



**Audit of Payroll Irregularities, Fraud Controls,
and New Employee Document Verification**

**Report No. 20/21-01
October 28, 2020**

FIU | Office of Internal Audit

Date: October 28, 2020

To: El Pagnier K. Hudson, Senior Vice President, Human Resources and Vice Provost for Diversity, Equity and Inclusion
Carlos Flores, Assistant Vice President of Operations, Compliance & Systems

From: Trevor L. Williams, Chief Audit Executive



Subject: Audit of Payroll Irregularities, Fraud Controls, and New Employee Document Verification – Report No. 20/21-01

We have completed an audit of Payroll Irregularities, Fraud Controls, and New Employee Document Verification for the period September 21, 2019, through October 4, 2019, and an assessment of the current practices through August 2020. The primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that new employee documentation is adequately completed and that established processes over data processing and maintenance of employee information in PantherSoft Human Resources are adequate and effective to prevent the creation of fictitious employees and for the hiring and separation of employees. An additional objective of our audit was to ensure that established processes are being adhered to, and are in accordance with established University policies and procedures, and applicable laws, rules, and regulations.

Florida International University's Division of Human Resources ("Human Resources" or "HR") centrally administers all hiring and termination functions. For the audit period September 21, 2019, through October 4, 2019, \$22,822,272 was paid in gross wages and benefits. During this period, 177 employees were hired, 64 employees separated from the University, and 59 employees transferred within departments.

Our audit found no instances of fictitious employees and found that Human Resources has adequate controls in place for mitigating payroll-related risks. Nevertheless, we identified opportunities for improvement related to the documentation for on-call pay, faculty vacation leave time reporting, completing relevant termination documents, timely terminating employees within PantherSoft, and monitoring data inputs and modifications by Central HR super users for irregularities. The audit resulted in nine recommendations, seven of which management has agreed to implement and two that have already been addressed.

We want to take this opportunity to express our appreciation to you and your staff for the cooperation and courtesies extended to us during the audit.

Attachment

C: FIU Board of Trustees

Mark B. Rosenberg, University President

Kenneth G. Furton, Provost, Executive Vice President, and Chief Operating Officer

Kenneth A. Jessell, Senior Vice President and Chief Financial Officer

Javier I. Marques, Vice President and Chief of Staff, Office of the President

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OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to the approved annual plan for the 2019-2020 fiscal year, we have completed an audit of Payroll Irregularities, Fraud Controls, and New Employee Document Verification for the period September 21, 2019, through October 4, 2019, and an assessment of current practices through August 2020. The primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that new employee documentation is adequately completed and that established processes over data processing and maintenance of employee information in PantherSoft Human Resources are adequate and effective to prevent the creation of fictitious employees and for the hiring (onboarding) and separation (offboarding) of employees. Additionally, to ensure that established processes are being adhered to, and are in accordance with established University policies and procedures, and applicable laws, rules, and regulations.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, promulgated by The Institute of Internal Auditors. The audit included tests of the accounting and other supporting records and such other auditing procedures, as we considered necessary under the circumstances. To accomplish specific information technology control objectives, we utilized the National Institute of Standards and Technology (NIST) Special Publications 800-53A Revision 4, *Assessing Security and Privacy Controls in Federal Information Systems and Organizations Guidelines*. Audit fieldwork was conducted from November 2019 through December 2019, and from March 2020 to August 2020.

During the audit, we:

- Reviewed University policies and procedures, and applicable Florida and Federal statutes, rules, and regulations;
- Tested the adequacy of internal controls and processes for hiring and terminating employees;
- Reviewed records to obtain reasonable assurance that there are no fictitious employees in the University payroll system; and
- Evaluated the information systems utilized for the University's hiring, terminating, and time approval processes.

Sample sizes and transactions selected for testing were determined on a judgmental basis applying a non-statistical sampling methodology.

We reviewed all internal and external audit reports issued during the last four years to determine whether there were any prior recommendations related to the scope and objectives of this audit. Recommendations related to proper time approval, completion of Separation Forms, and Conflict of Interest Disclosures have been noted in internal audit reports issued during the last four years. Included among them were Report No. 19/20-03, Audit of the Nicole Wertheim College of Nursing and Health Sciences, issued October 28, 2019, Report No. 18/19-11, Audit of the Patricia and Phillip Frost Art Museum, issued

May 24, 2019, and Report No. 15/16-10, Audit of College of Law, issued March 14, 2016. The prior items noted were included as part of the scope of this audit, and results are included within the report.

