



Office of Internal Audit Status Report

BOARD OF TRUSTEES

June 3, 2015



Date: June 3, 2015

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 March 26, 2015 we completed the following audit:

Department of Parking and Transportation – The primary objectives of this audit were to determine whether 1) recommendations from a prior audit on revenue controls have been effectively implemented and 2) financial controls and procedures relating to expenditures were adequate and effective. The Department manages 14,563 parking spaces in six parking garages and 50 outdoor lots. During fiscal year 2013-14, the Department generated \$14.9 million in revenues and \$13.9 million in corresponding expenditures. Student transportation access fees account for 68% of the Department’s revenues, while debt services represented 56% of the Department’s expenditures.

Overall, our audit disclosed that while the financial controls and procedures relating to operating expenditures were very good, there still were opportunities to improve revenue controls, particularly in the areas of: parking fee assessments and controls over citations/fines. We also advised giving some additional attention to IT security and property management controls. The audit resulted in 11 recommendations, which management agreed to implement.

Work In Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
University Advancement - Restricted Gift Agreements	Fieldwork completed – drafting report
Nicole Wertheim College of Nursing and Health Sciences - Financial and Operating Controls	Completing Fieldwork
Office of Research and Economic Development - International	Completing Fieldwork

<i>Audits</i>	<i>Status</i>
Hurricane Research Center	
Division of Information Technology - IT Network Security Controls	Fieldwork in Progress
Facilities Management - University Building Access Controls	Fieldwork in Progress
Division of Human Resources - Financial and Operating Controls	Planning Stage
College of Law - Financial and Operating Controls	Planning Stage
College of Education - Financial and Operating Controls	Planning Stage
Global Affairs - Study Abroad and Exchange Programs	Planning Stage

Emerging Issues – Proposed Board of Governors (BOG) Regulations

On March 18, 2015, FIU Board of Trustees member Gerald C. Grant, Jr. and I attended the Board of Governors’ Audit and Compliance Committee Workshop at FAMU pursuant to their invitation to all the universities. Trustee Grant briefed you on the Workshop at the last Finance and Audit Committee meeting held on March 26, 2015. Based on that Workshop and a survey completed prior to the Workshop by the Chief Audit Executives of each of the universities, the BOG forwarded for our comment four proposed new regulations as follows:

1. State University System (SUS) of Florida Chief Audit Executives

This ten (10) page draft regulation places the responsibility for appointing a chief audit executive on each of the SUS’ respective Board of Trustees. It further requires that the internal audit department be governed by a charter consistent with the *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General. The proposed new regulation would also mandate that each board of trustees establish a committee assigned responsibility for addressing audit, compliance, and investigative matters and outlines the committee’s duties and responsibilities. Each university will be required to promulgate written policies mandating employee cooperation with audits and investigations. The proposed regulation also promulgates the governance structure and audit standards for the respective SUS internal audit departments, as well as procedures and responsibilities for performing Whistle-blower and other investigations.

2. State University System Compliance and Ethics Programs

This four (4) page draft regulation is designed to set minimum requirements for university compliance and ethics programs based upon the requirements set forth in the Federal Sentencing Guidelines Manual. It provides guidance to the respective boards of trustees (BOT) on the governance structure and policies and procedures they must ensure is put in place at their respective universities for their compliance offices.

3. Office of Inspector General and Director of Compliance and University System Complaint Handling

This two (2) page draft regulation includes procedures the Board of Governors will follow to address allegations of waste, fraud, or financial mismanagement in instances where a university BOT is either unwilling or unable to do so.

4. Board of Governors Oversight Enforcement Authority

This one (1) page draft regulation was developed to implement the requirements contained in section 1008.322, Florida Statutes. This statute relates to the Joint Legislative Auditing Committee and the Board of Governors' escalation procedures for repeat Auditor General audit findings and other university noncompliance.

The BOG Inspector General has requested written comments from the respective SUS Chief Audit Executives by July 31st. The formal regulation development process will commence at the BOG September 2-3, 2015 meeting. In the interim, I will be meeting with the Chief Audit Executives of the other universities in Tallahassee on May 27th and 28th to discuss and evaluate the proposed regulations impact on our respective operations and will also consult with our General Counsel, Compliance Officer and other senior FIU management in the formulation of formal written comments on the proposed regulations.

Semi-Annual Follow-Up Status:

Twice a year, we survey management on their progress towards completing past recommendations. According to management, 76% of 66 recommendations due for implementation this quarter were satisfactorily completed. They are working to complete 15 recommendations that were only partially implemented.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented	Not Implemented
Southeast Environmental Research Center	15	12	2	1
Minor Construction Projects	8	3	5	
School of Computing and Information Sciences	7	7		
HCN's Billing, Collections, and Electronic Medical Record Systems	6	2	4	
College of Architecture + The Arts (CARTA)	5	5		
College of Business	4	4		

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Areas Audited	Total Due for Implementation	Implemented	Partially Implemented	Not Implemented
Performance Based Funding Metrics – Good Process Controls Contribute to Their Reliability	4	4		
Business Services - Vendor Contracts Revenue	3	1	2	
Affiliation and Other Healthcare Related Agreements	3	3		
Controllers - Purchasing Services for Commodities	3	2	1	
The Patricia & Phillip Frost Art Museum	2	2		
Laboratory Safety Process	2	1	1	
Jewish Museum of Florida	2	2		
Camps and Programs Offered to Minors	1	1		
Wolfsonian-FIU	1	1		
Totals	66	50	15	1
Percentages	100%	76%	23%	1%