Office of Internal Audit
Status Report

BOARD OF TRUSTEES

September 5, 2019

Date: September 5, 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 June 19, 2019, the following projects were completed:

Student Activity and Service Fee

We completed an audit of the student activity and service (A&S) fee for the period July 1, 2017, through June 30, 2018, and an assessment of the current fee allocation practices through February 2019. The primary objective of our audit was to ensure that A&S fees collected by the University were appropriate and that funds were disbursed properly as designated by Florida Statutes and University policies and procedures.

For fiscal year 2017-2018, the University's A&S fee gross revenue totaled approximately $20 million. The A&S fee of $14.85 per credit hour affords benefits for the entire student body, and provides for membership and maintenance of the recreation and student centers on both the Modesto A. Maidique Campus (MMC) and Biscayne Bay Campus (BBC). It also provides funding for student organizations and clubs, as well as various departments within the University's Student Affairs division and throughout the University.

Our audit concluded that there were adequate controls and procedures over the allocation and use of A&S fees. However, opportunities for improvement exist. We concluded that the calculation of the A&S fee increase could be refined. In addition, the manner in which expenditures are accounted for and processed, including the timeliness of approving payroll contracts needs enhanced diligence when being executed. The audit resulted in nine recommendations for the A&S Business Office and one for the Office of Financial Planning, which the management teams have agreed to implement.

Facilities Management Data Systems Controls

The mission of the Facilities Management Department ("Facilities") is to provide for the physical development and growth of the University community. Facilities is committed to providing quality, sustainable facilities and diligent oversight of all aspects of the physical environment. To meet its mission, Facilities maintains over 2,800 devices that control systems, which include, but are not limited to, electrical, fire, metering, and surveillance.

The primary objective of our audit was to determine whether general Information Technology (IT) controls related to Facilities' data systems were adequate and effective. Our audit identified opportunities to strengthen Facilities' internal controls that pertain to malware prevention, risk assessments, enabling audit log capability, disabling generically-named user accounts, mitigating information systems' vulnerabilities, reviewing firewall rules, sharing the University's continuity of operations plan with the Department of Emergency Management, and documenting business continuity test results, corrective actions, and lessons learned. The audit resulted in 10 recommendations, which management agreed to implement with the assistance from the Division of IT.

Internal Controls and Data Security over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0910-16

We performed an audit of Admissions Operations, Enrollment Management and Services ("Enrollment Processing Services") internal controls and data security governing the use and dissemination of personal data pursuant to the requirements of the Florida Department of Highway Safety and Motor Vehicles (DHSMV) Contract Number HSMV-0910-16 ("MOU"). Through the agreement, Enrollment Processing Services is permitted electronic access to driver license and motor vehicle data to be used to validate residency classification of student applicants.

The objectives of the audit were to determine whether the Enrollment Processing Services has policies and procedures in place to prevent unauthorized access, distribution, use, modification, or disclosure of the personal data that is provided/received pursuant to the MOU and to provide a basis to complete DHSMV's required Attestation Statement.

The audit concluded that, in all material respects, the internal controls over personal data are adequate to protect the personal data from unauthorized access, distribution, use, modification or disclosure pursuant to the terms of the MOU and that any and all deficiencies or issues found during the audit have been corrected and measures enacted to prevent recurrence.

The following ongoing audits are in various stages of completion:

Audits	Status
Nicole Wertheim College of Nursing and Health Sciences	Drafting Report
Treasury Management	Fieldwork in Progress
Accounts Receivable	Fieldwork in Progress
Health Services Billing and Coding Process and Contract Performance	Planning

Semi-Annual Follow-Up Status Report

Our prior audit recommendation follow-up process has recently evolved to include examination of corroborating documented evidence to validate the self-reported status of the recommendation. When we are unable to validate the reported status, we notify the auditee and adjust the status accordingly.

Through this process of surveying management on their progress towards completing past recommendations that were currently due for implementation and our validation of the reported status, we have concluded that 25 of 44 recommendations (57 percent) were completed. Management has provided expected completion dates for the remaining 14 partially implemented recommendations and five (5) recommendations that were not implemented. We thank management for their cooperation and encourage continued improvement.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented	Not Implemented
Center for Children and Families	2	2		
Mobile Health Center	2	2		
Performance Based Funding Metrics Data Integrity	2	2		
Steven J. Green School of International and Public Affairs	5	5		
South Beach Wine & Food Festival	1	1		
University Implementation of Prior Years' Recommendations	1	1		
University IT Network Security Controls	2	2		
University Technology Fee	1	1		
Review of Nepotism Policies and Procedures	2		2	
Review of Bank Account Reconciliations	1		1	
The Wolfsonian–FIU	6		6	
College of Engineering and Computing	10	2	3	5
HCN's Billing, Collections and Electronic Medical Record Systems	6	5	1	
Patricia and Phillip Frost Art Museum	3	2	1	
Totals	**44**	**25**	**14**	**5**
Percentages	**100%**	**57%**	**32%**	**11%**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT RECOMMENDATIONS WITH REVISED TARGET DATES

> **Review of Nepotism Policies and Procedures (July 19, 2016)**

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

   Recommendation:
   Perform further analysis whenever related employees within or outside of the reporting lines have approval authority that may require additional mitigating controls.

