ASU

ARIZONA STATE UNIVERSITY

University Administration and Legal Affairs

University Audit and Advisory Services

FIVE YEAR STRATEGIC PLAN

FISCAL YEARS 2008-2012

October 2007

University Audit and Advisory Services
Strategic Plan
Fiscal Years 2008 – 2012

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<u>INTRODUCTION</u>

University Audit and Advisory Services' (University Audit) 2008 - 2012 Strategic Plan has been developed in support of:

- The Arizona State University Vision and Goals of 2002-2012; and

- The University Administration and Legal Affairs Strategic Plan for FY 2008-2012.

University Audit's Strategic Plan includes its:

- Vision Statement;

- Mission Statement;

- Values;

- Environmental Scan;

- Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis;

- Goals:

- Objectives;

- Strategies;

- Performance Measures; and

- Goal Linkage – ASU goals, University Administration and Legal Affairs goals, and University Audit goals.

University Audit's 2008-2012 Strategic Plan was developed as a collaborative project by University Audit staff.

University Audit and Advisory Services
Strategic Plan
Fiscal Years 2008 – 2012

ORGANIZATIONAL HISTORY AND PROFILE

History

1992 - Arizona State University Internal Audit department was created as a Vice President for Administrative Services, and staffed by the Comptroller's Office. Audits were performed on an as needed basis, and assigned by the University's Comptroller.

1992 - The internal audit function was transferred from the Comptroller's Office to become an independent unit reporting to the Vice Provost for Administrative Services.

1995 - The title of the department was changed in June 1995 to include "Management Services." The name change reflects the Unit's philosophy to provide customer-focused, value-added services in an environment of continuous improvement. Management services encompasses the non-audit, consultative type of services offered by the unit.

2004 - The internal audit function was transferred to the Vice President for University Administration and General Counsel.

2006 – On August 16, 2006, the University implemented its Campus Safety and Compliance Hotline. The internal audit department was assigned responsibility for administration of the hotline.

2007 - The title of the department was changed in February 2007 to University Audit and Advisory Services. The name change reflects that the unit is a university-wide resource, consistent with the notion of "one university, many places," and it also reflects that the unit provides advisory services to other university units – it is not responsible for management of the organizations it audits or serves.

Profile

The unit was created with two full-time auditors and a manager. It now consists of a director, four full time-auditors, and an administrative associate. University Audit currently operates in five areas of responsibility. These include:

- Operational/Financial Audits - Operational audits examine and evaluate systems of internal control and the efficiency and effectiveness of operations. Financial audits examine specific controls over funds and accounting for the funds. The emphasis is on identifying actual or potential risks, providing corrective guidance and making management recommendations to improve the efficiency and effectiveness of financial controls.

- <u>Special Requests</u> **-** This area consists of special projects or reviews requested by the university administration. These reviews are requested when special issues or circumstances warrant an independent and objective review of operations and/or policies and procedures.

- <u>Consulting/Training</u> - Consulting is an independent, objective advisory service provided to clients in order to help them identify and analyze management problems or opportunities. Consultants also recommend solutions or suggested actions with respect to these issues and help, when requested, in their implementation. In essence, consultants help to effect constructive change through the sound application of substantive and process skills. Regarding training, University Audit can provide University organizations with training on internal controls, fraud, and risk assessment.

- <u>Intercollegiate Athletics Compliance Audits</u> - The purpose of the compliance audit is to determine whether the areas to be reviewed for Intercollegiate Athletics (ICA) have operated in conformity with National Collegiate Athletic Association (NCAA) and Pacific-10 (PAC-10) Conference legislation during the year. Additionally, the audit is designed to provide recommendations to assist ICA and the Intercollegiate Athletic Compliance Team (IACT) in monitoring compliance with NCAA requirements, PAC-10 legislation, and ASU policies and procedures. The compliance audit includes the examination of ASU documents, as well as personal interviews with staff and student athletes.

- <u>Campus Safety and Compliance Hotline</u> – In August 2006, ASU's Campus Safety and Compliance Hotline was initiated. The Hotline provides university students and staff, as well as external vendors and other parties to anonymously report issues of concern. Those concerns can range from campus safety issues to compliance with State, ABOR, and ASU policies. University Audit administers the Hotline

University Audit and Advisory Services
Strategic Plan
Fiscal Years 2008 – 2012

VISION, MISSION AND VALUES

Vision

University Audit is valued by the University community because it provides high quality audit and advisory services that help further the attainment of the New American University.