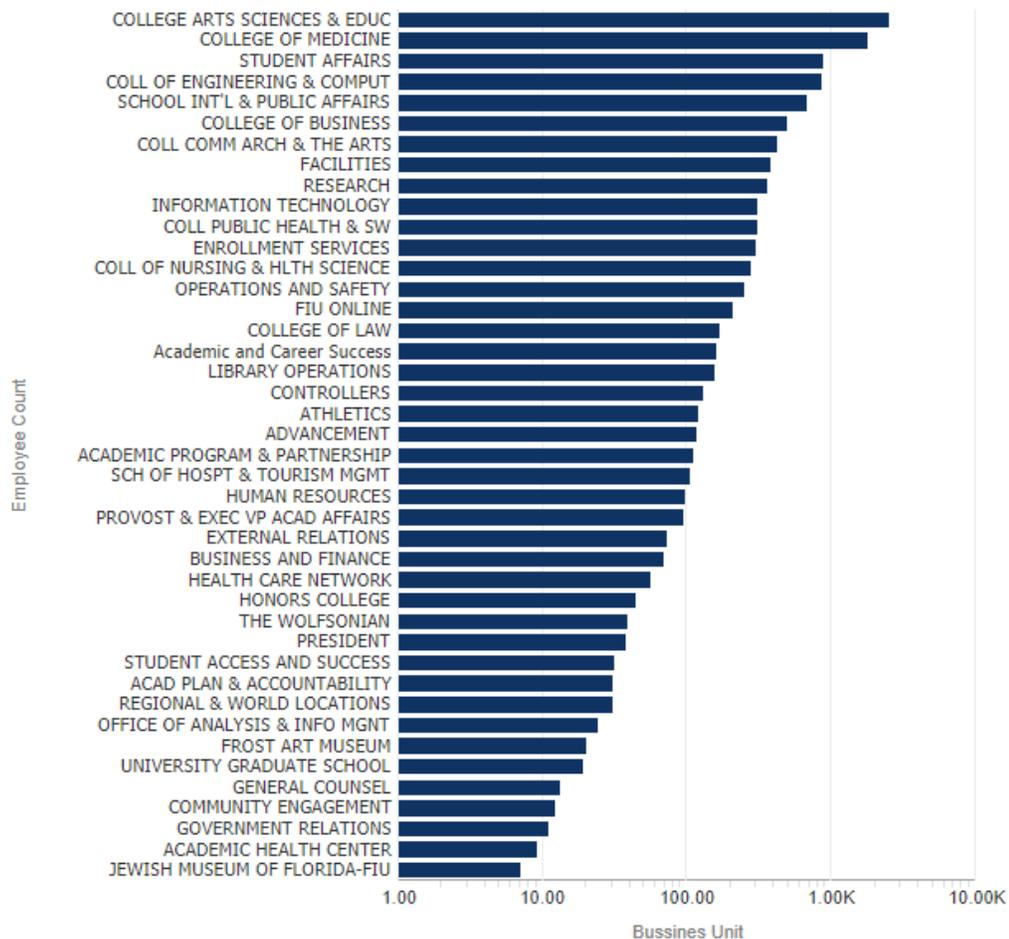
BACKGROUND

Florida International University’s Division of Human Resources (“Human Resources” or “HR”) centrally administers all hiring and termination functions. For the audit period September 21, 2019, through October 4, 2019, \$22,822,272 was paid in gross wages and benefits. During this period, 177 employees were hired, 64 employees separated from the University, and 59 employees transferred within departments.

As of September 1, 2020, the University had 10,127 active employees, composed of:

- Student employees (2,985);
- Administrative employees (2,691);
- Faculty employees (1,825);
- Temporary employees (1,461); and
- Staff employees (1,165).

Employee Headcount by Business Unit



Source: FIU Business Intelligence

PantherSoft HR

The University uses Oracle's PeopleSoft enterprise resource planning (ERP) product (rebranded PantherSoft) to securely access employee information and manage essential HR functions. PantherSoft has the capability to allow authorized employees to execute common HR tasks, such as adding a new employee, approving a promotion transaction, editing personal information, or initiating a 'life event'. The Division of Human Resources business processes include:

- Administer adding employees to the workforce
- Manage workforce data
- Administer personnel action requests and automatic actions
- Manage leave
- Manage workforce reporting

Roles and permission lists are part of standard PeopleTools security administration, used to grant access to components and pages in PantherSoft. The University's Division of Human Resources works with departmental liaisons, who are responsible for communicating to Human Resources any changes in employment data. Human Resources is then responsible for making the changes within PantherSoft. Human Resources personnel assigned to Central HR (PantherSoft) roles are permitted to make the necessary changes. The Central HR role is requested via AskIT for HR users, with approval from the current supervisor. A PAWS¹ ticket is then opened by a Human Resources Information Systems ("HRIS") member who routes the request to the HR Development team to assign the specific HR back-office roles.

New Hires

The Talent Acquisition and Management unit of the Division of Human Resources is responsible for assisting University departments with the recruitment and hiring of qualified candidates.

