Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 4, 2019

Date:	March 4, 2019
To:	Board of Trustees Audit and Compliance Committee Members
From:	Trevor L. 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 Board of Trustees Audit and Compliance Committee on December 5, 2018, the following projects were completed:

Follow-up Audit of the Florida International University Health Care Network's (HCN's) Billing, Collections, and Electronic Medical Record Systems

The audit included a review of transactions for the period of July 1, 2016, through December 31, 2017, and an assessment of current practices through December 31, 2018. During the fiscal year 2016-17, the HCN's operating revenues totaled approximately $8.2 million and operating expenses totaled approximately $4.9 million. Operating revenues consisted of approximately $4.3 million in management fee revenue, $3.4 million in Office of International Affairs revenue, and $0.5 million in rental income and other revenue. The cost for managing and operating the Herbert Wertheim College of Medicine (HWCOM) Clinics was $2.1 million, representing approximately 50% of the management fee revenue.

Our assessment revealed that 18 of the 30 prior recommendations were fully implemented, 11 were partially implemented, and one was not implemented. In addition, while testing management's implementation of the prior audit recommendations, we found that opportunities for improvement existed in other areas, specifically related to billing and coding, HIPAA and Security Awareness trainings, asset management, breach notification policies, facility access logs, and the business continuity plan. This resulted in six additional recommendations, which management agreed to implement.

Certified Audit of FIU Football Attendance for the 2018 Season in Accordance with the National Collegiate Athletic Association Operating Bylaws

The objective of our audit was to certify the accuracy of the season's attendance at FIU home football games reported by the University to the National Collegiate Athletic Association (NCAA) for the 2018 season. Based on the methodology adopted by the FIU Athletics

Department, we found that the football attendance data reported to the NCAA on the 2018 Football Paid Attendance Summary sheets are supported by sufficient, relevant, and competent records. We are also pleased to report that the current year's average home attendance of 15,398 meets minimum NCAA requirements.

Audit of the Performance Based Funding Metrics Data Integrity

Beginning in fiscal year 2013-14, the State University System of Florida Board of Governors (BOG) instituted a performance-funding program based on 10 performance metrics used to evaluate Florida's public universities. Of the $560 million dollars in performance-based awards made by the BOG for fiscal year 2017-2018, FIU received $73.7 million.

Our annual audit confirmed the results of past audits that FIU continues to have good process controls for maintaining and reporting performance metrics data. In our opinion, the system, in all material respects, continues to function in a reliable manner and provides an objective basis of support for the Board of Trustees (BOT) Chair and the University President to sign the representations made in the BOG *Performance Based Funding Data Integrity Certification*. Nevertheless, we made two recommendations, which management agreed to implement, to reduce the likelihood of incomplete and untimely submission of data.

Student Technology Fees

As authorized by Florida Statutes, section 1009.24(13), Regulation FIU-1101, Tuition and Fees Schedule, established a technology fee at 5 percent of the tuition per credit hour, the statutory limit. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty. All 12 State University System (SUS) institutions have adopted the technology fee at 5 percent.

The Division of Information Technology's Business Project Management Office administers FIU's Technology Fee program. For the two fiscal years ended June 30, 2017, the University generated $20,143,545 in revenue from the Technology Fee assessment and incurred $22,252,065 in expenditures.

The Division of Information Technology's established controls and procedures for administering the University's Technology Fee were generally adequate. Nevertheless, the function could benefit from identifying expenditures incurred by each project in PantherSoft and better allocating Technology Fee funding of expenditures to align with the intended purpose of the fee. A final reconciliation of project costs is also needed. In addition, better documentation of the Technology Fee Advisory Council's methodology for reviewing and recommending project proposals, as well as obtaining the Provost and CIO's final approvals for all proposals will strengthen the process. We made 10 recommendations, which management agreed to implement.

Sub-recipient Monitoring (Division of Research)

We reviewed sub-recipients' 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 significant or material findings reported by their independent auditors. We completed reviews of two institutions who are sub-recipients under FIU grants:

Amazon Center for Environmental Education and Research Foundation
Banyan Research and Innovation Center, Inc.

