Office of Internal Audit
Status Report

BOARD OF TRUSTEES

February 23, 2021

Date: February 23, 2021

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 December 3, 2020, the following project was completed:

Audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity

The Florida Legislature and Governor allocated $560 million in performance-based funding for fiscal year 2020-2021, of which FIU received $66.2 million. As required by the State University System of Florida Board of Governors (BOG), we have completed an audit of the data integrity and processes utilized in the University's Performance Based Funding and Emerging Preeminent Metrics. The objectives of our audit were to determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the Performance Based Funding and Emerging Preeminent Metrics; and to 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 1, 2021. The audit did not make any recommendations, but communication of certain matters, that while not impacting the calculation of the metrics tested, suggested the need for process improvements in some ancillary University functions, was provided to management under a separate letter for their consideration and follow up.

Work in Progress

The following ongoing audits are in various stages of completion:

Audits	Status
CARES Act Institutional Relief Funds	Fieldwork in Progress
Grant Accounting – Foundation Funded	Fieldwork in Progress
Lab Safety	Fieldwork in Progress
Procurement and Bidding Procedures	Fieldwork in Progress
Affiliated Agreement for Student Placement/Rotation	Fieldwork in Progress
Data Breach of Protected Information	Planning
Media Sanitation Guidelines and Controls	Planning
Internal Controls and Data Security over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0548-18	Planning

Excluded from the list of ongoing audits is the Audit of Conflict of Interest/Related Party Transactions, which was approved by the BOT in the FY 2020-2021 Annual Audit Plan. We had begun planning and preliminary work on this audit when we learned that the University is in the process of revamping its conflict of interest (COI) process and reporting system in light of the recent changes in Florida Statutes. Given these developments, we determined our audit of the COI process would be more purposeful if performed after the implementation and operation of the revamped process. Therefore, we are postponing this audit once more and replacing it with the new Audit of Internal Controls and Data Security over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0548-18, which was requested by the Department of Parking, Sustainability, and Transportation. This audit was not on the FY 2020-2021 Audit Plan.

**Prior Audit Recommendations Follow-Up Status Report**

Since our last report to the Committee on management's progress towards completing past audit recommendations, there were 60 recommendations due for implementation through January 31, 2021. Based on our review and validation of management's corrective action by our examination of supporting documentation, we have concluded that 51 of the said recommendations (85 percent) were completed and 9 (15 percent) were partially implemented. We acknowledge that while the corrective action for some recommendations may involve a routine process, other recommendations may require an involved, complicated, and interconnected process stretching across multiple units and/or functions and may necessitate building new infrastructures or materially modifying existing ones. 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 the aging of outstanding audit recommendations as of January 31, 2021. The first is an aging based on the original due date of each recommendation, whereas the second is an aging based on the current revised due date of each recommendation.

Aging of University Audit Recommendations — Office of Internal Audit (FIU)

Outstanding Recommendations Statistics by Original Due Date		
Days Past Due	**Number of Recommendations**	**Average Complexity**
Current	6	2.83
1 - 30	2	2.5
31 – 90	3	1.67
91 – 180	0	0
181 – 365	1	2
More than 365	3	2.33
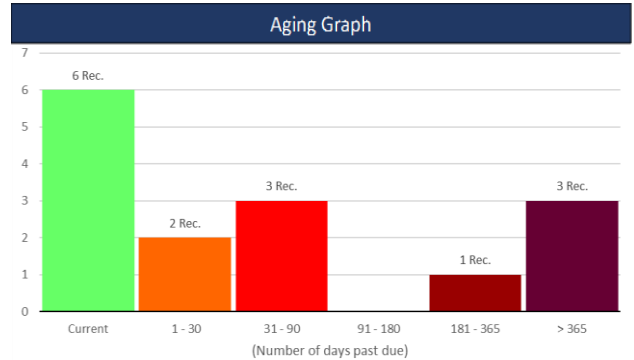
Pending University Audit Recommendations — Office of Internal Audit (FIU)

