits completed
- 11 Audits in final stages of completion
- 33 Investigations performed
- 6 Audits were either deferred to FY 2009 or not completed

Our Commitment to Accountability

Coordination with Others

- U Compliance Officer
- Office of Oversight, Analysis & Reporting
- Office of Regulatory Affairs
- Institutional Review Board
- Department of Environmental Health & Safety

Our Commitment to Accountability

Coordination With Others

Audit results are routinely shared with

- SPA
- Payroll
- Purchasing
- Training Services
- Human Resources
- IRB
- Foundations
- Compliance Officer
- Office of Information Technology

Our Commitment to Accountability

Commitment to Competency

- Adherence to Professional Standards

Institute of Internal Auditors

Standards for the Professional Practice of Internal Auditing

- Professional Credentials
- Continuing Professional Development
- Peer Review

Our Commitment to Accountability

Professional Credentials

- Eleven have professional certifications: CPA, CIA, CISA, CFE.
- Five have graduate degrees
- Four are pursuing a masters degree or professional certification

Our Commitment to Accountability

Professional Development

- In FY 2008 each employee received on average 54 hours of professional development.
- In FY 2009 each employee will receive on average 113 hours of professional development.

Our Commitment to Accountability

Peer Review

- External peer review scheduled for FY2009
- Have participated on peer review teams for five of the ten universities in the University's aspirational peer group.

Our Commitment to Accountability

Commitment to Service Quality

- Post audit surveys
 - Average score for FY 2008 was a favorable score of 3.7 on a 4 point scale.
- Benchmarking

