



Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 14, 2012



Date: March 14, 2012
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 you with an update on the status of our office's work activities. Our last update to you was on November 22, 2011.

We completed the following three audits:

- 1. Controls Over University Cash and Investment Accounts** - Our primary objective was to assess disbursement controls over cash and investment accounts to ensure that financial controls are adequate. As of June 30, 2011, the University had cash and cash equivalents of \$9,152,406 and total investments of \$280,302,582, with operating expenditures for the year of \$695,655,521.

Based on our audit, we have concluded that overall the University's cash and investment accounts approval process and related controls were satisfactory and in accordance with University policies and procedures, Florida statutes, and guidelines as approved by the University Board of Trustees. Some areas in need of improvement were the timeliness of banking record updates, employee background checks, disbursement office physical security, ensuring that there are backup employees for performing bank reconciliations and improving banking procedures for a small foreign account in Tanzania.

- 2. School of Hospitality & Tourism Management's Marriott Tianjin China Program** - As this is an overseas operation, the primary objectives of the audit were to verify that all auxiliary revenue and expenditure streams were properly accounted for and the program was self-supporting. The program, which opened in 2006 has grown to over 460 students and generated \$1.25 million in gross revenue in FY 2011.

Our review of financial records maintained by FIU and TUC for the fiscal year 2010-2011 disclosed that the program generated sufficient revenues to cover its costs. Program revenues were properly assessed and collected and expenditures, with few exceptions, were appropriate, allowable, and in accordance with University policies and procedures, and applicable laws, rules and regulations. Areas where controls need to be substantially

strengthened include financial reporting/accounting and cash management, and improvements are already underway.

- 3. FIU Football Attendance for the 2011 Season in Accordance with National Collegiate Athletic Association Operating Bylaws** - We performed an annual audit to certify the accuracy of attendance at FIU home football games reported to the NCAA for the 2011 season. Based on the methodology adopted by the Athletics Department, we concluded that the football attendance data reported to the NCAA are supported by sufficient, relevant and competent records.

WORK IN PROGRESS

Audits	Status
Construction Costs - Parking Garage Five, Retail and Public Safety Building (PG-5) (Facilities Management)	Draft Report Issued
Repairs & Maintenance (Facilities Management)	Preparing Draft Report
Student Technology Fee (University Technology Services)	Preparing Draft Report
South Beach Wine & Food Festival (School of Hospitality & Tourism Management)	Fieldwork in Progress
Healthcare Network's Information Systems Security Controls (College of Medicine)	Fieldwork in Progress
Construction Manager Selection Process for the Football Stadium Expansion Project (Facilities Management)	Fieldwork in Progress

INVESTIGATIONS

During this period we initiated two separate investigations, one based on allegations of financial impropriety lodged against an administrator at the College of Business Administration and another, forwarded to us by the Division of Research, concerning questionable procurement card transactions allegedly made by an administrative staff person at their International Hurricane Research Center. Both investigations involve relatively minor dollar amounts.

OTHER ACTIVITIES

Quality Assurance Self Assessment - During the month of January 2012, I performed an independent Quality Assurance Self-assessment validation of Florida Atlantic University (FAU) Office of Inspector General. During this pro-bono engagement I had the opportunity to meet with FAU's President and BOT Audit Committee Chair and was able to verify that their internal audit function conforms to The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing.