

UCF Internal Audit Strategic Plan 2025-2030

A. Introduction:

The UCF Internal Audit department is committed to providing objective and independent audit and advisory services. This strategic plan, effective as of January 2025, aligns with the latest IIA Global Internal Audit Standards and UCF's institutional goals. It sets forth a proactive, five-year roadmap designed to address both current and emerging risks in higher education, fostering a robust internal control environment while advancing the strategic priorities of the university.

B. Strategic Plan Objectives:

1. **Compliance with the IIA Global Internal Audit Standards:** Establish a strategic plan that meets the IIA Global Internal Audit Standards that also incorporates leading practices used by internal auditors in a wide variety of industries.
2. **Action-Oriented Strategy with Clear Metrics:** Establish actionable goals with both qualitative and quantitative performance indicators to measure our impact on university operations, risk mitigation, and resource stewardship.
3. **Alignment with UCF's Strategic Vision:** Tailor internal audit efforts to support the university's unique mission and strategic priorities, including its commitment to innovation, student success, and community engagement.
4. **Five-Year Horizon with Mid-Term Review:** Review and update the plan in 2027 to ensure responsiveness to emerging risks, institutional needs, and stakeholder expectations.
5. **Concise Communication:** Keep the document under ten pages for easy reference.

C. Strategic Plan Components

1. Scope of Services

As noted in our department charter, the UCF Internal Audit department will work with our stakeholders to provide a spectrum of audit and advisory services aimed at delivering value across the institution:

- **Objective-Based and Risk-Based Assurance:** Develop a rolling objective-based and risk-based audit plan aligned with the university's strategic goals, ensuring efficient allocation of audit resources to high-priority areas.
- **Advisory and Consulting Services:** Offer consultative engagements to provide insights and recommendations on university operations. Focus areas include data governance, cybersecurity, financial controls and governance requirements. Based on industry trends and stakeholder demands, we anticipate that the

amount of advisory work performed will increase over time at the expense of assurance services.

Using McKinsey's Three Horizons Model and other internal and external resources, we have identified higher education industry scenarios that an internal audit department should be aware of and discuss with stakeholders on a periodic basis. Many of these scenarios are related to UCF's strategic plan.

Five common themes across the three timeframes relate to operational excellence, financial strength, leveraging technology, establishing partnerships, and academic success.

We note the timeframes assigned are somewhat arbitrary where any of these scenarios could require a response in any/all of the timeframes. These scenarios will be evaluated for project prioritization and selection.

Short-Term (Next 2 Years)
<p>Financial Stability: Managing budget constraints due to fluctuating enrollment and government funding.</p> <p>Technology Integration: Rapid adoption of online learning and digital tools for remote/hybrid education. Also, integration of applications with ERP systems.</p> <p>Compliance and Regulation Changes: Adapting to evolving regulatory requirements as political changes take place.</p> <p>Student Experience and Mental Health: Focusing on student wellbeing and its impact on student success.</p> <p>Operational Efficiency: Streamlining administrative processes to promote efficient use of resources.</p> <p>Cybersecurity and Data Privacy: Enhancing protections against increased cyber threats in a digital learning environment.</p> <p>Short-Term Strategic Partnerships: Forming temporary alliances for resource sharing and joint programs.</p> <p>Emergency Preparedness: Improving readiness for future disruptions or crises.</p> <p>Vendor and Contract Management: Evaluating and monitoring third-party risk from an operational, IT and liability risk perspective.</p>
Medium-Term (3-5 Years)
<p>Athletic Department Models: Ability to adjust to new operating and funding requirements including compensation and facilities maintenance/upgrades to maintain competitiveness and financial stability.</p> <p>Hybrid Learning Models: Establishing effective and sustainable hybrid educational models when expanding student reach and target markets.</p> <p>Revenue Diversification: Exploring new revenue streams to supplement tuition and government support.</p> <p>Student Retention and Success: Implementing strategies to improve student retention and degree completion rates.</p>

Workforce Development: Aligning educational programs with evolving job market needs.

Sustainability Initiatives: Implementing green campus initiatives and sustainable practices.

Long-Term (6-10 years)

Technological Innovations in Learning: Integrating advanced technologies such as AI, Virtual Reality/Augmented Reality in education. Also including ERP student system upgrade requirements.

Long-term Financial Models: Developing sustainable financial models that balance tuition, government funding, and private investments revenue sources with the need for capital expenditures, deferred maintenance and the cost of talent.

Advanced Research Capabilities: Enhancing research facilities and capabilities to remain at the forefront of innovation.

Expanding Global Presence: Establishing a stronger global presence through international campuses and online offerings.

Infrastructure Modernization: Upgrading campus infrastructure to be more sustainable and technology friendly.

Alumni Engagement and Endowment Growth: Strengthening alumni networks and endowment funds for long-term financial health.