Outstanding Recommendations Statistics by Revised Due Date		
Days Remaining	**Number of Recommendations**	**Average Complexity**
Current	0	0
1 - 30	6	2.17
31 – 90	3	1.67
91 – 180	4	2.75
181 – 365	2	3.5
More than 365	0	0
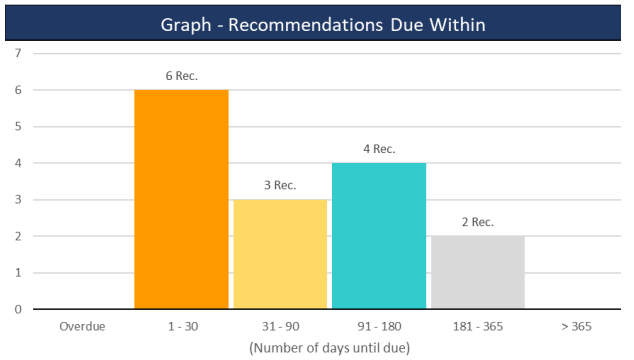
AUDIT RECOMMENDATIONS FOLLOW-UP				
Areas Audited	Total Due for Implementation	Implemented	Partially Implemented	Not Implemented
Accounts Receivable	1	1		
College of Engineering and Computing	1	1		
COVID-19 Student Assistance Program	4	4		
Facilities Management Data Systems Controls	1	1		
FIU HealthCare Network's (HCN's) Billing, Collections, and Electronic Medical Record Systems	1	1		
Information Security Controls of Mobile Health Center	1	1		
University Building Access Controls	3	3		
The Wolfsonian – FIU Museum	2	2		
Athletics Health Services Billing and Collections Process and Contract Performance	12	11	1	
Chapman Graduate School	2	1	1	
Compliance with Donor Confidentiality and Intent	2	1	1	
Financial Aid	1		1	
Nicole Wertheim College of Nursing and Health Sciences	1		1	
Patricia and Phillip Frost Art Museum	5	4	1	
Payroll Irregularities, Fraud Controls, and New Employee Document Verification	8	7	1	
University Fleet Management	15	13	2	
Totals	**60**	**51**	**9**	
Percentages	**100%**	**85%**	**15%**	

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

**Athletics Health Services Billing and Collections Process and Contract Performance
(November 10, 2020)**

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1. Audit Issue: **Billing and Collections (**Recommendation #1.2)

   Recommendation:
   Request replacement credit cards or other forms of payment from the respective insurance companies to recoup the revenues earned and not settled and ensure that future credit card payments received are timely processed.

   Complexity Rating: 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.

   Action Plan to Complete:
   A call was placed on 11/09/2020 to the insurance provider to re-issue payment via credit card or check. Payment has not been received; however, they did state that it can take up to 30 business days to re-issue.

   Original Target Date: December 1, 2020   New Target Date: February 28, 2021

Chapman Graduate School (May 22, 2019)

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1. 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.

   Complexity Rating: 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.

   Action Plan to Complete:
   Through the Office of Compliance and Integrity (https://compliance.fiu.edu /education-training/), the College will be organizing an ethics and awareness training. After meeting with General Counsel and the Office of University Compliance and Integrity, it was decided that the training would be conducted in two parts. The first involved the College's senior leadership, which was held on

Wednesday, January 20, 2021, via zoom. This format was agreed upon by everyone as to ensure that College's leadership pressed upon their direct reports the importance of the training. The next meeting will include everyone with a direct report, the date is still being finalized with the Office of University Compliance & Integrity, but we anticipate it to be by the end of February. 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: February 28, 2021

Compliance with Donor Confidentiality and Intent (November 3, 2020)

1. Audit Issue: **Billing and Collections** (Recommendation #3.1)

   Recommendation:
   Design and formally document a BCP/DRP to ensure that it can respond to incidents and disruptions to continue operations of critical business processes.

   Complexity Rating: 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.

   Action Plan to Complete:
   Management is working on obtaining the additional required information and needs an extension of time due to lack of staff and the addition of some last-minute emergency projects. Management plans to meet with their various departments to determine the critical functions and a realistic amount of downtime their operations can tolerate.

   Original Target Date: January 2, 2021   New Target Date: March 30, 2021

Financial Aid (February 10, 2017)

1. Audit Issue: **Enrollment Status** (Recommendation #2.1)

   Recommendation:
   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.

   Complexity Rating: 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.

Action Plan to Complete:
This is on hold during the Pandemic. We have created a prototype and will anticipate the resources needed for testing will be available in July.

Original Target Date: July 31, 2017   New Target Date: July 16, 2021

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

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

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

    Complexity Rating: 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.

