



# **Office of Internal Audit Status Report**

**BOARD OF TRUSTEES**

**June 2, 2017**



**Date:** June 2, 2017  
**To:** Board of Trustees Audit and Compliance Committee Members  
**From:** Allen Vann, Chief Audit Executive  
**Subject:** OFFICE OF INTERNAL AUDIT STATUS REPORT

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I am pleased to provide you with our quarterly update on the status of our office's work activities. Since our last update to the Board of Trustees Audit and Compliance Committee on March 2, 2017, the following projects were completed:

#### **Audit of Pharmacy Operations**

The primary objective of this audit was to determine whether financial and operational controls over pharmacy operations are adequate and effective. We evaluated: 1) financial management, including billing and collections; 2) controls over inventory, safeguarding and dispensing of drugs; and 3) compliance with applicable laws, rules and regulations, and University policies and procedures.

Overall, our audit disclosed that controls over pharmacy operations are satisfactory. However, in order for the program to better align strategically with the University's mission and goals, management acknowledged the need to move the pharmacy operations closer to self-sustainability as is the case with most other auxiliary activities. During the fiscal year 2016, \$280,000 in student health fees were applied towards an operating loss. Similarly, for the current fiscal year, \$331,000 in student health fees has been set aside to support pharmacy operations. Our audit resulted in five recommendations which management agreed to implement.

#### **Audit of the Construction of the Student Academic Success Center**

The Student Academic Success Center provides "one stop services" to our students. Registration, financial services, career services and many other services are now located in this new facility. As of March 31, 2017, the approved funding for the entire project totaled \$33.7 million, which included construction costs of \$26.7 million. In addition to the construction costs billed by the Construction Manager, the total project cost also included architect fees, furniture and fixtures, and other professional services. The construction phase of the project is 99.9% complete.

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The Facilities Management Department properly awarded an architect-engineering contract to Gould Evans and a construction management contract to Balfour Beatty Construction and satisfactorily monitored the related costs. Our report details payroll and multiplier costs that need to be reconciled with the Construction Manager prior to releasing the retainage. We also made other observations related to the subcontractors' award process and maintenance of project files. Our audit resulted in four recommendations which management agreed to implement.

**Audit of Internal Controls over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0576-15**

We performed an audit of the adequacy of internal controls over personal data maintained by the department of Parking & Transportation. Based on our evaluation, we concluded that their system of controls is adequate to protect personal data from unauthorized access, distribution, use, modification, or disclosure. We provided a required attestation statement to that effect that was provided to the Florida Department of Highway Safety and Motor Vehicles.

**Work in Progress**

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Athletic Department	Drafting Report
University's IT Network Security Controls	Fieldwork in Progress
Online Programs	Fieldwork in Progress
College of Arts, Sciences and Education - Center for Children and Families	Fieldwork in Progress
Residency Classification for Tuition and Fees	Fieldwork in Progress
Robert Stempel College of Public Health and Social Work	Fieldwork in Progress

**Professional Development**

Audit staff continue to take advantage of professional development opportunities. For example, eight staff members attended the Annual Fraud Conference sponsored by the Institute of Internal Auditors at the FIU Biscayne Bay Campus.

**Other Matters**

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Ms. Tenaye Francois Arneson, an esteemed member of the internal audit staff will be leaving the University after ten years of service. She is relocating to Green Bay, Wisconsin where her husband, Dr. Eric Arneson, will be Vice Chancellor of Student Affairs at the university.