



Office of Internal Audit Status Report

BOARD OF TRUSTEES

May 20, 2010



Date: April 23, 2010
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 February 5, 2010 we completed the following projects:

- 1. Audit of ProCard/Credit Card Solutions Program: Better Controls & Administrative Practices Needed** – We conducted a University-wide audit of ProCard/Credit Card Solutions Program for the period of February 1, 2008 through January 31, 2010. Our audit testing revealed a number of purchases that were either non-compliant or otherwise questionable in nature, which resulted in separately reported investigations.

The Controller's Office has made significant progress in trying to reform the credit card program but due to the decentralized nature of the program and difficulties administering the program, significant control weaknesses persist. Areas that were identified as needing significant improvements include: cancellation of credit cards; administrative oversight; managing credit card limits; approval hierarchy; written procedures governing credit card administration; and periodic retraining of cardholders and approvers. The Controller's Office agreed to implement all of the resultant recommendations.

- 2. Audit of FIU Football Attendance for the 2009 Season** – This audit was requested by the Athletics Director. The objectives of this audit were to certify to the accuracy of attendance at FIU home football games reported to the NCAA for the 2009 season. We found that established controls and procedures are sufficient to reflect reported attendance in conformity with the NCAA requirements. Consequently, the football attendance data reported to the NCAA on the 2009 *Football Paid Attendance Summary* were adequately supported by sufficient, relevant and competent records.

- 3. Review of the Administration of American Reinvestment and Recovery Act Funds Program** – We reviewed the use and reporting of the American Reinvestment and Recovery Act (ARRA) funds received by the University through December 31, 2009. The University was proactive in identifying those areas where ARRA funds were best needed and the required reports filed under the act were accurate and complete. Nevertheless, our review identified ARRA funding areas needing stronger procedures. The Office of Financial Planning and other cognizant management officials agreed to implement our resultant recommendations.
- 4. Investigation of Improper Procurement and Other Activities by the College of Education’s Director of Technology** – This report represents the third and final investigation of procurement card use at the College of Education. Based on our investigation, we concluded that the Director of Technology misused the procurement card provided to him by the University by purchasing personal and unallowable items. The Director of Technology using the College’s funds engaged in year-end purchases of computers, laptops, monitors, printers and other technology related supplies for the faculty and staff. We observed a considerable amount of underutilized equipment including new computers and printers unopened in their original boxes and excessive supplies on-hand.

As a result of our investigation, the Director resigned and the College implemented recommendations designed to prevent recurrence and to redistribute surplus computer equipment.

- 5. Investigation of Improper Procurement Card Use at the College of Medicine by the Director of Operations and His Former Office Assistant** – Based on information provided by the College of Medicine and the Division of Human Resources, we conducted an investigation into expenditures made using a procurement card assigned to College’s Director of Operations. We concluded that the former Office Assistant misused the Director’s ProCard by purchasing personal and/or unallowable items. The Director failed to manage his ProCard; and proper controls over ProCard purchases were not maintained.

As a result of our investigation, the Director resigned. The College of Medicine agreed to retrain staff and improve internal controls by and assigning specific supervisory personnel the responsibility of approving ProCard transactions.

WORK IN PROGRESS

Audits/Investigations	Status
Audit of the University's Information System Continuity Plan	Drafting Report
Audit of Financial Controls Over College of Medicine Expenditures	Fieldwork in progress
Review of PeopleSoft Upgrade Implementation	Fieldwork in progress
Investigation of Enrollment Information Services	Fieldwork in progress
Audit of Housing	Planning

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 2010, there are 81 outstanding recommendations, 17 of which are not due for implementation. Of the remaining 64 recommendations, we are pleased to report that management indicated that they completely implemented 61 recommendations (95%) and are working on implementing the remaining 3. Revised target dates were provided for three remaining recommendations.

Attachment A – Follow-up Status Report – Internal Audits

Attachment B – Follow-up Status Report – Operational Audit (Auditor General)

Attachment C – Management Responses to Outstanding Recommendation(s) with Revised Target Dates

FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORT - INTERNAL AUDITS
AS OF APRIL 2010

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	Yes	04/06	04/10	
			Yes	04/06	04/10	
			Yes	07/05	06/10	
Audit of University Minor Construction Projects Report Issued: May 16, 2008	1. Oversight of Minor Construction Projects (Rec. #4)	Jessell/Cal/Berenguer	Yes	08/08	12/09	
Audit of Accounts Receivable Report Issued: July 22, 2009	1. Collection Efforts (Rec. #1.1) 2. Aging of Receivables Report (Rec. #2.1) (Rec. #2.2) 3. Accounts Receivable Write-Offs (Rec. #4) 4. Accounts Receivable Reconciliations (Rec. #5.1) (Rec. #5.2) (Rec. #5.3) 5. Policies and Procedures (Rec. #6)	Jessell/Blevens	Yes	01/10		
			Yes	01/10		
			Yes	01/10		
			N/A	09/10		
			Yes	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) 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	Yes	10/09	12/09	
			Yao/Granto	Yes	01/10	
				Yes	01/10	
		Yes		03/10		
		Jessell/Blevens	Yes	03/10		
			Yes	03/10		
			Yes	03/10		
		Jessell/Blevens	Yes	01/10		
			Yes	10/09	12/09	
			Yes	06/10		
		Yao/Granto	Yes	06/10		
			N/A	06/10	07/10	
			Yes	06/10		
		Yao/Granto	Yes	03/10		
			Jessell/Blevens	Yes	03/10	
				Yes	03/10	
Yao/Granto	Yes	01/10				
	Yes	01/10				
	Yes	10/09				
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	Carbajal de Garcia/ 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. Reimbursement to the University (Rec. #1.2) 2. Insufficient Documentation (Rec. #1.3)	Wartzok/Elam	N/A	11/09	06/10	
			Yes	11/09		

