



Office of Internal Audit Status Report

BOARD OF TRUSTEES

June 3, 2014



Date: June 3, 2014
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 the quarterly update on the status of our office's work activities. Since our last update to you on March 27, 2013, we completed the following audits:

- 1. Patricia and Phillip Frost Art Museum** - The Museum's revenues and expenditures for the fiscal year 2012-13, as recorded in the University's and FIU Foundation's accounting records, totaled \$2.58 million and \$2.24 million, respectively. The Museum's record keeping systems cannot provide meaningful quantitative data relating to the art collection.

We evaluated and tested the Museum's established controls and procedures to ensure that: the art collection is properly accounted for, well maintained and safeguarded; good financial controls are in place; information technology controls are adequate and effective; and University policies and procedures are adhered to.

Our audit disclosed that the Museum's financial controls and procedures were good. While our physical inventory tests of artwork accounted for all of the objects in our sample of recorded items, weaknesses in record keeping procedures for the collection and information technology controls pose an unnecessary risk that losses could go undetected. Management agreed to implement our 25 recommendations.

- 2. University's Purchasing Services for Commodities and Services** - During FY 2013 the Purchasing Services Department, which is a part of the Office of Controller, processed over thirteen thousand purchase orders valued at over \$183 million.

We tested the financial controls for the Purchase Order (PO) system and generally found them to be satisfactory. However, there were areas where internal controls need strengthening. Improvements can be made to: (a) user departments' requisitioning approval hierarchy and requisitioning of goods and services outside the PO system; (b)

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identify competitively solicited POs and vendors reaching the applicable \$75,000 threshold; (c) identify exempted POs and the processing of certain exempt POs; and (d) provide better guidance for employees' daily functions. Existing IT Identity Access Controls' policies, user account management were generally good. However, access privileges need to be better aligned to individual user job functions to mitigate risk. The audit resulted in nine recommendations which management agreed to implement.

3. **Laboratory Safety** - Environmental Health & Safety (EH&S) reports to Disaster Management and Emergency Operations. Included in its many responsibilities is oversight of the University's Laboratory Safety Program. Covered in that program is the 326,625 square feet of academic & research lab space. EH&S has 19 positions; three of which are dedicated full time to lab safety.

Overall, our audit disclosed that lab inspections, lab data management, updating of manuals and procedures, and employee safety training all need improvement. Also, controls related to lab access and tracking of hazardous materials need strengthening, but this will require collaborative effort and action by other University departments. We made 14 recommendations, which management agreed to implement.

WORK IN PROGRESS

We are currently working on the following audits:

1. School of Computing and Information Sciences (College of Engineering and Computing)
2. Award & Administration-Retail/Vending Contracts (Office of Business Services)
3. Minor Construction Projects (Facilities Management Department)
4. Southeast Environmental Research Center (College of Arts & Sciences)
5. Affiliation Agreements (Academic Health Center)
6. College of Architecture + The Arts
7. Jewish Museum of Florida

PROFESSIONAL DEVELOPMENT

Audit staff continues fulfil mandatory professional development requirements. Three staff members attended a one day jointly sponsored Institute of Internal Auditors/ Association of Certified Fraud Examiners (ACFE) Fraud Conference at FIU's Kovens Conference Center. Our IT Auditor attended an Information Systems Audit and Control Association's Network Security Auditing Conference in Miami. One staff member attended the 2014 Association of Local Government Auditors conference in Tampa, FL and another staff member attended an ACFE conference on fraud detection in New York. In addition, I attended the State University Audit Council meeting at the University of West Florida in Pensacola.

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FOLLOW-UP STATUS REPORT:

Twice a year we survey management on their progress completing past recommendations. According to management, 38 of the 51 recommendations due for implementation this quarter were completed. They are working to complete the remaining 13 recommendations.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
College of Medicine	23	17	6
Wolfsonian-FIU Museum	6	1	5
School of Hospitality & Tourism Management	6	6	
Student Affairs	5	3	2
Division of Research	4	4	
University College - FIU Online	3	3	
Facilities Management Department	1	1	
University Libraries	1	1	
Human Resources	1	1	
Parking & Transportation	1	1	
Totals	51	38	13
Percentage	100%	75%	25%

Detailed updates for the partially implemented recommendations will be provided upon request.