



Office of Internal Audit Status Report

BOARD OF TRUSTEES

June 7, 2011

Date: June 7, 2011
To: Board of Trustees and Finance and Audit Committee
From: Allen Vann, Audit Director
Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

I am pleased to provide an update on the status of our office's work activities. Our last update to you was on March 15, 2011.

AUDITS

Audit of the College of Business Administration Auxiliary Funds – The primary objective of our audit was to determine whether the auxiliary revenue and expenditure streams were properly accounted for and were operated in accordance with established University policies and procedures, applicable laws, rules and regulations.

Overall, our audit disclosed that the CBA's expenditures were appropriate, allowable, and in accordance with applicable laws, rules and regulations, and University policies and procedures. We also found that the auxiliary funds were spent for their intended purpose. Nevertheless, our audit identified some areas in need of improvement, particularly the manner in which program costs are accounted for and fee structure documentation.

The audit resulted in six recommendations. Management agreed to implement all of our recommendations.

Audit of the Parking and Transportation Department Revenue Collections – The primary objective of our audit was to determine whether the established financial controls and procedures over the recording of revenue and the collection of funds were adequate, effective and efficient; were being adhered to; and were in compliance with University policies and procedures, applicable laws, rules and regulations. We also verified that sufficient revenue was generated to meet bond indebtedness.

During the period covered by our audit, we found significant weaknesses in internal controls over duplicate decals, temporary permits, fee assessment, citations/fines and parking management system resulting in revenue losses and wide spread employee abuse.

The audit resulted in fifteen recommendations. Management agreed to implement all of our recommendations.

Audit of Major Construction Projects – Selection Process of Architects/Engineers, Construction Managers and General Contractors – The primary objective of this audit was to determine whether: internal controls over the A/E and CM selection process for major projects were adequate and effective; the selection process was fair and competitive and in accordance with applicable State laws and regulations, and University policies and procedures; and fees schedules for A/E and CM were fair and properly negotiated. For this audit we also examined how funds provided to the Facilities Management Department under the American Reinvestment and Recovery Act (ARRA) were spent with a view towards ensuring compliance with Federal ARRA specific criteria.

Overall, our audit disclosed that the Department’s internal controls were functioning as designed. The selection process was fair and competitive and conducted in accordance with applicable State laws and regulations, and University policies and procedures. Also, fee schedules for A/E and CM were fair and properly negotiated. Nevertheless, we found areas where the selection process can be strengthened.

The audit resulted in eight recommendations. Management agreed to implement all of our recommendations.

AUDIT WORK IN PROGRESS

Audits	Status
Grants (College of Engineering and Computer Sciences)	Fieldwork in Progress
Review of Fuel Inventory Controls	Fieldwork in Progress
PantherCard Services Financial Information Systems Control	Fieldwork in Progress
Cash and Investment Controls (Foundation)	Fieldwork in Progress
Cash and Investment Controls (University)	Fieldwork in Progress
Marriott Tianjin China Program (School of Hospitality and Tourism Mgmt.)	Planning Phase
Repairs & Maintenance (Facilities Management)	Planning Phase

INVESTIGATIONS

Fraud Complaint – As previously reported, we received a complaint from a member of the public alleging job related fraudulent behavior on the part of an FIU employee. The employee resigned and we are investigating the complaint further.

OTHER MATTERS

1. On March 31st I met with the chief audit executives of the other Florida State Universities to exchange information and techniques for internal audit activities. We also reviewed current and proposed Federal and State legislation effecting our programs and activities.
2. In April the State of Florida Auditor General released the results of his audit of the Florida Bright Futures Program at the State's 11 Universities and 28 colleges. For 12 of the institutions there were audit findings and recommendations. The State Auditors had no reportable issues with regard to FIU's management of \$22.6 in program advances/disbursements during F.Y. 2010.
3. In April, pursuant to an invitation by Board Member Thomas Breslin, I made a presentation to the Faculty Senate on the operations of the Office of Internal Audit.

FOLLOW-UP STATUS REPORTS

Management is primarily responsible for addressing audit recommendations. The Office of Internal Audit periodically surveys cognizant University officials for a status report on recommendations due for implementation in their areas.

As of April 30, 2011, there were 146 outstanding recommendations, 15 of which are not due for implementation. Of the remaining 131 recommendations, management indicated that they implemented 113 recommendations (86%), 12 recommendations (9%) are partially implemented and 6 not implemented (5%). Revised target dates were provided for the remaining recommendations. (See Attachment – *Follow-up Status Report - Internal Audits and Management Responses to Past Due Recommendations with Revised Target Dates* for further details

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORT - INTERNAL AUDITS
AS OF APRIL 2011**

