



Office of Internal Audit Status Report

BOARD OF TRUSTEES

November 19, 2009



Date: October 23, 2009

To: Board of Trustees and
Finance and Audit Committee

From: Allen Vann, Audit Director

Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

COMPLETED AUDITS AND INVESTIGATIONS

Since our last Finance and Audit Committee meeting on September 8, 2009 we completed the following projects:

1. **Audit of the Athletics Department Travel Expenses** – We conducted an audit of travel expenses incurred by the Athletics Department for the 10 month period ending April 30, 2009, totaling \$2.2 million. We concluded that, with few exceptions, established controls and procedures for travel expenses, including team travel and recruiting activities are adequate; are being adhered to; and are in compliance with University policies and procedures, applicable state statutes, rules and regulations. Furthermore, National Collegiate Athletic Association (NCAA) Operating Bylaws are being fully complied with.

Some areas which Athletics agreed to more carefully address, going forward, include: approving travel authorizations more timely, ensuring that travelers complete their vouchers promptly, returning cash advances more promptly, monitoring car rental and per diem rules more closely, and coding accounting transactions more carefully. Athletics implemented all of our recommendations.

2. **Investigation of Improper Use of University Issued Procurement Card by a Professor in the College of Business Administration** – While in the process of performing a University-wide audit of procurement card (ProCard) utilization, our testing identified the likelihood of abuse by a Professor in the College of Business Administration. Based on our investigation, we concluded that the Professor misused the credit card provided to him by the University. The Dean of the College of Business in consultation with the Provost, Human Resources, and Office of Counsel took appropriate disciplinary action resulting in the termination of employment of the Professor and the Office Assistant responsible for approving his credit card transactions. Partial restitution was obtained from the Professor. The Office of Internal Audits referred this matter to FIU Police. An active criminal case is pending in the State Attorney's Office.

- 3. Whistleblower Complaint** – We reviewed a complaint filed with the Florida Commission on Human Relations by a former employee from Business Services concerning a charge of retaliation under the Whistle-Blower Act. In accordance with the Florida Statute 112.3189, we reviewed the complaint and determined that the information disclosed did not demonstrate reasonable cause to suspect that an employee or employees of FIU, as alleged committed an act, or acts, of gross mismanagement and gross waste of public funds or violations of any federal, state, or local law, rule or regulation. In fact, the evidence reviewed revealed that FIU staff: 1) followed Florida Statutes; 2) were acting within their authority; and 3) were fully transparent in the intended use and retention of University funds.

WORK IN PROGRESS

Audits/Investigations	Status
Audit of the University Purchasing Card Program	Fieldwork in progress
Audit of the University’s IT Governance	Fieldwork in progress
Audit of Financial Controls Over College of Medicine Expenditures	Fieldwork in progress
Investigation – Misuse of funds College of Medicine	Draft report
Investigation – College of Education Purchasing Cards	Fieldwork in progress
Review of PeopleSoft Upgrade Implementation	Planning stage

FOLLOW-UP STATUS REPORTS

Management is responsible for addressing audit recommendations. The Office of Internal Audit periodically surveys cognizant officials for a status report on recommendations due for implementation in their areas. As of October 31, 2009, we are tracking 58 outstanding recommendations. Of these 28 recommendations are not yet due for implementation. Of the remaining 30 recommendations, management indicated that they completed implementation of 25 recommendations (83%) and are working on implementing the remaining 5.

Attachment A – Follow-up Status Report – Internal Audits

Attachment B – Management Responses to Outstanding Recommendation(s)

