



Office of Internal Audit Status Report

BOARD OF TRUSTEES

May 24, 2018



Date: May 24, 2018
To: Board of Trustees Audit and Compliance Committee Members
From: Allen Vann, Chief Audit Executive
Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

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 February 27, 2018, the following projects were completed:

Residency Classification for Tuition Purposes

For fiscal year 2016-17, tuition and fees assessed to students totaled \$365.8 million, 18% of which represent revenues derived from non-resident students. Of the 55,112 students enrolled for the fall of 2016, 90% were classified as Florida residents for tuition purposes.

For this audit, we evaluated whether the residency classification and reclassification process was being performed properly, specifically as it relates to non-resident tuition waiver and/or exemptions. We found that the process including information security controls needs to be improved. The classification to in-state student residency status was not always adequately documented or supported resulting in unsubstantiated tuition charges at lower in-state rates. University management agreed to implement our recommendations.

College of Arts and Sciences & Education - Center for Children and Families

The Center for Children and Families (CCF/Center) is an FIU Preeminent Program clinical research center for children and families struggling with mental health problems. CCF provides services to approximately 3,500 families each year through clinical services and research programs. During our audit period from July 1, 2015 through January 31, 2017, the Center generated total revenues of \$14 million and incurred total expenses of \$16.4 million.

Our audit disclosed that the Center's controls and procedures need improvement. We found that internal controls should be strengthened in the following areas: revenue controls, employee background checks, gift card controls, and access controls over medication storage. We also identified information technology areas that need strengthening particularly in performing vulnerability scans, reconciliation of endpoint devices sent to surplus, and

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business continuity plan testing. The Center's Management agreed to implement our recommendations.

Wolfsonian-FIU

The Museum oversees the Mitchell Wolfson, Jr. collection of over 180,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. During FY 2017 expenditures of \$6.7 million were financed through a combination of \$3.7 million in revenue, \$2 million from FIU's General Fund, and by borrowing \$1 million from Academic Affairs.

Our last audit of the Museum was in early 2013. As previously reported, the objects collection is partially stored in the Museum's annex, which has not been adequately maintained, thus placing the collection at risk. Otherwise, process controls and compliance with policy and procedures were generally followed. Nevertheless, opportunities for improvement exist over operational controls related to collections inventory and access, Museum gift shop operations, payroll and personnel administration, and controls over expenditures. We also identified information technology areas that need attention particularly in identifying high-risk devices, patch management, performing risk assessments, enabling and reviewing audit logs, reducing user access privileges, firewall rule reviews, and business continuity plan. The Museum's management team agreed to implement our recommendations.

Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
College of Engineering and Computing	Fieldwork in Progress
Steven J. Green School of International and Public Affairs	Fieldwork in Progress
HealthCare Network's Billing, Collections and Electronic Medical Records	Fieldwork in Progress
South Beach Wine & Food Festival	Fieldwork in Progress
Student Technology Fees	Fieldwork in Progress

University Implementation of Prior Years' Recommendations

On a semiannual basis, we report to you the status of the implementation of prior audit recommendations based on self-reported information provided from cognizant officials. About every three years, our Office will test, on a sample basis, management's assertions that they in-deed have implemented the recommendations.

Between October 1, 2012 and April 30, 2017 there were 620 implemented recommendations self-reported by management. Of these, 207 were determined to have already been followed-

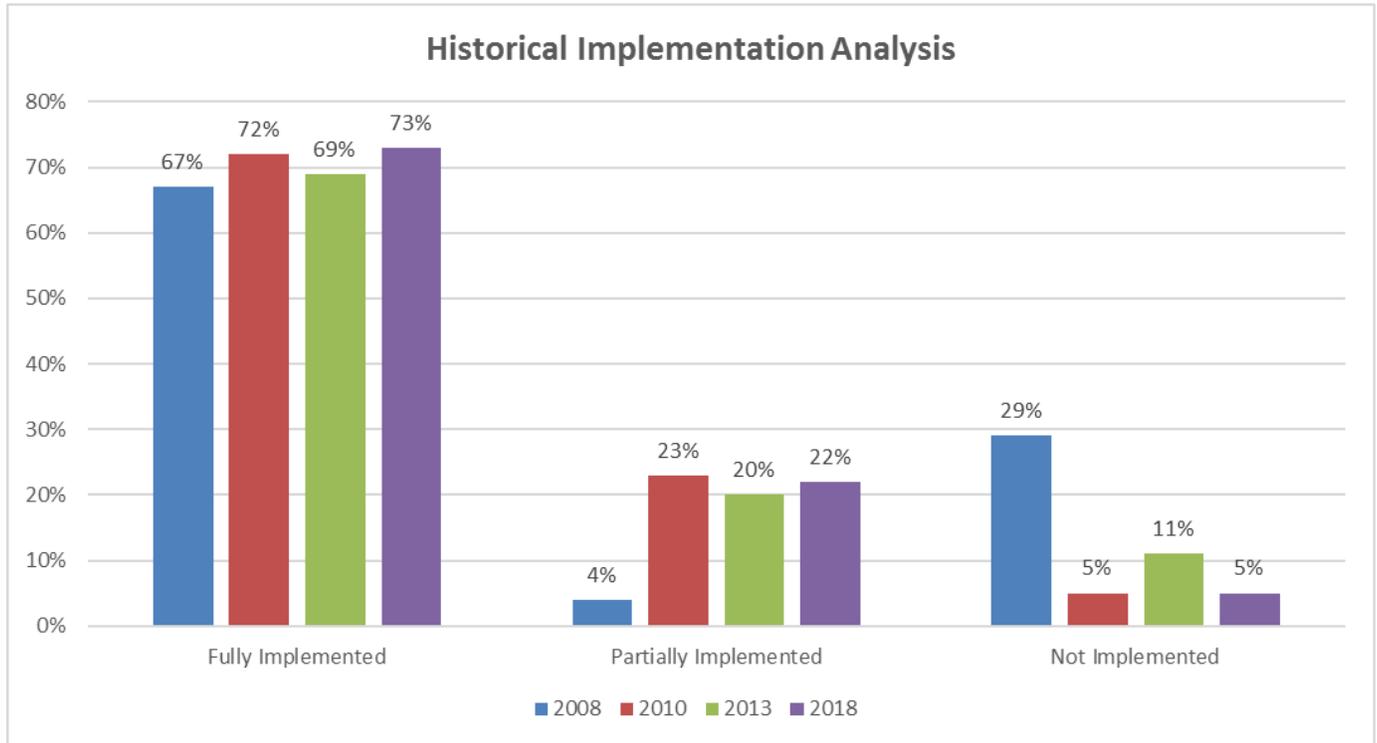
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up in recent audits or scheduled to be followed-up in planned audits. From the remaining 413, we judgmentally selected 41 recommendations, representing 10% of the population.

Based on our testing, we have concluded that the most current implementation rate has slightly improved from the results of the previous last three follow-up audits conducted in 2008, 2010 and 2013, as depicted in the following chart:



Most of the tested recommendations were overwhelmingly acted upon (73%), with 22% still being worked on and only 2 recommendations pending. According to management, these remaining recommendations will be completed shortly. We commend management for the progress made towards implementing the prior audit recommendations.

Professional Development

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