Each new employee is required to complete the Online New Employee Sign-On packet provided on the Human Resources website and bring completed and signed documents to a Recruitment representative at least one week prior to their first day of employment, during which the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification will be conducted. Per University Policy No. 1710.155, *I-9 Requirements*, all employees must complete a Form I-9 within the first three days of employment. Re-verification of employment eligibility is needed for all international employees whose visa has expired and for employees seeking re-employment after being terminated for more than a year.

¹ Ticketing system used to submit access requests.

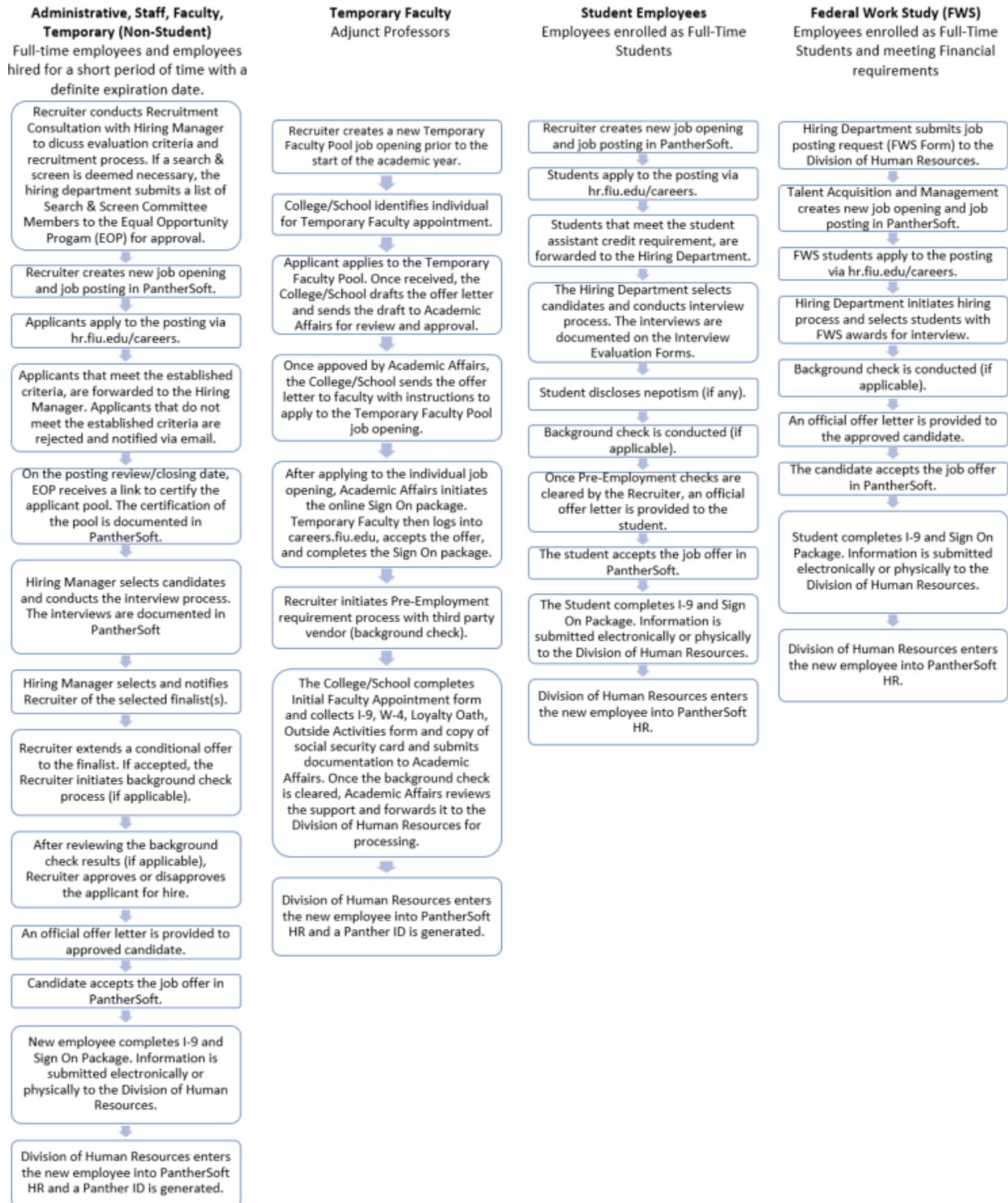
Additionally, background investigations are conducted based on job-related requirements and consistent with the business necessity. The minimum background checks include:

- Level I criminal background check;
- sanctions screen;
- education verification;
- reference checks;
- Social Security search; and
- any additional background check required by law.

