



Office of Internal Audit Status Report

BOARD OF TRUSTEES

November 22, 2011



Date: November 22, 2011
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 an update on the status of our office's work activities. Our last update to you was on August 17, 2011.

We completed an audit of contracts and grants administration at the College of Engineering & Computing. During the past five years the College received approximately \$80 million in external funding from a variety of governmental and corporate sources. Over 50% of its faculty participates in research programs. Overall, our audit disclosed that controls and procedures could be strengthened. The audit resulted in twenty-three recommendations, which management agreed to implement. Many of the recommendations were directed to the Division of Research where improvements would provide the College and the University at-large with better tools to manage our contracts and grants.

Two investigations were also concluded:

- We received an anonymous complaint from a member of the general public concerning alleged misfeasance on the part of a vendor and an FIU employee as it relates to air conditioning repair and maintenance services. We worked jointly with the University's Police and the Facilities Management Department and found the allegation sustainable. We obtained sufficient evidence to justify a reasonable conclusion that it occurred and was improper and unlawful. The University immediately suspended doing business with the vendor and the employee is no longer employed by the University. The University continues to explore legal options.
- Another anonymous complaint concerned allegations against a senior University Health Services employee. Based on our investigation, we found that the complainant's allegations were sustained. The Vice President of Student Affairs in consultation with the Provost and Human Resources will determine what disciplinary action, if any, is deemed appropriate based on the facts and circumstances of the case.

WORK IN PROGRESS

Audits	Status
Cash and Investment Controls (Finance)	Fieldwork in Progress
Marriott Tianjin China Program (Hospitality and Tourism Mgmt.)	Fieldwork in Progress
Repairs & Maintenance (Facilities Management)	Fieldwork in Progress
Student Technology Fee (University-wide)	Fieldwork in Progress
Construction Costs (Facilities Management)	Fieldwork in Progress

OTHER ACTIVITIES

We are continuing to actively consult and assist management with their PeopleSoft HR Implementation Project. The Division of Human Resources is transitioning its entire payroll, time and attendance, and HR system from ADP to an in-house PeopleSoft solution. The project is scheduled to “go live” January 1, 2012. I am serving on the Steering Committee as an advisory non-voting participant. We are reviewing the project based upon agreed upon procedures in order to ensure the effectiveness of system testing, validation methodology, risk management, onboard/offboard user access provisioning and internal controls during the current production phase. A significant amount of our IT Audit resources is being devoted to this project.

FOLLOW-UP STATUS REPORT

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 August 31, 2011, there were 91 outstanding recommendations, 47 of which are not due for implementation this period. Of the remaining 44 recommendations, management indicated that 36 recommendations (82%) are fully implemented, 7 recommendations (16%) are partially implemented and 1 recommendation is not implemented (2%). Revised target dates were provided for the remaining recommendations.

Attachment - Follow-up Status Report

FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT

FOLLOW-UP STATUS REPORT
AS OF AUGUST 2011

Areas Audited	Implemented	Partially Implemented	Not Implemented	Total Due for Implementation	Not Due For Implementation
Division of Research		1		1	1
College of Medicine	2	4		6	0
Athletics Department	6			6	0
Housing & Residential Life	2			2	0
Office of the Controller	1	1		2	3
Department of Emergency Management		1		1	2
College of Arts & Sciences Environmental Studies	1			1	0
College of Business Administration	3			3	0
Parking & Transportation Department	2			2	14
Facilities Management Department	5			5	1
FIU Foundation			1	1	0
PantherCARD Business Services	14			14	14
Division of IT					10
Human Resources					2
Total	36	7	1	44	47
Percentage	82%	16%	2%	100%	

Details for Partially/Not Implemented Columns:

Division of Research -1 Partially Implemented:

1. Audit of University Implementation of Prior Years' Recommendations (October 2010)

Recommendation No. 3.2 – Indirect/Direct Costs: OSRA should establish periodic monitoring procedures to ensure that indirect costs (office supplies, postage, local telephone costs and memberships) are not directly charged to Federal projects unless they meet the exceptional circumstances outlined in the OMB Circular A-21.