    Action Plan to Complete:
    The Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) has been coordinating with the prospective vendor Enrollware, to provide the services needed for American Heart Association (AHA) activities in the NWCNHS STAR Center (simulated hospital). Enrollware is the premiere provider of enrollment/payment/tracking services for AHA activities. Unfortunately, Enrollware recently notified the College that it would not sign off on any FIU supplemental addendum, since the College sent the vendor a copy of FIU's Software Supplemental Addendum. The Director of the STAR Center was notified, and he indicated that the next service provider Authorize.net does not offer the same level of services as Enrollware and that it would be preferable to try to come to an accord with Enrollware if possible. In light of this, the College is currently coordinating with FIU's Office of the General Counsel (OGC), which was provided with a copy of Enrollware's services agreement for review. Enrollware stated that the only document that they would sign is their own services agreement and that they would only entertain minor edits. Presently, the College is currently waiting to hear back from the OGC, to determine if the University can accept Enrollware's services agreement with or without minor edits. In the event that FIU's OGC cannot accept Enrollware's services agreement, then the College will need to begin negotiations with Authorize.net to try

to reach an agreement with the alternate vendor option. Either option is going to take time beyond the end of January 2021, so the College is requesting that the completion date be extended to March 31, 2021.

Original Target Date: February 28, 2020   New Target Date: March 31, 2021

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

1. 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.

   Complexity Rating: 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.

   Action Plan to Complete:
   Risk assessment form has been sent to IT before Christmas break. Waiting for review from that office before we can receive the final assessment from IT. Due to not having an IT person that works directly with the museum, this process has been slow as it does not follow usual procedures. 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: February 28, 2021

Payroll Irregularities, Fraud Controls, and New Employee Document Verification (October 28, 2020)

1. Audit Issue: **Terminations and Transfers** (Recommendation #3.1)

   Recommendation:
   Update Policy No. 1710.280a, Separation from Employment/Transfer Clearance Procedure, to reflect employees that are exempt from completing Separation from Employment/Transfer Clearance forms.

   Complexity Rating: 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.

Action Plan to Complete:
We will review the wording of the policy and update the Separation Clearance form for clarification and to reflect our business process. Have reviewed policy wording and form wording. Testing the new form and updating the policy.

Original Target Date: December 31, 2020   New Target Date: February 26, 2021

University Fleet Management (November 12, 2020)

1. Audit Issue: **FuelMaster IT Control Weaknesses** (Recommendation #1.1)

    Recommendation:
    Ensure that terminated employees' access to FuelMaster is rescinded upon separation and that other users' access to the Operator and Supervisor roles, as well as encoded Utility Keys, is limited to employees with a job-specific need.

    Complexity Rating: 1 – Routine
    Corrective action is believed to be uncomplicated, requiring modest adjustment to a process or practice.

    Action Plan to Complete:
    Business Services is in the process of working with Human Resources on automating the notification process in order to timely delete access to employees no longer with FIU. However, the Fleet Manager has been communicating with Fleet Liaisons to ensure everyone who has access is still employed.

    Original Target Date: November 15, 2020   New Target Date: March 31, 2021

2. Audit Issue: **Accountable Property** (Recommendation #7.1)

    Recommendation:
    Work with Asset Management to ensure that all vehicles are appropriately captured within both lists.

    Complexity Rating: 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.

    Action Plan to Complete:
    29 of the 30 assets in Asset Management not listed in Fleet Management have been identified, Fleet Management is working with the department to identify the

remaining 1 asset. 105 of the 130 assets listed in Fleet Management not listed in Asset Management have been identified. Fleet Management is working with Facilities Management - Grounds to identify the remaining 25 assets.

Original Target Date: January 31, 2021   New Target Date: June 30, 2021

Other Activity

We are providing support to Athletics and the Office of the General Counsel's efforts in resolving the contracting issues reported in our Audit of Athletics Health Services Billing and Collections Process and Contract Performance. We will continue our participation in this effort to the extent required and deemed appropriate.

The CAE attended a State University Audit Council (SUAC) virtual meeting of fellow CAEs on January 29, 2021. The Council members discussed various audit-related topics, including the proposed BOG Regulation 3.003 Fraud Prevention and Detection. Of primary concern among the group were: (1) the delineation of responsibility for the ownership of fraud controls and risk management framework (that this is the responsibility of management) and (2) clarity on the responsibility for investigating fraud, waste, and abuse (that this should be the responsibility of the internal audit function). The group agreed that lack of coordination within the university community may result in the inappropriate handling of complaints or internal audit being unaware of matters that appropriately should have been investigated by them.

Other Matters

At the end of November, Ms. Faydeen Hart, Senior Auditor, separated from the University. The office currently has two vacancies—an Audit Manager position and a Senior Auditor position. Our aim is to be fully staffed at the earliest possibility with qualified candidates.

Professional Development

The audit staff continue to take advantage of available professional development opportunities. Recently, Tranae Rey, Audit Manager, attained The Institute of Internal Auditors Certification as an Internal Auditor in December 2020.