Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 9, 2020

Date: September 9, 2020

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 16, 2020.

Work in Progress

The following ongoing audits are in various stages of completion:

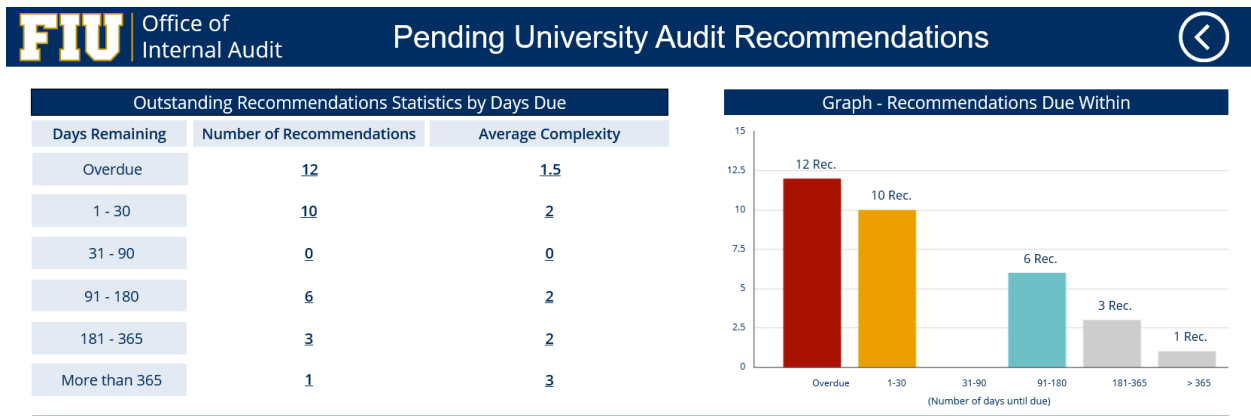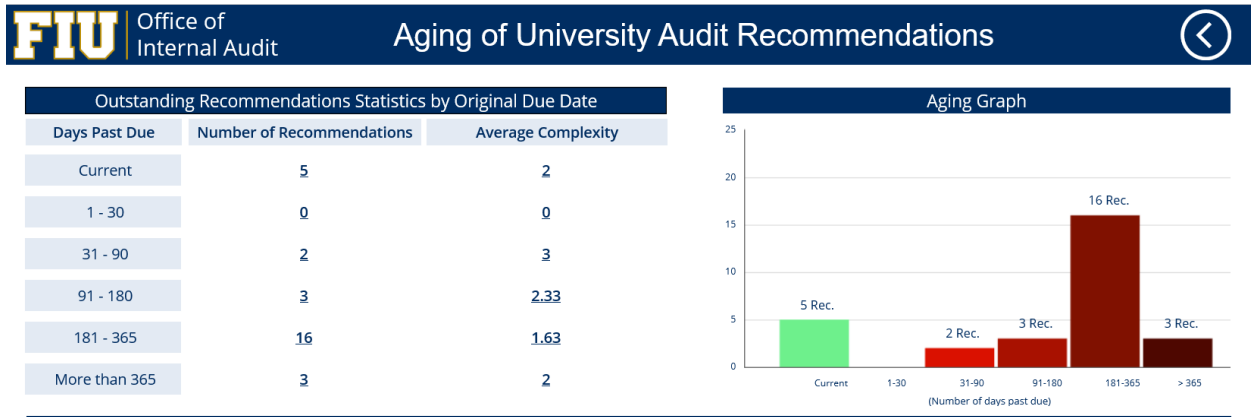| Audits	Status
Payroll Irregularities and Fraud Controls / New Employee Document Verification	Draft Report Issued
University Fleet Management	Draft Report Issued
Athletics Health Services Billing and Coding Process and Contract Performance	Drafting Report
Compliance with Donor Confidentiality and Intent	Drafting Report
Procurement and Competitive Bidding Procedures	Fieldwork in Progress
COVID-19 Financial Assistance Compliance	Fieldwork in Progress
Affiliated Agreement for Student Placement/Rotation	Planning
Data Breach of Protected Information	Planning

Prior Audit Recommendations Follow-Up Status Report

Since June 1, 2020, University management has been able to utilize the OIA Panther Audit Platform to update and report the status of prior audit recommendations. Upon receiving the submission from management on the Platform, OIA staff performed a substantive examination of the accompanying documentation. We undertake this process in order to

validate the status of the recommendation as reported by management. The outcome from our auditing efforts will lead to either acceptance or re-characterization of the reported status.

Since our last report to the Committee on management's progress towards completing past audit recommendations, there were 105 recommendations due for implementation through August 28, 2020. Based on the work performed, we have concluded that 79 of the said recommendations (75 percent) were completed, 15 (14 percent) were partially implemented, and 11 (11 percent) were not implemented. Management has provided expected completion dates for all recommendations that were not completed. (See table and recommendation summaries on the following pages.) We thank management for their cooperation and encourage continued improvement.

The following graphs display an aging of outstanding audit recommendations as of August 28, 2020, as reflected in the Platform, indicating the number of days remaining before due for implementation and the number of days delayed for those past due recommendations.

FIU | Office of Internal Audit — Aging of University Audit Recommendations

Outstanding Recommendations Statistics by Original Due Date

Days Past Due	Number of Recommendations	Average Complexity
Current	5	2
1 - 30	0	0
31 - 90	2	3
91 - 180	3	2.33
181 - 365	16	1.63
More than 365	3	2

Aging Graph

Current: 5 Rec.; 1-30: (none); 31-90: 2 Rec.; 91-180: 3 Rec.; 181-365: 16 Rec.; > 365: 3 Rec.
(Number of days past due)

FIU | Office of Internal Audit — Pending University Audit Recommendations

Outstanding Recommendations Statistics by Days Due

Days Remaining	Number of Recommendations	Average Complexity
Overdue	12	1.5
1 - 30	10	2
31 - 90	0	0
91 - 180	6	2
181 - 365	3	2
More than 365	1	3

Graph - Recommendations Due Within

Overdue: 12 Rec.; 1-30: 10 Rec.; 31-90: (none); 91-180: 6 Rec.; 181-365: 3 Rec.; > 365: 1 Rec.
(Number of days until due)

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented	Not Implemented
Accounts Receivable	4	4		
Athletics Department Operations	1	1		
Performance Based Funding Metrics Data Integrity	4	4		
Review of Nepotism Policies and Procedures	2	2		
Robert Stempel College of Public Health and Social Work	1	1		
School of Hospitality Procurement Process	3	3		
Student Activity and Service Fee	9	9		
The Center for Children and Families	3	3		
Treasury Management	6	6		
University Implementation of Prior Years' Recommendations	1	1		
University Technology Fee	5	5		
University's IT Network Security Controls	2	2		
Chapman Graduate School	10	8	2	
College of Engineering and Computing	8	7	1	
Facilities Management Data Systems Controls	10	9	1	
Financial Aid	1		1	
FIU HealthCare Network's (HCN's) Billing, Collections, and Electronic Medical Record Systems	1		1	
Information Security Controls of Mobile Health Center	1		1	
Nicole Wertheim College of Nursing and Health Sciences	17	6		11
Patricia and Phillip Frost Art Museum	9	4	5	
The Wolfsonian–FIU Museum	6	4	2	
University Building Access Controls	1		1	
Totals	**105**	**79**	**15**	**11**
Percentages	**100%**	**75%**	**14%**	**11%**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT RECOMMENDATIONS
WITH REVISED TARGET DATES**

Chapman Graduate School (May 22, 2019)

1. Audit Issue: **Financial Management** (Recommendation #1.1)

   Recommendation:
   Monitor auxiliary restricted activities ensuring that future tuition rates are established solely to recover the increased costs that result from offering these courses, while properly estimating anticipated enrollment figures and working to reduce related excess fund balances.

   Action Plan to Complete:
   To ensure continued compliance with the audit recommendation, the college will also meet periodically throughout the year to review anticipated enrollment against actual enrollment (three times per year: Fall, Spring, Summer) and quarterly with programs to review fund balances. These meetings will evaluate planned expenditures and to confirm that the tuition rates are applicable in recovering costs associated with the courses and services offered to current students enrolled. To assist with properly estimating anticipated enrollment figures, the College has provided Academic Affairs and Office of Financial Planning with a three-year projected enrollment. Furthermore, as of Summer of 2020, the MSHRM program converted to entirely E&G, while the resident portion of the International MBA (IMBA) and MS in Information Systems (MS IS) program converted to E&G. As a result, the fund balances for these three programs (one of the largest as indicated in the audit report) will be reduced. This will aid in reducing the excessive restricted fund balances in the College. The FY20-21 fund balance review is scheduled for Q1-2021.