Positions are designated as one of the following:

Regular	Recruitment of an internal or external employee to fill a full/part-time position.
Interim	The appointment of an employee to fill a full/part-time position, for a limited period of time.
Provisional	The appointment of an employee, who is not fully qualified for the position, to fill a full/part time position (applies to Administrative positions).
Trainee	An appointment of an employee to fill a law enforcement position prior to receiving a Certificate of Compliance, except that the employee must, within 180 consecutive days following hire, be actively enrolled in the training program to obtain the certificate; or the appointment to fill a position, by an employee who is not fully qualified for the position, but is in the process of attaining a degree and/or certification or completing years of experience within a short period of time.
Time-Limited	Recruitment of an employee to fill a full/part-time position, which is funded by a contract or grant for a specified period.
Temporary	Recruitment of an employee to provide support during peak load periods and/or to accomplish tasks and projects that are short-term and/or sporadic in nature.
Student	Recruitment of students (individuals enrolled for nine credits or more in an accredited secondary or post-secondary program) to provide support to University departments. [Federal Work Study (FWS) is a division of student employment.]

Recruitment Process Flow Charts



Separation of Employment and Transfers

The Employee and Labor Relations (ELR) unit of the Division of Human Resources is responsible for assisting University departments with separation of employment.

Separations from University employment may be the result of:

- termination;
- resignation;
- death; or
- job abandonment

Upon notice of termination without cause, the University shall decide at its sole option, whether to:

- allow the employee to continue to work at the University (e.g., during the two-week notice period) in the same position or in a different position;
- place the employee on leave with pay during the notification period;
- pay the amount due to the employee in salary during notification period as a lump sum payment and cease employment of the employee immediately; or
- take a course of action that is a combination of any of the above.

ELR also assists University departments with the transfer of employees. For the period audited, 59 employees transferred within the University.

Upon notice of separation or transfer, supervisors shall complete a *Separation from Employment/Transfer Clearance* form for the separated or transferred employee.

OBSERVATIONS AND RECOMMENDATIONS

Our overall assessment of internal control is presented in the table below. In summary, we found no instances of fictitious employees and found that Human Resources has adequate controls in place for mitigating payroll-related risks. However, opportunities for improvement exist as it relates to the documentation for on-call pay, faculty vacation leave time reporting, completing relevant termination documents, timely terminating employees within PantherSoft, and monitoring data inputs and modifications by Central HR super users for irregularities.

CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
Process Controls	X		
Policy & Procedures Compliance	X		
Effect	X		
Information Risk		X	
External Risk	X		
INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
Process Controls	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
Policy & Procedures Compliance	Non-compliance issues are minor	Non-compliance issues may be systematic	Non-compliance issues are pervasive, significant, or have severe consequences
Effect	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
Information Risk	Information systems are reliable	Data systems are mostly accurate but need to be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
External Risk	None or low	Potential for damage	Severe risk of damage

Areas Within the Scope of the Audit Tested Without Exception:

Fictitious Employees

We reviewed University employee records and evaluated internal controls and processes for hiring and terminating employees. After reviewing the relevant employee documentation (i.e. onboarding documents), we concluded that there was sufficient evidence to substantiate the existence of the employees sampled. We have reasonable assurance that there are no fictitious employees on the University's payroll system.

Background Checks

We reviewed a total of 57 new hires, composed of Full-Time, Temporary, Federal Work Study, and Student Employees to ensure that background checks, when required, were timely conducted. We concluded that background checks were satisfactorily completed by Human Resources.

Hiring Procedures

During the period of September 24, 2019, through October 4, 2019, 156 employees classified as Full-Time, Temporary, Federal Work Study, and Student Employees were hired (Figure 1). We performed substantive testing of new hires to evaluate the adequacy of processes to ensure adherence to University policies and procedures and applicable laws.

	Population	Sample
Full-Time	19	15
Temporary	1	1
Student Employees	103	25
Federal Work Study	33	16
Total	156	57

Figure 1

We reviewed a total of 57 new hires, composed of distinct employee types (Figure 1) and concluded that the hiring process was adhered to.

Areas Within the Scope of the Audit Tested With Exception:

1. Time Approvals

The Time and Labor module within PantherSoft HR serves to track and maintain employees' time and leave. Facilities Management Department ("Facilities") field workers do not use PantherSoft to track time. Instead, these workers track their time in a biometrics-based system known as Interflex. Each pay period, Facilities Administration extracts the hours from Interflex and sends them to the Payroll Department for processing. We reviewed time entries in PantherSoft and Interflex to evaluate the adequacy of time approvals.

PantherSoft

For the pay period audited, time was approved for 4,606 employees. Exempt employees do not report time for regular hours worked; but are paid on an exception basis. The time reviewed can be summarized as follows:

- 83% of entries were for regular hours worked
- 7% of entries were for vacation leave
- 6% of entries were for sick leave
- The remaining 4% of entries pertained to other leave classifications (i.e., family leave, administrative leave, bereavement leave)

At the end of the pay period, any hours not approved by the supervisor or batch-approved by the corresponding HR Liaison, are approved by a process run by the Payroll Department. For the pay period reviewed, the Payroll Department approved only 1% of entries. Although we did not test entries for proper supervisory approval, we concluded that no employee self-approved his/her time, and that overtime was not paid to exempt employees. We also selected a sample of five (5) employees for the pay period ended October 4, 2019, and agreed the time approved to the time paid without exception.