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**FOLLOW-UP STATUS REPORT - INTERNAL AUDITS
AS OF OCTOBER 2009**

Report	Audit Issue(s)/Recommendations	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Audit of the Frost Art Museum Report Issued: Jan. 28, 2005	1. Art Collection Records: <ul style="list-style-type: none"> • Fair Market Value (Rec. #1.2) • Insurance (Rec. #1.3) 2. Capitalization of Art Work (Rec. #3)	Wartzok/Damian/ Kirschtel-Taylor	No No No	04/06 04/06 07/05	04/10 04/10 06/10
Audit of University Minor Construction Projects Report Issued: May 16, 2008	1. Oversight of Minor Construction Projects (Rec. #4)	Jessell/Cal/Berenguer	N/A	08/08	12/09
Audit of the College of Law Report Issued: Feb. 27, 2009	1. Admissions Deposit (Rec. #1.1) 2. Admissions Deposit (Rec. #1.2) 3. Travel Procedures (Rec. #3.4) 4. Telephone Usage (Rec. #4.2) 5. Telephone Usage (Rec. #4.3) 6. Property Accountability (Rec.#6.1) 7. Property Accountability (Rec.#6.2) 8. Overall Recommendation (Rec.#7)	Wartzok/Acosta Jessell/ Blevens Wartzok/Acosta	Yes Yes Yes Yes Yes Yes Yes	05/09 05/09 09/09 05/09 05/09 05/09 05/09 08/09	10/09 10/09 10/09 10/09 10/09 10/09
Allegations Against the Applied Research Center Report Issued: April 6, 2009	1. Review of Travel Expenses (Rec. #1.1) 2. Review of Travel Expenses (Rec.#1.2) 3. Allocation of Project Costs (Rec. #3.1) 4. Travel Plan (Rec. #4.3) 5. Allocation of Salaries (Rec. #5.1)	Salas/Proni	Yes Yes Yes Yes Yes	06/09 06/09 06/09 06/09 07/09	10/09 08/09 08/09 10/09 10/09
Investigation of the Use of University Funds for Foreign Travel in the School of Journalism and Mass Communication Report Issued: June 29, 2009	1. Grants Administration (Rec. #3.2)	Wartzok/Kopenhaver	Yes	08/09	
Audit of Accounts Receivable Report Issued: July 22, 2009	1. Collection Efforts (Rec. #1.1) 2. Collection Efforts ((Rec.#1.2) 3. Collection Efforts (Rec. #1.3) 4. Aging of Receivable Reports (Rec. #2.1) 5. Aging of Receivable Reports (Rec. #2.2) 6. Doubtful Accounts Allowance (Rec. #3.1) 7. Doubtful Accounts Allowance (Rec. #3.2) Accounts Receivable Write-Offs (Rec. #4) 8. Accounts Receivable Reconciliations (Rec. #5.1) (Rec. #5.2) (Rec. #5.3) 9. Policies and Procedures (Rec. #6)	Jessell/ Blevens Gil/Barabino Jessell/ Blevens Gil/Barabino Jessell/ Blevens N/A N/A N/A N/A	N/A Yes Yes N/A N/A Yes Yes N/A N/A N/A N/A N/A	01/10 09/09 10/09 01/10 01/10 10/09 09/09 09/10 03/10 03/10 03/10 03/10	
Audit on FIU Safeguards Over Credit Card Holder Data Report Issued: July 30, 2009	1. Protecting Cardholder Data (Rec. #1) 2. Network Cardholder Environment (Rec. #2.1) (Rec. #2.2) 3. Build & Maintain Secure Network (Rec. #3.1) (Rec. #3.2) (Rec. #3.3) (Rec. #3.4)	Jessell/ Blevens Yao/Granto Jessell/ Blevens	No N/A N/A N/A N/A N/A N/A	10/09 01/10 01/10 03/10 03/10 03/10 01/10	12/09

Report	Audit Issue(s)/Recommendations	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
	4. PCI Information Security Policy (Rec. #4.1) (Rec. #4.2) (Rec. #4.3) (Rec. #4.4) (Rec. #4.5) (Rec. #4.6) 5. Regular Monitoring & Testing of Networks (Rec. #5.1) (Rec. #5.2) 6. Strong Access Control Measures (Rec. #6.1) (Rec. #6.2) (Rec. #6.3)	Jessell/Blevens Yao/Granto Jessell/Blevens Yao/Granto	No N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	10/09 06/10 06/10 06/10 06/10 03/10 03/10 03/10 01/10 01/10 10/10	12/09
Review of Four Grants at the Request of the Department of Energy & National Science Foundation Inspector General Report Issued: August 20, 2009	1. Terminal Leave Payouts	Mendoza Gil/Barabino	N/A	06/10	
Investigation of Improper Use of University Issued Procurement Card by a Professor in the College of Business Administration Report Issued: October 8, 2009	1. Misuse of University Resources (Rec. #1.1) 2. Reimbursement to University (Rec. #1.2) 3. Insufficient Documentation (Rec. #1.3)	Wartzok/Elam	Yes N/A N/A	10/09 11/09 11/09	
Audit of the Athletic Department Travel Expenses Report Issued: October 21, 2009	1. Travel Authorizations Requests 2. Travel Vouchers 3. Travel Advances 4. Car Rental 5. Travel Meal Allowance 6. Accounting Code	Garcia	Yes Yes Yes Yes Yes Yes	10/09 10/09 10/09 10/09 10/09 10/09	