   Original Target Date: September 30, 2019   New Target Date: September 30, 2020

2. Audit Issue: **Control Environment (**Recommendation #6.1)

   Recommendation:
   Leverage the appropriate University resources, such as the Offices of the General Counsel and Compliance to provide awareness training on the Florida Code of Ethics and ethical values of the University.

   Action Plan to Complete:
   Through the Office of Compliance and Integrity (https://compliance.fiu.edu/education-training/), the college will request ethics and awareness training from the Office of General Counsel and other departments for the college employees. The College will also remind employees of other training

opportunities offered through the Division of Human Resources, Talent Management & Development (TMD), such as employee assistance, equal opportunity programs and diversity, and FERPA (when applicable).

Original Target Date: December 31, 2019   New Target Date: September 30, 2020

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:
   There is not much more we can do. The fees were eliminated prior to the Spring semester. A few courses accidentally lingered for some reason into Spring for Activity # 2127130008, but those were corrected. Both departments should be able to spend down their balances by the end of FY 20-21. Activity # 2121030001 – Fee should continue in Fall 2020 after FIU decision to return lab fees to students in Spring and Summer due to Covid-19. Fund Balance is $1,804 as of 5/15/20. Activity # 022122030002 - Fee was eliminated. Department is using remaining fund balance to purchase supplies for students. Fund Balance is $23,519 as of 5/15/20. Activity # 2127130008 - Fee was eliminated. Department is using remaining fund balance to purchase equipment for the students to use in the labs. Expenses of $128,400 for the purchase of teaching lab equipment were budgeted for FY 2020-2021. That should leave the account with an ending fund balance of approximately $35,823 by June 30, 2021.

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

Facilities Management Data Systems Controls (August 6, 2019)

1. Audit Issue: **Information Systems Security** (Recommendation #1.3)

   Recommendation:
   Work with the Chief Information Security Officer (CISO) to conduct a risk assessment of Facilities' IT environment and include the Facilities Management datacenter.

   Action Plan to Complete:
   FMDIT in conjunction with DoIT ITSO office conducted a risk assessment of Facilities IT environment on August 13th, 2020. Pending final report from DoIT which is due September 1st. Attached is the risk assessment questionnaire that was submitted.

Original Target Date: June 30, 2020   New Target Date: September 8, 2020

Financial Aid (February 10, 2017)

1. <u>Audit Issue</u>: **Enrollment Status** (Recommendation #2.1)

   <u>Recommendation</u>:
   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.

   <u>Action Plan to Complete</u>:
   This is on hold during the Pandemic.

   Original Target Date: July 31, 2017   New Target Date: December 31, 2020

FIU HealthCare Network's (HCN's) Billing, Collections, and Electronic Medical Record Systems (January 14, 2019)

1. <u>Audit Issue</u>: **Access Controls** (Recommendation #1.07 prior #8.3)

   <u>Recommendation</u>:
   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.

   <u>Action Plan to Complete</u>:

   Report #18/19-04, Recommendation #8.3 is currently under legal review. Legal is working through a temporary process until such time a permanent centralized process is developed.

   Original Target Date: March 31, 2019   New Target Date: December 31, 2020

Information Security Controls of Mobile Health Center (September 13, 2016)

1. <u>Audit Issue</u>: **Identity Access Management Controls** (Recommendation #3.3)

   <u>Recommendation</u>:
   Review application audit log files starting from June 2015.

Action Plan to Complete:
Report #16/17-03, Recommendation #3.3 is currently under legal review. Legal is working through a temporary process until such time a permanent centralized process is developed.

Original Target Date: March 1, 2017   New Target Date: December 31, 2020

Nicole Wertheim College of Nursing and Health Sciences (October 28, 2019)

1. Audit Issue: **Operational Controls** (Recommendation #1.2)

   Recommendation:
   Develop written policies and procedures to document the STAR Center's auxiliary operations.

