



Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 10, 2013



Date: September 10, 2013
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 5, 2013, we completed the following:

- 1. University's Compliance with The Jeanne Clery Act (Police Department)** – Campus Police administers the Clery Act, a federal statute that requires FIU to publish an annual security report that accurately discloses campus crime statistics and security information. Our audit disclosed that there were adequate controls and procedures over the reporting process. Nevertheless, we identified some areas in need of improvement, particularly the manner in which information on crimes is collected, reported, and distributed, the method crimes are labeled, how campuses are identified, and the method used by FIU's Environmental Health and Safety Department to prepare the Fire Safety Reports. The audit resulted in nine recommendations, which management agreed to implement.
- 2. Construction Costs - Science Classroom Complex (DPR Construction, Inc.)** – The recently completed Academic Health Center is a six floor, 136,076 gross square feet state-of-the-art building, which provides specialized teaching science classrooms; flexible multi-disciplinary research spaces; graduate student study rooms; faculty offices and student/faculty gathering spaces. Our audit disclosed that the project was satisfactorily monitored by the University's Facilities Construction Department. The approved funding for the entire project totaled \$57.5 million of which \$45.7 was allocated to the construction manager, DPR Construction Inc.

We audited the construction costs submitted through March 29, 2013 by DPR, to ensure that they were appropriate, actually incurred, properly supported, and in accordance with the articles of the project agreement. Overall, we found that Facilities did a commendable job overseeing and controlling project costs. However, we identified opportunities to reduce costs through the recovery of payments to DPR totaling \$333,212. Facilities Management concurred with our findings and are in the process of closing out the project, which will likely result in additional adjustments as the final project costs are determined.

3. **Review of the Claimed Costs pursuant to an Agreement between the United Nations and Florida International University (Division of Research)** – Pursuant to a request from the Division of Research we reviewed the costs submitted to the United Nations International Strategy for Disaster Reduction Secretariat under a \$39,350 contract, which required a post award audit. Our review disclosed that expenditures submitted were generally allowable, allocable, and reasonable.
4. **Review of the PAT4YOU Program’s Travel Expenses (Division of Research)** – We were asked to perform a review of travel expenses claimed under the PAT4YOU program funded by The Children’s Trust. The awarded amount and travel budget for the contract year 2012-2013 were \$232,246 and \$18,734, respectively. Our review disclosed that, due to a lack of understanding of the University’s travel policy and procedures, the \$13,425 in travel expenses claimed by three of our employees were overstated by \$5,685. Management agreed to recover the overpayments and adjust its billing to The Children’s Trust.
5. **Sub-recipient monitoring (Division of Research)** – In accordance with the approved annual audit plan, we have commenced a long-term consulting project with the Division of Research to review sub-recipient’s annual financial report submissions pursuant to the Federal and the State of Florida’s respective single audit acts. The purpose of these reviews is to ensure that sub-recipients are compliant with the financial reporting requirements under the respective acts, that their reports reflect that they are fiscally responsible and are free of, or have adequately addressed material findings reported by their independent auditors. During the last quarter we have reviewed the reports submitted by six institutions who are sub recipients under FIU grants.

WORK IN PROGRESS

We are currently working on the following audits:

1. Controls over Salary Costs Charged to Federal Awards (Division of Research)
2. Student Activity and Service Fees (Student Affairs)
3. Review of Management’s Actions to Implement Prior Audit Recommendations
4. Healthcare Network Billing, Collections & E Medical Record Systems Controls (Herbert Wertheim College of Medicine)
5. College of Business Administration (Academic Affairs)
6. Kovens Conference Center (Chaplin School of Hospitality & Tourism Management)

The Internal Audit staff continues to take advantage of professional development opportunities. Three staff members recently attended the 24th Annual Global Fraud Conference sponsored by the Association of Certified Fraud Examiners.