



Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 1, 2016



Date: September 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 June 2, 2016, we completed the following projects:

Audit of Payment Services - The Payment Services Department with over 1,500 suppliers processed almost \$75 million during the six months ended December 31, 2015. Overall, our audit disclosed that the University's established controls and procedures for payment services were satisfactory. The Office of Controller agreed to: 1) strengthen certain controls pertaining to the processes over employees' ability to create, modify, and delete suppliers in PantherSoft, and 2) periodically review the audit logs relating to changes made to supplier information. They will also work with Human Resources to proactively monitor for conflict of interests between employees and suppliers.

Review of Nepotism Policies and Procedures - We tested the University staff's adherence to our nepotism policies and the effectiveness of current procedures. While good policies are in place and the University takes precautions to avoid favoritism in hiring, we reported that the processes employed need to be re-evaluated and adjusted to strengthen overall controls. For example, whenever related employees within or outside of the reporting lines have approval authority additional mitigating controls may be warranted. Proactive procedures for identifying potential relationships at various points of an employee's career life beyond onboarding should be established. The Human Resources Department agreed to implement the four recommendations resulting from our review.

Audit of University Mobile Health Center

The Hebert Wertheim College of Medicine's Health Education Learning Program is supported by four privately funded mobile vans. Two vans are used for primary care services, one van is used for mammography services and the fourth, not currently in use, will provide a combination of dental and other health care related services. Overall, our audit disclosed that financial management over the Mobile Health Center was adequate.

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However, administrative controls related to purchase order processing, documenting the use of the vans, patient data, and tracking purchases of medical supplies and prescription pads need further attention. A separate report will be issued on IT security.

Sub-recipient Monitoring (Division of Research) – In accordance with the approved annual audit plan, we continue 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. Since the beginning of this calendar year, we have completed reviews of twenty-six institutions who are sub-recipients under FIU grants.

Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Bank Reconciliation Controls – Finance and Administration	Fieldwork in Progress
Financial Aid – Enrollment Services	Fieldwork in Progress
Construction	Fieldwork in Progress
Housing & Residential Life	Fieldwork in Progress
School of Hospitality & Tourism Management	Fieldwork in Progress
College of Medicine – Pharmacy Operations	Planning Stage
Mobile Health Care Clinics – IT Controls	Drafting Report

Other Matters

1. On June 21, 2016 I traveled to UCF to attend a BOG workshop. Chief Audit Executives, Compliance Officers and various other senior administrators of the State University System met with the Chairman of the BOG Audit and Compliance Committee to provide feedback in drafting the following four Board of Governors regulations:
 - 4.001 *State University System Processes for Complaints of Waste, Fraud, or Financial Mismanagement;*
 - 4.002 *State University System Chief Audit Executives;*
 - 4.003 *State University System Compliance and Ethics Programs; and*
 - 4.004 *Board of Governors Oversight Enforcement Authority.*

The revised documents are expected to be taken to the Board of Governors Audit and Compliance Committee and the full Board during their September meeting for official

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notice in accordance with the *Florida Board of Governors Regulation Development Procedure*.

2. In anticipation of the adoption of the draft regulations cited above, I am Chairing a committee of the State University Audit Council to finalize the adoption of uniform *Standards for Complaint Handling and Investigations*. These standards express basic principles to guide the State Universities' chief audit executives and their staff in fulfilling their investigative duties and obligations.

Semi-Annual Follow-Up Status Report

We surveyed management on their progress towards completing past recommendations that were currently due for implementation. According to management, 30 of 46 recommendations were completed. Management has reportedly partially implemented the remaining recommendations and provided updates on expected completion dates.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Southeast Environmental Research Center	1		1
College of Law	2	1	1
University Building Access Controls	1		1
Division of Human Resources	1	1	
College of Arts, Sciences and Education	2	2	
University Network Security Controls	7	6	1
HCN's Billing, Collections, and Electronic Medical Record Systems	1	1	
Study Abroad and International Exchange Programs	8	2	6
Restricted Gifts - FIU Foundation	1	1	
Nicole Wertheim College of Nursing and Health Sciences	1	1	
Performance Based Funding Metrics Data Integrity	2	2	
Extreme Events Institute	3	3	
The Patricia and Phillip Frost Art Museum	2	2	
Laboratory Safety Process	3	2	1

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Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Camps and Programs Offered to Minors	4	1	3
Jewish Museum of Florida - FIU	3	1	2
Parking and Transportation Department	2	2	
Office of Business Services - Vendor Contracts Revenue	2	2	
Totals	46	30	16
Percentages	100%	65%	35%