



Office of Internal Audit Status Report

BOARD OF TRUSTEES

November 13, 2008

Office of Internal Audit Status Report

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FLORIDA
INTERNATIONAL
UNIVERSITY

Executive Summary – Office of Internal Audit Status Report
Board of Trustees
Finance and Audit Committee
October 17, 2008

The report details the current status of the Office of Internal Audit, which includes audits, investigations, follow-up, and other audit related activities during this reporting period. As of October 17, 2008, we have completed the following audits: **Audit of the Applied Research Center’s Information Systems and Audit of Controls over the ADP Payroll Process**. In addition, the following audits were in progress: **Audit of the College of Arts & Sciences-Environmental Studies, Audit of the College of Law, and Audit of Security over Personal & Confidential Information from Retired Computers**.

As for investigations, one investigation pertaining to **Improper Sales of FIU Equipment** was completed, in addition to another complaint pertaining to a research area received during this reporting period. Additionally, the report includes a summary of the current status of management’s implementation of 81 prior recommendations from internal and external audits. Our current implementation rate is 95 percent as compared with 73 percent reported at the last Finance and Audit Committee Meeting. We also issued the annual report, which provides a summary of our Office’s activities for the last year.

Finally, the report includes a recap of completed training hours for the prior and current fiscal years through October 17, 2008 by each auditor.

Please let me know if you have any questions or comments regarding our Internal Audit Status Report.

Pyong Cho
Interim Audit Director

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

AUDITS AND REVIEWS

As of October 17, 2008, the status of our audit and review activities is as follows:

<u>Audits and Reviews</u>	<u>Status</u>
1. Audit of the Applied Research Center's Information Systems	Completed/report issued
2. Audit of Controls over the ADP Payroll Process	Completed/report pending
3. Audit of the College of Arts & Sciences – Environmental Studies	Field work in progress
4. Audit of the College of Law	Field work in progress
5. Audit of Security over Personal & Confidential Information from Retired Computers	Planning in progress

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

INVESTIGATIONS

During this reporting period, we have received new allegations pertaining to a research center. As of October 17, 2008, the status of our investigative activities is as follows:

<u>Investigation/Responsible Executive</u>	<u>Status</u>
1. Southeast Environmental Research Center (SERC) - Dean Furton	Completed/closed
2. College of Business Administration Complaint - Executive Dean Elam	Completed/report pending
3. Improper Sales of FIU Equipment - Deans Grossman and Banya	Completed/closed
4. A Research Center - Vice President Wartzok	Field Work in progress

(Note: Items bolded are investigative activities during this reporting period.)

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORT**

Summary of Follow-up Status Reports

Total number of audit issues due for implementation as of September 30, 2008: **81**

Total number of audit issues completed as of September 30, 2008: **77**

Implementation rate: **95%**

Explanatory Notes to Follow-up Status Reports

- Explanation of status column – **Yes** = implemented; **No** = not fully implemented; N/A = not due for implementation this period.

- For those recommendations noted in bold as **No** (not fully implemented) in the status column of this schedule, the “Management Responses to Outstanding Audits Issues” section details management’s current action plan.

- N/A in the revised due date column – revised due date is not applicable because the recommendation was either implemented or was not due during this reporting period.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - INTERNAL AUDITS

The following summarizes the current status of audit issues from prior internal audit reports as of September 30, 2008.
Note: Items bolded in the status column (Yes or No) were due for implementation this period.

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Access Controls Over PS Student Records Module Report Issued: Feb. 23, 2006	1. Logging User Access (Rec. #2.1)	Yao/Grillo	N/A	12/08	12/06
Allegations Against the Director of Enterprise Technology Support Services Report Issued: July 7, 2006	1. Purchasing Rule - Gift (Rec. #3.3)	Sanchez/Millspaugh	N/A	11/08	09/06
Student Administration Oracle Databases Report Issued: Dec. 19, 2006	1. Client Network Security (Rec. # 2.1) 2. Data Access (Rec. #5.1)	Yao/Grillo	N/A N/A	12/08 02/09	04/07 04/07
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Walker/Barabino	N/A	07/09	06/07
Allegations Against the Associate Director of Purchasing Services Report Issued: May 25, 2007	1. Credit Checks (Rec. #2.3)	Hardrick/Cuesta-Gomez	N/A	11/08	12/07
Audit of Counseling & Psychological Services Center - Patient Information Systems Report Issued: July 5, 2007	1. File Encryption (Rec. #2) 2. Host Based Intrusion Detection Systems (Rec. #12) 3. Disaster Recovery (Rec. #18)	Jones/Nowell	Yes Yes Yes	N/A N/A N/A	09/07 01/08 01/08
Audit of the University's Change Orders for Major Construction Projects Report Issued: July 9, 2007	1. A/E Errors and Omissions (Rec. #1.2)	Sanchez/Cal/Berenguer	Yes	N/A	09/07
Review of IT Resources in Student Affairs Health Departments Report Issued: Nov. 13, 2007	1. Evaluation of IT needs and consolidation of IT resources and security	Berkman/Jones	N/A	10/08	04/08
Review of University Computer Procurements and Related Purchases Report Issued: Nov. 28, 2007	1. Evaluation of Current Computer Acquisition and Related Purchases	Executive Management	Yes	N/A	Pending
Review of Management's Actions to Prior Audit Recommendations Report Issued: Feb. 6, 2008	1. User Access Management (Rec. #1.3) 2. Close-out Checklist & Report of Expenditure Form (Rec. #1.1) 3. Excess of Expenses Over Revenues (Rec. #2) 4. Excess of Revenues Over Expenses (Rec. #3) 5. Project Accounting (Rec. #1)	Hardrick/Cuesta-Gomez Walker/Barabino	N/A N/A N/A N/A N/A	N/A 12/08 12/08 12/08 N/A	11/08 06/08 06/08 06/08 07/09

