



Office of Internal Audit Status Report

BOARD OF TRUSTEES

June 2, 2016



Date: June 2, 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 March 11, 2016, we completed the following audits:

Audit of the College of Education

During the audit, the College of Education was integrated with the College of Arts and Sciences to form a new college, the College of Arts, Sciences and Education. As a standalone entity, the College generated Educational and General (E&G) revenues totaling \$12.4 million and Auxiliary and Research revenues of \$5.4 million, with expenditures of \$11 million and \$5.2 million, respectively. The College has approximately 92 Faculty/Staff/Administrative members and 103 adjunct faculty. The total enrolled students in 2015 was 3,202 (991 graduate program and 2,211 undergraduate programs).

Our audit disclosed opportunities to strengthen financial processes and procedures in the following areas: asset management, revenue controls, payroll and personnel administration, and numerous expenditure controls. Eight of the fourteen resulting recommendations have already been reportedly implemented and the remaining four recommendations will be completely implemented by June 30, 2016.

Audit of the College of Law

The College of Law has approximate 50 full-time faculty members and 487 students. It is funded mainly through tuition and fees, state appropriations and University and investor contributions of \$22.5 million in fiscal year 2015. Expenditures totaled approximately \$23 million.

Office of Internal Audit Status Report

June 2, 2016

Page 2 of 3

Overall, our audit disclosed that the College's established controls and procedures were generally satisfactory and effective. However, there were areas where internal controls need strengthening, particularly in the areas of: Human Resources; Travel and Credit Card and Other Expenditures; Student Fees; and Asset Management.

Audit of Education Effect Program

The Education Effect Program is a privately funded effort to improve educational outcomes at two Miami-Dade County High Schools. Over the past five years, FIU received approximately \$2.9 million and incurred \$1.5 million in expenditures. Of the total expenditures of \$1.5 million, 76% were spent for Miami Northwestern Senior High School and 24% for Booker T. Washington Senior High School.

Financial controls over expenditures were inadequate. There was a significant lack of oversight and absence of documentation to support payments to contractors, consultants, employees, and student interns resulting in questionable costs. Also, program outcomes relating to grant deliverables and reporting appeared to be insubstantial. The audit resulted in five recommendations, which management agreed to implement.

Review of Employee Online Direct Deposit Change Controls

In 2014, Human Resources strengthened payroll controls by implementing a layered security approach to sensitive personally identifiable information and a workflow-enabled direct deposit transaction process. The changes were made in response to external threats to the process used for updating employee direct deposit information. Overall, the internal controls of the direct deposit process have been effective in mitigating the risk of an unauthorized data modification. We concluded that the previous process was improved.

Work In Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Payment Services - Finance and Administration	Fieldwork in Progress
Cash Controls - Finance and Administration	Fieldwork in Progress
Mobile Healthcare Clinics	Fieldwork in Progress
Financial Aid - Enrollment Services	Fieldwork in Progress
Construction	Fieldwork in Progress
School of Hospitality & Tourism Management	Planned

Investigations

We completed a joint fraud investigation with the FIU Police and HR. As a result, the employee involved and her supervisor have been separated from the University. Full restitution in an amount just less than \$15,000 was obtained and criminal prosecution is being pursued. No other investigations are currently being performed.

Other Matters

In May, we hosted the Florida State University Audit Council (SUAC) at our Biscayne Bay Campus. The Chief Audit Executives of the Florida State University System (SUS) meet semiannually to share experiences, understand the risks and challenges common to our universities and develop plans to better serve our respective institutions.