   Action Plan to Complete:
   The STAR Center will develop and implement policy and procedure manuals to ensure compliance with University policies.

   Original Target Date: January 31, 2020   New Target Date: January 31, 2020

2. Audit Issue: **Operational Controls** (Recommendation #1.3)

   Recommendation:
   Periodically reconcile cards purchased against course participant logs, cards sold for classes held outside the University, and cards available on-hand.

   Action Plan to Complete:

   The STAR Center is currently in compliance with the American Heart Association (AHA) Program Administration Manual (PAM) record keeping requirements. The STAR Center currently maintains a list of course completion cards, course participant logs and records of electronic cards distributed. Periodic reconciliations will be implemented, as recommended.

   Original Target Date: January 31, 2020   New Target Date: January 31, 2020

3. Audit Issue: **Operational Controls** (Recommendation #1.4)

   Recommendation:
   Develop a schedule of AHA course offerings and applicable registration details.

Action Plan to Complete:
Presently, the STAR Center is evaluating web-based registration systems for adoption in the near future. The goal is for the web-based system to list training dates/times for American Heart Association (AHA) courses or other courses that individuals will be able to register for anytime via the internet. The STAR Center will also maintain the ability to offer customized training sessions as requested in order to meet the needs of organizations or individuals requiring specific training evolutions.

Original Target Date: February 28, 2020   New Target Date: February 28, 2020

4. Audit Issue: **Revenue Controls** (Recommendation #2.2)

    Recommendation:
    Consider invoicing the College of Medicine using Smart Billing to allow the STAR Center to ensure the accuracy of revenues collected from student mask fittings.

    Action Plan to Complete:
    The NWCNHS STAR Center will be coordinating with the College of Medicine (COM) regarding the switch to Smart Billing in order to improve the accuracy of revenues collected from COM student mask fitting trainings as recommended by this audit.

    Original Target Date: March 31, 2020   New Target Date: March 31, 2020

5. Audit Issue: **Revenue Controls** (Recommendation #2.3)

    Recommendation:
    Work with Human Resources to ensure that all employees obtain the required background screenings for their position.

    Action Plan to Complete:
    The College's HR team is currently coordinating with the University's Central HR office to implement a strategy that addresses this finding in a timely manner. The goal is to identify all employees who require background screenings and ensure that the necessary documentation is on file.

    Original Target Date: January 31, 2020   New Target Date: January 31, 2020

6. Audit Issue: **Expenditure Controls** (Recommendation #3.1)

    Recommendation:
    Travel Authorizations include all known and estimated expenses, and that expense reports are reviewed and approved within 90 days of submission.

Action Plan to Complete:
The College will be sending out a communication to all faculty and staff reminding them of the need to list all of the related projected trip expenses on the TAR. The College will also be reminding faculty and staff of the need to have expense reports reviewed and approved within 90 days.

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

7. Audit Issue: **Expenditure Controls** (Recommendation #3.2)

Recommendation:
Credit card purchases are timely reviewed and approved by the delegated Business Unit Approver.

Action Plan to Complete:
The College will be reminding all P-Card approvers to review and approve their respective transactions in a timely manner. The Budget Director for the College will also review cardholder transaction approval statuses in the PantherSoft Financials system to determine if a reminder needs to be sent to the primary cardholder approver. It is the College's intent that the Credit Card Solutions Administrator (CCSA) not have to approve transactions on behalf of the College under normal business operations.

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

8. Audit Issue: **Expenditure Control** (Recommendation #3.4)

Recommendation:
The College staff comply with the University's Departmental Card Guidelines and Procedures Manual for maintaining accurate and detailed records of credit card purchases.

Action Plan to Complete:
The College will be emailing all cardholders and their respective approvers an electronic copy of the current P-Card Manual. The College will also ask all cardholders to attend P-Card training sessions once a year as a refresher on current P-Card policies and procedures. The College's Budget Office has been and will continue to perform independent audits of cardholder binders, etc., in order to minimize the occurrence of findings.

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

9. Audit Issue: **Expenditure Control** (Recommendation #3.5)

Recommendation:
Ensure that a documented process is in place for scholarships awarded, including eligibility requirements.

