

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2022-157  
March 2022

**FLORIDA INTERNATIONAL UNIVERSITY**



Sherrill F. Norman, CPA  
Auditor General

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Donna J. Hrinak from 1-6-20	

<sup>a</sup> Faculty Senate Chair.

<sup>b</sup> Student Body President.

The team leader was Barbara S. Coleman, CPA, and the audit was supervised by Hector J. Quevedo, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at [jaimehoelscher@aud.state.fl.us](mailto:jaimehoelscher@aud.state.fl.us) or by telephone at (850) 412-2868.

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# FLORIDA INTERNATIONAL UNIVERSITY

## **SUMMARY**

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This operational audit of Florida International University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2020-005. Our operational audit disclosed the following:

**Finding 1:** University personnel did not always timely prepare, review, and approve bank account reconciliations.

**Finding 2:** University procedures for assigning, monitoring, and ensuring the timely return of University property assigned to employees and students could be improved.

**Finding 3:** Some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of student social security numbers to occur. A similar finding was noted in our report No. 2020-005.

## **BACKGROUND**

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The Florida International University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members, and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The Faculty Senate Chair and Student Body President also are members.

The BOG establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and BOG Regulations. The University President is selected by the Trustees and confirmed by the BOG. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

## **FINDINGS AND RECOMMENDATIONS**

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### **Finding 1: Bank Account Reconciliations**

Effective internal controls require that reconciliations of bank account balances to general ledger control accounts be performed on a timely, routine basis and be reviewed and approved by supervisory personnel. Timely performed bank account reconciliations provide for prompt detection and correction of unrecorded and improperly recorded transactions or other errors and provide reasonable assurance that assets agree with recorded amounts. The reconciliations also promote the efficient and economic management of cash resources.

Pursuant to University policies<sup>1</sup> and procedures, bank account reconciliations must be performed and reviewed and approved by supervisory personnel at least monthly, and any discrepancies identified must be investigated, documented, and corrected. At June 30, 2020, the University's general ledger showed a cash in bank balance of \$10.1 million and, for the 2020 calendar year, the University maintained 21 bank accounts. Certain Controller Office personnel prepared 224 monthly bank account reconciliations<sup>2</sup> while others in that Office reviewed and approved the reconciliations.

As part of our audit, we selected for examination 13 bank account reconciliations and noted that 4 reconciliations were completed 38 to 91 days, or an average of 59 days, after the bank statement dates and 2 of the 13 reconciliations were reviewed and approved 40 and 41 days, respectively, after the reconciliations were completed. In response to our inquiries, University personnel indicated that bank account reconciliations were mainly delayed because of the challenges and adjustments experienced by University personnel when transitioning to a remote work environment beginning in March 2020 due to the COVID-19 pandemic. In addition, University personnel indicated that one bank account could not be accessed online, and often bank statements were untimely delivered to staff or delivered to the incorrect University location. Also, according to University personnel, the transition of most of the bank accounts to a new bank, staffing shortages, staff turnover, and training of new staff during COVID-19 added to the delays. However, except for the one account that was not accessible online, University personnel did not explain why responsible University personnel did not access available account information directly online to timely complete and review and approve the reconciliations.

While the reconciliations did not identify any significant unreconciled items, untimely bank account reconciliations increase the risk that transaction errors or misappropriations that may occur will not be timely detected and resolved.

**Recommendation: University procedures should be enhanced to ensure that University personnel document timely reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations. To promote the timely bank account reconciliations, supervisors should encourage use of available online account information.**

## **Finding 2: Tangible Personal Property Assignments**

Effective accountability over University tangible personal property assigned to employees and students includes procedures for assigning, monitoring, and ensuring the timely return of the property to the University. To promote and evidence such accountability, accurate, detailed records documenting property assignment, monitoring, and return procedures should be maintained and training to ensure staff understand the procedures should also be documented.

University procedures<sup>3</sup> require each department head or supervisor to complete a clearance form to account for the return of University property assigned to employees who separate from employment or transfer at least 10 days, or as soon as feasibly possible, before the individual leaves University

<sup>1</sup> University Policy No. 1110.010 – *Cash Controls*.

