



**Audit of Conflict of Interest
and Related Party Transactions**

**Report No. 21/22-05
March 7, 2022**



Office of Internal Audit

Date: March 7, 2022

To: El Pagnier K. Hudson, Senior Vice President, Human Resources and Vice Provost for Diversity, Equity, and Inclusion

Alexandra Mirabal, Interim Associate Vice President and University Controller

Milly Bello, Assistant Chief of Staff & Associate Corporate Secretary, FIU Board of Trustees

From: Trevor L. Williams, Chief Audit Executive

A handwritten signature in blue ink, reading "Trevor L. Williams", is placed over the name in the "From:" line.

Subject: Audit of Conflict of Interest and Related Party Transactions, Report No. 21/22-05

We have completed an audit of Conflict of Interest and Related Party Transactions for the period July 1, 2020, through June 30, 2021, and have assessed the current practices through February 1, 2022.

In December 2020, the University launched a new Outside Activity/Conflict of Interest system to assist with reporting, reviewing, and approving disclosed outside activities. During the audit, we reviewed the Outside Activity/Conflict of Interest disclosure process to ensure compliance with federal, state, and University requirements and to ensure that processes were effective at identifying and managing potential conflicts.

In summary, we concluded that the newly implemented Outside Activity/Conflict of Interest reporting system is robust and when compared to the previous system, provides more effective workflows and tracking of disclosed activities. For the fiscal year tested, 96% of 5,784 employees who were subject to report, timely submitted Outside Activity/Conflict of Interest Forms. Notwithstanding this high rate of reporting, we have identified areas for enhancement to the Outside Activity/Conflict of Interest disclosure process that could contribute to its effectiveness. We offered 19 recommendations to address the issues identified during the audit. Management has agreed to implement all recommendations offered.

We take this opportunity to express our appreciation to you and your staff for the cooperation and courtesies extended to us during the audit.

Attachment

C: FIU Board of Trustees

Kenneth A. Jessell, Interim University President

Elizabeth M. Béjar, Interim Provost, Executive Vice President, and Chief Operating Officer

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

Javier I. Marques, Vice President and Chief of Staff, Office of the President

Jennifer LaPorta Baker, Chief Compliance and Privacy Officer

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EXECUTIVE SUMMARY

Introduction

In December 2020, the University launched a new Outside Activity/Conflict of Interest system to assist with reporting, reviewing, and approving disclosed outside activities. The system was implemented as an enhancement to the then existing reporting system.

What We Did

We audited the associated Outside Activity/Conflict of Interest disclosure process to ensure compliance with federal, state, and University requirements and to ensure that processes were effective at identifying and managing potential conflicts.

What We Concluded

In summary, we concluded that the newly implemented Outside Activity/Conflict of Interest reporting system is robust and when compared to the previous system, provides more effective workflows and tracking of disclosed activities. For the fiscal year tested, 96% of employees who were required to disclose timely submitted the *Outside Activity/Conflict of Interest Form*.

Notwithstanding the foregoing, we have identified the following gaps, grouped by functional area, that need improvement in the Outside Activity/Conflict of Interest disclosure process, along with actions that management should take to strengthen internal controls and processes.

Human Resources:

- Employees did not disclose identified outside activities/potential conflicts of interest that were likely required to be disclosed. Contact the identified employees, understand why they did not disclose, and request they disclose any confirmed outside activities and evaluate said activities for permissibility. Lessons learned should be used to develop scenario-based training material.
- Employees who were required to disclose did not submit *Outside Activity Conflict of Interest Forms*. Follow up with employees who did not complete *Outside Activity/Conflict of Interest Forms* and request that they disclose.
- Employees engaged in outside activities prior to the activities being approved by the University, as well as after the activities were denied. Understand why employees did not properly disclose, evaluate the individual cases, and determine the appropriate steps to take for employees engaging in outside activities prior to approval or after denial.
- Employees engaged in research did not provide responses to the Significant Financial Interests questions required by Florida Statute 1012.977. Ensure that the identified employees engaged in research respond to the required Significant Financial Interests questions and establish a mechanism to ensure that in the future, employees engaging in research are required to answer the questions regarding Significant Financial Interests.
- *Outside Activity/Conflict of Interest Forms* are not timely reviewed by management or submitted by new employees. Implement a mechanism to ensure department managers are routinely notified of pending disclosures. Also, consider making completion of the *Outside Activity/Conflict of Interest Form* a requirement during employee onboarding.

- Direct supervisors do not receive, and thus do not review, *Outside Activity/Conflict of Interest Forms*, unless they also happen to be the department manager and the employee discloses a conflict. If the employee has “Nothing to Report,” the disclosure bypasses any review and is recorded in the Human Resources system as such. Enable direct supervisor’s involvement into the review process by informing them of the reporting capabilities for viewing *Outside Activity/Conflict of Interest Form* submissions in PantherSoft.
- *The Outside Activity/Conflict of Interest Form* lacks sufficient detail to identify the various conflicts that may arise. Consider expanding the scenarios on the *Outside Activity/Conflict of Interest Form*.
- *The Outside Activity/Conflict of Interest Form* workflow does not require the reviewer to provide any comments if a disclosed activity is denied. Consider modifying the system to require comments by the reviewer if a denial action is taken.
- University Policy No.1710.075, *Conflict of Interest*, does not mirror current practices of who is required to disclose. Amend the University Policy to align with the current practice.
- Some Public Officers subject to submit a financial disclosure were not included in the list provided to the Florida Commission on Ethics. Ensure the identified employees are submitted to the Commission on Ethics and a secondary review process is conducted in the future.

Procurement Services:

- Employees engaged in related party transactions. Implement a mechanism to detect related party transactions.
- Suppliers are not directly asked during Supplier Onboarding if any potential conflicts of interest with University employees or members of the various boards exist. Establish a mechanism that directly asks all suppliers during onboarding if such potential conflicts exist.
- Adequate training or sufficient information regarding receiving and reviewing potential conflicts through Total Contract Manager was not provided to approving areas. Provide guidance to all applicable areas on where the disclosed conflicts are documented and what their responsibility is regarding reviewing conflicts.

Board of Trustees Office:

- Some Board of Trustees members missed the due date for submitting their *Florida International University Conflict of Interest Disclosure Forms*. Consider changing the Form’s due date and providing Trustees with reminders prior to disclosures becoming due.
- *The Florida International University Board of Trustees Conflict-of-Interest Policy* does not explicitly address Trustees not being permitted to hold any employment or contractual relationship as a legislative lobbyist requiring annual registration and reporting pursuant to Florida Statute 11.045. Expand the Policy to address the prohibited activities noted in the Florida Statute.

The reportable conditions found and the background giving rise to the foregoing recommendations are detailed in the Observations and Recommendations section beginning on page 8 of this report. We have also included the mitigation plans management has proposed in response to our observations and recommendations, along with their implementation dates and complexity ratings.

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objectives of our audit were to determine if:

- effective controls and processes are in place for the proper administration of conflicts of interest and related party transactions as it pertains to employees, suppliers, and Board of Trustees (BOT) members,
- employees timely completed *Outside Activity/Conflict of Interest Forms* and accordingly, Human Resources, the Provost's Office, and the Office of Research and Economic Development (ORED) ultimately managed any identified conflicts of interest, and
- non-disclosed conflicts resulted in related party transactions and/or unmanaged risks.

Our audit period for tests of transactions was July 1, 2020, through June 30, 2021. Additionally, we assessed the current practices through February 1, 2022.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, promulgated by The Institute of Internal Auditors. The audit included tests of the supporting records and such other auditing procedures, as we considered necessary under the circumstances. Audit planning and fieldwork were conducted from July 2021 to February 2022.

During the audit, we:

- reviewed University policies and procedures, and applicable laws, rules, and regulations (federal and state, accordingly),
- interviewed responsible personnel,
- evaluated the overall annual completion of Outside Activity/Conflict of Interest reporting,
- applied data analytics techniques to identify potential undisclosed outside activities and related party transactions, and
- reviewed the established controls and procedures for reporting and managing potential conflicts of interest and related party transactions.

Sample sizes and employees selected for testing were determined on a judgmental basis applying a non-statistical sampling methodology.