Work in Progress

The following ongoing audits are in various stages of completion:

Audits	Status
Procurement Process at the Chaplin School of Hospitality and Tourism Management	Drafting Report
Information Technology - Cloud Services	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
Student Activity and Service Fee	Fieldwork in Progress
Facilities Management Data Systems Controls	Fieldwork in Progress
Internal Control and Data Security Audit over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0512-18	Fieldwork in Progress

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, 50 of 67 recommendations (75 percent) were completed. Management has partially implemented the remaining recommendations and has provided revised completion dates for full implementation of outstanding items. We are pleased to highlight that the reported rate of fully implemented recommendations has seen a 21 percent increase from the 62-percent rate of six months ago (September 2018) and a 39 percent increase from the 54-percent rate of approximately one year ago (February 2018). This positive trend suggests that management is committed to following through on resolving identified audit issues in a timely manner. We commend management for their efforts and encourage continued improvement.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
FIU Online	2	2	-
Review of Expense Reports	2	2	-
University Implementation of Prior Years' Recommendations	6	6	-
Steven J. Green School of International and Public Affairs	11	11	-
University Building Access Controls	2	1	1
Mobile Health Center	2	1	1
Financial Aid	2	1	1
The Wolfsonian–FIU	24	19	5
South Beach Wine & Food Festival	1	-	1
Athletics Department Operations	1	-	1
Center for Children and Families	9	4	5
Robert Stempel College of Public Health and Social Work	3	2	1
University IT Network Security Controls	2	1	1
Totals	**67**	**50**	**17**
Percentages	**100%**	**75%**	**25%**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT RECOMMENDATIONS WITH REVISED TARGET DATES

University Building Access Controls (January 20, 2016)

1. Audit Issue: **Oversight/Management of Building Access Controls** (Recommendation #4.3)

   Recommendation:
   Determine whether the BBC lock system should be upgraded.

   Action Plan to Complete:
   Re-keying with new university standard locks has begun. To date, the following buildings are in progress or complete: HM, Marine Biology, AC1, and KCC. Completion of remaining buildings is dependent on funding.

   Original Target Date: June 30, 2016   New Target Date: August 31, 2020

The Mobile Health Center (September 13, 2016)

1. Audit Issue: **Identity Access Management Control** (Recommendation #3.3)

   Recommendation:
   Review application audit log files starting from June 2015.

   Action Plan to Complete:
   Meeting set with Compliance Officer 1/17/2019. Waiting for new hire and CO to delegate task to resource.

   Original Target Date: March 1, 2017   New Target Date: April 1, 2019

Financial Aid (February 10, 2017)

1. Audit Issue: **Enrollment Status** (Recommendation #2.1)

   Recommendation:
   Ensure that courses that do not count towards a program of study are excluded when determining a student's enrollment status and cost of attendance for federal student aid.

   Action Plan to Complete:
   Will be working with Central IT and Academic IT on options for implementation using the functionality in EduNav. Since last Spring FIU has had a major IT project and Systems Upgrades that took priority on resources available to implement this solution.

   Original Target Date: April 1, 2017   New Target Date: July 1, 2019

The Wolfsonian-FIU Museum (April 23, 2018)

1. Audit Issue: **Access to Collection and Collection Records** (Recommendation #2.1)

   Recommendation:
   Implement adequate surveillance camera coverage of the Collection.

   Action Plan to Complete:
   Management is working collaboratively with FIU Facilities and FIU Technology services to complete integration and transition of the access and surveillance system into the FIU IT Network. Wide-angle cameras have been added in select areas to provide better surveillance of the collection. The Annex is no longer an active work area and the current mitigating control is requiring a minimum of two persons to

access and secure the Annex. Annex keys must be checked out of the Keywatcher cabinet, which is monitored and controlled by the access and surveillance system.

Original Target Date: December 31, 2018   New Target Date: June 30, 2019

2. Audit Issue: **Network Security Controls** (Recommendation #9.2)

    Recommendation:
    Include the business need and duration for all active rules and work with the Division of IT to review firewall rules, and disable all inactive connections.

    Action Plan to Complete:
    We continue to work with the Division of IT to ensure the inactive connections are disabled.

