

OACR *Audit Focus*

A quarterly newsletter from the Office of
Audit & Compliance Review

Nur Erenguc, Chief Audit Executive
May, 2005

Audit Plan and Risk Assessment

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Each year, OACR revisits the process of identifying and analyzing risks for the University. An integral part of risk assessment is obtaining management's own assessment of risk. This quarter, OACR surveyed senior management with oversight of key processes and activities of the University. They were asked to consider the broad objectives and activities to evaluate inherent risks. Their assessments were used in the development of the audit plan for 2005-2007.

Risk assessment is defined as the identification and analysis of relevant risks in the achievement of the objectives, forming a basis for determining how the risks should be managed. Risk assessment is one of the five components of internal control. Other components include control environment, control activities, information and communication, and monitoring. The control environment sets the tone of the organization, and has a pervasive influence on the way activities are structured. Management's commitment to integrity, ethical values, and competence, together with its philosophy and operating style, and hu-

man resource polices and practices impact the overall control environment. Objective setting is a precondition to risk assessment. Management sets objectives, identifies and assesses risks in their achievement, and takes necessary actions and establishes controls to manage these risks. The broad objectives applicable to all units include operational, financial, compliance, and asset protection related objectives.

Control activities are closely related to risks in an organization. The policies and procedures that help ensure management directives are carried out are examples of control activities. Other control activities include authorization, financial information reconciliation, asset verification, and appropriate delegation and segregation of duties. Control activities may be preventive or detective, and should be evaluated based on the benefits and associated costs.

We welcome your request for assistance in reviewing your unit's internal controls. You may email us at auditor@ufl.edu, or call us at 392-1391.

New Staff Member at OACR

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Craig E. Reed, Senior Auditor, joined our office on May 6. Craig is a CPA and a UF graduate of the Fisher School of Accounting. He has over 10 years experience with the Auditor General's office and most recently was an accounting coordinator in UF's General

Accounting Office. Craig can be reached at 392-1391 or by e-mail at creed@ufl.edu.

OACR Office in Yon Hall

To bring our resources closer to the growing UF campus community, OACR has opened its third office. The Yon Hall office located in room 306 is currently staffed by Al Moon and Marilyn Velez. They can be reached at 846-3402.

International Internal Auditor Awareness Month

May of each year is the designated month throughout the world to build awareness of the internal audit profession and its important role in organizational effectiveness and efficiency, internal control and risk management. In that effort, on April 26, 2005 the Florida Governor signed a proclamation that reads in part, "Whereas, internal auditors help their organizations meet their objectives

by monitoring risks and ensuring controls are adequate to mitigate those risks; and.....Now, therefore, I, Jeb Bush, Governor of the State of Florida, do hereby extend greetings and best wishes to all observing Internal Auditor Awareness Month, May, 2005."