We reviewed all internal and external audit reports issued during the last three years to determine whether there were any prior recommendations related to the scope and objectives of this audit. Recommendations related to the completion and approval of conflict of interest disclosures have been noted in internal audit reports issued during the last three years. Included among them were Audit of Healthcare Affiliated Agreements for Student Placement Rotation, Report No. 21/22-02, issued November 22, 2021, Audit of Treasury Management, Report No. 19/20-04, issued October 29, 2019, and Audit of the Nicole Wertheim College of Nursing and Health Sciences, Report No. 19/20-03, issued October 28, 2019. The prior items noted were included as part of the scope of this audit, and the results are included within the report.

BACKGROUND

The University is required by Florida Statutes and the University Code of Conduct to ensure that its employees follow a code of conduct which avoids any conflict of interest or the appearance of a conflict of interest between the performance of the employee's public duties and any outside personal interests.

Applicable Statutes

Chapter 112, Part III, Florida Statutes, defines "conflict" or "conflict of interest" as, "a situation in which regard for a private interest tends to lead to disregard of a public duty or interest."

Additionally, section 112.313(7) F.S., *Conflicting employment of contractual relationship*, prohibits public employees from having an employment or contractual relationship with a business entity doing business with the agency or having employment or contractual relationship that create a continuing or frequently recurring conflict between the employee's private interests and the performance of their public duties or that would impede the full and faithful discharge of their public duties.

Florida Statute 1012.977(1), *Disclosure of contracts that affect the integrity of state universities or entities; penalties*, requires employees engaged in the design, conduct, or reporting of research to disclose and receive a determination that the outside activity or financial interest does not affect the integrity of the state university or entity.

FIU Reporting Requirements

The University requires that an annual *Outside Activity/Conflict of Interest Form* ("Form") be submitted at the beginning of each academic year, or at such time prior to there being a significant change in a previously disclosed activity or when a new outside activity is undertaken. The University uses this Form to capture data to comply with the foregoing Florida statutes. Management informed us that employees with benefit-eligible salary plans and temporary employees paid from externally sponsored research projects within fund codes¹ 215, 216, 641, 642, 660, 661, 662, 663, 664, and 665 must disclose.

The reporting provision applies to activities performed while an employee is on pay status or is on an approved leave, including a professional development leave, but does not apply to activities performed wholly during a period in which the employee has no appointment with the University. The University has established decision trees to assist employees when determining if an outside activity should be disclosed (see Appendix II, page 34).

¹ There are other external projects managed by ORED, e.g., community service, training, other sponsored projects that fall within these fund codes that are not required to disclose and therefore, were excluded from our testing.

Outside Activity/Conflict of Interest Reporting System

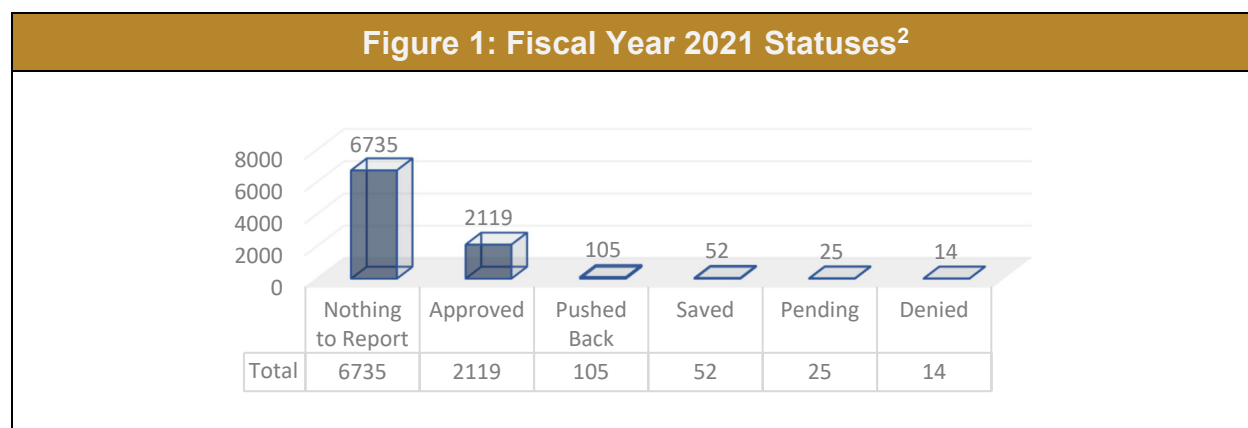
On December 4, 2020, the University enhanced its Outside Activity/Conflict of Interest reporting process, by introducing a new portal within the PantherSoft Human Resources application, which allows employees to submit disclosures. The system routes Form disclosures through the predetermined approval workflow, as depicted on Appendix IV (page 37). The project was overseen by the Outside Activity/Conflict of Interest Work Group, which consisted of representatives from Human Resources, ORED, the Office of University Compliance and Integrity, the Office of General Counsel, and the Office of the Provost.