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Audit of Security Over University Wireless Access Points Report Issued: April 10, 2008	1. Wireless Access Point Authorization Procedures (Rec. #6)	Yao/Drake	Yes	N/A	08/08
Audit of University Minor Construction Projects Report Issued: May 16, 2008	1. Contractor Selection Process (Rec. #1.1)	Sanchez/Cal/ Berenguer	N/A	N/A	12/08
	2. Contractor Selection Process (Rec. #1.2)		Yes	N/A	08/08
	3. Oversight of Minor Construction Projects (Rec. #4)		No	12/08	08/08
	4. Decentralized Project Filing System (Rec. #6)		N/A	N/A	10/08
Audit of University Consultant Expenses Report Issued: May 16, 2008	1. Competitive Solicitation (Rec. #2.1)	Sanchez/Millspaugh	Yes	N/A	09/08
	2. Competitive Solicitation (Rec. #2.3)		N/A	N/A	11/08
	3. Unencumbered Payments (Rec. #3.1)	Sanchez/Miller Sanchez/Millspaugh	Yes	N/A	09/08
	4. Classification of Expenses (Rec. #4.2)		Yes	N/A	09/08
	5. Award Documentation (Rec. #9)		Yes	N/A	09/08
Audit of Controls Over University Vehicle Usage Report Issued: July 8, 2008	1. Vehicle Policy/Procedure (Rec. #1)	Sanchez/Foster	Yes	N/A	09/08
	2. Vehicle Trip Log (Rec. #2)		Yes	N/A	09/08
	3. Vehicle Retirement (Rec. #4.1)	Sanchez/Miller	Yes	N/A	08/08
	4. Vehicle Lease (Rec. #5.2)		Yes	N/A	08/08
	5. Employees Driving Record (Rec. # 6)	Mendoza/Mwaisela Sanchez/Foster	Yes	N/A	09/08
	6. Billing of Fuel (Rec.#7.1 - #7.3)		Yes	N/A	09/08
	7. Calibration of Fuel Pumps (Rec. #8)		Yes	N/A	09/08
Audit of Controls Over Decentralized Collections Report Issued: July 31, 2008	1. Frost Art Museum (Rec. #1.1 - #1.8)	Berkman/Damian Bueno/Bergwall/ Schriner	Yes	N/A	07/08
	2. Theater and Dance (Rec.#2.1 - #2.6)		N/A	N/A	10/08
	3. College of Business Administration (Rec.#3.1 - #3.5)	Elam/Pico	Yes	N/A	07/08 & 08/08
	4. English Language Institute (Rec. #4.1 - #4.4)		Yes	N/A	07/08
	5. School of Hospitality & Tourism (Rec. #5.1 - #5.3)	West/Remington	Yes	N/A	07/08
	6. University Health Services (Rec. #6.1 - #6.3)	Jones/Loynaz	Yes	N/A	07/08
	7. Parking & Transportation (Rec. #7.1 - #7.4)	Sanchez/Foster	Yes	N/A	07/08
	8. University Housing (Rec. #8)	Jones/Wassenaar Sanchez/Miller	Yes	N/A	07/08
	9. Controller's Office (Rec. #9.1 - #9.3)		Yes	N/A	09/08 & 07/08
Audit of the AIDS Prevention Program's Information Systems Report Issued: August 8, 2008	1. Data Encryption (Rec. #1)	Treviño/Malow/ Devieux	N/A	N/A	10/08
	2. Outlook Protection (Rec. #2)		N/A	N/A	10/08
	3. Screen Saver Password Protection (Rec. #3)		N/A	N/A	10/08
	4. Active Directory Migration (Rec. #4)		N/A	N/A	10/08
	5. Administrative Privileges (Rec. #5)		N/A	N/A	10/08
	6. Network Firewall (Rec. #6)		N/A	N/A	11/08
	7. Network Access Translation (Rec. #7)		N/A	N/A	11/08
	8. File Shares (Rec. #8)		N/A	N/A	10/08
	9. Server Roles (Rec. #9.1 - #9.2)		N/A	N/A	10/08
	10. Intrusion Detection System (Rec. #10)		N/A	N/A	11/08
	11. Active Directory User Accounts (Rec. #11.1 - #11.3)		N/A	N/A	10/08
	12. Terminal Services & Remote Desktop (Rec. #12)		N/A	N/A	10/08
	13. Access Database (Rec. #13)		N/A	N/A	11/08
	14. Physical Access to Unauthorized System Closet (Rec. #14)		Yao/Granto	N/A	N/A

