

**MEMORANDUM**

**Date:** June 7, 2019

**To:** Chairman and Members of the Audit and Compliance Committee

**From:** Trevor L. Williams, Chief Audit Executive

**Subject:** Internal Audit Plan for Fiscal Year 2020

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I am pleased to present FIU's Office of Internal Audit (OIA) proposed audit plan for fiscal year 2020 for your review and approval. The plan was developed using a systematic risk-based approach to help us determine which audits to perform. This approach fulfills our goal of allocating internal audit resources effectively and focused on the imminent risks to the University's operations. Although the plan is presented by us, it came to life through the collaboration of University administration and the OIA.

**Risk Assessment:**

In developing this year's audit plan, we initiated a University-wide risk assessment. We began the process by first identifying each operational unit within the University and the respective unit head, in collaboration with a small, core group of Senior Management. Each unit head was surveyed about common risks that impact his/her operations and asked to rate their likely occurrence and potential impact. The survey recipients were asked to consider all relevant risk factors, including operational, safety, financial, regulatory, and reputational risks. Thereafter, we spent an extensive amount of time meeting with each unit head and discussing the unit and University's risk profile, as well as the areas of greater risk sensitivity.

Our risk assessment methodology also incorporated the results of the University's last Enterprise Risk Management (ERM) evaluation, previous risk assessments completed by the OIA, and other factors, such as materiality and past audit coverage. Using all of the information gathered through this process, each identified risk received a final rating. A compilation of the risks and their relative rating, based on the established rating criteria, is presented in the Risk Assessment Heat Map on the following page.

**FLORIDA INTERNATIONAL UNIVERSITY  
 THE OFFICE OF INTERNAL AUDIT UNIVERSITY RISK ASSESSMENT HEAT MAP**

<b>IMPACT</b>	Lasting damage to reputation, operations & funding.	Severe (4)	40	25	8	9
	Disrupts operations over months; up to \$1M at risk.	Significant (3)	109	128	30	6
	Short-term negative effects/press; up to \$250K at risk.	Moderate (2)	112	154	30	1
	Minor regulatory or reputational effects; < \$25K at risk.	Negligible (1)	168	43	4	1
			Remote (1)	Less than likely (2)	Likely (3)	Very likely (4)
			Chance of occurrence < 10%	Chance of occurrence = 10% - 30%	Chance of occurrence = 30% to 75%	Chance of occurrence > 75%
<b>LIKELIHOOD</b>						

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To achieve the best added value to the University, the deployment of audit resources is determined by the relative rating of the identified risk, with the top 79 risks (those falling within the red section on the heat map) receiving targeted audits and frequent monitoring. The other categories of risks will receive periodic audit coverage and/or monitoring. Attached to this memo is a combined Risk Assessment/Five Year Plan.

The risk assessment tool provides an additional valuable information source for enterprise-wide compliance and risk management. We will continue our collaboration with the Office of University Compliance and Integrity in this respect, ensuring that significant risks are evaluated and mitigated.

