



Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 10, 2014

Date: September 10, 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 June 3, 2014, we completed the following audits:

1. School of Computing and Information Sciences

The School, which is part of the College of Engineering and Computing, maintains a separate IT infrastructure and has annual expenditures of over \$12 million. Our audit disclosed that IT security and financial controls were fair. Areas in need of improvement included: IT security controls related to identity access, information systems, business continuity, network, and facilities access. The financial controls related to equipment use fees, Foundation expenses, attractive property tracking, credit card use, and travel authorization likewise needed some improvements. We also identified opportunities for cost savings if the School utilizes preexisting resources from the College of Engineering and the Division of IT. Management agreed to implement our twenty-one recommendations.

2. University's Office of Business Services - Vendor Contracts

The Office manages and oversees contracts with merchants that provide a wide array of goods and services to the University community. These contracts also generate roughly \$4.3 in revenues for the University. Our audit disclosed that the University's controls and procedures over the recording of revenue from vendor contracts were satisfactory. However, there were areas where internal controls need strengthening. We found exceptions as it pertained to the support provided by vendors, commission calculation, and delays in receiving payments from vendors, depositing procedures, employee background checks, and account classification of revenue. Management agreed to implement our ten recommendations.

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WORK IN PROGRESS

Fieldwork has been completed and draft reports have been prepared for the following Audits:

1. Minor Construction Projects (Facilities Management Department)
2. Jewish Museum of Florida – FIU (College of Arts and Sciences)
3. Southeast Environmental Research Center (College of Arts and Sciences)

Fieldwork continues on the following audits:

1. Affiliation Agreements (Academic Health Centers)
2. College of Architecture + The Arts (College of Arts and Sciences)
3. University's Network Security Information Technology Controls (UTS)
4. Programs and Camps (University Compliance and Integrity)

SPECIAL AUDIT REQUEST (BOG University Data Integrity Audit Requirements)

On June 27th, FIU Board of Trustees (BOT) Chairman Albert Maury and University President Mark B. Rosenberg received a letter from the Chairman of the State University System of Florida Board of Governors (BOG), Morteza Hosseini, establishing additional requirements for the BOG's performance based funding model program. The new procedure requires the BOT Chair and FIU's President to jointly execute a Data Integrity Certification affirmatively certifying that the University maintains reliable systems as they relate to BOG data and reporting requirements.

In addition, the BOG requested that the BOT direct the Audit Director to perform an audit of the University's processes completeness, accuracy and timeliness. Both the data certifications and results of the audit need to be approved by the BOT prior to the BOG submission deadline of March 1, 2015.

In anticipation of your approval, I have reassigned internal audit staff to this audit project and we are coordinating with all of the other State Universities' Audit Departments who are likewise tasked with these new requirements. We plan to provide you with our report in time for your scheduled January 14, 2015 Finance and Audit Committee meeting. Please note that other planned audit projects will be delayed as a result of this special request.

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QUALITY ASSESSMENT REVIEW

The standards for the Professional Practice of Internal Auditing requires an assessment as to whether the internal audit department is adhering with the standards at least every five years. On August 1, 2014, I provided you with the results of the Office of Internal Audit's Quality Self-Assessment Review. Based on this review, I concluded that our office "generally complies" with the standards. This means that the relevant structures, policies, and procedures of the Office of Internal Audit, as well as the processes by which they are applied, comply with the requirements of the individual Standards and the Code of Ethics in all material respects.

As discussed with the Finance and Audit Committee at its June 3, 2014 meeting, a validation of our self-assessment review will be conducted shortly. The independent outside assessor will focus on validating the self-assessment I performed, conducting written surveys and personal interviews with selected BOT members, University management and audit staff, and further reviewing the Internal Audit Department's processes and supporting documentation. The independent evaluators report will be presented to you at your next regularly scheduled meeting.

PROFESSIONAL DEVELOPMENT

Audit staff continues to take advantage of professional development opportunities. One staff member attended in July the Fraud Conference of the National Association of Construction Auditors in Dallas, Texas. Two staff members will attend in September the 2014 Annual Conference of the Association of College and University Auditors in Los Angeles, California.