The Form consists of “Yes/No” scenario-based questions, which are required to be reported/disclosed. The scenario questions presented on the Form depend on each employee’s Pay Plan and Union Code (i.e., In Unit Faculty, Out of Unit, College of Medicine). If employees answer “Yes” to any of the scenarios, then additional follow-up questions are prompted. (See Appendix I on page 32 for a listing of the Form’s scenario-based questions.)

There is a combined responsibility among the Office of the Provost, ORED, and Human Resources’ Employee and Labor Relations to follow up on open statuses and to ensure that they are addressed in a timely manner.

The current system workflow has distinct statuses. For a detailed description of the statuses, refer to Appendix III on page 36.

Figure 1 below depicts the status of *Outside Activity/Conflict of Interest Forms* in Fiscal Year 2021.



² An employee may create multiple *Outside Activity/Conflict of Interest Forms*.

Outside Activity/Conflict of Interest Disclosure, Review, and Approval Process

The review and approval process varies, depending on the employee's business unit and position. (See Approval Workflows in Appendix IV on page 37.) For the workflows depicted in Appendix IV, ORED reviews if one of the following conditions is met:

- The employee selected at least one guideline marked with "Research Flag."
- The employee is currently being paid from an externally sponsored research project fund (page 4).
- The employee is part of a *Project Team*³.

If a proposed outside activity is determined to constitute a conflict of interest, and the employee disagrees with that determination, the employee may have the matter reviewed by the Provost or the Vice President for Human Resources, as appropriate.

Conflict of Interest Training

The University has concentrated its efforts on a robust communication and education campaign to train employees on the new Outside Activity/Conflict of Interest reporting system and provide special education to those involved in the approval workflow. Once the new system was launched, employees were invited to attend optional live training webinars. These webinars provided an overview of system changes and enhancements and discussed Florida Statute 1012.977, Federal requirements regarding potential foreign influence, what constitutes a conflict of interest, and how submissions are analyzed. The webinars were recorded and are available for viewing on FIU Develop.

³ Members can be found in the Financials Contracts and Grants module in PantherSoft.

OVERALL ASSESSMENT OF INTERNAL CONTROLS

Our overall assessment of internal controls is presented in the table below.

INTERNAL CONTROLS ASSESSMENT			
CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
Process Controls		X	
Policy & Procedures Compliance		X	
Effect		X	
Information Risk	X		
External Risk	X		
INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
Process Controls: Activities established mainly through policies and procedures to ensure that risks are mitigated, and objectives are achieved.	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
Policy & Procedures Compliance: The degree of compliance with process controls – policies and procedures.	Non-compliance issues are minor	Non-compliance issues may be systematic	Non-compliance issues are pervasive, significant, or have severe consequences
Effect: The potential negative impact to the operations- financial, reputational, social, etc.	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
Information Risk: The risk that information upon which a business decision is made is inaccurate.	Information systems are reliable	Data systems are mostly accurate but need to be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
External Risk: Risks arising from events outside of the organization's control; e.g., political, legal, social, cybersecurity, economic, environment, etc.	None or low	Potential for damage	Severe risk of damage

OBSERVATIONS AND RECOMMENDATIONS

Areas Within the Scope of the Audit Tested Without Exception:

Communication of Annual Disclosure Requirement

We reviewed the University's processes for communicating the annual outside activity/conflict of interest disclosure requirement to employees. We noted that new employees are informed of this requirement during New Employee Experience (orientation). Additionally, we noted that Human Resources sent various emails to employees, reminding them of the disclosure deadline.

