



Office of Internal Audit Status Report

BOARD OF TRUSTEES

December 1, 2016



FLORIDA
INTERNATIONAL
UNIVERSITY

OFFICE OF INTERNAL AUDIT

Date: December 1, 2016
To: Board of Trustees and Finance and Audit Committee
From: Allen Vann, Chief Audit Executive
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 September 1, 2016, we completed the following projects:

Bank Account Reconciliations Review - Following the abrupt resignation of a Senior Accountant in 2015, the Controller's Office began an exhaustive process of reviewing all prior Concentration Bank Account reconciliations. We were frequently consulted during the course of their review, which went as far back as 2005 in some cases. The Controller's review disclosed (and our own independent review confirmed) that for a number of years the employee prepared bank reconciliations, which deceptively gave the appearance that the book to bank balances were reconciled.

It is important to note that neither the Controller's review nor ours disclosed any indication of a misappropriation of funds but rather that the employee did not have the necessary skill sets to perform the bank reconciliation and through a pattern of deceit concealed her shortcomings. Nevertheless, on June 30, 2015, the Controller adjusted the University's general ledger by \$574,631. A charge was taken to the *Other Costs and Losses* account and the *Concentration Cash* account was reduced to reflect the unidentified difference(s) and properly reflect the University's actual cash position.

Based on our review, we concluded that current reconciliations are being performed properly; that they are accurate; and that there are improved internal controls and procedures to prevent recurrence. Our audit resulted in three recommendations which management agreed to implement.

Office of Internal Audit Status Report

December 1, 2016

Page 2 of 3

Information Security Controls Audit of the Mobile Health Center - This report is a compendium report to an operational audit of the Hebert Wertheim College of Medicine's Health Education Learning Program's Mobile Health Center (MHC), which we previously presented to you at our last Finance and Audit Committee meeting.

Overall, our IT audit disclosed that the MHC's information risk is fair, i.e. information system controls are in place but can be improved. The MHC has opportunities to strengthen controls relating to patching laptops, removing inactive firewall connections, monitoring patient data access logs, disabling generic user accounts, and testing comprehensive business continuity. Our audit resulted in 12 recommendations which management agreed to implement.

Housing and Residential Life Follow-up Audit - We last reported on Housing in November 2010. With current revenues of nearly \$30 million, Housing operates seven residential complexes all located on the Modesto A. Maidique Campus encompassing 3,257 bed spaces.

This follow-up audit disclosed that Housing fully implemented 10 of our prior 14 audit recommendations. Three of the recommendations were partially implemented and one had not been implemented. Areas of recurring concern include fire alarm reports, attractive property, and insurance requirements for conference rentals. Management agreed to implement the five resulting recommendations.

Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
School of Hospitality and Tourism Management	Drafting Report
Financial Aid - Enrollment Services	Drafting Report
Herbert Wertheim College of Medicine - Pharmacy Operations	Fieldwork in Progress
Construction	Fieldwork in Progress
Athletic Department - Financial and Operational Controls	Fieldwork in Progress
University's IT Network Security Controls Follow-up	Fieldwork in Progress
Office of Planning and Institutional Research - BOG Data Integrity	Fieldwork in Progress

We also conducted and/or assisted in investigating several allegations of impropriety that were largely immaterial in nature but nevertheless merited attention.

Professional Development

Audit staff continue to take advantage of professional development opportunities. For example, six staff members attended the 2016 Annual Conference of the Association of College and University Auditors held in Miami.