Areas Audited	Implemented	Partially Implemented	Not Implemented	Total Due for Implementation	Not Due For Implementation
Division of Information Technology	33	3		36	6
College of Medicine	27	4	2	33	
Athletics Department	17		2	19	4
Housing & Residential Life	15	1		16	1
Office of the Controller	12	2		14	
Department of Emergency Management		1	2	3	
University Health Services	3			3	
Human Resources					2
Office of Sponsored Research Administration					2
Arts & Sciences Environmental Studies		1		1	
College of Law	1			1	
Counseling Services & Psychological Center	1			1	
Enrollment Information Services	1			1	
Frost Art Museum	1			1	
Risk Management and Environmental Health and Safety	1			1	
The Metropolitan Center	1			1	
Total	113	12	6	131	15
Percentage	86%	9%	5%	100%	

Details for Partially/Not Implemented Columns:

Division of Information Technology - 3 Partially Implemented Recommendations:

1. Audit of the Information Systems Continuity Plan (July 2010)

Recommendation #2.1 - In consultation with the Office of Emergency Management routinely perform a Business Impact Analysis and update the Disaster Recovery Plan accordingly.

Action Plan to Complete:

The Division of IT has developed a Business Impact Analysis (BIA) Form. This form has been shared with the newly hired Director of the Department of Emergency Management Services and they are currently reviewing it. Upon finalizing the Business Impact Analysis, the Division of IT will engage the assistance of the university to communicate and help ensure that the various departments within FIU complete the Business Impact Analysis.

Original Target Date: December 31, 2010

New Target Date: December 31, 2011

Recommendation #4.3 - Include IT Continuity and Disaster Recovery Planning as part of the yearly IT Security awareness training.

Action Plan to Complete:

The Division of IT has finalized development of the Disaster Recovery training. This training is being shared with the newly hired Director of the Department of Emergency Management (DEM) and they are currently reviewing it. Upon finalizing the training materials, we will work with DEM to determine the best presentation method.

Original Target Date: December 31, 2010

New Target Date: December 31, 2011

2. Audit of University Implementation of Prior Years' Recommendations (October 2010)

Recommendation #2.1 - UTS should implement a Web Application Firewall to protect the PeopleSoft web application interface from prominent web based attacks.

Action Plan to Complete:

The Division of IT has concluded the analysis of effectiveness and cost benefit on the implementation of a Web Application Firewall for FIU enterprise environments. We contacted other SUS institutions and found that most have not yet implemented except for their medical facilities. We also evaluated product and found similar price ranges and identified tools that would function and be appropriate for our environment. Given all of the information, we have concluded that given FIU's growth plans it would be consistent with our service and security commitment to implement the WAF. The Division of IT has identified funding, is currently finalizing the ITB process and reviewing all proposals.

Original Target Date: February 28, 2011

New Target Date: December 31, 2011

College of Medicine - 4 Partially Implemented & 2 Not Implemented Recommendations:

3. Audit of the Herbert Wertheim College of Medicine (September 2010)

Recommendation #1.2 - Develop, disseminate, and periodically update an operations manual giving due consideration to relevant University policies and procedures.

Action Plan to Complete:

An outline of the College of Medicine Policy & Procedure is in draft form. This effort had to be delayed due to the pending accreditation site visit and the preparation thereof by the same people who are working on the Policy & Procedure Manual

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Recommendation #7.1 - Work with Asset Management to follow-up on all unaccounted for property items and adjust incorrect location of property items in University property records.

Action Plan to Complete:

We will work with Asset Management to account for all property and correct all records.

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Recommendation #7.2 - Re-tag those property items where FIU tag is missing or removed.

Action Plan to Complete:

We will work with Asset Management to ensure all items are properly tagged.

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Recommendation #7.3 - Complete and submit off campus form to University Asset Management when property items are used off campus.

Action Plan to Complete:

We will work with Asset Management to complete and submit off campus form when property items are used off campus.

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Recommendation #7.4 - Notify the University's Police department of any lost or stolen property. The notification should be confirmed by memorandum to Asset Management, as required by University Property Control Manual.

Action Plan to Complete:

With respect to the stolen tablet for one of our faculty members, the College of Medicine will work with Asset Management to file the police report.

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Recommendation #7.5 - Strengthen its procedures to ensure that the IT property records are complete and accurate.

Action Plan to Complete:

To coordinate with Asset Management the procedures to implement.

Original Target Date: December 31, 2010

New Target Date: August 31, 2011

Athletics Department - 2 Not Implemented Recommendations:

4. Audit of the Controls Over Athletics Ticket Revenue (February 2011)

Recommendation #14.1 - Work with the Information Technology Security Office to coordinate with the software application vendor a documented controlled penetration test on an annual basis to ensure the online ticket sales website's security controls are adequately protecting the confidentiality, integrity, and availability of its information resources. The controlled penetration test report results should include proof of mission risks; indicate the level of effort an adversary would need to expend in order to cause harm to the University; define threat sources; document all activities performed during the test, including all exploited vulnerabilities and how the vulnerabilities were combined into attacks; ensure the effectiveness of existing security controls, such as firewalls, intrusion detection and prevention systems; and provide actionable results with information about possible remediation measures for the successful attacks performed.