Approved Outside Activities with Weekday Hours

When disclosing an outside activity on the *Outside Activity/Conflict of Interest Form*, employees are asked to provide the estimated number of weekday hours, evening/weekend hours, along with the total number of weeks. During fiscal year 2021, there were 522 approved *Outside Activity/Conflict of Interest Forms* (for full-time employees), which included weekday hours. We judgmentally selected a sample of 15 approved disclosures (3%) to determine if full-time employees with approved outside activities involving weekday hours took the appropriate leave. After reviewing leave records and following up with the respective employees, we found no exceptions.

Evaluation Committee Non-Conflict of Interest/Confidentiality Statements

Pursuant to the University's *Procurement Manual*, for Invitations to Negotiate (ITN) and Requests for Proposals (RFP), *Non-Conflict of Interest/Confidentiality Statements* must be signed and submitted by each Evaluation Committee member to the Procurement Professional. During the fiscal year tested, there were seven ITNs awarded and no RFPs. We tested all seven ITNs (100%) and noted that all Evaluation Committee members completed the corresponding *Non-Conflict of Interest/Confidentiality Statements*.

Conflict of Interest in Research Policy

We reviewed University Policy No. 2370.005, *Conflict of Interest in Research*, and noted that the Policy adequately mirrored the applicable statutes and regulations.

Areas Within the Scope of the Audit Tested With Exception:

1. Potential Undisclosed Outside Activities

University Policy No. 1710.075, *Conflict of Interest*, states:

The Report of Outside Activity Form must be completed on an annual basis and/or when an outside activity begins or substantially changes or has not been previously reported.

To determine how effective the current process was in having employees disclose, we applied data analytics techniques and reviewed data mostly publicly available to identify any potential undisclosed conflicts by employees active at some point during fiscal year 2021. As a part of our analysis, we identified 14,110 such employees, whom we subjected to our testing. We found a total of 153 instances in which potential outside activities were not disclosed. These instances were identified by examining different data sets. Our observations are summarized below and are classified based on whether the employees were engaged in research.

Employees Engaged in Research

Florida Statute 1012.977, *Disclosure of contracts that affect the integrity of state universities or entities; penalties*, states:

Any person employed by a state university or entity engaging in research which was created or authorized pursuant to part II of chapter 1004 consents to the policies of the university or entity, the regulations of the Board of Governors, and the laws of this state. At a minimum, such policies shall require employees engaged in the design, conduct, or reporting of research to disclose and receive a determination that the outside activity or financial interest does not affect the integrity of the state university or entity.

Management informed us that all employees paid with research funds, except as previously identified in footnote 1 of page 4, are considered to be involved in the *design, conduct, or reporting of research*, and as such must disclose. The statute defines “outside activity” as “*anything an employee does for an organization or an individual, other than the university or entity, that is related to the employee’s expertise*” and “financial interest” as “*anything of value other than that provided directly by the university or entity.*”

We identified 40 employees who were engaged in research and had potential undisclosed conflicts (Table 1).

Table 1: Potential Undisclosed Conflicts by Employees Engaged in Research			
	Regular	Temporary	Total
Listed as an Officer/Director/Authorized Person of an Active Florida Corporation	20	11	31
Received Paycheck Protection Loans	2	4	6
Simultaneously worked at another public Florida College or University ⁴ (all in-unit)	2	0	2
Sold real estate	1	0	1
Total	25	15	40

Florida Statute 1012.977 states:

An employee who has failed to disclose any outside activity or financial interest as required by subsection (1) shall be suspended without pay pending the outcome of an investigation not to exceed 60 days. Upon conclusion of the investigation, the university or entity may terminate the contract of the employee.

⁴ University Policy No. 1710.075, *Conflict of Interest*, applies to out-of-unit employees and states that, "employment at other educational institutions of higher education is generally defined as a conflict of interest". Special circumstances for permitting employment at another educational institution may include: (1) Emergency need at another institution caused by accident or illness; (2) Summer teaching, if not appointed at FIU; (3) A vocational instruction; (4) Unpaid leave of absence; (5) Acceptance into a faculty/administrator exchange with another institution; (6) Programs approved as part of an inter-institutional agreement; (7) Sabbatical leave when such employment is part of the approved sabbatical proposal; (8) Instruction of a course which is not offered at FIU and in a program that does not exist at FIU. In-unit (United Faculty of Florida) employees are permitted to work at other teaching institutions, so long as the outside activity is disclosed and approved.