'On-call' pay is given to provide compensation to non-exempt employees who maintain their availability during off-duty hours to come back to work and perform emergency and/or necessary assignments based on operational needs. ELR informed us that employees who work in an on-call status, do so normally on a rotational basis with other employees. University staff that are non-bargaining employees are compensated in an amount of one dollar (\$1) per hour, for each hour such employee is required to be on-call. Employees who are covered by the American Federation of State, County, and Municipal Employees (AFSCME) Collective Bargaining Agreement are compensated in an amount of three dollars (\$3) per hour, for each hour such employee is required to be on-call.

For the period audited, 1,094 on-call hours were reported within PantherSoft and approved for eight (8) employees. We reviewed the job descriptions for the four (4) employees who worked on-call for over 50% of their non-business hours and found that two (2) employees' job descriptions did not specify the on-call requirement (only for emergency cases, such as hurricanes). The respective supervisors for these roles confirmed that on-call hours were required for these positions and that written instructions were not provided because being on-call is part of the job responsibilities. These two (2) job descriptions did not explicitly call for on-call time, but included:

- Ability to work flexible hours as needed; and
- Ability to work occasional evenings, weekends, and at locations outside of the University.

These two (2) employees were on-call for 91% (234 hours) and 64% (164 hours) of their respective non-business hours and were paid a total of \$1,194 of on-call time during the pay period.

Per University Policy No. 1710.215, *On-Call Pay*, in order to receive on-call pay, an employee must be instructed in writing to be available for work outside the regular work schedule, be at a fixed location, and be ready to be back at the work station when needed.

Interflex

For the pay period audited, time was approved for 268 non-exempt employees within Interflex. The time reviewed can be summarized as follows:

- 43% of entries were for regular hours worked
- 23% of entries were for overtime hours worked
- 17% of entries were for vacation leave
- 16% of entries were for sick leave
- The remaining 1% of entries pertained to other leave classifications (i.e., family leave, administrative leave, bereavement leave)

Due to the nature of the Interflex system, we were unable to review time approvals for all 268 employees. Therefore, we selected a sample of five (5) employees and verified that no employee self-approved his/her time and that no exempt employees were paid overtime. Additionally, we agreed the time approved to the time paid for the period ended October 4, 2019, without exception. We noted that for two (2) of the five (5) employees tested, time was approved by supervisors outside of the chain of command.

For the period audited, 1,938 on-call hours were reported within Interflex and approved for 10 employees. We reviewed the job descriptions for the nine (9)

employees that worked on-call for over 50% of their non-business hours. Two (2) job descriptions did not explicitly call for on-call time, but included:

- Ability to work flexible hours as needed; and
- Ability to work occasional evenings, weekends, and at locations outside of the University.

The respective supervisors for these roles confirmed that on-call hours are required for these positions and that written instructions were not provided because being on-call is part of the job responsibilities. These two (2) employees were on-call for 98% (250 hours) and 60% (153 hours) of their respective non-business hours and were paid a total of \$1,209 of on-call time during the pay period.

Accrued Faculty Vacation Leave

According to the 2018-2021 *Collective Bargaining Agreement between The Florida International University Board of Trustees and The United Faculty of Florida-FIU*:

Accrual of Annual Leave: Full-time employees appointed for more than nine (9) months, except employees on academic year appointments, shall accrue annual leave at the rate of 6.769 hours biweekly or 14.667 hours per month. Employees may accrue annual leave in excess of the year end maximum (352 hours) during a calendar year. Employees with accrued annual leave in excess of the year end maximum as of December 31, shall have any excess converted to post October 1, 1973, sick leave on an hour-for-hour basis on January 1 of each year.

We obtained a list of all in-unit faculty members at the University to determine whether vacation leave was being taken during the audit period. (Vacation accruals appeared reasonable for non-faculty employees). Our list consisted of 250, 12-month faculty members. Our testing revealed that 69 (25%) of the in-unit faculty had accrued over 352 hours of vacation and had not taken any leave from January 1, 2019, through October 18, 2019. We attempted to obtain an understanding from four (4) of the faculty supervisors of their process for monitoring and approving vacation leave for subordinates. We received responses from only two (2) supervisors:

- One (1) noted that the subordinate employee was not aware of how to enter leave, but that he would do so going forward; and
- One (1) believed that 12-month faculty did not accrue vacation leave.