	15. Location of Server & Backup Media (Rec. #15) 16. Backup Procedures (Rec. #16) 17. Contingency Plan (Rec. #17) 18. System Administration Resources (Rec. #18)	Treviño/Malow/ Devieux	N/A N/A N/A N/A	N/A N/A N/A N/A	10/08 10/08 10/08 10/08
Allegations Against the Southeast Environmental Research Center (SERC) Report Issued: August 26, 2008	1. Outside Activities (Rec. #1.1, #1.2, #2.1, #2.3, #2.6) 2. Outside Activities (Rec. #2.2, #2.4, #2.5) 3. Misuse of University Resources (Rec. #3.1, #4.1, #5) 4. Misuse of University Resources (Rec. #3.2) 5. Misuse of University Resources (Rec. #4.2) 6. Conflict of Interest (Rec. #6) 7. Conflict of Interest (Rec. #7) 8. Hiring Process (Rec. #8.1, #9.2, #9.3) 9. Hiring Process (Rec. #9.1) 10. Overall Recommendation (Rec. #10)	Hardrick/Cuesta-Gomez Furton/Jaffe Hardrick/Cuesta-Gomez Furton/Jaffe Hardrick/Cuesta-Gomez Furton/Jaffe Hardrick/Cuesta-Gomez Furton/Jaffe	Yes Yes Yes N/A Yes Yes N/A Yes Yes N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	09/08 & 08/08 09/08 09/08 11/08 09/08 09/08 12/08 09/08 08/08 12/08
Allegations of Improper Selling of FIU Equipment Report Issued: Sept. 8, 2008	1. Sales of FIU Equipment (Rec. #1.1, #1.2) 2. Sales of FIU Equipment (Rec. #1.3) 3. Transfer of FIU Property (Rec.#2.1) 4. Transfer of FIU Property (Rec.#2.2) 5. Transfer of FIU Property (Rec.#2.3, #2.4, #2.5) 6. Missing FIU Property (Rec. #3.1, #3.2)	Grossman/Doherty-Restrepo Banya/Mendez Grossman/Doherty-Restrepo	Yes No No Yes N/A Yes	N/A 11/08 11/08 N/A N/A N/A	08/08 & 09/08 09/08 09/08 08/08 10/08 & 11/08 09/08

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - OPERATIONAL AUDIT

The following summarizes the current status of audit issues from the State Auditor's Operational Audit (Report No. 2008-120, dated 03/11/08) as of September 30, 2008.

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

Finding Number & Area	Audit Issue(s)/Finding	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Finding No. 7 Purchasing Card Program	Purchasing card accounts for former employees were not always timely cancelled upon termination.	Sanchez/Millspaugh	Yes	N/A	03/08
Finding No. 8 Cellular Telephones	The University did not, of record, adequately monitor cellular telephone (cell phone) usage to determine personal calls made and any needed reimbursements. As such, the University was required to, but did not, report to the Internal Revenue Service the value of cell phone services as income for employees.	Yao/Drake	Yes	N/A	08/08
Finding No. 11 Fire Safety Inspections	The University did not always timely correct deficiencies noted in fire safety inspection reports.	Mendoza/Mwaisela	Yes	N/A	09/08
Finding No. 12 Information Technology-University Governance	There was a need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.	Yao/Grillo	N/A	12/08	06/08
Finding No. 13 Information Technology-Application Environment and Support Function	Improvements were needed in certain security controls within the overall operations of the application and the supporting network environment at the University.	Yao/Granto	No	11/08	06/08
Finding No. 15 Information Technology-Environmental Controls	Environmental control improvements were needed at the University's Data Center.	Yao/Grillo	Yes	N/A	07/08

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

Audit of the University Minor Construction Projects

1. Audit Issue: **Oversight of Minor Construction Projects** (Recommendation #4)
Status: Partially Implemented

Recommendation:

In order to administer minor construction projects properly, we recommend that Facilities Management should implement a more reliable tracking system for monitoring and reporting. The data for the minor construction projects should be complete, updated and accurate.