Action Plan to Complete:

An attribute was added to the contract and grants suite that would allow for the identification of projects with approved exemptions. Reports are being generated based on the attribute and account codes that incur the costs identified as normally F & A. The remaining task is to populate active projects starting prior to March 1, 2012 with the new attribute.

Original Target Date: July 2011

New Target Date: March 31, 2012

College of Medicine – 4 Partially Implemented Recommendations:

2. Audit of the Herbert Wertheim College of Medicine (September 2010)

Recommendation #1.2 - Develop, disseminate, and periodically update an operations manual giving due consideration to relevant University policies and procedures.

Action Plan to Complete:

Refining format and will distribute to staff electronically and maintain on College of Medicine website.

Original Target Date: December 31, 2010

New Target Date: October 31, 2011

Recommendation #7.1 - Work with Asset Management to follow-up on all unaccounted for property items and adjust incorrect location of property items in University property records.

Action Plan to Complete:

A list of unaccounted property items has been composed. The items are currently being located to provide and update to property records.

Original Target Date: December 31, 2010

New Target Date: October 31, 2011

Recommendation #7.2 - Re-tag those property items where FIU tag is missing or removed.

Action Plan to Complete:

College of Medicine is currently revamping asset management procedure with FIU Central Administration.

Original Target Date: December 31, 2010

New Target Date: October 31, 2011

Recommendation #7.5 - Strengthen its procedures to ensure that the IT property records are complete and accurate.

Action Plan to Complete:

A Sharepoint site (currently being constructed) will be used to manage all College of Medicine property. This site will be used to update locations and status of all attractive property. This site will be updated by a member of the College of Medicine IT and the College of Medicine Procurement Coordinator.

Original Target Date: December 31, 2010

New Target Date: October 31, 2011

Office of the Controller – 1 Partially Implemented Recommendation

3. Audit of ProCard/Credit Card Solutions Program: Better Controls & Administrative Practices Needed (April 2010)

Recommendation #2.2 - Ensure that all cardholders and reviewers/approvers are periodically retrained with an emphasis on the key risks identified.

Action Plan to Complete:

Due to the impending conversion, the retraining was postponed. The new credit card provider was awarded a contract in October 2010 and the contract was executed in August 2011. Training will occur as part of the implementation of the new credit card. We continue to send reminders to Approvers and Cardholders via the role specific listserv that highlights key areas of concern. Additionally, at the time the monthly transactions load into the PantherSoft System, Approvers are sent a reminder notification

containing program deadlines and highlights of their responsibilities. Required retraining for all Cardholders and Approvers will take place during the card program conversion from Bank of America to JP Morgan Chase and a program of continued retraining will be implemented (upon expiration of the card and as necessary). The revised due date is projected based on the new program implementation time line.

Original Target Date: December 31, 2010

New Target Date: December 31, 2011

Department of Emergency Management -1 Partially Implemented Recommendation

4. Audit of the Information Systems Continuity Plan (July 2010)

Recommendation #4.4 - Train its staff on Business Continuity.

Action Plan to Complete:

FIU is currently in the process of purchasing a web based continuity of operations planning tool developed for universities. Anticipated access to the system is 10/11 with an estimated 3 months to populate with FIU data. Roll out is scheduled for early 2012.

Original Target Date: December 31, 2010

New Target Date: March 31, 2012

FIU Foundation – 1 Not Implemented Recommendation

5. Audit of the Disbursement Controls Over FIU Foundation Cash and Investment Accounts (June2010)

Recommendation #1.1 - Ask the Foundation's Board of Directors to expand their resolutions to include signatory authority for wire transfers and ACH debits.

Action Plan to Complete:

At the next scheduled meeting, October 25, 2011, a new resolution will be presented to the Board that specifically includes authority to initiate electronic transfers.

Original Target Date: August 1, 2011

New Target Date: October 31, 2011