Action Plan to Complete:

After obtaining initial information, Athletics will do a cost benefit analysis. Athletics received an initial cost estimate of \$10,000 per year (recurring) for this test. We will continue working to see if the same end goal can be accomplished at a reduced cost. Athletics will provide a progress update in two months.

Original Target Date: March 31, 2011

New Target Date: June 30, 2011

Recommendation #14.2 - Coordinate with the software application vendor to strengthen password and account lock-out parameters to mitigate the risk of unauthorized access and of a "brute force" attack.

Action Plan to Complete:

Management is communicating with the vendor and waiting on an update.

Original Target Date: March 31, 2011

New Target Date: June 30, 2011

Housing & Residential Life - 1 Partially Implemented Recommendation:

5. Audit of University Housing & Residential Life (November 2010)

Recommendation #3.4 - Ensure that non-affiliated renters have adequate insurance coverage before housing space is rented.

Action Plan to Complete:

Summer Conference Agreement finalized by General Counsel on March 18, 2011. Agreements to be sent to non-affiliated groups by April 8, 2011. Due dates for agreement, deposit, insurance certificate & policy endorsement will vary between May and June. As insurance certificates are provided to Housing, the two-tier review for adequate coverage will occur.

Original Target Date: April 30, 2011

New Target Date: June 30, 2011

Office of the Controller - 2 Partially Implemented Recommendations:

6. Audit of Accounts Receivables (July 2009)

Recommendation #4 - On an annual basis, the Controller's Office, in consultation with other departments, should identify uncollectible accounts and write them off (with BOT approval).

Action Plan to Complete:

The write off of uncollected accounts is in process. We expect to present the resolution for BOT approval at their June meeting. A University Policy for managing uncollectible accounts is in the final stage of approval.

Original Target Date: September 30, 2010

New Target Date: June 30, 2011

7. Audit of ProCard/Credit Card Solutions Program: Better Controls & Administrative Practices Needed (April 2010)

Recommendation #2.2 - Ensure that all cardholders and reviewers/approvers are periodically retrained with an emphasis on the key risks identified.

Action Plan to Complete:

Due to the impending conversion, the retraining was postponed. We continue to send reminders to Approvers and Cardholders via the role specific listserv that highlights key areas of concern. Additionally, at the time the monthly transactions load into the PantherSoft System, Approvers are sent a reminder notification containing program deadlines and highlights of their responsibilities. Retraining for all Cardholders and Approvers will take place during the card program conversion from Bank of America to JP Morgan Chase as needed and a program of continued retraining will be implemented (upon expiration of the card and as necessary). The revised due date is dependent on the new program implementation time line.

Original Target Date: December 31, 2010

New Target Date: July 31, 2011

Department of Emergency Management -1 Partially Implemented & 2 Not Implemented Recommendations:

8. Audit of the Information Systems Continuity Plan (July 2010)

Recommendation #1.1 - Consult with the Division of IT and develop a comprehensive, all-inclusive IT continuity framework.

Action Plan to Complete:

The Department of Emergency Management (DEM) and the Division of IT are currently developing an IT continuity framework. In March, FIU hired a new Director of EM, Amy Aiken. While the position was vacant, the Division of IT has been developing the IT Continuity Framework and is now working with the Department of Emergency Management to finalize it and incorporate it.

Original Target Date: December 31, 2010

New Target Date: December 31, 2011

Recommendation #1.2 - Ensure that all campus units implement the IT continuity framework.

Action Plan to Complete:

Once the IT continuity framework is finalized, the Department of Emergency Management (DEM) will work with all vice presidential areas to communicate the importance of and ensure compliance with implementing the IT business continuity framework among the various campus units.

Original Target Date: January 31, 2011

New Target Date: January 31, 2012

Recommendation #4.4 - Train its staff on Business Continuity.

Action Plan to Complete:

The Department of Emergency Management (DEM) will develop and implement Continuity of Operations Plan (COOP) training to be delivered to the Emergency Management Group (EMG). Ongoing assessment and recommendations for any applicable training will be conducted by the DEM.

Original Target Date: December 31, 2010

New Target Date: June 30, 2011

Arts & Sciences Environmental Studies - 1 Partially Implemented Recommendation:

9. Audit of University Implementation of Prior Years' Recommendations (October 2010)

Recommendation #7.2 - Environmental Studies should establish procedures for tracking its tangible assets.

Action Plan to Complete:

The Earth & Environment Department's procedures for tracking tangible assets were established and carried out before the current due date. Recording and updating of the status of property by FIU asset management was not completed. The Earth & Environment Department office manager, lab manager, CAS financial officer and FIU asset management have since worked to complete the update. Currently, two items have not been updated. For these, paperwork submitted to following the 2008 audit of the former Environmental Studies Department were lost en-route to asset management and have been refilled.

Original Target Date: October 31, 2010

New Target Date: June 30, 2011