Strategic Mergers and Acquisitions: Considering strategic partnerships or mergers to enhance educational offerings and research capabilities.

2. People

Overview: Our success depends on a skilled, adaptable team with sufficient resources to provide the desired level of service. We will enhance competencies in risk management, data analytics, technology, and interpersonal skills, emphasizing continuous learning and adaptation. This work will be tracked using Individual Developmental Plans (IDP) to measure our success in performing continuous learning to stay current with industry developments and leading practices.

- An inventory of these desired skills is provided below:

Technical Skills

Data Analytics: Proficiency in using data analysis tools and techniques for audit processes.

Cybersecurity Knowledge: Understanding of cybersecurity risks and IT systems.

Fraud Detection: Ability to recognize and audit/investigate potentially fraudulent activities.

Environmental, Social, and Governance (ESG) Knowledge: Familiarity with ESG reporting standards and their impact on the organization.

Regulatory Compliance: Knowledge of relevant laws, regulations, and industry standards.

Risk Assessment: Ability to identify and evaluate risks affecting the organization.

Financial Acumen: Understanding of financial statements, budgeting, and financial reporting.

Emerging Technologies: Familiarity with technologies like AI, blockchain, and cloud computing.

Internal Control Systems: Knowledge of internal control frameworks and their application.

Audit Reporting: Skill in creating clear, comprehensive audit reports.

Industry Knowledge: Deep understanding of the specific sector the organization operates in.

Quality Management: Ensuring projects are conducted with high standards of quality and accuracy.

Project Management: Ability to manage projects effectively.

Information Technology: Proficiency in IT audit and understanding of IT infrastructure.

Interpersonal skills

Communication: Effective verbal and written communication skills.

Problem-Solving: Ability to find solutions to complex audit issues.

Organizational Skills: Capability to organize and manage audit processes and teams.

Teamwork: Collaborating effectively with audit teams and other departments.

Conflict Resolution: Handling disagreements constructively within the team or with auditees.

Negotiation: Ability to negotiate terms, conditions, and conflicts effectively.

Change Management: Adapting to and managing changes within the audit function or organization.

Leadership: Providing direction and motivation to the audit team.

Critical Thinking: Analyzing situations deeply to provide valuable insights.

Business Acumen: Understanding the business environment and organizational goals.

Ethical Conduct: Upholding the highest standards of integrity and professionalism.

Adaptability: Flexibility in handling various auditing scenarios and changes.

Empathy: Understanding and being considerate of others' perspectives.

Innovative Thinking: Bringing new ideas and approaches to the audit process.

Resilience: Handling stress and pressure effectively.

- **Training and Certification:** Encourage and support the pursuit of certifications (e.g., CIA, CISA, CPA) and advanced training (in critical areas like data analytics and cybersecurity) to ensure staff remain competitive and skilled in emerging audit areas.
- **Succession Planning:** Establish a structured succession plan to cultivate leadership at every level, building a pipeline of talent ready to assume key roles. This is of particular concern given the current demographics within the department and recent staff turnover patterns. We will continue to develop

mentorship and leadership programs to strengthen institutional knowledge and continuity.

3. Internal Processes

Efficiency, effectiveness, and adaptability are core to our work processes.

- **Project Management:** Integrate robust project management practices that emphasize flexibility and timely delivery. Utilize agile methodologies to adjust to evolving priorities, balancing comprehensive oversight with efficient completion.
- **Standardization and Customization:** Develop and leverage reusable templates, checklists, and procedures to streamline audit processes while allowing customization to address unique audit needs across diverse university departments.
- **Continuous Improvement:** Establish a feedback loop to improve audit quality, track process efficiency, and refine procedures based on lessons learned and stakeholder feedback. Emphasize process automation where feasible to enhance efficiency.

4. Use of Technology and Co-Sourcing Resources

To keep pace with technological advancements and optimize resource allocation, UCF Internal Audit will leverage advanced tools and external expertise.

- **Technology Integration:** Deploy technology solutions for data analytics, continuous auditing, and automated controls testing. Use data visualization tools such as Microsoft PowerBI and Workday for enhanced reporting and stakeholder engagement. We will consider purchasing additional modules from AuditBoard (audit management software) to enhance and expand our scope of services.
- **IT Audit Co-Sourcing:** Engage with specialized IT audit co-sourcing partners to address complex technical areas and supplement in-house capabilities. We do not anticipate expanding internal IT Audit resources over the next five years. We believe co-sourcing is the best method to provide oversight of cybersecurity, data privacy, and IT governance, especially in critical and high-risk areas.
- **Construction Audits for Capital Projects:** Based on our own work and consultation with peers we believe use of co-sourcing resources could enhance oversight of large capital projects. These audits would focus on compliance, cost management, and project timelines.

5. Communication and Interaction with Stakeholders

In addition to formal reports and memos, stakeholder communications outside of our formal projects provide extensive value to the university.