Mission

The mission of University Audit is to collaborate with management to assist the University in managing business risks. This is accomplished through objective, independent audit and advisory services that evaluate and communicate the effectiveness of financial, compliance, and operational controls and practices.

Values

- Independence
    - We adhere to the standards of our profession; we remain independent in our work.

- Integrity
    - We follow the highest ethical standards.
    - We take responsibility for our actions.
    - We honor our commitments.

- Objectivity
    - We provide accurate, independent information; we do not compromise our commitment to accuracy.
    - We provide high-quality, useful reports that are a fair, balanced presentation of the results of our work.

- Professionalism
    - We show respect for others.
    - We maintain open lines of communications.
    - We encourage new ideas and accept risk for making positive changes.
    - We accept personal challenges to improve continuously.
    - We are committed to excellence.
    - We apply appropriate knowledge and skills in the performance of duties.

University Audit and Advisory Services
Strategic Plan
Fiscal Years 2008 – 2012

ENVIRONMENTAL SCAN

Internal Scan (Strengths and Weaknesses):

Factor	Strengths	Weaknesses
Human Resources	- Professionally qualified staff (CPA, CIA, CFE, CISA, CGFM, etc). - Diverse industry and university experiences to apply to current issues. - Commitment to staff training and education to ensure that skills and knowledge are current and meet professional auditing and accounting requirements.	- Limited staff experience in selected high-risk areas including IT, construction, and grants. - Potential loss of staff to other University units.
Organizational Culture	-Ability to work independently and in self-directed work teams, resulting in more auditor authority and responsibility. - Flexibility of the team to adapt to changing conditions. - Willingness to critically examine ourselves and to improve audit efficiency and effectiveness.	

Factor	Strengths	Weaknesses
Customer Focus	- Strong and positive customer-focus with a firm commitment to customer service, effective communications, and responsiveness to internal and external customer needs. - Collegial approach in working with other departments. - A formal process for requesting audits where the University's Executive Committee determines the priority of requested audits.	- The ABOR Audit Committees enhanced interest in audit reports may impact the willingness of University units to request audit services.
Technology	- Embrace current technology to effectively and efficiently use limited resources, and thereby: (1) improve audit services, audit processes, staff performance, and work environment; and (2) apply technology to increase audit efficiency and effectiveness.	- Diverse technology throughout the University requires a broader knowledge base.

University Audit and Advisory Services
Strategic Plan
Fiscal Years 2008 – 2012

External Scan (Opportunities and Threats):

Factor	Opportunities	Threats
Stakeholders	- To participate in system development reviews. - To be recognized as a credible resource to identify and assess opportunities and risks at ASU. - To be recognized as a credible resource to assist management with business process reviews and resource analysis. - To assist university units in their fiduciary and governance responsibilities. - To preserve and enhance ASU's reputation of ethics, integrity, and sense of fairness.	- Lack of common expectations among stakeholders, particularly ASU management and ABOR Audit Committee. - Increased level of expectations by ASU management and ABOR Audit Committee for University Audit to address ASU's risks. - The value of the work provided by University Audit is not always understood and universally supported by the university community.
Demographics		- The growth and development of the four ASU campuses could strain existing audit resources.

Factor	Opportunities	Threats
Economic		- Increased competition for public funds could impact funds available to the university, and the funds available to University Audit. - Increased competition for funds within the University could impact the amount of funds available for University Audit. - Loss of knowledgeable staff because of insufficient funds to provide competitive salaries. - Deterioration of effectiveness resulting from a loss of funding for support and training to stay current in the profession and maintain appropriate skills.