Explanatory Notes to Follow-up Status Report

- Explanation of status column
 - **Yes** = implemented;
 - **No** = not fully implemented by original due date;
 - **N/A** = not due for implementation.

- For those recommendations not fully implemented, please see Management Responses to Outstanding Recommendation(s) (Attachment C) for management's detailed current action plan

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT RECOMMENDATIONS
WITH REVISED TARGET DATES**

Audit of the Frost Art Museum (January 2005)

1. Audit Issue: **Fair Market Value** (Recommendation #1.2)

Recommendation:

The Art Museum should assign a fair value to all collection items.

Action Plan to Complete:

The collection of The Frost Art Museum (FAM) has only recently been moved from the storage area where it resided for over 10 years to the museum's own storage area. In the process, all the artwork is being catalogued and assessed and an outside appraiser has been asked to create a report of values for Fair Market Value of works valued over \$1000. This is a difficult, costly and laborious process that requires considerable research into auction records, once appraiser determines which of the works should be included. Furthermore, not all the works in our collection would even be included in auction records and values will be difficult to access. The delay in doing this was caused by the difficulty in seeing the collection in the storage area and the time and money required to look at and evaluate close to 6000 objects. That appraisal is being conducted this fall for re-accreditation purposes also with estimated time of completion April 2010.

Original Target Date: April 30, 2006

New Target Date: April 30, 2010

1. Audit Issue: **Insurance** (Recommendation #1.3)

Recommendation:

The Art Museum should provide accurate information to Environmental Health & Safety regarding the value of the art collection to ensure adequate insurance coverage.

Action Plan to Complete:

All work is now in museum and appraisal under way to complete insurance information. This will be complete by above date April 2010.

Original Target Date: April 30, 2006

New Target Date: April 30, 2010

2. Audit Issue: **Capitalization of Art Work** (Recommendation #3)

Recommendation:

We recommend that the Art Museum work with Property Control and the Controller's Office to ensure that applicable art works are properly recorded in the University's property records, as required by AA Policy 14.30.

Action Plan to Complete:

Capitalization can only take place after appraisal is completed. This will take a considerable amount of time and effort. Once the appraisal is complete and property control provides property control numbers for objects of value over \$1000, those will be entered in our database for compilation of values for capitalization and future inventory requests. Estimated date June 2010.

Original Target Date: April 30, 2006

New Target Date: June 30, 2010

Audit of FIU Safeguards Over Credit Card Holder Data (July 2009)

1. Audit Issue: **Protecting Cardholder Data** (Recommendation #1)

Recommendation:

The Controller's Office in consultation with the Division of Information Technology and the Compliance Office should establish a governance structure and create Operational Procedures that establish standards detailing what controls should be in place for the storage, collection and transmittal of cardholder data. The operational procedures should include detailed cardholder data retention and disposal procedures.

Action Plan to Complete:

The Office of the Controller in consultation with the Division of Information Technology and the Compliance Office is currently working on a governance structure and creation of a Payment Card Processing policy (including E-commerce) to establish standards that detail what controls should be in place for the storage, collection and transmittal of cardholder data. The draft policy is currently with the Compliance Office for review, will be forwarded to the Senior Vice President and Chief Financial Officer and Vice President for Information Technology for review, and then will be forwarded to the Operations Committee for consideration and approval.

Original Target Date: October 31, 2009

New Target Date: December 31, 2009

2. Audit Issue: **PCI Information Security** (Recommendation #4.1)

Recommendation:

Create an E-commerce policy that provides specifications for systems and technologies that capture cardholder data over the internet.

Action Plan to Complete:

(Same as 1. Above)

Original Target Date: October 31, 2009

New Target Date: December 31, 2009