This issue of faculty not properly reporting leave time has been noted in prior audits, such as Report No. 15/16-10, Audit of College of Law, issued March 14, 2016, in which case involved out-of-unit faculty. Failing to properly monitor and approve Faculty vacation leave, may result in possible leave abuse. Additionally,

if employees accrue too much vacation leave, it may result in excess payment when employees separate from the University.

Recommendations

The Division of Human Resources should:	
1.1	Continually identify job roles receiving On-Call pay and ensure that written instructions, as required per University Policy 1710.215, <i>On-Call Pay</i> , are provided or documented in the corresponding job description.
1.2	Develop a process for identifying and periodically reviewing faculty members with maximum vacation accruals and no vacation leave taken over an extended period of time and refer to the faculty member unit head for follow-up.
The Office of the Provost should:	
1.3	Collaborate with University Deans, the Office of Compliance & Integrity, and Human Resources to provide 12-month faculty with training encompassing the process for reporting and approving vacation leave.

Management Response/Action Plan

1.1 Once this observation was brought to our attention, we updated the position descriptions for everyone that is eligible for on-call pay. Going forward, a query that identifies individuals that were paid on-call pay will be cross referenced with the position descriptions to make sure on-call pay language is included in the job descriptions for individuals getting on-call pay on a pay period basis.

Implementation date: March 1, 2021

Complexity rating: 3 - Complex

1.2 We will develop a query that identifies 12-month faculty that have not taken any vacation during the calendar year and will provide the report to the unit every six months. The first one from January to June and the second from July to December. This report will also be provided to the HR Liaison in order to assist with the department procedures and the use of eLeave for vacation requests.

Implementation date: December 31, 2020

Complexity rating: 2 - Moderate

- 1.3 The Provost's Office will collaborate with University Deans, the Office of Compliance & Integrity, and Human Resources to provide 12-month faculty with training encompassing the process for reporting and approving vacation leave.

Implementation date: June 30, 2021

Complexity rating: 3 – Complex

2. Employee Documentation

To identify potential fictitious employees, we selected distinct samples of active employees during the pay period, based on a set of defined criteria and validated their existence by reviewing documentation obtained as part of the Sign-On process. Some employees meeting the defined criteria went through the Sign-On process as far back as 1987, which is outside our audit. Nevertheless, due to the nature of this audit objective, the documentation associated with these employees necessitated our review.

Our review noted instances in which certain documentation was not on file. These instances are detailed below.

Form I-9, Employee Eligibility Verification

To comply with the employment eligibility verification provisions of the Immigration and Nationality Act (Sec. 274A. [8.U.S.C. 1324a]), employers must verify the identity and employment eligibility of all individuals hired in the United States after November 6, 1986. The Employment Eligibility Verification Form I-9 (Form I-9) is used as the means of documenting this verification. **Employers are required by law to maintain for inspection the original Form I-9 for all current employees.** The employee must also present acceptable documents evidencing identity and employment authorization. Per U.S. Immigration and Customs Enforcement, an employer may receive a monetary fine for all substantive and uncorrected technical violations related to Form I-9.

Although we found no exceptions with employees hired since 2000, we noted three instances (of 175) in which the Form I-9 was not provided for our review. The three instances related to employees hired in 1987, 1998, and 1999, respectively. In these instances, although not a substitute for the Form I-9, other documents evidencing identity and employment authorization, such as a Social Security card, were obtained by Human Resources. Management explained that at the time, these files were stored separately from the personnel file and may have been improperly filed once ImageNow was implemented. Further, they explained that current processes require that the Form I-9 be maintained within the personnel file. This was evidenced, by the over 98% compliance rate.

Thus, the current processes for maintaining the Form I-9 appear satisfactory. Nevertheless, we have provided Human Resources with the details pertaining to the three out-of-scope hires for them to follow up, ensuring that Form I-9 is maintained on file to avoid any potential risks of fine for this technical violation.

Nepotism Disclosure

University Policy No. 1710.205, *Nepotism*, states that relationship to another individual employed by the University shall not constitute a bar to hiring, promotion

or reappointment, provided, that no employee shall be under the direct or indirect supervision or control of a related individual.

Relationships are defined in University Policy 1710.205, as, "Individuals related by blood, marriage, adoption [e.g., father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother or half-sister, Florida Statute Section 112.3135(1)(d)]; a person a public employee intends to marry, or with whom the public employee intends to form a household, or any other natural person having the same legal residence as the public employee, Florida Statute Section 112.312, Code of Ethics; domestic partnership, dating, or other personal relationship in which objectivity might be impaired."

We tested for nepotism by identifying employees that share the same:

- address and supervisor; or
- bank account and supervisor.

We noted four (4) employees that met the aforementioned criteria. Nepotism forms were not completed for two (2) of the employees that shared a bank account and had the same supervisor.

Failing to complete Nepotism Forms may result in hiring individuals in units without regard for potentially better qualified candidates, favoritism, and collusion in daily operations.