   Action Plan to Complete:
   We have completed the development and are finalizing the documentation of the Nepotism form that checks the reporting structure of two related individuals in the University when the relationship is disclosed. This check will allow the Division of Human Resources to mitigate any risk associated with reporting structures and, thus, approvals of transactions. Since the 9-month faculty are not back from the Summer, thus, we will wait until we are a couple of weeks into the Fall semester to allow the faculty to settle in and require all employees to disclose all relationships.

   Original Target Date: October 31, 2016   New Target Date: October 1, 2019

2. Audit Issue: **Nepotism** (Recommendation #1.3)

   Recommendation:
   Develop proactive procedures for identifying potential relationships at various points of an employee's career life beyond onboarding including, but not limited to, promotion, reclassification, and/or departmental restructuring, which are required to be disclosed.

   Action Plan to Complete:
   As part of the Nepotism form, we have developed the ability to validate if any movement that occurs in the reporting structure results in a conflict to proactively detect it. This piece is ready but is dependent on the relationship disclosures we will be capturing in number 1.2. If a change is done or suggested, it will require additional approvals equal to the original disclosure.

   Original Target Date: October 31, 2016   New Target Date: October 1, 2019

Review of Bank Account Reconciliations (October 27, 2016)

1. Audit Issue: **Reconciliation** (Recommendation #1.1)

   Recommendation:
   Continue exploring ways to automate the reconciliation process, where possible.

   Action Plan to Complete:
   As of June 30, 2019, we are parallel reconciling the AP and SF disbursement Bank Accounts. The Payroll disbursement account is still being developed. As for depository type accounts we will look to implement them once we have completed the selection of our banking partner as a result of the ITN process.

   Original Target Date: June 20, 2017   New Target Date: June 30, 2021

The Wolfsonian-FIU (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 University Facilities and Technology has added basic video surveillance to the Annex facility. Management will augment the existing video surveillance with increased camera coverage of all points of entry and exit within the Annex facility and collections storage areas along with a limited deployment of cameras to monitor major cross aisle and work areas on each floor within the collection storage areas. This deployment would be supported by continued enforcement of mitigating controls such as access control, bag checks, and any other related security policies and procedures.

   Original Target Date: December 31, 2018   New Target Date: June 30, 2020

2. Audit Issue: **Information Systems Security** (Recommendation #7.3)

   Recommendation:
   Continue to work with the FIU PCI Compliance Team to implement PCI compliant payment card readers and with the Division of IT to conduct a formal risk assessment of the Museum's information systems.

Action Plan to Complete:
The Wolfsonian has implemented Point of Sale systems, policies and procedures that are compliant with University PCI-DSS requirements. The unit continues to work with Division of IT to develop a formal risk assessment tool.

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

3. Audit Issue: **Network Security Control** (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: December 31, 2019

4. 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 complete. In partnership with University Emergency Management team, the Wolfsonian has completed a tabletop exercise to identify needs and ideas to incorporate into revised emergency procedures for common perils.

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

5. 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:
   The Wolfsonian Team in partnership with the University Emergency Management team has completed an initial baseline tabletop exercise with 24 unit staff members. Emergency policies and procedures will by updated based on the

findings from this tabletop experience. Upon completion of both the update and staff training, a second tabletop exercise will occur to evaluate success of the update, training and staff learning.

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

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

   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:
   The Wolfsonian Team will schedule testing exercises.

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

College of Engineering and Computing (November 6, 2018)

1. Audit Issue: **Non-Payroll Expenditures Controls** (Recommendation #3.1)

   Recommendation:
   Ensure that all expenses from optional student fees collected are only limited to equipment or supplies and materials used directly by the student for their course.

   Action Plan to Complete:
   See email communication from Dean Volakis to Department Chairs Nov. 27, 2018. Pending more action regarding "Lab Equipment Fees", specifically large balance on SCIS equipment fee activity # 2127130008. Also pending to include policy in College's Internal Operations Manual.

   Original Target Date: February 28, 2019   New Target Date: June 30, 2020

2. Audit Issue: **Non-Payroll Expenditures Controls** (Recommendation #3.4)

   Recommendation:
   Implement controls to ensure that parking permits purchased are for official University business.

Action Plan to Complete:
Formal training pending to take place. Departments have been asked verbally to please include the necessary tracking information to ensure that parking permit are purchased only for official University business.

