

The Office of Internal Audit & Compliance's (OIA) mission is to support the University System of Georgia management in meeting its governance, risk management and compliance and internal control (GRCC) responsibilities while helping to improve organizational and operational effectiveness and efficiency. The OIA is a core activity that provides management with timely information, advice and guidance that is objective, accurate, balanced and useful. The OIA promotes an organizational culture that encourages ethical conduct.

We have three strategic priorities:

1. Anticipate and help to prevent and to mitigate significant USG GRCC issues.
2. Foster enduring cultural change that results in consistent and quality management of USG operations and GRCC practices.
3. Build and develop the OIA team.

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Assessing University System of Georgia (USG) Risks —Rolling Audit Plan

University System internal auditors have the responsibility to regularly assess risks facing the University System of Georgia. We utilize a vigorous process which includes reviewing internal audit results, monitoring changes in higher education, reviewing external audit results, and consulting with leagues and USG leadership about emerging issues that may pose a potential risk. This process helps us to identify focus areas for inclusion in our audit plan. The chart below synthesizes the results of our risk assessment.

The annual audit plan was approved by the Board of Regents on May 14, 2013. The audit plan identifies the actual engagements and focus areas for the coming 18 months.

What will the OIA seek to accomplish during this rolling audit plan? We want to ensure the USG institutions are complying with operational and business procedure requirements, that we have strong financial controls in place and that USG institutions are properly administering and managing financial resources. Our plan is to focus audit resources to best address potential risks as follows:

- i Our goal is to implement an annual audit that strengthens our infrastructure and safeguards our resources. In the upcoming months, OIA staff will be deployed with institutional audit directors and staff to these nine issues and other risk areas arise.

I look forward to hearing your thoughts. Please feel free to contact me at john.fuchko@usg.edu Our Rolling Audit Plan may be found on the OIA website

located at www.usg.edu/audit/internal_audit

John M. Fuchko, III

At the beginning of the audit year the OIAC distributed three new audit programs to audit directors at each institution. The three programs included Financial Aid, Contract Management and Reserve Fund Balance analysis. This issue of the Straight and Narrow we are re-issuing the Reserve Fund Balance Analysis Audit Program as a reminder. The OIAC plans to follow up on this audit during the Spring rolling audit plan.

Background

An institutions' statement of "net position" (sometimes referred to as the balance sheet), consists of assets, liabilities and fund balances. Fund balances are also referred to as net assets. The statement of net positions is divided into three major categories prepared in accordance with GAAP principles.

- x The first category, invested capital assets, net of debt, provides the institution's equity in property, plant and equipment.
- x The second category is restricted assets, which is divided into two categories, nonexpendable and expendable resources. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted resources are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources.
- x The final category is unrestricted resources, which are assets available for any lawful purpose of the institution. Please note though, that even though there may be an unrestricted fund balance, there may not be cash to offset this amount. Some portion of unrestricted resources may be non-spendable simply because of its form (such as inventories and uncollectible accounts receivable).

Additionally, supplementary information provided with the financial statements is a GAAP basis, budget fund balance sheet (excludes auxiliary, agency, student activity, endowment and loan funds). In this statement the fund balances are classified as reserved and unreserved accounts.

The following table represents how the USG generally categorizes its funds. Some funds are subject to lapse – meaning surplus funds are returned to USG at year end. Some funds are exempt* from lapsing which means they can be carried forward. The funds labeled “exempt” in the table below are only exempt as long as the legislature extends the carryover provisions which sunset every 3 years. The uncollectible account receivable fund is not spendable. (Table may not be all inclusive).

Fund Type	Fund Number	Fund Name	Example	Subject to Lapse
	14000	Dept. Sales & Services	Continuing Ed	Exempt*
Reserved	15000	Indirect Cost Recoveries	Reimbursement of % of direct costs charged to grants	Exempt*
Reserved	16000	General (Technology Fees	Mandatory student fees	Exempt*
Reserved	20000	Restricted Funds (Sponsored Funds)	Grants	Exempt*
Reserved	Fund of origin	Uncollectible Accounts Receivable		Not spendable
Reserved	10500	Tuition Carry-over		Subject to limitations: maximum 3% of
	10000	State appropriation		Lapse
	10500	Tuition		
Unreserved	10600	Other General (Student fees not elsewhere reported)		
	50000	Unexpended Plant Funds		

Objectives

- x To opine on whether the institution is properly accounting for, managing and disclosing its fund balances.

Scope

- x Fund balances at most recent FYE and subsequent transactions.

Criteria:

- x USG Policies for expenditures and carry-forward of funds.
- x Encumbered funds must be spent for the purpose for which they were encumbered (unless they are in one of the carry-forward funds).

USG Policy Manual Section 7.3.2 Student fees

Ask any network or server admin about the importance of logs as it relates to performing his or her job and chances are good they'll tell you it would be difficult, if not impossible, to operate without them. The problem is, networks aren't getting any smaller. At Georgia Highlands College, the size of our network has increased tenfold in the nearly seven years I've been there. For every router, switch, firewall, server or other device with an IP address added to our network, there are a commensurate number of logs to sift through when we encounter a problem. A few years ago, accessing and parsing log data meant we had to remotely connect to the device in question and utilize our skills using Windows Event Viewer, or more commonly for us, Grep. If only there was an easier way. This article focusses on Georgia Highlands College experience with log aggregation software.

To help us resolve the problem, Georgia Highlands began using Splunk software. So, what is Splunk anyway? Splunk is data collection software that runs on Windows, OS X, Linux and UNIX. For every device on your network that generates log data, (i.e. SNMP traps or informs, Syslog, NetFlow data) a Splunk Universal Forwarder (a small daemon running on the system) will collect data and send it to an indexer. You must have at least one Splunk indexer which will serve as the actual collector of the data. The indexer also provides the web GUI with which you interact to search through the various data that has been indexed. The

Universal Forwarders can collect any data you tell them via modification of a file called "inputs.conf." The "inputs.conf" file points to the files on the file system that should be sent to the indexer. For example, from our Red Hat Enterprise Linux servers we typically send two files to the indexer: "/var/log/messages" and "/var/log/secure." These files contain critical information about the system including remote access logs. The "outputs.conf" file specifies the location of the indexing server. In the case of Syslog data, a Universal Forwarder is not necessary because Splunk will function as a Syslog server to receive data.

The amount of data sent to the Splunk indexer depends on the user license. A free version of Splunk allows a user to index 500MB of data per day. The data index space for a paid license begins at 1GB per day. However, 1GB of log data every 24 hours may not be a large data capacity considering some Splunk enterprise customers generate as much as 1TeraByte of log data daily!

Using the Splunk GUI, is similar to conducting a Google search. Because Splunk has its own search language, you can build very granular searches to isolate very specific events. Splunk will automatically extract some fields from the log data and you can easily train the software to extract other fields via RegEx. For example, you could take some proprietary log file generated for a custom piece of software and train Splunk that the 3rd comma separated value is the IP address of the client establishing a connection to that software. You could then have Splunk grab that data and perform geographical lookups (GeoIP lookups) to determine the location of the IP address. By installing a free "Google Maps" app into Splunk, data can be plotted on a global map.

Splunk is very extensive and scalable; it also has

Reference Reading

Writing Aids

i The Elements of Style (4th Edition), William Strunk (Author), E. B. White (Author), Roger Angell (Foreword)

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