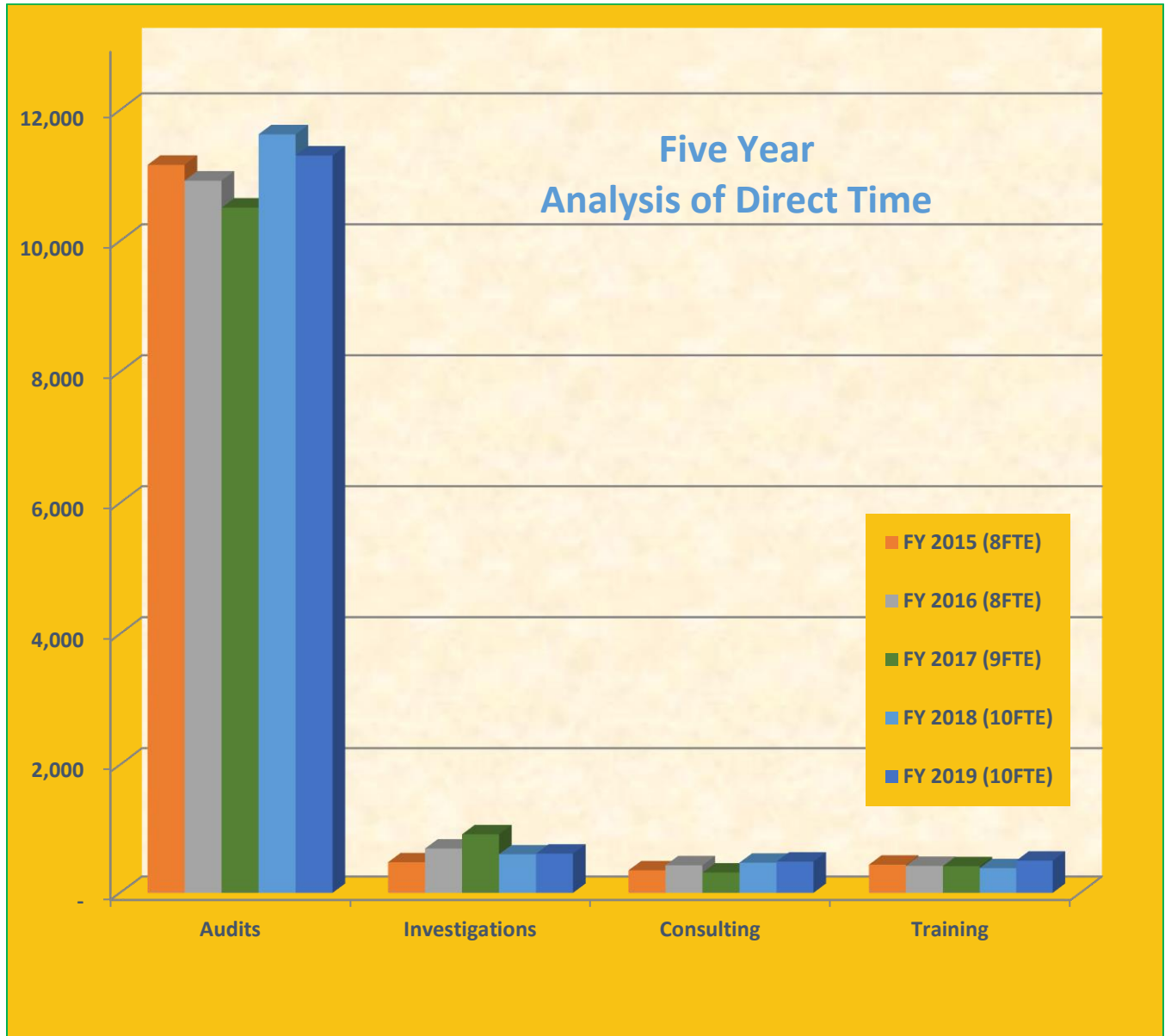
**Internal Audit Resources:**

Included in the responsibilities of the Audit and Compliance Committee is to review the resources of the Office of Internal Audit annually.<sup>1</sup> The composition of our Office currently includes ten professional auditor positions (six of which are filled), an administrative services coordinator, and three student interns (two of which are filled). The resource challenges for the 2020 fiscal year include planned maternity leave for two professional auditors. We will continue our recruitment efforts with the aim of having a full complement of professional staff by the second half of the fiscal year.

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<sup>1</sup> FIU Board of Trustees Audit and Compliance Committee Charter, §4.31 on page 6.

The following graph reflects how the Office of Internal Audit’s direct staff time was spent during the past five fiscal years:



As depicted, our workload is often difficult to predict as investigations and other unplanned work affect our progress towards completion of all of the planned audit projects. Nevertheless, we have continued to ensure that an appropriate balance was maintained between audit, investigative, and other accountability activities such as following up on the implementation status of past recommendations.

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**Audit Plan:**

The following table outlines our proposed audit plan for FY 2020:

<b>Carryover Audits:</b>	
College of Nursing and Health Sciences	
Treasury Management	
Construction - Recreation Center Expansion	
Accounts Receivable	
<b>Proposed New Audits:</b>	
<b>Unit/Department</b>	<b>Area of Focus</b>
Analysis and Information Management	Performance Based Funding Metrics Data Integrity
Athletics	Health Services Billing and Coding Process and Contract Performance
Athletics	NCAA Football Attendance Certification
College of Medicine	Affiliated Agreements for Student Placement and Rotation •
Environmental Health and Safety	Lab Safety •
Financial Management	Procurement and Competitive Bidding Procedures •
FIU Foundation	Compliance with Donor Confidentiality and Intent •
Human Resources	New Employee Document Verification Process •
Plant Operations and Maintenance	Motor Pool •
Research and Economic Development	Grants (Sub-recipient Monitoring)
University-wide	Conflict of Interest and Related Party Transactions •
University-wide	FERPA Compliance •
University-wide	Grant Accounting - Auxiliary and Foundation Funded •
University-wide	Payroll Irregularities and Fraud Controls •

**Conclusion:**

The risk-based approach used in analyzing the University activities/programs and assessing the respective risks with senior management input enabled our collective knowledge to identify potential areas for audit and to develop the proposed audits for the 2020 fiscal year that will optimize our resources and capitalize on our audit staff's individual strengths. In addition, to a large extent, it serves as the framework for identifying the planned audits for the next five years as depicted on the following page.