Some of the key themes in our interactions are:

- a) Is Internal Audit helping the university cultivate a growth mindset? This could include the ability to embrace complexity and ambiguity and forge a culture of experimentation and continuous learning to get out of our comfort zone. Where are we seeing resistance to change and why? Are there legitimate reasons for this resistance that can be discussed and resolved?
- b) Is Internal Audit leading by example by embedding innovation in our daily work by expanding our skills and capabilities with our technology and the technology used by other areas of the university? Are we discussing these issues and sharing information with our stakeholders on a regular basis?
- c) Is Internal Audit courageous in having tough conversations, speaking up and escalating if we see an existing issue, critical risk, or opportunity the university should get ahead of? Internal auditors want to be considered trusted advisors and agents of change. Professional courage is a major component for earning those labels.

D. Performance Metrics

To develop performance metrics, we leveraged a “Balanced Scorecard” approach developed by Dr. Robert Kaplan and Dr. David Norton. The framework evaluates value creation from four perspectives:

- Financial
- Customer
- Internal Processes
- Learning and Growth

We identified a performance metric for each of the four categories. As we achieve success in meeting these metrics, we may add new metrics but wanted to stay focused on initial achievement.

Perspective	Metric	Targeted Performance Range
Financial	Develop a Revenue Opportunity/Cost Savings Checklist to be used as part of a standard audit or stand-alone advisory project.	Pilot the checklist in 2025 with goal of identifying \$100k of opportunity from our work.
Customer	Leverage existing customer survey on all significant projects to obtain feedback.	Achieve 4.5 out of 5.0 scale on an annual basis.

Internal Processes	Modify or eliminate processes to increase overall efficiency and effectiveness of the department.	For 2025, identify and implement five significant process changes.
Learning and Growth	Increase the skill set of the department to be able to identify and respond to emerging risks and audit areas.	For 2025, all full-time employees will devote at least ten hours annually to reading, training sessions and interaction with internal/external subject matter experts on emerging risks and audit areas.

E. Strategic Plan Review and Updates

This strategic plan will be reviewed in 2027 to assess alignment with emerging university priorities, and stakeholder needs. Adjustments will be made to maintain alignment with UCF’s evolving goals and the dynamic risk environment of higher education. Ideally, a “blank sheet of paper/zero based budgeting” type of approach should be used where we would ask: *If we were building an internal audit department for UCF from scratch, what would you want to do immediately and a year from now from a funding and strategic perspective?*

F. Conclusion

The UCF Internal Audit department’s Strategic Plan 2025-2030 is a forward-looking framework that leverages our resources, people, and processes to deliver impactful, high-quality audit services. This document represents our commitment to fostering a culture of accountability, risk awareness, and operational excellence within UCF, in full alignment with both the IIA Global Internal Audit standards and our institution’s vision.

Appendix A: SWOT Analysis

A SWOT analysis is a strategic tool for understanding the Strengths, Weaknesses, Opportunities, and Threats facing an organization or function. This SWOT analysis was used to help develop our strategic plan.

1. <u>Strengths</u> (<i>the internal attributes and resources that give your organization an advantage over others</i>)
a) Expertise and Knowledge: Proficient in audit standards, risk assessment, and compliance requirements. b) Independence and Objectivity: Ability to provide unbiased insights and recommendations. c) Institutional Understanding: Deep knowledge of the university's operations, culture, and challenges.
2. <u>Weaknesses</u> (<i>internal factors that put your organization at a disadvantage compared to competitors</i>)
a) Resource Constraints: Limited budget and staffing might impede audit coverage. b) Change Management: Difficulty in keeping pace with rapid technological changes and educational trends. c) Visibility and Perception: Internal audit might be viewed as a compliance obligation rather than a strategic partner.
3. <u>Opportunities</u> (<i>external factors that your organization could capitalize on to grow and improve its position in the market</i>)
a) Emerging Technologies: Leveraging new tools like AI and machine learning for predictive analytics and risk assessment. b) Expanding Scope/Type: Broadening the audit scope to include more strategic and operational areas and more advisory work. c) Collaboration: Working more closely with other departments for a holistic understanding of risks and opportunities
4. <u>Threats</u> (<i>external factors that could harm your organization</i>)
a) Regulatory Changes: Keeping up with evolving compliance and regulatory requirements. b) Cybersecurity Risks: Increasing threats in the digital landscape impacting data integrity and security. c) Rapid Institutional Changes: Difficulty in adapting to fast-paced changes in the higher education sector.

Appendix B: Summary of the new IIA Global Internal Audit Standards (Standards):

The new Standards have established a Purpose Statement which states:

“Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.”

The Global Internal Audit Standards contain:

- 5 Domains
- 15 Principles
- 52 Standards

Additional information can be found on the IIA Global Internal Audit Standards at <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/>

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