Employees Not Engaged in Research

We identified 113 employees who were not engaged in research and had potential undisclosed conflicts (Table 2).

Table 2: Potential Undisclosed Conflicts by Employees Not Engaged in Research	
	Regular
Listed as Officer/Director/Authorized Person of Active Florida Corporation	95
Received Paycheck Protection Loans	6
Simultaneously worked at another public Florida College or University ⁴ (6 in-unit, 1 out-of-unit)	7
Employee sold real estate	3
Employee was related to an FIU supplier	1
Listed as a member of the board directors for another entity	1
Total	113

Aside from what is presented above, we noted 89 temporary employees (not engaged in research) who had undisclosed outside activities. Although management has informed us that temporary employees not engaged in research are not required to disclose, the University's *Conflict of Interest* Policy No. 1710.075 does not address whether such employees are required to disclose. (See Observation No. 10, page 27.)

The University Outside Activity/Conflict of Interest Form states:

An employee's failure to report outside activities and conflicts of interest under the University's policy or to follow any conditions imposed pursuant to the University's review of such activities or conflicts, may be grounds for disciplinary action.

Escalation Process for Non-Compliance

Human Resources' Employee and Labor Relations is responsible for the conflict of interest process. Upon inquiry, we learned that the department's current practice for noncompliance with the University's *Conflict of Interest* Policy was not documented. However, subsequent to our request, Employee and Labor Relations documented the current escalation process, which includes:

1. Contacting the employee directly with a new deadline to comply. This communication is copied to the supervisor and the Human Resource Liaison.
2. Employee is given one last opportunity to comply with the deadline. If the deadline is missed, then a non-compliance letter is placed in the employee's file and the supervisor will hold the employee responsible by reflecting non-compliance in the employee's Performance Excellence Process under the Compliance and Accountability competency section.
3. On the third non-compliant event, the supervisor initiates the progressive disciplinary process (i.e., verbal counseling, written reprimand, suspension without pay, and termination) in conjunction with Employee and Labor Relations.

If employees do not disclose outside activities, then potential conflicts of interests may occur without management oversight.

Recommendations

Human Resources should:	
1.1	Contact the 153 identified employees, understand why they did not disclose, and request they disclose any confirmed outside activities and evaluate if permissible.
1.2	Use lessons learned from recommendation 1.1 to develop scenario-based training material and incorporate them into the conflict of interest training made available to employees.

Management Response/Action Plan

- 1.1 Human Resources has begun to contact the 153 identified employees to determine why they did not disclose and request they disclose any confirmed outside activities if the activity requires disclosure.

Implementation date: September 1, 2022

Complexity rating: 3 – Complex

- 1.2 Based on the information gathered in 1.1, we will determine how to improve the instructions, questions and/or system.

Implementation date: September 1, 2022

Complexity rating: 3 – Complex

2. Annual Disclosure Submissions

In pertinent part, University Policy No. 1710.075, *Conflict of Interest* states:

The Report of Outside Activity Form must be completed on an annual basis and/or when an outside activity begins or substantially changes or has not been previously reported.

There were 8,100 employees active on March 31, 2021, of which 5,784 were either benefit-eligible or were engaged in research during the period January 1, 2021, through March 31, 2021, and were thus required to submit an annual *Outside Activity/Conflict of Interest Form*. Of this subset of employees, 5,549 (96%) submitted the required Form prior to the end of the fiscal year. The remaining 235 employees (4%) did not disclose.

Although the percentage of employees who did not report is relatively small, the impact is significant for those employees who were engaged in research since this could represent a violation of Florida Statute 1012.977, *Disclosure of contracts that affect the integrity of state universities or entities; penalties*, with the attendant consequences. In addition, it presents a learning opportunity for management to enhance the reporting process. The composition of these employees is noted in the table below.