Original Target Date: December 14, 2018   New Target Date: November 27, 2019

3. Audit Issue: Non-Payroll Expenditures Controls (Recommendation #3.6)

   Recommendation:
   Ensure that all funds using University credit cards are spent in accordance with the University's policies and procedures.

   Action Plan to Complete:
   In anticipation of announcements regarding changes in personnel assignments, the preparation of training sessions was delayed due to the uncertainty as to the target audience.

   Original Target Date: December 21, 2018   New Target Date: November 27, 2019

4. Audit Issue: **Non-Payroll Expenditures Controls** (Recommendation #3.7)

   Recommendation:
   Ensure that all employees obtain Travel Authorization prior to travel and use the most efficient and economical means of travel.

   Action Plan to Complete:
   In anticipation of announcements regarding changes in personnel assignments, the preparation of training sessions was delayed due to the uncertainty as to the target audience.

   Original Target Date: December 21, 2018   New Target Date: November 27, 2019

5. Audit Issue: **Operating Manual** (Recommendation #4.2)

   Recommendation:
   Develop, disseminate and periodically update an operations manual.

   Action Plan to Complete:
   The College has never had an internal Operations Manual. Putting together one for the first time is an overwhelming task that involves many individuals whose contribution is needed for different areas. Some have already been working on policies such as, Faculty Administrator Appointment Terms (done), Summer

Teaching Assignments (done), Payment for Online Teaching when Enrollment Exceeds 50 Students (in progress), and Internal Communications Protocols (almost finalized). We will organize a team with representatives in each area of operations and assign each area to work on their portion of the Operations Manual. We will have periodic meetings to assess progress. The goal is to have the Operations Manual done by January 3, 2020.

Original Target Date: February 28, 2019   New Target Date: January 3, 2020

6. Audit Issue: **Asset Management** (Recommendation #5.1)

   Recommendation:
   Work with the Asset Management Department to ensure that all accountable property are tagged and recorded in the University's property records.

   Action Plan to Complete:
   In anticipation of announcements regarding changes in personnel assignments, the preparation of training sessions was delayed due to the uncertainty as to the target audience.

   Original Target Date: December 21, 2018   New Target Date: November 27, 2019

7. Audit Issue: **Asset Management** (Recommendation #5.2)

   Recommendation:
   Implement the guidelines delineated in the University's Property Manual for identifying, cataloging, and tracking its attractive property.

   Action Plan to Complete:
   In anticipation of announcements regarding changes in personnel assignments, the preparation of training sessions was delayed due to the uncertainty as to the target audience.

   Original Target Date: December 21, 2018   New Target Date: November 27, 2019

8. Audit Issue: **Implementation of Prior Audit Recommendations** (Recommendation #6.1)

   Recommendation:
   Continue to work closely with its Principal Investigators and ORED to ensure that all the Electronic Proposal Routing Approval Forms are submitted within required timeframe – Reported initially as Recommendation #1.1.

Action Plan to Complete:
On a regular basis, faculty are reminded of the ORED deadlines verbally and via email on an individual basis for their particular proposal submission. Pending to prepare section for the College's Operations Manual.

Original Target Date: December 21, 2018   New Target Date: January 3, 2020

Health Care Network's Billing, Collections and Electronic Medical Record Systems (January 14, 2019)

1. Audit Issue: **Access Controls** (Recommendation #1 (g))

    Recommendation:
    (g) Establish mitigating access controls, including the regular review of audit logs to ensure the appropriate use of data by multi-cross functional and those identified with specific skills sets – Reported initially as Recommendation #8.3.

    Action Plan to Complete:
    The Director of Health Care Compliance completed this review for the fourth quarter of FY2019. This involved a review of the access of (5) different users at HCN. These users were two Medical Students, a Medical Assistant, a Receptionist/MA and a Biller. The review performed was for access that took place in April 2019. All access by the different users seemed appropriate and no issues identified related to such access. Additionally, the HIPAA Compliance Committee, in conjunction with Cynergistek, is in the process of identifying a vendor to determine a technological solution for regular review of audit logs.

    Original Target Date: March 31, 2019   New Target Date: February 29, 2020

Patricia and Phillip Frost Art Museum (May 24, 2019)

1. Audit Issue: **Payroll and Personnel Administration** (Recommendation #2.3)

    Recommendation:
    Work with Human Resources to ensure that all relevant employees obtain the required Level II screenings.

    Action Plan to Complete:
    The Assistant Director Administrative Services notified individuals that require Level II screening, for whom there was no record, that they must go through the process.

    Original Target Date: June 30, 2019   New Target Date: August 31, 2019

Other Matters

Towards the end of the 2019 fiscal year, Mr. Vincent Iovino, an esteemed member of the Internal Audit staff, separated from the University to work closer to home. The filling of all current vacant positions in the Office is of the utmost urgency and efforts towards that end are progressing well.