Recommendation

The Division of Human Resources should:

2.1

Establish a process to identify undisclosed cases of potential nepotism. This may include consulting with the Office of the General Counsel to determine all legally permissible information related to public employees and maintained by the University that can be used for identifying nepotism relationships, as defined in FIU policy and Florida Statutes.

Management Response/Action Plan

- 2.1 We are consulting with General Counsel to determine if we can use non-public information to detect undisclosed cases of potential nepotism. If it is determined that we can, we will develop a mechanism and check against the nepotism database that we are using for disclosures.

Implementation date: March 1, 2021

Complexity rating: 3 - Complex

3. Terminations and Transfers

During the period of September 24, 2019, through October 4, 2019, 64 employees separated from the University and 59 employees transferred to other departments. We performed testing of the termination and transfer processes to determine if adequate controls are in place.

Separation from Employment/Transfer Clearance Forms

University Procedure No. 1710.280a, *Separation from Employment/Transfer Clearance Procedure*, states that upon the separation from employment or transfer of an interim, part-time, or full-time employee, it shall be the responsibility of the Supervisor to complete a Separation from Employment/Transfer Clearance form for the departing employee.

To ensure that the aforementioned forms were timely completed, we reviewed a sample of 37 employees (22 terminations and 15 transfers) and noted that Separation from Employment/Transfer Clearance forms were not completed for 20 (54%) of the 37 employees tested. These included nine terminations (41% of that subset) and 11 transfers (73% of that subset).

A similar exception, in which Separation from Employment/Transfer Clearance forms were not completed, was noted in Report No. 19/20-03, Audit of the Nicole Wertheim College of Nursing and Health Sciences, issued October 28, 2019.

Human Resources informed us that Separation from Employment/Transfer Clearance forms are not required for terminations or transfers for non-benefit earning positions (i.e., student assistant, temporary, adjunct contract), as they are deemed low risk. However, the Separation from Employment/Transfer Clearance form states, "All employees separating from employment with Florida International University ("Departing Employees") are required to return all University property issued to them and to settle all outstanding accounts, prior to release of final funds due to the employee." Therefore, the current practice does not mirror the Separation from Employment/Transfer Clearance form.

Exit Interviews

The University asks employees to complete an Exit Review Questionnaire and participate in an Exit Interview in an effort to assist with the University's retention and recruitment efforts. Upon receiving separation documents, ELR sends an email to the employee requesting they complete an Exit Review Questionnaire and Exit Interview. Exit interviews are conducted on a voluntary basis. We reviewed a sample of 22 terminations and noted seven (7) instances in which exit interviews were not conducted because separation documents were provided late to Human Resources. It is each separating employee's department's responsibility to timely complete termination documents in order for ELR to conduct an Exit Interview.

Employees Not Timely Terminated in PantherSoft

Per NIST Special Publication 800-53A – PS4 (a), *Personnel Termination*, upon the termination of individual employment, access to information systems should be disabled within the organization-defined time period. PantherSoft HR is integrated with not only Active Directory, but also other core systems and subsystems. Specifically:

- PantherSoft Financials
- PantherSoft Campus Solutions
- OneCard

Therefore, when an employee is terminated, all roles within PantherSoft are automatically revoked and OneCard feeds this information to the Facilities Management system. This prompts the removal of any physical access.

We reviewed a sample of 22 (of 64) terminated employees to determine if separated employees were timely terminated within PantherSoft. Although not formalized, Human Resources informed us that ideally, although unrealistically, zero (0) days should elapse between the employee's last day and the actual date the employee is terminated within PantherSoft. They informed us that an exception is made for Temporary Faculty and Graduate Assistants, who are permitted 12 days and 22 days, respectively. We noted:

- 17 instances (77%) in which the number of days elapsed between the actual termination date and the date the termination was entered into PantherSoft exceeded the ideal time period. For the exceptions, as grouped below, the days elapsed ranged from one (1) to 32 days and averaged seven (7) days:
 - 1-7 days, 9 instances
 - 8-14 days, 7 instances
 - Beyond 14 days, 1 instance
- Two (2) instances (10%) in which over 14 days elapsed between the date the employee was last paid and the actual termination date. Human Resources currently terminates all employees who have not received pay within three (3) months. One of the employees never started working at the University and therefore was never paid. For the other employee, 33 days elapsed between the last paid date and the termination date.

A similar exception, in which employees were not timely terminated within PantherSoft, was noted in Report No. 18/19-11, Audit of the Patricia & Phillip Frost Art Museum, issued May 24, 2019. If employees are not timely terminated within PantherSoft, separated employees may continue to have unauthorized access (i.e., logical and/or physical) to the University and may even receive improper pay.