Action Plan to Complete:

The Department has begun implementing a SQL database to consolidate all key data for minor projects. Each project manager can now input the data for their respective projects into this centralized database stored on the Department's servers. This ensures all data is updated, accurate, and readily available. At this point, the financial data has not been totally integrated. The interface for the financial data will be in place by December 1, and the most current financial data will be input by the end of the year with historical data input to immediately follow.

New Target Date: December 31, 2008

Allegations of Improper Selling of FIU Equipment

1. Audit Issue: **Sales of FIU Equipment** (Recommendation #1.3)
Status: Partially Implemented

Recommendation:

If the Indiana State University (ISU) is to retain the items, we recommend that the Program Director work with Property Control to remove the equipment from the University property records.

Action Plan to Complete:

If ISU agrees to retain the equipment, the Athletic Training Program Director will work with Property Control to remove the equipment sold to ISU from FIU's Property Control listing. If ISU approves the sale, the check in the amount of \$6,923 will be deposited in the Athletic Training Program account at FIU.

New Target Date: November 1, 2008

2. Audit Issue: **Transfer of FIU Property** (Recommendation #2.1)
Status: Partially Implemented

Recommendation:

We recommend that the COE Dean's Office work with OSRA and Property Control to obtain the transfer approval and adjust the University property records to reflect the transfer of the properties to University of Florida.

Action Plan to Complete:

The University upper administration has agreed to transfer the equipment to University of Florida as soon as the paperwork is processed.

New Target Date: November 1, 2008

State Auditor's Operational Audit

1. Audit Issue: **Information Technology - Application Environment and Support Function**

(Finding No. 13)

Status: Partially Implemented

Recommendation:

University management should strengthen controls surrounding its enterprise information resources and systems in some areas.

Action Plan to Complete:

The policies are in the final approval stages. Currently, the policies are being reviewed by the Office of the General Counsel. It is planned that these policies will be presented to the Operations Committee in November. Implementation date is set to November 2008 if the policies are approved by the Operations Committee.

New Target Date: November 2008

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

TRAINING AND SEMINARS UPDATE

The following is an update on continuing professional education (CPE) obtained by each auditor through October 2008. Internal auditors are required to enhance their knowledge, skills, and other competencies through CPE. Below is a recap of completed CPE hours for the prior and current fiscal years by each auditor.

	<u>2007-2008</u>	<u>2008-2009</u>
Pyong Cho	45 hours	7 hours
Manuel Sanchez	74 hours	7 hours
Albert Mayungbe	44 hours	5 hours
Tenaye Arneson	3 hours	4 hours

DATE	ATTENDED SEMINARS	HOURS	AUDITOR
2007 – 2008			
07/08-11/07	IIA International Conference	17	Manuel Sanchez
07/16/07	NACUBO Webcast	2	Manuel Sanchez
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Albert Mayungbe
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Pyong Cho
10/09/07	Annual RSM McGladrey – Seminar	8	Manuel Sanchez
10/20/07	FIU Center for Accounting	8	Manuel Sanchez
12/06/07, 5/14/08	ACUA Webinar	2	Pyong Cho
12/06/07, 5/14/08	ACUA Webinar	2	Tenaye Arneson
05/09/08	FICPA	4	Albert Mayungbe
06/05/08	Ethics Point Webinar	1	Manuel Sanchez
06/05/08	Ethics Point Webinar	1	Pyong Cho
06/05/08	Ethics Point Webinar	1	Tenaye Arneson
06/06/08	Alpha Kappa Psi-Center for Accounting	8	Manuel Sanchez
06/06-14/08	FIU Center for Accounting	24	Manuel Sanchez
06/19/08	KPMG Seminar	6	Manuel Sanchez
06/19/08	KPMG Webinar	2	Pyong Cho
2008 – 2009			
07/10 & 08/21/08	Ethics Point Webinar	2	Manuel Sanchez
07/10 & 31, 8/13/08	Ethics Point Webinar	3	Pyong Cho
07/10 & 31, 8/13/08	Ethics Point Webinar	3	Tenaye Arneson
08/13 & 21/08	Ethics Point Webinar	2	Albert Mayungbe
08/28, 9/24, 10/01 & 08	KPMG Webinar	4	Pyong Cho
08/28, 9/24, 10/08	KPMG Webinar	3	Manuel Sanchez
09/11/08	PeopleTools 8.49	1	Manuel Sanchez
09/18/08	Paisley.Webex.com	1	Manuel Sanchez
09/24 & 10/01 & 08	KPMG Webinar	3	Albert Mayungbe
10/08/08	KPMG Webinar	1	Tenaye Arneson