GOALS, OBJECTIVES, STRATEGIES, ACTIVITIES AND PERFORMANCE MEASURES

Objectives	Strategies	Activities	Performance Measures
GOAL 1: Issue reports that enhance the public accountability and stewardship of Arizona State University programs and operations by determining whether resources are: properly safeguarded, used properly and prudently, and used efficiently, economically and effectively.			
1.1 Annually, issue audit, review, and study reports, including practical recommendations, where necessary.	1.1.1 Identify potential audits, reviews, and studies to be performed by Internal Audit	- Develop an annual audit plan that identifies the applicable audits, studies and reviews to be performed during the fiscal period. In identifying the audits to be included in the plan, use a risk assessment process that obtains input from all levels of management. -Maintain a management process to track the status of audits, reviews, and studies .being performed by Internal Audit.	**OUTPUTS:** - Annual audit plan is prepared and approved by the established deadline. - Number and types of reports issued.
	1.1.2 Submit copies of audit reports, reviews and studies, and other appropriate documents to all appropriate parties noted in Internal Audit's protocols.	- Maintain a distribution record that indicates the parties that received copies of the reports.	
1.2 Ninety percent of University Audit recommendations are implemented.	1.2.1 Issue audit reports, reviews, studies, and investigations that identify how internal controls and programs can be improved, thereby enhancing public accountability and stewardship of University resources.	- Maintain audit processes that ensures recommendations address the underlying cause of the problems identifies - Maintain audit processes that ensure the recommendations represent practical solutions for addressing the problems identified. - Maintain a process to track the status of implementation of recommendations.	**OUTCOMES:** **Effectiveness:** -Percentage of recommendations implemented by fiscal year – goal: 90%. **OUTPUTS:** -Quarterly report of open recommendations – goal: issue within two weeks of close of quarter.
1.3 Identify cost savings and revenue enhancements where possible.	1.3.1 Where appropriate, audits, reviews, studies, and investigations should identify cost savings, revenue enhancements, and instances of fraud, waste and/or abuse of University resources.	- Maintain audit processes that ensure that cost savings, revenue enhancements, and instances of fraud, waste and/or abuse of State funds are identified to the extent possible. - Maintain a process that tracks the amount of cost savings, revenue enhancements and instances of fraud, waste and/or abuse identified in the Office's reports.	**OUTCOMES:** **Effectiveness:** - Dollar value of cost savings, revenue enhancements, and fraud, waste and/or abuse of State funds.

GOALS, OBJECTIVES, STRATEGIES, ACTIVITIES AND PERFORMANCE MEASURES

Objectives	Strategies	Activities	Performance Measures
GOAL 2: Provide high quality services in carrying out University Audit's responsibilities.			
2.1 External peer review requirements are met.	2.1.1 Audits, reviews, studies and investigations are performed in accordance with applicable professional standards, statutory requirements and Internal Audit policies and procedures.	- Maintain an internal quality control system consistent with professional standards that includes appropriate procedures. - Periodically be subjected to an external peer review. - Maintain a library with sufficient resources. - Continually update audit manuals.	**OUTCOMES:** **Effectiveness:** - University Audit receives an unqualified opinion on its compliance with professional auditing standards in its external peer review in 2008.
2.2 All University Audit staff hold professional certifications and/or advanced degrees.	2.2.2. Encourage employees to pursue life-long learning and to seek professional certifications and advanced degrees, thereby allowing employees to achieve a greater potential and also benefiting Internal Audit with the additional knowledge they gained.	- Seek opportunities for supporting employees pursuing professional certifications, post-graduate education, and advanced degrees. - Encourage staff to participate in professional organizations.	**OUTCOMES:** **Effectiveness:** - Percentage of staff with professional certifications and/or advanced degrees – goal: 100%. - Percentage of staff participating in professional organizations
2.3. All University Audit staff meet continuing professional education (CPE) requirements.	2.3.1 Develop an annual training plan that allows Internal Audit staff to meet applicable CPE requirements.	- Maintain an annual training plan that provides sufficient CPE hours for all staff; update the plan as needed. - Periodically review the training plan to ensure it meets professional requirements and the needs of staff.	**OUTPUTS:** - Number of CPE hours earned by staff – goal: 40 CPE annually. **OUTCOMES:** **Effectiveness:**
	2.3.2 Establish a monitoring system to ensure Internal Audit staff meet the CPE requirements.	- Throughout the year periodically advise staff of the number of CPE hour attained.	- Percentage of staff that met CPE requirements – goal: 100%.
2.4 Provide quality value-added services to University Audit's clients and strive to develop ways to better meet the demands of the entire University community.	2.4.1 Establish a system to monitor customer satisfaction.	- Send customer surveys no later than 30 days after the issuance of the final audit report.	**OUTCOMES:** **Effectiveness:** - Achieve an average customer satisfaction rating of "4" for the fiscal year.

