



Office of Internal Audit Status Report

BOARD OF TRUSTEES

December 5, 2018



FLORIDA
INTERNATIONAL
UNIVERSITY

OFFICE OF INTERNAL AUDIT

Date: December 5, 2018
To: Board of Trustees Audit and Compliance Committee Members
From: Trevor Williams, 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 activities. Since our last update to the FIU Board of Trustees Audit and Compliance Committee on September 5, 2018, the following projects were completed:

Food Network & Cooking Channel South Beach Wine & Food Festival

The 2017 Festival, held on February 22 - 26, showcased a collection of world renowned culinary talents and attracted over 250 sponsors and approximately 65,000 guests from around the world. The Festival reported that through the 2017 Festival, it has raised over \$26 million since inception directly benefiting the Chaplin School of Hospitality and Tourism Management. Particularly, the 2017 Festival generated over \$9 million in auxiliary fund revenues, with almost \$2 million directly benefiting the University.

The objectives of the audit were to determine whether the Festival's auxiliary operations were properly accounted for and were managed in accordance with established University policies and procedures, and applicable laws, rules, and regulations.

Our audit concluded that the Festival's results of operations were properly accounted for and managed in accordance with established policies and procedures, and revenues generated were used as intended and in accordance with University policy. Nevertheless, opportunities for improvement exist in the following areas: administration over recording of ticket sales, personnel administration, disbursements, supplier contract management, and adherence to PCI compliance. The audit resulted in seven recommendations, which management agreed to implement.

Steven J. Green School of International and Public Affairs

The School brings together many of the University's international disciplines and supports a variety of community outreach programs and study abroad opportunities. It offers 38 interdisciplinary programs at the Bachelor, Master, and Doctoral levels, as well as 35

undergraduate and graduate certificate programs. Enrollment for the 2016-2017 academic year consisted of 6,961 students (5,980 undergraduate and 981 graduate/post graduate). The School had more than 450 faculty members and approximately 150 staff members. Its operating revenues totaled \$44.2 million and operating expenditures totaled \$43.8 million for the fiscal year ended June 30, 2017.

Our audit focused on the adequacy and effectiveness of financial and operational controls, and concluded that the School's financial management needed improvement, particularly in the areas of revenue controls, approving payroll and extra compensation, expenditure controls, and asset management. Better oversight over the use of lab and equipment fees collected is needed. Specifically, the School needs to assess the rates charged for these fees, annually, to establish the correct rate and ensure that the use of the fees comports with the purpose for their establishment. The audit resulted in 16 recommendations, which management agreed to implement.

College of Engineering and Computing

The College is home to one of the University's signature achievements, the Wall of Wind, one of the most powerful full-size hurricane simulators. Enrollment at the College for the 2017-18 academic year totaled 5,592, which included 4,754 undergraduate and 838 graduate students. For the fiscal year 2016-17, the College's operating revenues totaled approximately \$55 million while operating expenditures totaled approximately \$54 million. The major operating revenues and expenditures consisted of the Educational and General (E&G), Contracts and Grants, and Auxiliary funds.

Our audit concluded that the College's financial controls were generally adequate and in accordance with University policies and procedures. Nevertheless, we found opportunities for improvement in internal controls, particularly pertaining to: (1) the payroll and extra compensation process; (2) the expenditure process related to student fees, auxiliary programs, parking permits, and credit cards; (3) financial management; and (4) asset management. We also followed up on the prior audit recommendations related to the scope of this audit and found that for the 19 recommendations tested; all but two were fully implemented, representing an implementation rate of 89 percent. The audit resulted in 15 recommendations, which management agreed to implement.

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Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
HealthCare Network's Billing, Collections and Electronic Medical Records	Drafting Report
Student Technology Fees	Drafting Report
Information Technology - cloud services	Fieldwork in Progress
Performance Based Funding Metrics Data Integrity	Fieldwork in Progress
Nicole Wertheim College of Nursing and Health Sciences	Fieldwork in Progress
College of Business	Fieldwork in Progress
Patricia and Phillip Frost Art Museum	Fieldwork in Progress
Review of the procurement process at the Chaplin School of Hospitality and Tourism Management	Fieldwork in Progress
Facilities Management Data Systems Controls	Fieldwork in Progress

Professional Development

Audit staff continue to take advantage of professional development opportunities. For example, three staff members attended the Annual Conference sponsored by the Association of College and University Auditors (ACUA) in New Orleans, LA, September 9 - 13, 2018.

Other Matters

The Chief Audit Executive attended a State University Audit Council (SUAC) meeting of fellow CAE's, hosted at New College in Sarasota, on November 5 - 6, 2018. The Council members discussed various audit related topics, including the State's auditing requirements for Direct Support Organizations (DSO).