<sup>2</sup> Monthly reconciliations were performed for active accounts and, for the 28 months that certain accounts had no activity, reconciliations were not performed.

<sup>3</sup> University Procedure 1710.280a, *Separation from Employment/Transfer Clearance Procedure*.

employment or transfers. In addition, University management implemented procedures<sup>4</sup> at the start of the COVID-19 pandemic to assign, monitor, and ensure the timely return of laptops and computer peripherals (devices) loaned to students. These procedures require students to complete an online form to request the devices and for the University to maintain records of the loaned devices. Students are allowed to keep the devices through the end of the term or request to use the devices for an additional term. While University staff are required to follow up with students who did not request to keep the devices for the additional term, University procedures did not establish when University staff should follow-up to confirm the prompt return of the devices and timely reassignment for the next term.

According to University records, during the 2020 calendar year, the University assigned 849 property items to 632 employees and loaned 518 property items to 276 students. To evaluate accountability over these items, we examined University records supporting 62 property items assigned to employees, including 25 selected items assigned to 18 employees who subsequently separated from University employment, and 94 selected property items loaned to 30 students. We found that accountability over these property items could be enhanced as:

- Property records for 33 items, such as laptops, monitors, and other computer devices, did not accurately identify who was assigned the property. Specifically, property records for 23 of the items listed the names of 23 different employees, but only showed a total of 6 employee identification (ID) numbers. According to University personnel, the 23 items were in the possession of the 23 employees whose names were listed in the property records; however, because the employee ID numbers were not correctly matched to the assigned items, the records for the 23 property items inaccurately listed the items as assigned to 6 employee ID numbers.

Property records for the other 10 items indicated that the items were assigned for off-campus use, but the records did not identify who was assigned the property. In response to our inquiries, University personnel indicated that, due to oversights, property records were not promptly updated to show that the 10 property items were not assigned to employees for off-campus use but were used by student assistants on campus.

- Property records for 11 items, such as a computer set, docking stations, and monitors, assigned to 5 individuals who had separated from University employment did not identify a return date as of the June 2021 date of our inquiry. The average number of days from the respective employment separation dates and the date of our inquiry was 219 days. According to University personnel, the property records had not been properly updated and 2 of the items were returned by the employees' separation dates and another property item was returned 10 days after the employee's separation date. University personnel indicated that the remaining 8 property items were returned during the period of June through September 2021, which was well after the applicable employees' separation dates.
- Records for 5 property items, including laptops and a computer set, assigned to 5 employees showed a return date that was 13 to 87 days, an average of 29 days, after the employees separated from University employment. University personnel indicated that the 5 employees untimely returned the property items due to various oversights.
- The Library maintains electronic records to track device assignments; however, although we requested, University records were not provided to demonstrate that the 30 students included in our tests completed the online request form required to authorize the property assignments. In addition, 14 of the 30 students did not return 45 property items, such as laptops and other computer devices, until 61 to 425 days, an average of 196 days, after the last day of the term.

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<sup>4</sup> CASE – Student Temporary Laptop Request and Tracking Process.

Also, the 14 students either graduated or did not enroll in the subsequent term. In response to our inquiry, University personnel indicated that, although University procedures require students to request devices through an online form, the devices were assigned without the students completing the online form. In addition, due dates for the return of the devices were revised to a subsequent term without verifying that the students had enrolled in that term.

Although we requested, University records were not provided to evidence that University personnel had been trained to understand the required procedures for assigning, monitoring, and ensuring the timely return of University tangible personal property. Absent appropriate training and compliance with University-established property assignment procedures, there is an increased risk that accountability over property assignments will be diminished and assigned property items may not be returned.

**Recommendation: The University should enhance accountability over tangible personal property assignments to ensure that University-established procedures are followed. Such enhancements should include appropriate training to ensure that property records properly identify who is assigned the property items and that students complete the online request form to establish and authorize the property assignments. The enhanced accountability should also ensure that property items are returned by employees before they separate from University employment and by students at the end of the current term, unless the students request and obtain approval to use the property for an additional term.**

### **Finding 3: Information Technology User Access Privileges – Student Information**

The Legislature has recognized in State law<sup>5</sup> that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing sensitive personal information unnecessary for their assigned duties and provide for documented, periodic evaluations of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

According to University personnel and records, the University established a unique identifier, other than the SSN, to identify each student. However, the University collects and uses SSNs pursuant to State law for various purposes, such as to register newly enrolled students, comply with Federal tax reporting requirements, and other Federal and State requirements related to financial and academic assistance. Designated University officials and personnel are provided access to sensitive personal student information to perform an administrative, supervisory, or instructional responsibility that serves a legitimate education purpose.

