



Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 14, 2021



Office of Internal Audit

Date: September 14, 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 June 16, 2021.

Projects Completed

Procurement and Competitive Bidding Procedures - We have completed an audit of Procurement and Competitive Bidding Procedures for the period July 1, 2018, through March 31, 2020, and an assessment of the current practices through March 31, 2021. The primary objective of our audit was to determine if established controls and procedures over the purchase of commodities through the University's purchase order system were adequate, effective, and being adhered to. We were also interested in determining whether purchases were compliant with University policies and procedures, applicable laws, rules, and regulations, and followed industry best practices. The Office of the Controller's Procurement Services department administers the University's purchasing and contracting program and provides procurement, receiving, and asset management solutions to the University community. During the audit period, approximately \$268 million were expended through 27,631 Purchase Orders (POs).

In summary, we noted that there are adequate and effective controls in place for the purchase of commodities and contractual services; specifically, the informal and formal solicitation processes follow state statutory competitive solicitation and exceptions requirements. However, we identified possible enhancements to the procurement process that are not compliance-related but are operational. Advanced spend analyses are not performed, which among other benefits, provide additional spend visibility and identify savings opportunities. In addition, there are instances of a lack of proper documentation, specifically related to POs, piggyback contracts, and sole source

exemptions. We also noted that the pricing for purchases made utilizing Blanket POs may not be adequately verified against the contracts. We proposed six recommendations, which management agreed to implement.

Media Sanitization Guidelines and Controls – We have completed an audit of Media Sanitization Guidelines and Controls. The primary objective of our audit was to determine whether the technology controls in place provide reasonable assurance that media sanitization processes are compliant with Florida Statutes, University policies and procedures, and the National Institute of Standards and Technology (NIST) guidelines, to minimize the risk of unauthorized University data disclosure upon the transfer or disposal of media. The Division of Information Technology is responsible for validating that any information systems equipment used for University business is erased using clearing, purging, or destruction techniques prior to the media being sent to surplus, reused, donated, and/or discarded.

Overall, our audit identified areas where FIU has opportunities to strengthen the media sanitization processes. Those include: (a) incorporating specific repeatable sanitization procedures for various media in a formal operations manual, (b) leveraging important additional capabilities of the media sanitization tools currently in use or being offered by other tools, (c) finalizing and communicating an organization-wide data classification policy and aligning Media Sanitation Guidelines with current practices, (d) improving the recordkeeping pertaining to sanitized devices by applying an MSCID sticker to all such devices and electronically documenting the details required by NIST upon their sanitization, (e) establishing and implementing procedures for the verification of sanitization results, (f) defining the frequency for testing and calibrating sanitization equipment and establishing a log to record equipment testing activity, (g) updating the Media Sanitation Guidelines to include defining circumstances requiring the sanitization of portable media and dual authorization, media sanitization equipment and types of media, and the approval required for any exceptions to the guidelines, among other enhancements, and (h) developing, in collaboration with Surplus, training content specific to FIU media sanitization protocol. We proposed 13 recommendations, which management agreed to implement.

Work in Progress

The following ongoing audits are in various stages of completion:

<u>Ongoing Audits</u>	
Audits	Status
Laboratory Safety	Issued Draft Report
Affiliated Agreement for Student Placement/Rotation	Draft Report in Progress
IT Controls Over Procurement Services	Fieldwork in Progress
Conflict of Interest and Related Party Transactions	Fieldwork in Progress
Admissions Policy Compliance	Planning
Cybersecurity Prevention and Detection Controls - Ransomware	Planning
FERPA Compliance	Planning
Performance Based Funding Metrics Data Integrity 2021	Planning

Prior Audit Recommendations Follow-Up Status Report

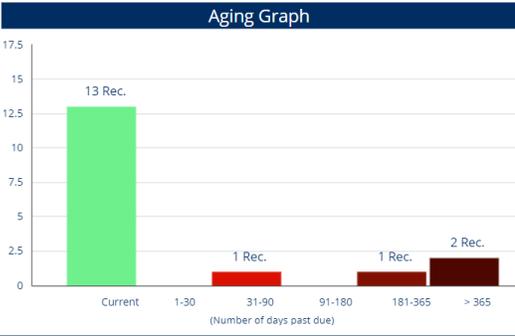
Since June 1, 2020, University management has been able to utilize the OIA Panther Audit Platform to update and report the status of prior audit recommendations. Upon receiving the submission from management on the Platform, OIA staff performed a substantive examination of the accompanying documentation or revised process to validate the status of the recommendation as reported by management. The outcome from our auditing efforts leads 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 28 recommendations due for implementation through July 31, 2021. Based on the work performed, we have concluded that 25 of said 28 recommendations (89 percent) were completed and 3 (11 percent) were partially 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 July 31, 2021, as reflected in the Platform, indicating the number of days remaining before due for implementation and the number of days delayed for those recommendations past due.