    Original Target Date: December 31, 2018   New Target Date: April 30, 2019

3. Audit Issue: **Business Continuity** (Recommendation #10.1)

    Recommendation:
    Adopt procedures to ensure that the Business Continuity Plan's IT operations can meet the self-identified critical ratings.

    Action Plan to Complete:
    FIU Ready Plan update is in process. The unit is also revisiting disaster mitigation plan to incorporate information related to additional perils.

    Original Target Date: June 30, 2018   New Target Date: April 30, 2019

4. Audit Issue: **Business Continuity** (Recommendation #10.2)

    Recommendation:
    Include formal test results, lessons learned, and corrective actions taken to ensure the success of the business continuity plan.

    Action Plan to Complete:
    Upon completion of edits to the FIU Ready Plan, The Wolfsonian Team will schedule testing exercises to ensure the plan's integrity and value.

    Original Target Date: June 30, 2018   New Target Date: April 30, 2019

5. Audit Issue: **Implementation of Prior IT Audit Recommendations** (Recommendation #11.1)

Recommendation:
Implement the cited prior audit recommendation.

(Perform formal contingency plan testing with key personnel. Test results should be formally reviewed and corrective actions taken to ensure the plan's ability to support the operations and protect its data in the event of a disaster. – Reported initially as Recommendation 11.9)

Action Plan to Complete:
Upon completion of edits to the FIU Ready Plan, The Wolfsonian Team will schedule testing exercises.

Original Target Date: June 30, 2018   New Target Date: April 30, 2019

South Beach Wine and Food Festival (October 8, 2018)

1. Audit Issue: **PCI DSS Compliance** (Recommendation #4.1)

    Recommendation:
    The PCI Compliance Team evaluate the cardholder data process to ensure payment transactions are processed in a PCI compliant manner.

    Action Plan to Complete:
    The PCI Compliance Team along with the University's Qualified Security Assessor (QSA) firm, CampusGuard, conducted a review in December 2018 and made preliminary recommendations. A formal report listing recommendations and outcomes will be produced by the end of February 2019. The vendor has committed to deploy P2PE solution devices at the 2019 Festival.

    Original Target Date: December 31, 2018   New Target Date: March 31, 2019

Athletic Department Operations (October 23, 2017)

Management of the Athletic Department has provided a comprehensive response, inclusive of their initial plans of action to address the recommendations and **their follow-up to those plans, along with revised implementation dates, presented in bold type**.

1. Audit Issue: **Other Expenditures** (Recommendation #3.2)

    Recommendation:
    Work with the Controller's Office to ensure compliance with all University policies and procedures. In most of the circumstances identified in this section, compliance would simply require proper support, prior approval, explanation and/or justification of expenses, and timely submission of TAs and ERs. While in other cases, cash

advances should be computed using expected out-of-pocket costs and resolved timely; proof of payment should be obtained for missing receipts; travel manifests should be properly signed-off; and trips should be better planned to avoid conflicts.

Action Plan to Complete:
Management concurs with the recommendation and Athletics will take the following steps to implement the recommendation.

1. The Athletics Business Office will work with the Controller's Office in conducting annual workshops aimed at ensuring that Athletics Business Office employees are well versed on travel and expense reimbursements, P-Card transactions, and purchasing policies. **Athletics Business office has initiated date/time options and has requested for a workshop with The Office of the Controller prior to the end of April 2019. Revised Due date: 5/15/2019**

2. Athletics will request the Controller's Office give a presentation at an Athletics all-staff meeting and that this presentation be given annually. **Athletics Director of Finance has extended an invitation to the Office of the Controller for our next All-Staff meeting, which is tentatively scheduled for 2/12/2019. Revised Due Date: 6/30/2019**

3. The Athletics Business Office will prepare checklists for travel, expense reimbursements, and purchasing to assist staff members in properly preparing travel advances, reimbursements and requesting purchase orders. The checklists will outline the proper support and approvals needed for each transaction. Checklists will be distributed as soon as created and reviewed by Controller's Office and senior staff. **Due to new leadership in the Athletics' Business Office as of September 2018, we have made some strategic changes to the sequence of initiatives as it pertains to this response. Once our Business Office has had its annual workshop for 2018-2019, and Controller has attended the Athletics' All-Staff Meeting, the Business Office will follow up with checklists. These workshops and meetings will serve as opportunities to collaborate with the Office of the Controller in the completion of such documents. Revised Due Date: 9/30/2019**