Action Plan to Complete:
The College will be developing a formal process for auxiliary funded need-based and merit-based scholarships that details scholarship eligibility criteria.

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

10.   Audit Issue: **Payroll and Personnel Administration** (Recommendation #4.1)

Recommendation:
Ensure that managers or supervisors approve payroll for their direct reports by the payroll approval deadline. If a proxy is self-approving his or her time, the proxy should obtain written approval from their supervisor prior to submitting hours.

Action Plan to Complete:
Every two weeks we remind supervisors in our College of the deadline to approve their employee(s) time in the PantherSoft HR system by sending out an email reminder to the NWCNHS Faculty and Staff List serv. In the upcoming months, we will initiate a new process where we will review the report that the HR Payroll Department sends by email to the Business Unit head in the morning of the day of time approval. Once we have the spreadsheet that lists the supervisors who have not yet approved their employee(s) time, we will reach out to each supervisor by phone call to ensure that they are reminded to approve their employee(s)' time by the 2pm deadline. With regards to Proxy time approval, the College will be sending out communications as well as mentioning in meetings that employees must email their respective HR supervisor and copy the respective proxy when requesting leave time. This will ensure that the proxy is aware of leave time approved by the respective HR supervisor in the event that the HR supervisor is not available to review and approve leave occurrences in a timely manner.

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

11.   Audit Issue: **Payroll and Personnel Administration** (Recommendation #4.2)

Recommendation:
Ensure that supervisors complete the Separation Clearance Form prior to employees terminating with the University.

Action Plan to Complete:
In the upcoming months, we will design an Internal Separation Checklist. The Internal Separation Checklist will include the separation clearance exit interview prior to the employee's last day; return receipt confirmation of, if any, door keys, and/or IT equipment and the FIU One Card. Once we receive the employee's notice of resignation or retirement, we plan on reaching out to the supervisor and employee with our internal checklist immediately by email. This will ensure that the Separation from Employment Clearance form is signed by both the supervisor and employee prior to their last day of work. The form will need to be provided to the HR Liaison for processing and a copy will be placed in the personnel file.

Original Target Date: November 30, 2019   New Target Date: November 30, 2019

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

1. Audit Issue: **Property Control** (Recommendation #4.1)

   Recommendation:
   Further analyze their object collection valuation and work with Asset Management to ensure that all collection objects appraised for $5,000 or more, are properly recorded.

   Action Plan to Complete:
   We are working with Andrea to cross reference the 85 items that were not accounted for by asset management. Once they have been recorded by asset management, we will send confirmation.

   Original Target Date: August 31, 2019   New Target Date: September 30, 2020

2. Audit Issue: **Information Systems Security** (Recommendation #6.3)

   Recommendation:
   Work with the Division of IT to conduct a formal risk assessment of the Museum's information systems.

   Action Plan to Complete:
   We have contacted Manny, and he stated that he didn't know this information. We will reach out to IT to see if a risk assessment has been conducted, and if not, we will have IT conduct one.

   Original Target Date: October 31, 2019   New Target Date: December 31, 2020

3. Audit Issue: **Identity Access Management** (Recommendation #7.2)

Recommendation:
Perform formal log reviews on a periodic basis.

Action Plan to Complete:
We have reached out to Proficio to see if there are any updates coming so that we can track what changes have been made. Right now we can see that there was activity, but the service doesn't say what the change was. We have attached the procedures and what the change tracker looks like.

Original Target Date: September 30, 2019   New Target Date: December 31, 2020

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

   Recommendation:
   Perform an analysis of individuals with badge access to Collection storage areas and ensure that access is limited to employees with a job-specific need.

   Action Plan to Complete:
   We have reached out to Key Control in order to get the report of who has access. Once this is done, we will confirm everyone who has access is correct, and anyone who shouldn't have access is removed.

   Original Target Date: July 31, 2019   New Target Date: September 30, 2020

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

   Recommendation:
   Work with the Division of IT to review and document the firewall rules, and disable outdated rules.

   Action Plan to Complete:
   We have reached out to IT to see if these servers have been closed and if they have, we will provide documentation of these changes.

   Original Target Date: July 31, 2019   New Target Date: September 30, 2020

The Wolfsonian – FIU Museum (April 23, 2018)

1. 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.