Report	Audit Issue(s)/Recommendations	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Investigation of Improper Procurement Card Use and Questionable Payroll Transactions in the College of Education Report Issued: November 24, 2009	1. Appropriate Disciplinary Action (Rec. #1.1) 2. Reimbursement to the University (Rec. #1.2) 3. Supporting Receipts for ProCard Expenditures (Rec. #1.3)	Wartzok/McDemmond	Yes N/A Yes	11/09 06/10 01/10	
University Asset Management Accounting Observations Report Issued: December 17, 2009	1. Surplus Computers (Rec. #1.1) (Rec. #1.2) (Rec. #1.3) (Rec. #1.4) 2. Donation of Surplus Property (Rec. #2.1) (Rec. #2.2) 3. Attractive Property Items (Rec. #3.1) 4. Asset Tracking (Rec. #4.1) (Rec. #4.2) (Rec. #4.3)	Jessell/Blevens	Yes Yes Yes Yes Yes Yes Yes Yes Yes	12/09 12/09 12/09 12/09 12/09 01/10 01/10 12/09 12/09 12/09	
Investigation into Allegations Against a Professor at the College of Medicine Report Issued: January 13, 2010	1. Conflict of Interest (Rec. #1.1) 2. Violation of Policies/Ethics Laws (Rec. #1.2) 3. Outside Activities (Rec. #1.3) 4. Purchasing Card Training (Rec. #2) 5. FedEx Charges (Rec. #3.1) 6. FedEx Shipments (Rec. #3.2)	Rock/Smithburg	No No No N/A Yes Yes	04/10 04/10 04/10 06/10 02/10 03/10	06/10 06/10 06/10
Investigation of Improper Procurement Card Use & Other Questionable Transactions at the College of Education by the Former Interim Dean Report Issued: January 20, 2010	1. Appropriate Disciplinary Action (Rec. #1) 2. Reimbursement to the University (Rec. #2)	Wartzok/McDemmond	Yes N/A	01/10 04/10	06/10
Audit of FIU Football Attendance for the 2009 Season in Accordance with National Collegiate Athletic Association Operating Bylaws Report Issued: February 10, 2010	There are sufficient controls and procedures for recording attendance in conformity with the National Collegiate Athletic Association. (No Recommendations)	Pete Garcia	Yes	02/10	
Investigation of Improper Procurement and Other Activities by the College of Education's Director of Technology Report Issued: February 22, 2010	1. Appropriate Disciplinary Action (Rec. #1) 2. Reallocate Surplus Technology Equipment (Rec. #2) 3. Supervision of Technology Area (Rec. #3) 4. Outside Activities (Rec. #4)	Wartzok/McDemmond	Yes Yes Yes Yes	02/10 04/10 02/10 04/10	
Review of the Administration of American Reinvestment & Recovery Act Funds Program Report Issued: March 9, 2010	1. Review of ARRA Charges (Rec. #1.1) 2. Adjuncts Use of ARRA Funds (Rec. #1.2) 3. Compliance Documents for Projects (Rec. #1.3) 4. Personnel Knowledge of Compliance (Rec. #1.4)	Jessell/Martinez Jessell/Cal Jessell/Martinez	Yes Yes N/A N/A	03/10 03/10 06/10 07/10	
Investigation of Improper Procurement Card Use at the College of Medicine by the Director of Operations & His Former Office Assistant Report Issued: March 15, 2010	1. Revoke the Director's ProCard (Rec. #1) 2. Reimbursement to the University (Rec. #2) 3. Establish ProCard Controls (Rec. #3) 4. Purchasing Card Training (Rec. #4) 5. Appropriate Disciplinary Action (Rec. #5)	Rock/Smithburg	Yes N/A Yes Yes Yes	03/10 08/10 03/10 03/10 03/10	

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORT - OPERATIONAL AUDIT
AS OF APRIL 2010**

The following summarizes current status of audit issues from the State Auditor's Operational Audit (Report No. 2010 -096)

Note: Items bolded in status column (Yes or No) were due for implementation this period.