As of October 19, 2021, the University enterprise resource planning (ERP) system contained the SSNs of 779,513 students, including 451,363 former, 245,846 prospective, and 82,304 current students, and 250 University employees had access to former and current student SSNs. University personnel indicated that personal information of prospective students who do not enroll within 1 year is automatically deleted.

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<sup>5</sup> Section 119.071(5)(b), Florida Statutes.

Our examination of University records supporting the access privileges of the 250 employees, including the September 2020 evaluations<sup>6</sup> of the employees' access privileges to student SSNs, and University responses to our inquiries, disclosed that, while the employees had legitimate educational purposes for accessing current student SSNs, neither the evaluations nor other University records documented justification for all 250 employees to have access to former student SSNs. The 250 employees with such access included, for example, a Systems Analyst I, Admission Assistant, Enrollment Service Trainer III, and a Junior Help Desk Analyst, none of whom needed access to former student SSNs to perform their duties. In response to our inquiry, University personnel agreed that all 250 employees did not need such access and noted that further efforts would be necessary to document those who needed the access privileges and to remove the privileges from those who did not.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of former student SSNs and the possibility that the information may be used to commit fraud against former University students. A similar finding was noted in our report No. 2020-005.

**Recommendation: To ensure access to personal information of former students is properly safeguarded, the University should ensure that employees are restricted from accessing this information unless such access is required for their assigned duties.**

## ***PRIOR AUDIT FOLLOW-UP***

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The University had taken corrective actions for findings included in our report No. 2020-005 except that Finding 3 was noted in report No. 2020-005 as Finding 9.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2021 through November 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on information technology resources and related controls; carryforward balances; investment income allocation; direct support organizations; student fees; textbook affordability; compensation, construction, other expenses; and other processes and administrative activities.

For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned

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<sup>6</sup> The evaluations were conducted by the Information Technology and Enrollment Service Department personnel.

responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.

- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2020-005.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2020 through December 2020 and selected University actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, University policies and procedures, and other guidelines, and interviewed University personnel to obtain an understanding of applicable processes and administrative activities.



- Reviewed University information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security access, systems development and maintenance, user authentication, and disaster recovery.
- Evaluated University procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to selected critical functions within the finance and human resources applications during the audit period for 30 of the 1,243 total users, respectively, to determine the appropriateness and necessity of the access privileges based on the selected users' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned, managed, and monitored.
- Evaluated University procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined University records supporting the access privileges of the 250 employees who had access privileges to the sensitive personal information of current and former students during the audit period to evaluate the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- Evaluated Trustees security policies and University procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Evaluated the appropriateness of the University's comprehensive IT disaster recovery plan during the audit period and determined whether it had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a written, comprehensive IT risk assessment had been established for the audit period to document the University risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether a comprehensive IT security awareness and training program was in place for the audit period.
- Examined University records to determine whether the University had developed an anti-fraud policy and procedures for the audit period to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- From the population of 19,298 course sections offered during the audit period, examined University records supporting textbook adoptions offered during the audit period to determine whether the University textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Determined whether the University maintained a minimum carryforward balance of at least 7 percent of its State operating budget and prepared a spending plan for balances in excess of the 7 percent minimum balance as required by Section 1011.45, Florida Statutes.
- Examined University records to determine whether bank account reconciliations were timely prepared, reconciled, and approved.
- From the population of 425,913 electronic funds transfers (EFTs) and payments totaling \$785.7 million during the audit period, examined University records supporting 30 selected EFTs and payments totaling \$13.5 million to determine whether the EFTs and payments were adequately supported and properly authorized.