4. Athletics Business Office staff will begin including memos of explanation for expenses that are out of the ordinary (i.e., airfare fees for name changes or non-travel), hotel rates that are in excess of the GSA rate, and any other expense or purchase that could be deemed excessive or not in compliance with state guidelines by an outside party. **This has been implemented.**

5. The Athletics Business Office staff will continue to work with Athletics staff on the timely submission of Travel Authorizations and Expense Reports. It is worth noting that coaches may not know that they need to go on a recruiting trip or visit until the day of travel and as such, Travel Authorizations will be made the day of instead of in

advance when these exceptional trips are required. Athletics Business Office staff is working with Head Coaches and Director of Operations to submit team travel advances at a minimum 10 business days before departure. **Due to transition of leadership in the Athletics Business Office, this process is being reviewed for maximum efficiency and effectiveness. Revised Due Date: 6/30/2019**

6. Expense reports that have not been submitted within 20 business days of the date of travel will be reported to the Associate AD for Business Operations who will in writing inform the employee in question and his/her supervisor that they have 10 business days to submit the expense report. **Due to transition of leadership in the Athletics Business Office, this process is being reviewed for maximum efficiency and effectiveness. Revised Due Date: 6/30/2019**

Cash advances that have not been resolved within seven business days of return will be reported to the Associate AD for Business Operations who will inform in writing the employee in question and his/her supervisor that they have three business days to resolve the advance. This will begin immediately. **Due to transition of leadership in the Athletics Business Office, this process is being reviewed for maximum efficiency and effectiveness. Revised Due Date: 6/30/2019**

Athletics Business Office staff will work with the Controller's Office and Division of IT to see if it is possible to add drop down boxes on the travel advance and cash advance screens for expenses that will be paid via p-card or purchase orders. **The Office of the Controller has implemented a solution in the travel module.** In the interim, Athletics Business staff will make notes on the travel authorizations of known expenses that will be paid by credit card or purchase order. Athletics Business Office staff will work with the Controller's Office to implement a procedure to ensure proper calculation of the cash advance. It should be noted, that many travel authorizations are done well in advance in order to purchase airline tickets at the best possible pricing. As a result, it may not be known at the time of the creation of the authorization whether any other expenses will be paid via the p-card or purchase order and these will be inputted as out of pocket expenses. **Ongoing/implemented.**

The Athletics Business Office will require proof of payment for any missing receipt forms. The receipt forms will outline the nature of the expense. **Implemented.**

The Athletics Business Office staff in conjunction with the Athletics Compliance Office has revised the travel and per diem manifests. In addition, the form has been uploaded to our compliance software so the form can be electronically submitted and approved. Athletics Business Office staff will review the manifests to ensure that it has been properly signed off by the appropriate Athletics personnel.

It should be noted, that the finding regarding the cancelled trip outlined in the report was a unique situation and the Athletics Business staff has been in contact with the

promoter to continue to seek reimbursement of the cancellation fee. Athletics has not had any other cancellations except those caused by inclement weather.

Original Target Date: December 31, 2018   New Target Date: September 30, 2019

Center for Children and Families (May 1, 2018)

1. Audit Issue: **Information Systems Security** (Recommendation #6.2)

   Recommendation:
   Continue to mitigate the security gaps identified in the HIPAA Risk Assessment.

   Action Plan to Complete:
   In collaboration with the FIU Division of IT, ORED, the General Counsel's Office, Compliance, and many others, FIU has hired an external vendor (Cynergistek) to conduct a Risk Assessment. We (the CCF) have been working with all parties involved since the spring of 2018 to provide all requested information to participate in this exercise. Additionally, the REDCAp and Application server has been transitioned to AWS. Finally, the implementation of Haivision as a video management system began in September of 2018. All current videos recorded in our space are being recorded on this system. We are now in the process of beginning to transition old videos into Haivision for storage and management (this is the only process that remains only partially implemented). Finally, we have developed procedures to address HIPAA issues in our center.

