



# **Office of Internal Audit Status Report**

**BOARD OF TRUSTEES**

**December 3, 2020**



## Office of Internal Audit

FLORIDA INTERNATIONAL UNIVERSITY

**Date:** December 3, 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 September 9, 2020, the following projects were completed:

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

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 the 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. The audit also assessed the Division of Human Resources (HR) compliance with University policies and procedures, and applicable laws, rules, and regulations.

HR centrally administers all hiring and termination functions of the University. For the audit period September 21, 2019, through October 4, 2019, the University paid total gross wages and benefits of \$22,822,272. During this period, 177 employees were hired, 64 employees separated from the University, and 59 employees transferred within departments.

We are pleased to report that our audit found no instances of fictitious employees and found that HR 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

performed by Central HR super users for irregularities. The audit resulted in nine recommendations, which management has either already implemented or agreed to implement.

### **Audit of Compliance with Donor Confidentiality and Intent**

At the request of the CEO of the Florida International University Foundation, we completed an audit of Compliance with Donor Confidentiality and Intent for philanthropic gifts managed by the Foundation for the period July 1, 2018, through January 31, 2020, and an assessment of the current practices through July 31, 2020. The primary objective of our audit was to determine whether: a) procedures and controls to ensure compliance with donor confidentiality and intent are adequate, b) philanthropic gifts are used properly and comply with donor intent, and c) appropriate controls are in place to protect donor's personally identifiable information.

The sole purpose of the Foundation is to encourage, solicit, receive, and administer gifts and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of FIU and its mission. For the audit period July 1, 2018, through January 31, 2020, the Foundation recognized \$50.2 million, net of the discount, in contribution revenue.

Overall, our audit found that the function was managed well. The Foundation has adequate procedures and controls in place to ensure compliance with donor confidentiality and intent. Notwithstanding these noted controls, opportunities for improvement exist in Information Technology controls, specifically for identity access management, audit logs, and business continuity plan maintenance. The audit resulted in three recommendations, which management has agreed to implement.

### **Audit of University Fleet Management**

We have completed an audit of University Fleet Management<sup>1</sup> for the period January 1, 2019, through February 29, 2020, and an assessment of current practices through July 31, 2020. Broadly stated, the primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that the University fleet is properly accounted for, maintained, and operated under safe conditions.

The University has a diverse fleet of approximately 630 vehicles and other pieces of equipment that includes, but is not limited to, police vehicles, sedans, pickups, SUVs, golf carts, mules, boats, airboats, and trucks. The University has outsourced the repair and maintenance of the fleet to a fleet maintenance vendor. The Division of Fleet Management is

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<sup>1</sup> This audit is titled Motor Pool (University Fleet Management) in the approved annual audit plan.

responsible for the long-term strategic management and oversight of the day-to-day services provided by the contracted vendor.

In summary, we noted that the University's Fleet Management has established a robust maintenance program that ultimately expands the lifecycle of vehicles. Moreover, Fleet Management has timely addressed violations noted by official agencies. However, opportunities for improvement exist related to the documentation of fuel policies and procedures, the timeliness of maintenance and inspections, the recording and tracking of accountable property, and the processes that promote safety.

### **Audit of Athletics Health Services Billing and Collections Process and Contract Performance**

This is an audit of the claims billing and collections process for medical services the University's Sports Medicine team provides to FIU student-athletes for injuries incurred. The primary objective of the audit was to determine if established controls and procedures were adequate to ensure that: a) internal medical services provided to student-athletes are accurately and timely billed, collected, and recorded; and b) services provided by the contracted claims billing company are effective and comply with the governing Service Agreement. The audit also evaluated related Information Technology (IT) controls over the software system that connects to electronic medical records and verified they were adequate and effective.

The Sports Medicine team of 13 Board Certified Athletic Trainers work under the supervision of the department's Orthopedic Specialists, General Medical Physicians, Sports Psychologists, and Registered Dietitians to provide medical care to student-athletes who suffer an injury. The University hired a third-party entity to provide full-service management of its athletic health services claims billing and collection function and electronic medical records (EMR) software. Based on the Service Agreement, the company would receive a flat fee of \$10,000 plus 25% of collections, annually. Since October 2016, total claims of 16,694 approximating \$8.3 million in billed charges were submitted, on which Athletics received approximately \$210,100 in revenue. Since June 2014, when the contract became effective, approximately \$112,500 of fees have accrued.

In summary, the audit found that controls over the claims billing and collections process for injuries to student-athlete needs significant improvement. There are control gaps in the process of monitoring the contract revenue that is generated by this activity. Compliance with the terms of the Service Agreement also deserve focused attention. Further, the vendor's contract performance and both parties' fundamental understanding regarding expectations under the terms of the contract are ambiguous, at best.

## Audit of COVID-19 Student Assistance Program

This audit of the 2019 Novel Coronavirus (“COVID-19”) Student Financial Assistance Program is the first of a series of audits of the COVID-19 related funds the University received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This audit covered the period April 1, 2020, through July 31, 2020. The objectives of the audit were to determine whether the University was compliant with the requirements of the CARES Act and the guidance provided by the U.S. Department of Education as it pertained to: a) the eligibility of students receiving distributions; b) how distribution amounts were calculated; and c) the manner of how eligible students were selected.

FIU was awarded \$38,301,957 of the CARES Act Higher Education Emergency Relief Fund, of which it allocated and distributed \$19,150,979, fifty (50) percent of the total funds received, in emergency financial aid grants to students. The grants were distributed to 9,549 students from a total of 13,967 applications submitted between April 22 and June 3, 2020, when funds ran out. Subsequently, 2,362 additional applications were received through July 27, 2020. The grants are to be used to cover expenses directly associated with the disruption of campus operations due to the coronavirus, including food, housing, course materials, technology, health care, and childcare. The tasks of applying, managing, and distributing the funds were handled by the Office of Financial Aid and the Office of Scholarships.

The audit found that the University established an emergency aid awarding process consistent with the guidelines. However, the audit also found instances of the inaccurate calculation of awards and one case where a student received aid for the summer term although being ineligible during that term. Also, opportunities for improvement exist related to the systematic selection of eligible students.

### Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Procurement and Competitive Bidding Procedures	Fieldwork in progress
Affiliated Agreement for Student Placement/Rotation	Fieldwork in progress
Performance Based Funding and Emerging Preeminence Metrics Data Integrity	Fieldwork in progress
Lab Safety	Fieldwork in progress
CARES Act Institutional Relief Fund	Planning
Grant Accounting	Planning
Data Privacy/Breach of Protected Information	Planning
Media Sanitation Guidelines and Controls	Planning

## **Professional Development**

Audit staff continue to take advantage of professional development opportunities. Recently, nine staff members attended the Association of College and University Auditors (ACUA) AuditCon Webinar 2020, sponsored by ACUA. The audit staff also participated in a six-part webinar series, titled Battling Employee Misconduct, Theft and Fraud.

## **Other Matters**

An Audit Manager position remains vacant. We intend to fill that vacancy when a qualified candidate is identified through the recruitment process.