Finding Number & Area	Audit Issue(s)/Finding	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Finding No. 1 Policies for Reporting Fraud	Develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board of Trustees for their approval.	Jessell	Yes	02/10	
Finding No. 2 Direct Purchase of Construction Materials	Establish written policies and procedures for the direct purchase of construction materials. In addition, for future construction contracts, take advantage of sales tax exemptions or document how greater savings were achieved by the CM making the purchases.	Cal	N/A	06/10	
Finding No. 3 Design Professionals Liability Insurance	Establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals. Additionally, enhance procedures to ensure that insurance coverage for design professionals is provided through completion of the project.	Cal	N/A	06/10	
Finding No. 4 Collection of Social Security Numbers	Continue efforts to ensure that the required written statements are provided to individuals when their SSNs are collected to ensure compliance with Section 119.071(5) (a), Florida Statutes.	Kelly/Jaffus	Yes	02/10	
Finding No. 5 Parking Citations Receivables	Ensure that sufficient identifying information is obtained for all individuals issued parking citations and that academic holds are timely placed on students' records for nonpayment of obligations.	Martinez/Foster	Yes	02/10	
Finding No. 6 Tangible Personal Property Records	Strengthen procedures to ensure that the property records are complete and accurate. When personnel cannot locate property items, missing property item reports should be filed with the appropriate law enforcement agency. Also, property transfer forms or off-campus use forms should be completed to document approval for transfers or off-campus use of property.	Blevens/Carmenate	N/A	06/10	
Finding No. 7 Property Deletions	Strengthen procedures to ensure accurate completion of survey forms for property deletions.	Blevens/Carmenate	N/A	06/10	
Finding No. 8 Vehicle Records	Implement procedures to ensure that University-owned vehicle usage is adequately documented and approved by the vehicle user department.	Martinez/Foster	N/A	06/10	
Finding No. 9 Monitoring Fuel Efficiency of Vehicles	Continue efforts to monitor the reasonableness of fuel consumption, but also establish monitoring procedures sufficient to ensure the accuracy of odometer readings recorded in the system. In addition, University records should document the resolution of exceptions disclosed by monitoring procedures.	Martinez/Foster	N/A	06/10	

Finding Number & Area	Audit Issue(s)/Finding	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Finding No. 10 Decentralized Collections- The School of Hospitality & Tourism Management	Strengthen procedures at the School of Hospitality and Tourism Management to ensure that checks received are restrictively endorsed, and recorded to a mail receipt log, immediately upon receipt; transfer documents are used to evidence the transfer of collections between employees; and collections remitted to the Student Financials Office are periodically reconciled to the accounting records.	Remington/Qureshi	N/A	06/10	
Finding No. 11 Purchasing Card Program	Enhance procedures to ensure that purchasing card credit limits serve the intended purpose of its purchasing card program; credit limit increases that allow for high dollar transactions are closely monitored to ensure that purchases do not circumvent competitive procurement policies; the purchasing card accounts of former employees are closed in a timely manner; purchasing card purchases and supervisory approval of charges are made in accordance with established procedures; and cardholders maximize savings by taking advantage of the University's tax exempt status when using the purchasing card.	Blevens/Duenas	Yes	03/10	
Finding No. 12 Competitive Procurement	Ensure that goods and services are procured using a competitive selection process as required by Board of Governors Regulation 18.001 and the University's Manual, or properly document that such procurements are exempt from competitive selection requirements. In addition, procedures should be enhanced to ensure that purchases are not split that otherwise would be subject to the University's competitive selection process.	Blevens/Carmenate	Yes	02/10	
Finding No. 13 Contractual Agreements	Continue efforts to ensure that written agreements or detailed purchase orders are used for purchases of goods and services.	Blevens/Carmenate	Yes	02/10	

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 RECOMMENDATIONS
WITH REVISED TARGET DATES**

Investigations into Allegations Against a Professor at the College of Medicine (January 2010)

1. Audit Issue: **Conflict of Interest** (Recommendation #1.1)
Status: Not Implemented

Recommendation:

The College should determine whether the Professor's outside activities represent a conflict of interest.

Action Plan to Complete:

The faculty member completed the Conflict of Interest Form. The College of Medicine's Legal Counsel forwarded information to The Office of Sponsored Research, which is reviewing the matter and will advise COM if the outside activities represent a conflict of interest.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010

2. Audit Issue: **Violation Policies/Ethics Laws** (Recommendation #1.2)
Status: Not Implemented

Recommendation:

The College should ask the University's General Counsel to review and determine whether the Professor's use of his affiliation with the University violated University policies and State Ethics laws.

Action Plan to Complete:

COM will work with the University's General Counsel and the Office of Sponsored Research Administration to review and determine whether the Professor's use of his affiliation with the University violated University policies and State Ethics laws.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010

3. Audit Issue: **Outside Activities** (Recommendation #1.3)
Status: Not Implemented

Recommendation:

The College in consultation with the Provost should review the circumstances of the Professor's failure to complete an Outside Activities form and take appropriate action.

Action Plan to Complete:

COM will work with the Provost in order to review the circumstances of the Professor's failure to complete an Outside Activities Form and take appropriate action.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010