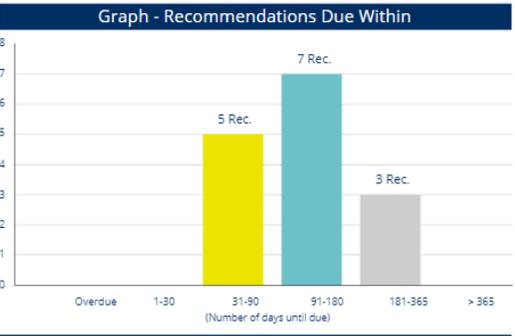
FIU Office of Internal Audit **Aging of University Audit Recommendations**

Outstanding Recommendations Statistics by Original Due Date		
Days Past Due	Number of Recommendations	Average Complexity
Current	13	2.38
1 - 30	0	0
31 - 90	1	1
91 - 180	0	0
181 - 365	1	3
More than 365	2	2.5



FIU Office of Internal Audit **Pending University Audit Recommendations**

Outstanding Recommendations Statistics by Revised Due Date		
Days Remaining	Number of Recommendations	Average Complexity
Overdue	0	0
1 - 30	0	0
31 - 90	5	1.8
91 - 180	7	2.86
181 - 365	3	2.33
More than 365	0	0



AUDIT RECOMMENDATIONS FOLLOW-UP

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Accounts Receivable	1	1	
Athletics Health Service Billing and Collections Process and Contract Performance	2	2	
Chapman Graduate School	1	1	
Compliance with Donor Confidentiality and Intent	2	2	
Frost Art Museum	1	1	
Grant Accounting - Foundation Funded	2	2	
Media Sanitization Guidelines and Controls	10	10	
Payroll Irregularities, Fraud Controls and New Employee Document	2	2	
Review of Expense Reports	3	3	
Financial Aid	1		1
Nicole Wertheim College of Nursing and Health Sciences	1		1
University Fleet Management	2	1	1
Totals	28	25	3
Percentages	100%	89%	11%

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

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.

Action Plan to Complete:

Continued hold as IT moves Oracle CS to the cloud. All development will be on hold until after September 2021. We will go back to the prototype and bring in the Academic Tech Team to begin testing the prototype. This Phase should be complete by December 2021.

Original Target Date: July 30, 2017

New Target Date: December 1, 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.

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 staff from FIU's Office of the General Counsel (OGC), who 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 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.

(Updated March 22, 2021) - The College over the past several weeks has coordinated with FIU's Office of the General Counsel (OGC) and the prospective vendor Enrollware. A mutual agreement was reached whereby FIU and the vendor accepted using the vendor's SaaS agreement document with minor edits from FIU's OGC and the waiving of incorporating FIU Supplemental Addendums to the agreement that the vendor would not accept. Following the guidance of OGC, staff from NWCNHS has been coordinating with the CIO office and the PCI Team. The CIO's office had some questions that the College provided responses for, and the CIO's office also requested that the vendor complete a full HECVAT form. In an email, the vendor's representative responded that he would answer questions via a conference call but not in writing. The College is waiting to see if the CIO and PCI Teams would instead entertain having a conference call with the vendor.

In light of these continuing interactions between FIU and the vendor, the College is requesting that the completion date be extended by two months to May 31, 2021. If the conversation between the CIO & PCI team goes well, NWCNHS does not foresee any additional significant hurdles to submit the item in TCM. However, if the conversation does not go well, the College will need to start coordination with another vendor from scratch.

(Updated June 7, 2021) The STAR Center is currently coordinating with central and FIU Continuing Education, exploring and discussing options. The expected completion date will need to be extended.

Original Target Date: February 28, 2020

New Target Date: September 30, 2021

University Fleet Management (November 12, 2020)

1. Audit Issue: **Accountable Control** (Recommendation #7.1)

Recommendation:

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

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.

08/02/21 requesting extension on expected completion date due to Fleet Manager position vacancy effective mid-June 2021. Currently working with interim Fleet Manager, Kenia Junco of OBS, on completing implementation.

Original Target Date: January 31, 2021

New Target Date: August 31, 2021

Investigation and Consulting Activities

Allegations of fraud, waste, abuse, and wrongdoing, as well as whistleblower complaints are reported to our office. Upon receipt, we evaluate the complaints for sufficiency and credibility to determine whether to investigate. The investigation results of significant and credible allegations are reported to the University President and the appropriate party.

We recently completed an investigation alleging conflicts of interest involving a former employee of FIU Athletics and communicated the results of our investigation to the University President and the Executive Director of Sports and Entertainment. We offered four recommendations to address the specific allegations we deemed were substantiated.

The CAE and office staff consulting and advisory services to various University initiatives, as follows:

- Higher Education Emergency Relief Fund (HEERF I, II, and III) use guidelines
- Proposed University Antifraud Regulation development
- Draft BOG Regulation on Foreign Influence
- Various other matters, including the use of material and supply fee and student activity fee, and the refunding of graduate orientation fee

Professional Development

The audit staff continue to take advantage of available professional development opportunities. In July, eight members of the staff attended a two-and-one-half hour in-person training on PeopleSoft Data Query, hosted by FIU's Financial Systems and Support Services. Additionally, the office's Audit Manager attended several FIU-provided training sessions on diversity, equity, and inclusion.

Other Matters

The CAE led a peer review team in performing an external quality assurance review of the internal audit activity of Kennesaw State University in Kennesaw, GA. The review was conducted remotely. Additionally, the CAE attended monthly meetings of the State University Audit Council and the Association of College and University Auditors Finance and Investment Committee.

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.