- Determined whether the Trustees established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether University investments during the audit period complied with those policies and procedures. Also, determined whether investment income was properly allocated to the funds that generated the income.
- Examined University records to determine if investment accounts maintained during our audit period, were timely reconciled to financial institution records and if statutorily required investment information was presented timely to the Trustees.
- Examined University records to determine whether student receivables were properly authorized, adequately documented, and properly recorded. Specifically, from the population of 56,513 student receivables totaling \$176.4 million as of December 31, 2020, examined documentation relating to 30 selected student receivables totaling \$473,250.
- Examined University records to determine whether the 852 uncollectible accounts receivable totaling \$736,600 and written off during the audit period were properly approved.
- Examined University records to determine whether accountability over the 849 and 518 property assignments to 632 employees and 276 students, respectively, was appropriate and in accordance with University policies and procedures and good business practices. Specifically, we selected for examination University records supporting 62 property items assigned to employees, including records for 25 selected items assigned to 18 employees who subsequently separated from University employment, and records for 94 selected property items loaned to 30 students.
- Analyzed payments from tuition differential fees collected during the audit period to determine whether the University assessed and used tuition differential fees in compliance with Section 1009.24(16)(a), Florida Statutes.
- From the population of 66,750 and 19,734 students enrolled in credit and non-credit courses, respectively, examined University records for 30 selected students to determine whether student tuition and fees totaling \$53,492 were accurately calculated, properly assessed, paid, and correctly recorded in accordance with University policies and Board of Governors regulations.
- From the population of 2,533 distance learning courses with fee revenue totaling \$223,140 during the audit period, examined University records supporting 30 selected distance learning courses with distance learning fee revenue totaling \$2,220 to determine whether distance learning fees were assessed, collected, and separately accounted for in accordance with Section 1009.24(17), Florida Statutes.
- Examined University records to determine whether the University intercollegiate athletic programs were self-supporting.
- From the population of compensation payments totaling \$552.3 million made to 13,958 employees during the audit period, selected payments totaling \$308,040 made to 30 employees and examined the related payroll and personnel records to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 41 employment contracts with severance pay provisions, examined 18 employee contracts to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes. In addition, from the population of 58 employees who received severance pay totaling \$548,371 during the audit period, we examined University records for 22 selected employees paid severance pay totaling \$346,078 to determine whether the severance pay complied with State laws and University policies.
- Evaluated University policies and procedures for obtaining personnel background screenings to determine compliance with Section 1012.915, Florida Statutes.

- Examined University records to determine whether selected expenses were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and University policies; and whether applicable vendors were properly selected. Specifically, from the population of expenses totaling \$143.3 million for the audit period, we examined University records supporting:
  - 30 selected payments for general expenses totaling \$4.3 million.
  - 30 selected payments for contractual services totaling \$3.7 million.
  - 30 selected payments for unexpended plant expenses totaling \$9.4 million.
- Examined purchasing card (P-card) records for 20 of the 42 cardholders who separated from University employment during the audit period to determine whether the University timely canceled the cardholders' P-cards.
- Examined University records supporting the payments totaling \$11.7 million, made during the audit period, from the University to its direct-support organizations (DSOs) to determine whether the transactions were as described in Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Examined University records to determine whether the Trustees had prescribed by regulation, pursuant to Section 1004.28(2)(b), Florida Statutes, the conditions with which the DSOs must comply in order to use University property, facilities, and personal services and whether the Trustees documented consideration and approval of anticipated property, facilities, and personal services provided to the DSOs and the related costs.
- Reviewed University policies and procedures related to identifying potential conflicts of interest. We also reviewed Department of State, Division of Corporations, records; statements of financial interest; and University records to identify any potential relationships that represented a conflict of interest with vendors used by the University.
- From the population of nine major construction projects in progress during the audit period with audit period expenses totaling \$18.5 million, selected payments totaling \$18.2 million for four major construction projects and examined University records to determine whether the University's process for selecting design professionals and construction managers complied with State law; the selection process of subcontractors was adequately monitored; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; design professionals provided evidence of required insurance; construction funding sources were appropriate; and payments were made in accordance with contract terms and conditions, University policies and procedures, and provisions of applicable State laws and rules.
- From the population of expenses totaling \$71.2 million during the audit period from student user fees, determined whether the use of athletics, financial aid, health, and student activities fees complied with applicable State laws, Board of Governor regulations, and University policies.
- From the population of 267 non-Federal grants totaling \$29.8 million during the audit period, examined University records for 10 selected non-Federal grants totaling \$5.9 million to determine whether payments were made in accordance with grant terms and conditions.
- Determined whether the process for selecting collection agencies was appropriate.
- Determined whether the University had an approved ethics policy that prohibited the receipt of gifts from vendors.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each University on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial "S".