   Original Target Date: December 31, 2018   New Target Date: June 1, 2019

2. Audit Issue: **Identity Access Management** (Recommendation #7.1)

   Recommendation:
   Formally review the Research Electronic Data Capture System logs periodically to detect any unauthorized access or changes to sensitive information.

   Action Plan to Complete:
   The reports that look at user rights information and downloading data from REDCAp have been created in the CCF Reporting Server. We will now be working on sending Faculty these reports on a quarterly basis so they can address any concerns. We created a position and hired a new User Management Administrator, who will be the person that manages and tracks this process.

   Original Target Date: July 31, 2018   New Target Date: July 1, 2019

3.   Audit Issue: **Identity Access Management** (Recommendation #7.3)

Recommendation:
Continue to review and assign roles or disable where appropriate users with access in Research Electronic Data Capture System beyond their business needs.

Action Plan to Complete:
The Data Services team has been gathering User Agreements from all users requesting access to any of our systems (REDCAp, Haivision, SharedDrive, and SharePoint), based on their role in the particular project they are working on. The process described above in 7.1 will be used to identify any inappropriate use of the systems beyond the business needs. Finally, we are working on the development of the Data Services procedures that will establish when the collected data should be archived.

Original Target Date: July 31, 2018   New Target Date: July 1, 2019

4. Audit Issue: **Network Security Controls** (Recommendation #8.1)

Recommendation:
Work with the Division of IT to review firewall rules, disable all inactive connections and include business need and duration for all active rules.

Action Plan to Complete:
The CCF has discussed this issue with the FIU IT Security team. We have agreed that the Security team will send the responsible FIU administrator (the person that administers our servers and systems at an enterprise level) twice per year the list of applicable firewall rules, as it pertains to the servers we utilize, for review. We will begin this process during spring 2019.

Original Target Date: December 31, 2018   New Target Date: June 1, 2019

5. Audit Issue: **Business Continuity Plan** (Recommendation #9.2)

Recommendation:
Conduct yearly Continuity Plan testing and document test results and lessons learned.

Action Plan to Complete:
We have updated our emergency plan and will next work on coordinating a tabletop exercise.

Original Target Date: December 31, 2018   New Target Date: July 1, 2019

Robert Stempel College of Public Health and Social Work (January 16, 2018)

1. Audit Issue: **Information Security Controls over Research Data** (Recommendation #5.2)

    Recommendation:
    Work with the Division of IT to conduct a formal risk assessment and send a quarterly report to the Division of IT of any systems implementation or changes to the IT environment.

    Action Plan to Complete:
    An MOU between Stempel College and DoIT was signed to create a unified collaboration that will allow for support in the areas of end user, endpoint and academic/administrative applications. IT Generalist has been working with DoIT weekly to remediate endpoints that are not centrally managed or patched based on results of periodic security scans. Changes to IT environment are now visible to DoIT and Stempel IT in near real time and life cycled through SCCM and related management tools. Request for risk assessment was made to ITSO (IT Security Officer). A security assessment will be performed by April 1, 2019 for the systems in scope at the Clinic. The Clinic will be included in the HIPAA Enterprise Assessments being performed by a third party vendor which DoIT and the Office of Compliance have hired. The assessment should be completed by Sept. 2019. In the meantime, Stempel Staff will participate in the HIPAA Compliance meetings.

    Original Target Date: July 31, 2018   New Target Date: September 1, 2019

University's IT Network Security Controls (November 2, 2017)

1. Audit Issue: **Identify** (Recommendation #1.2)

    Recommendation:
    Work with senior management to enhance policies so as to provide for stronger centralized authority over the implementation of security controls and ensure that business units understand their responsibilities.

    Action Plan to Complete:
    DoIT is continuously working to update, review and create new IT Cyber Security Policies based on various IT Cybersecurity Frameworks.

    Original Target Date: June 30, 2016   New Target Date: June 30, 2019

Other Matters

During the first two months of the 2019 calendar year, the office has experienced the separation of three important staff members. Assistant Audit Director, Pyong Cho, retired on January 31st; Senior Information Systems Auditor, Vanessa Montero, took a management position outside of the University; and my Administrative Services Coordinator, Dayanis Borges, accepted a position in the University Compliance Office. We are in the process of filling all three positions and aim to have this completed by the next time we report to you.