



# Office of Internal Audit Status Report

BOARD OF TRUSTEES

February 26, 2020



# Office of Internal Audit

**Date:** February 26, 2020  
**To:** Board of Trustees Audit and Compliance Committee Members  
**From:** Trevor L. Williams, Chief Audit Executive  
**Subject:** OFFICE OF INTERNAL AUDIT STATUS REPORT

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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, 2019, the following projects were completed:

## **Audit of the University Accounts Receivable Process**

We have completed an audit of the University's Accounts Receivable Process during the period July 1, 2017, through June 30, 2019. The University's gross accounts receivable balances as of June 30, 2018, and 2019, were \$40.6 and \$56.5 million, respectively. The primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that accounts receivable are properly recorded, related allowances for doubtful accounts are reasonable, and collection and write-off processes are adequately managed. Overall, we noted that the University's accounts receivable process has adequate and effective controls and procedures in place for those receivables recorded in the University's books. However, we also noted that the University could benefit from having an integrated system to capture unrecorded accounts receivable balances not reported in the University's general ledger. The audit resulted in six recommendations, which management has agreed to implement.

## **Audit of the Performance Based Funding and Emerging Preeminence Metrics Data Integrity**

We have completed an audit of the data integrity and processes utilized in the University's Performance Based Funding and Emerging Preeminence Metrics. The objective of our audit was to determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the State University System of Florida Board of Governors (BOG), which support the Performance Based Funding and Emerging Preeminence Metrics; and provide an objective basis of support for the University

Board of Trustees Chair and President to sign the representations made in the Data Integrity Certification, which will be submitted to the Board of Trustees and filed with the BOG by March 2, 2020. The audit resulted in four recommendations, which management has agreed to implement.

**Certified Audit of FIU Football Attendance for the 2019 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 2019 season. Based on the methodology adopted by the FIU Athletics Department, we found that the football attendance data reported to the NCAA on the 2019 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 15,298 meets minimum NCAA requirements.

**Internal Investigations**

One of the responsibilities of the Office of Internal Audit is to investigate allegations of financial fraud, waste, abuse, wrongdoing, and any whistle-blower complaints. Accordingly, from time to time, our office receives and reviews complaints from various sources: The Governor’s Office, the BOG’s Inspector General, the FIU hotline, Human Resources, and sometimes directly from a complainant. Our office has received six (6) such complaints, three (3) of which we have completed an investigation, while the remaining three (3) are being evaluated. The table below summarizes the results of the three (3) completed investigations. The details of the complaints are generally confidential and protected from disclosure while being evaluated. The number and scope of these investigations have shifted the allocation of resources away from audits during the past few months. We anticipate redirecting those resources back towards audits moving forward in the fiscal year.

<i>Investigations Completed</i>			
Internal Investigation Report Number	Number of Allegations in Complaint	Results *	
		S	U
19/20 - I - 01	5	-	5
19/20 - I - 02	3	1	2
19/20 - I - 03	2 **	1	1
* S = Substantiated: The allegation is supported by sufficient evidence to justify a reasonable conclusion that it occurred and was improper or unlawful.			
* U = Unsubstantiated: The allegation is not supported by the evidence examined during the investigation.			
** Aside from the allegations, we investigated two additional questions posed by the complainant but could not reach a decisive conclusion. Nevertheless, our investigation led to at least one observation related to each question.			

## Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Athletics Health Services Billing & Coding Process and Contract Performance	Fieldwork in Progress
Payroll Irregularities and Fraud Controls	Fieldwork in Progress
New Employee Document Verification Process	Planning
Procurement and Competitive Bidding Procedures	Planning
Compliance with Donor Confidentiality and Intent	Planning

## Quality Assurance and Improvement Program (QAIP)

At the December 5, 2019, Audit and Compliance Committee meeting, I informed the Committee that I was in the process of completing an internal quality assurance self-assessment of the Office of Internal Audit and contracting for the validation of that assessment by a qualified, independent external assessor. Subsequently, I provided a summary report on the results of the self-assessment to the Board Chair, members of this Committee, President Rosenberg, selected members of FIU's executive management, and the independent assessor; and therein, informed them that the result will be validated through an external assessment to be completed during December 2019 and January 2020.

The independent assessor has since completed his external quality assurance review, including his onsite visit and has issued his validation report on the internal self-assessment. I am pleased to inform you that the independent assessor concluded that FIU's internal audit department conforms to the *International Standards for the Professional Practice of Internal Auditing*.

## Other Matters

Recently, the Office has developed the inaugural issue of its quarterly newsletter, *FIU Office of Internal Audit, Risks ♦ Controls ♦ Compliance Alert*. The newsletter provides content to inform FIU stakeholders about existing and emerging risks borne out through recent and past audits, as well as other important resources. Each issue will display two centerpieces: "A Recent Success" and "Getting Ahead of the Curve" sections, where the former will highlight a recent success story in applying good internal controls, and the latter will highlight commonly encountered audit observations and preventive measures to avoid them. We believe this provides another tool to FIU stakeholders to enable the University to

maintain a system of strong internal controls, effective management practices, and firm accountability.

During the month of December, the office has experienced the separation of Alex Rivas, our Senior Auditor, who took a management position outside of the University. We are continuing the recruitment process to fill the two Senior Auditor vacancies.

Additionally, Anju Wilson, one of our student interns graduated from FIU last semester, and we wished her success in her professional career. I am pleased to inform you that we have since expanded the opportunity for our brilliant FIU students by hiring two student interns for our office in replacement of those who recently graduated.

### **Professional Development**

The audit staff continue to take advantage of available professional development opportunities. Recently, three staff members attended the ACFE & IIA 2020 Fraud Conference sponsored by the Association of Certified Fraud Examiners and the Institute of Internal Auditors.