Sherrill F. Norman, CPA  
Auditor General

## MANAGEMENT'S RESPONSE

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### OFFICE OF FINANCE & ADMINISTRATION

March 16, 2022

Sherrill F. Norman, CPA  
Auditor General  
State of Florida  
Claude Denson Pepper Building G74  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Ms. Norman,

Enclosed are Florida International University's responses to the preliminary and tentative findings and recommendations for the Operational Audit of Florida International University for the calendar year ended December 31, 2020. The University will implement the recommendations identified during the audit in accordance with the enclosed schedule of responses.

We appreciate the thoroughness and professionalism of your staff in completing the operational audit. The resulting recommendations will assist FIU in improving our operations and safeguarding our resources.

If you have any questions or need additional information, please do not hesitate to contact me at [amartin@fiu.edu](mailto:amartin@fiu.edu) or 305-348-2101 at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Aime Martinez".

Aime Martinez, CPA  
Interim Chief Financial Officer and Vice President for Finance and Administration

cc: Kenneth A. Jessell, Ph.D., Interim President  
Elizabeth M. Bejar, Ph.D., Interim Provost, Executive Vice President, and COO

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**FLORIDA INTERNATIONAL UNIVERSITY**  
*Responses to Preliminary and Tentative Findings*  
*Operational Audit – Calendar Year 2020*

**Finding 1: Bank Account Reconciliations**

*Recommendation: University procedures should be enhanced to ensure that University personnel document timely reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations. To promote the timely bank account reconciliations, supervisors should encourage use of available online account information.*

The university concurs with this recommendation. The university recognizes the importance of maintaining adequate procedures for the timely reconciliation of bank account balances to the general ledger and has adopted internal practices and processes to ensure the accuracy and completeness of bank transactions and reconciliations. In addition, for banking related operations and transactions, FIU has always maintained segregation of duties between the Controller's and Treasury Offices as an internal control to prevent fraud.

Notwithstanding established practices and procedures, there were significant factors during Fiscal Year 2020 that caused delays in the completion of bank reconciliations selected during the period audited:

- There were challenges experienced during the transition to a remote work environment as a result of the COVID-19 pandemic. During this period, as staff turnover occurred, recruiting and training of new staff in the remote environment was slower than normal. Additionally, the limited staff resources available were shifted to focus on concurrent major projects and priorities, such as the university's transition of banking partners and fiscal year-end preparations.
- At the time, the bank reconciliation team consisted of four staff positions, yet due to staff turnover, the workload was managed between two staff positions, one of which was a new employee under remote environment training. The preparation of bank reconciliations and review was strategically assigned to available staff to ensure the high activity, higher risk bank accounts were prioritized for timely completion. Consequently, the untimely reconciliations noted in the audit pertained to the low activity, minimal risk bank accounts.
- There was one bank account for which online access had not been created previously for staff to access bank statements; therefore, paper statements were

being delivered to an incorrect office location causing delays in obtaining the statements for reconciliation purposes.

While unforeseen circumstances may cause unusual delays in the reconciliation process, the University will continue enhancing its practices and procedures by implementing the following measures:

- Internal manuals, training guides and/or procedure documents will be updated to require clearly documenting the initial preparation and review dates of the bank account reconciliations which must be within the 45-day time period from the month end.
- Online access to all bank accounts by appropriate staff and supervisors has been established to avoid delays in obtaining bank statements and other bank activity information needed for timely completion of reconciliations.

## Finding 2: Tangible Personal Property Assignments

*Recommendation: The University should enhance accountability over tangible personal property assignments to ensure that University-established procedures are followed. Such enhancements should include appropriate training to ensure that property records properly identify who is assigned the property items and that students complete the online request form to establish and authorize the property assignments. The enhanced accountability should also ensure that property items are returned by employees before they separate from University employment and by students at the end of the current term, unless the students request and obtain approval to use the property for an additional term.*

The university concurs with this recommendation. All items noted in the finding have been accounted for, and equipment returned during an employee's separation has been collected and documented.