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Florida International University Office of Internal Audit Risk-Based Five-Year Audit Plan											
Operational Unit/Area	General Subject Matter	Risk Index	Past Audit Coverage				Planned Audit Coverage				
			Prior	2017	2018	2019	2020	2021	2022	2023	2024
Academic Affairs	Student Health Center	(2/4)	x		x			✓			
Academic Affairs	Applied Research Center	(3/3)									✓
Academic Affairs	Food Network South Beach Wine & Food Festival	(2/4)	x			x			✓		
Analysis & Information Management	Performance Based Funding Metrics	(2/2)	x	x	x	x	✓	✓	✓	✓	✓
Athletics	Major NCAA Violations	2/3						✓			✓
Athletics	Title IX Violations	3/2								✓	
Athletics	Health Services Billing & Coding Process	(2/4)					✓				
Athletics	NCAA Football Attendance Certification	(2/3)	x	x	x	x	✓	✓	✓	✓	✓
Capital Construction	Project Administration & Funding	(2/4)	x						✓		
College of Arts & Science	Information Technology Controls	(3/3)	x					✓			
College of Medicine	Affiliated Agreements For Student Placement & Rotation	3/4	x				✓				
College of Medicine	Human Research Controls	(4/4)	x					✓			
Enrollment Services	Motor Vehicle Internal Controls & Data Integrity	(4/1)		x		x			✓		
Environmental Health & Safety	Lab Safety	3/4	x				✓				
Environmental Health & Safety	Hazardous Wastes & Materials Management	2/4	x							✓	
Environmental Health & Safety	Regulatory & Code Compliance	2/3	x							✓	
External Relations, Communications, & Marketing	Comprehensive/Coordinated Content Driven Solutions	4/3							✓		
External Relations, Communications, & Marketing	Brand Alignment and Affinity Management	4/4						✓			
External Relations, Communications, & Marketing	Digital/Web Communication Standards Compliance	4/4						✓			
Financial Management	Purchasing & Competitive Bidding Process	2/3	x	x	x	x	✓				
FIU Foundation	Donor Intent/Confidentiality	2/3	x				✓				
Housing & Residential Life	Student Housing	4/2		x						✓	
Human Resources	New Employee Document Verification Process	4/3					✓				
Human Resources	Payroll	(4/3)	x			x			✓		
Human Resources	Overpayment of Terminated Employees	(3/2)	x			x			✓		
Information Technology	Data Breach of Protected Information	3/4	x	x	x	x		✓			
Information Technology	IT Physical Controls	3/3	x	x	x				✓		
Information Technology	Panther Tech	(3/3)							✓		
Information Technology	Data Loss Prevention Controls	(3/2)	x	x	x	x				✓	
Information Technology	Vendor Management	(3/3)	x	x	x					✓	
Information Technology	Physician Assistant Program – IT Controls	(3/2)						✓			
Information Technology	Media Sanitation Guidelines & Controls	(3/3)						✓			
Instruction & Academic Support	Grading Integrity Management	4/3							✓		
Parking & Transportation	Motor Vehicle Internal Controls & Data Integrity	(4/1)		x		x			✓		
Plant Operations & Maintenance	Motor Pool	4/4	x				✓				
Plant Operations & Maintenance	Access Controls – Secure Locations	3/3	x							✓	
Plant Operations & Maintenance	Facilities Inspections & Deferred Maintenance	3/3	x								✓
Plant Operations & Maintenance	Construction Accident Reporting	2/4									✓
Plant Operations & Maintenance	Student Safety – Safety Athletic & Recreational Facilities	2/3	x							✓	
Police Department	Jeanne Clery Act Compliance	(2/4)	x								✓
Research & Development	Research Training & Policy Compliance	3/3	x					✓			
Research & Development	Biohazards Response Management	2/3	x								✓
Research & Development	Information Technology Controls	(3/4)							✓		
Research & Development	Grant Sub-recipient Monitoring	(2/1)	x	x	x	x	✓	✓	✓	✓	✓
Research & Development And College of Medicine	Plagiarism & Research Misconduct Management & Controls	3/3							✓		
Student Affairs	Children's Creative Learning Center	(3/3)	x							✓	
University-wide	Conflict of Interest & Related Party Transactions	3/3	x				✓				
University-wide	Export/Import Controls	4/4						✓			
University-wide	Payroll Irregularities and Fraud Controls	3/3					✓				
University-wide	Grant Accounting – Auxiliary & Foundation Funded	4/4					✓				
University-wide	FERPA Compliance	3/3	x		x		✓				
University-wide	Natural Disaster Preparedness & Response	3/4							✓		
University-wide	Use of Student Fees	2/3	x			x					✓
University-wide	Grant Expenditure Controls	2/3	x							✓	
University-wide	General Data Protection Regulation Controls	(3/4)						✓			
University-wide	Background Check – Volunteers & Third Parties	(4/3)	x	x	x	x			✓		
University-wide	Student Safety – Hazing & Alcohol Abuse Prevention	(3/4)						✓			
University-wide	Admissions Policy Compliance	(3/4)						✓			

**Note:** The Risk Index represents the coordinates of the X and Y axes as plotted on the Risk Assessment Heat Map. Parenthetical Risk Index is assigned by OIA to specific audit project identified through analyses other than the risk assessment survey tool.