GOALS, OBJECTIVES, STRATEGIES, ACTIVITIES AND PERFORMANCE MEASURES

Objectives	Strategies	Activities	Performance Measures
GOAL 3: Work effectively in carrying out University Audit's responsibilities.			
3.1 Complete the annual audit plan to the extent possible.	3.1.1 Assign audits, reviews, studies and investigations in a manner so that staff are able to focus their efforts on direct work categories.	- Review work assignments with staff periodically on a routine basis. - Review status reports semi-monthly. - Develop reasonable estimates of audit hours required to complete each project on the annual audit plan. - Revise audit plan to accommodate requests related to pertinent issues, as appropriate. - Evaluate the feasibility of utilizing a student intern to enhance both audit productivity and the University's academic program.	**OUTCOMES:** **Effectiveness:** - Percentage of audits included on the annual audit plan that are completed – goal: 80%. - Percentage of audits completed within the "revised budgeted" hours – goal: 75%. - Percentage of hours charged to direct categories – goal: 80%.
3.2 Administer the operation of the ASU Safety and Compliance Hotline	3.2.1. Manage the hotline to ensure that incident reports are forwarded timely to the appropriate areas for resolution, and provide management with appropriate status reports.	- Maintain a shadow Access data base to facilitate status reporting. - Provide sufficient resources to ensure that the hotline is appropriately managed.	**OUTCOMES:** **Effectiveness:** - Percentage of complaints resolved – goal: 100%. **OUTPUTS:** - Issue a monthly report to management on the status of incident reports – goal: within three working days after the end of the month. **INPUTS:** - The number of hours expended on administering the hotline – goal: 780 hours.
3.3 Provide training to University organizations as needed.	3.3.1 Provide training to University organizations to assist in the identification of operational and compliance risks. 3.3.2 Provide training to University organizations in internal controls and fraud on an as requested basis.	- Schedule annual meetings with "College" business managers to assist them to identify the specific operational and compliance risks faced by their respective colleges. - Use the University Audit web site to market available training programs.	**OUTPUTS:** - Number of risk assessment meetings held annually. - Number of participants in risk assessment and training meetings.

GOALS, OBJECTIVES, STRATEGIES, ACTIVITIES AND PERFORMANCE MEASURES

Objectives	Strategies	Activities	Performance Measures
GOAL 4: Maintain a positive and stimulating work environment.			
4.1 Strive for a work environment that values open communications, trust, and personal satisfaction of all team members.	4.1.1 Maintain an internal communication system that provides each person with the means to be timely and accurately informed of University Audit matters.	- Maintain an open door policy, whereby staff can meet with management at any time to voice concerns. - Schedule routine 1:1 meetings with staff to identify areas of concern. - Hold periodic staff meetings to disseminate information and allow staff to voice concerns. - Maintain other processes to keep staff informed, newsletter, e-mail, etc.	**OUTPUTS:** The number of 1:1 meetings held with staff: goal 1 monthly meeting with each staff member.
	4.1.2 Recognize employees for their accomplishments.	- Develop a process to acknowledge high quality work. - Consider employee performance as a major factor in the promotional process and for salary increases. - Develop a process to acknowledge adherence to University Audit's core values.	
	4.1.3 Provide staff with the opportunity to select training courses of their own interest.	- Develop a process that allows staff to provide input to the development of the annual training program.	
	4.1.4 Provide staff with the opportunity for diverse work assignments.	- Maintain a work assignment process that allows for input by staff.	
	4.1.5 Promote an environment that encourages mutual respect and value for mutual growth.	- Place focus on team growth. - Develop internal processes that promote mutual respect.	
	4.1.6 Encourage an entrepreneurial culture that encompasses innovation, creativity, and appropriate risk taking.	- Acknowledge and celebrate innovative and creative techniques.	
	4.1.7 Involve and encourage employees in the decision-making process.	- Develop a process whereby employees can participate in organization decisions, where appropriate.	

LINKAGES – ASU, UNIVERSITY ADMINISTRATION AND LEGAL AFFAIRS, AND UNIVERSITY AUDIT GOALS

ASU Goal Reference	University Administration and Legal Affairs Goal	University Audit Goal
A7	Provide efficient and effective administrative services.	1.3, 2.1
A7	Consistently meet, or exceed, expectations of individuals seeking services.	2.4
C1	Strengthen and develop administrative resources.	2.3
A2, A5, B1, D1, D2	Build collaborative relationships with community resources.	2.2
A4, A6	Contribute to the ASU campus' environments to enhance the student learning experience and to support faculty efforts in teaching and research.	3.1
A5	Be flexible and responsive.	3.1
AR, A6, A7	Provide a safe and secure environment.	3.2
B1	Recruit and develop staff with innovative ideas and entrepreneurial approaches.	2.2
C1, C3	Advance the competence and productivity of our people.	2.2, 2.3
A1	Promote equal opportunity and diversity.	4.1
All	Provide clear communication channels.	4.1
	Streamline processes to improve services.	1.2, 1.3
A1, A2, B1	Promote compliance with policies and legal requirements.	1.2
C1	Achieve recognition for high quality programs and services.	2.1
	Manage risk.	1.1
A2, D4, All	Promote culture of accountability.	3.1
B2, D1	Appropriately address external mandates and expectations.	2.1
	Adhere to core values.	4.1