As a result of the audit process, departmental policies and procedures have been implemented in accordance with the existing university policies and procedures such as Policy 1710.280 Separation from Employment, and Policy 1710.125 Exit Reviews, that were established to ensure proper retrieval of university assets at separation and the university's property manual that direct departments to catalog their attractive property and mark them as university property.

Departments will ensure that all property assignment records are updated promptly at the time of check out, the property assignments are documented correctly, and devices

are returned before separation. Departments have been working with various areas such as their respective Human Resource, Technology Support, and Supervisors to assess, prepare, and conduct enhanced training and ensure all devices are documented and returned timely. Also, existing property assignment records have been reconciled to ensure all documentation is accurate.

For student employees, a secondary review of the Panther IDs entered on check-out forms will be performed to ensure this matches the person that is receiving the device. At separation, a form is signed by the supervisor to ensure equipment checked out to student employees is collected at separation.

In addition, the University Libraries took steps to enhance the accountability over tangible property assignments under their purview. They completed migration to the new Integrated Library System (ALMA) in July 2021, which maintains records at the device/item level and provides linkage to the student record. Then as of the Fall 2022 semester, they returned to pre-pandemic circulation periods for laptops and tech devices. This means that most devices circulate for 4-hour periods and automatic extensions, as was the case during the pandemic when most of the instruction was delivered remotely, are not granted.

In the case of overdue, lost, or damaged items, the associated charges are transferred to PantherSoft Financials. This setup incentivizes students to return the borrowed devices, otherwise, they are prevented from registering for a future term, or from receiving their diploma if they are graduating.

Regarding the online request form referenced, this form did not exist prior to the pandemic in March 2020. It was created solely as a reservation system in consultation with Academic Support Services to facilitate getting the very limited number of available laptops into the hands of students with the greatest need. As the demand eased and with the return to shorter circulation periods, the Libraries returned to the pre-pandemic practice of first-come, first-served for the pool of laptops that circulate for 4-hour periods. Students wishing to check out a 4-hour laptop present their FIU OneCard at the Circulation Desk, and the transactions are entered in ALMA. For semester-long laptop loans, students are required to complete an online form, the due date is set to the end of the semester, and no automatic extensions are granted.

All departments noted in the finding will be in full compliance by July 31, 2022.



### Finding 3: Information Technology User Access Privileges – Student Information

*Recommendation: To ensure access to personal information of former students is properly safeguarded, the University should ensure that employees are restricted from accessing this information unless such access is required for their assigned duties.*

The university concurs with this recommendation. Oracle PeopleSoft provides certain data security policies that can apply full, partial, or no masking to sensitive data fields, depending on the security roles of the operator. These security policies are applied globally to predefined sensitive fields on a page, regardless of what data they display. In other words, Oracle/PeopleSoft does not take into consideration whether the data being displayed in a standalone field belongs to a former student or not before applying its masking rule. Nevertheless, FIU is working with Oracle to determine if there are any alternative ways to perform conditional masking based on relationship to institution (or a definition-based population) and will review whatever potential solution Oracle recommends. In addition, FIU has reached out to other SUS universities that use Oracle/PeopleSoft to inquire about their experience with restricting data for former students.

We reiterate, we have implemented, based on Audit General recommendations, a formal process to request, review, approve and audit access to SSN data, both partial and full SSNs. This functionality provides FIU with greater insight and security, and has greatly reduced our overall risk by only providing this access to persons with justification to effectively and efficiently fulfill their operational process(es). FIU will continue to investigate if other third-party software could have this capability and potentially implement a solution should one become available. We will need until June 30, 2022 to complete a more comprehensive investigation with the vendor (Oracle/PeopleSoft) and research other options that may assist in implementing the audit's recommendations. If the vendor cannot provide a holistic solution and FIU cannot find an alternative way to provide the layer of security recommended by the end of June, FIU will update the approval process to verify if an individual needs access to current and former student SSNs, verify that the requestor's job description requires access to the full SSN view and notify the individuals with access that they are only allowed to view current student SSNs.