Recommendations

The Division of Human Resources should:	
3.1	Update Policy No. 1710.280a, <i>Separation from Employment/Transfer Clearance Procedure</i> , to reflect employees that are exempt from completing Separation from Employment/Transfer Clearance forms.
3.2	Communicate to business units the importance of providing termination documents timely.
3.3	Formalize the threshold and rationale for the count of days in which employees should be terminated within PantherSoft ensuring terminations are processed in a timely manner.

Management Response/Action Plan

- 3.1 We will review the wording of the policy and also update the Separation Clearance form for clarification and to reflect our business process.

Implementation date: December 31, 2020

Complexity rating: 2 - Moderate

- 3.2 We will continue to communicate how important it is for units to submit paperwork in a timely manner. Not only for security access but also to avoid overpayments. We periodically remind our HR Liaisons during our monthly meetings to please make sure to comply with the timely submissions of paperwork.

Implementation date: September 17, 2020

Complexity rating: 1 - Routine

- 3.3 Central HR is dependent on the departments submitting the termination paperwork in a timely manner. We prioritize the workload each pay period and process them as soon as possible within the pay period. We sometimes experience a high volume of actions and prioritize them accordingly. All terminations received by HR are processed and will continue to be processed within the pay period they are received. In addition, with the implementation of ePAF all the temporary employee terminations have been automated to be performed twice daily based upon approved ePAF actions received.

Implementation date: October 28, 2020

Complexity rating: 3 - Complex

4. PantherSoft Central HR User Access

The University uses Oracle's PeopleSoft ERP product (rebranded PantherSoft) to securely access employee information and manage essential human resources functions. PantherSoft has the capability to allow authorized employees to execute common human resources tasks, such as adding a new employee, approving a promotion transaction, editing personal information, or initiating a 'life event'.

Central HR roles are assigned to Human Resources employees, based on their job duties. Requests for Central HR roles are submitted via AskIT, with approval from the employee's current supervisor. A PAWS ticket is then opened by a Human Resources Information Systems (HRIS) member who routes the ticket to the Human Resources Development team to assign the specific Human Resources back-office roles requested. This process for managing user access for privileged roles has not been formalized within HRIS' policies or procedures. Per NIST Special Publication 800-53A Rev. 4 AC-1(a)(2)[1], Access Control Policy and Procedures, procedures should be developed and documented to facilitate the implementation of the access control policy and associated access control controls.

Central HR Roles

Human Resources informed us that the following roles permit users to change job data:

- Benefits Administrator
- FIUHRIS
- FIUHR_RECORDS
- FIUHR_RECORDS_COR

We determined that employees assigned to the aforementioned Central HR roles have job functions whose daily responsibilities are related to the roles assigned. However, we reviewed role approvals for all five (5) users hired after the PAWS ticket implementation (September 7, 2010) and noted that assigned roles were not properly approved. Specifically,

- Supervisor approval was not documented for the five (5) employees reviewed.
- One (1) of the requests lacked the names of the specific Central HR roles that were granted.
- One (1) instance in which the user's role was requested and approved by the same person, resulting in a lack of segregation of duties.

User Access Event Monitoring

Subsequent testing was performed to evaluate controls in place for monitoring users with super user privileged access. We observed that there are several controls in place that require segregation of duties to input data. We also noted

that audit logs are being recorded. However, a process has not been established to review audit log files, which may detect irregularities or unauthorized activity by super users.

Recommendations

The Division of Human Resources should:	
4.1	Formalize a user access policy or procedure for managing (i.e., assigning, revoking, and reviewing access) privileged Central HR roles.
4.2	Establish a mechanism (i.e. reviewing application exception reports), that provides oversight to detect irregularities or unauthorized activity by super users.

Management Response/Action Plan

- 4.1 HRIS will establish procedures on how to manage user access for Central HR Roles.

Implementation date: October 30, 2020

Complexity rating: 2 - Moderate

- 4.2 The PeopleSoft system provides audit logs for all transactions that affect pay. We will develop a query to identify all individuals with Super User Roles and have inserted rows into PS_JOB and review the output of the audit logs on monthly basis.

Implementation date: March 1, 2021

Complexity rating: 3 - Complex

APPENDIX I – COMPLEXITY RATINGS LEGEND

Legend: Complexity of Corrective Action	
1	Routine: Corrective action is believed to be uncomplicated, requiring modest adjustment to a process or practice.
2	Moderate: Corrective action is believed to be more than routine. Actions involved are more than normal and might involve the development of policies and procedures.
3	Complex: Corrective action is believed to be intricate. The solution might require an involved, complicated, and interconnected process stretching across multiple units and/or functions; may necessitate building new infrastructures or materially modifying existing ones.
4	Exceptional: Corrective action is believed to be complex, as well as having extraordinary budgetary and operational challenges.

APPENDIX II – OIA CONTACTS AND STAFF ACKNOWLEDGMENT

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