We have a draft revision to our emergency procedures and policies along with new security manuals. Final drafts integrating all relevant policies and procedures for both manuals will be complete by June 30, 2020. COVID-19 pandemic and remote work requires us to maintain flexibility in tabletop format and date. Our goal is to complete basic training and a tabletop exercise with all Wolfsonian staff before the re-opening of the Wolfsonian to the general public, tentative target date September 2020. We will work with the University Emergency Management team to coordinate training and tabletop exercises.

Original Target Date: June 2018   New Target Date: September 30, 2020

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

Recommendation:
Implement adequate surveillance camera coverage of the Collection.

Action Plan to Complete:
We still have a keen interest in pursuing Art Sentry as an enhancement for video surveillance monitoring, but that now must be a long term effort (12 to 24 months). In the short term (3 to 6 months), we wish to make smart investments in the technology, which allows for future Art Sentry deployment, including:

1) Continue effort to migrate the Acuity Video Surveillance platform to a segment on the FIU VPN reserved for the exclusive use of the security systems;
2) Purchase and install 15, 360-degree cameras within the Annex facility to increase the coverage area. Maps of camera locations are provided in the attached floorplans (see attached file);
3) Temporarily increase camera installations on the fourth-floor storage area of 1001 Washington Avenue. In the coming months, a major exterior renovation, as well as interior work on the 4th and 5th floor, will begin. This project will address ongoing water infiltration issues at 1001, and requires the de-installation of the 5th floor and the shift of all collection items on the 4th and 5th floor to Annex storage; and
4) A response to the "new normal," revising public operations to reduce both operating hours, days, and spaces accessible to the public and staff.

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

1. <u>Audit Issue</u>: **Oversight/Management of Building Access Controls**
(Recommendation #4.4)

   <u>Recommendation</u>:
   Provide guidance and/or training to all individuals who have been delegated facilities access control responsibilities.

   <u>Action Plan to Complete</u>:
   All users are trained before access is granted to the electronic system. Training is ongoing for new users and to date over 200 users have been trained. We are reviewing all current SMS operators to determine who needs training. We will keep a documented list of those operators that have been trained on a yearly basis. Training is ongoing on all new users.

   Original Target Date: June 29, 2016   New Target Date: September 30, 2020

Consulting Activity

In addition to our assurance and investigation activities, through our consulting activity, we advise management on specific issues, when requested. In August 2020, at the request of the Dean of the Chaplin School of Hospitality and Tourism Management, we were pleased to provide our observations and recommendations stemming from a review of a draft grant agreement between Miami-Dade County, FIU, and the United Way of Miami-Dade, and certain procedures and process flows developed by the School. The said grant awarded $5 million to FIU and the United Way, as paying agent, to provide financial relief to laid-off and furloughed employees of locally-owned and operated restaurants, hotel restaurants, bars, and caterers impacted by the COVID-19 pandemic.

Other Matters

We welcomed two new staff members to the OIA team in July 2020. Their names and credentials are as follows:

- Mr. Dayan Borges, Senior Auditor, joins us from a nationally ranked top 40 CPA firm. Mr. Borges is a Certified Public Accountant with 16 years of professional accounting and tax experience. He earned three degrees from FIU—Master (Concentration Taxation) and Bachelor of Accounting, and Bachelor of Political Science.
- Ms. Faydeen Hart, Senior Auditor, brings to us almost 16 years of experience in risk, compliance, auditing, and accounting, primarily in the areas of healthcare and federal and state regulations. Ms. Hart is a Certified Internal Auditor. She has earned the

following degrees—Master of Business Administration from Nova Southeastern University and Bachelor of Business Administration from FIU.

The new hires filled critical vacancies that will enable us to execute our audit plan with an appropriate level of resources. The office currently has one vacancy—an Audit Manager position. Our aim is to be fully staffed at the earliest possibility.

Professional Development

The audit staff continue to take advantage of available professional development opportunities. In August, seven members of the staff attended a two-part virtual seminar on Fraud Detection and Incident Response, hosted by the Association of Inspectors General. In addition, Ms. Natalie San Martin, Audit Project Manager, attained The Institute of Internal Auditors' Certification in Risk Management Assurance (CRMA) designation in July 2020.