Table 3: Employees who did not Disclose		
	Engaged in Research	Not Engaged in Research
Regular	4	73
Temporary	158	0
Total	162	73

To determine the effectiveness of the new system, management likewise conducted a similar analysis prior to our audit. This analysis resulted in an overall submission rate of 98%. They took into consideration active employees who were benefit-eligible or were engaged in research on March 31, 2021. This differed from our analyses, which included employees engaged in research at any point in time during the period January 1, 2021, through March 31, 2021.

If employees who are required to disclose do not do so, then undisclosed activities could occur and be accepted without management's awareness.

Recommendation

Human Resources should:	
2.1	Follow up with the 235 employees who did not complete <i>Outside Activity/Conflict of Interest Forms</i> , understand why they did not disclose, and request that they disclose.

Management Response/Action Plan

- 2.1 Human Resources will contact the active employees who did not report and follow the established escalation process.

Implementation date: September 1, 2022

Complexity rating: 3 – Complex

3. Employees Engaging in Denied Activities

In pertinent part, University Policy No. 1710.075, *Conflict of Interest* states:

*Any University employee considering outside activity/conflict of interest is required to complete the Report of Outside Activity Form **prior** [emphasis added] to engaging in such activity and may not engage in such activity until the outside activity has been approved.*

During fiscal year 2021, there were 14 denied *Outside Activity/Conflict of Interest Forms* (14 employees). We used data publicly available to determine if any of the employees related to the 14 denied disclosed outside activities still engaged in the activities. We noted that four employees (29%) engaged in the outside activities prior to the activities being reviewed by the University. We also noted two additional employees who continued to engage in the outside activities, despite the activities being denied. We verified that the two employees were working simultaneously with other agencies (Miami Dade College and Miami-Dade Fire Rescue). None of these six employees were engaged in research.

If employees engage in activities prior to their review and approval or subsequent to them being denied, then potential conflicts of interests may occur without management oversight.

Recommendation

Human Resources should:	
3.1	Understand why employees did not properly disclose, evaluate the individual cases, and determine the appropriate steps to take for employees engaging in outside activities prior to approval or in denied activities.

Management Response/Action Plan

- 3.1 Human Resources will review and determine the appropriate next steps based on the scenarios.

Implementation date: May 24, 2022

Complexity rating: 2 – Moderate

4. Significant Financial Interests Not Disclosed

University Procedure No. 2370.005a, *Conflict of Interest in Research*, states:

Each Investigator who is planning to participate, or who is participating in a research project, must disclose to Florida International University the Investigator's Significant Financial Interests (and those of the Investigator's spouse and dependent children) [question 1J on the Outside Activity/Conflict of Interest Form].

We identified 940 employees who were active and engaged in research on March 31, 2021. We reviewed all 940 employees and noted that 878 (93%) of these employees submitted *Outside Activity/Conflict of Interest Forms* and the remaining 62 (7%) did not. Furthermore, of the 878 employees who did disclose, 476 (51%) did not answer "Yes" to question 1J on the *Outside Activity/Conflict of Interest Form*. Consequently, 538 employees (57%) engaged in research did not answer the required Significant Financial Interests questions that are prompted (once "Yes" is answered to question 1J).

If employees engaged in research do not provide responses to the Significant Financial Interests questions, state statutes and federal regulations may be violated.

Recommendations

Human Resources should:	
4.1	Understand why employees did not disclose and ensure that all employees currently engaged in sponsored research, respond to the required Significant Financial Interests questions.
4.2	Establish a mechanism that flags employees paid by externally sponsored research to ensure that in the future, such employees are required to answer the questions regarding Significant Financial Interests.

Management Response/Action Plan

- 4.1 We will determine how to improve the system to ensure that all employees currently engaged in sponsored research respond to the required questions.

Implementation date: May 24, 2022

Complexity rating: 2 – Moderate

- 4.2 Human Resources will create an edit via “PSQuery” that will identify employees paid by externally sponsored research who have not answered the research guidelines before the end of the annual campaign. This query will be available to ORED and the departments to assist in monitoring compliance.

Implementation date: May 24, 2022

Complexity rating: 2 – Moderate

5. Related Party Transactions

Florida Statute 112.313(3), *Doing business with one's agency*, indicates that a public employee shall not do business for their agency with an entity in which their spouse or child is an officer, partner, or proprietor or in which they, their spouse, or child has a material interest of five percent or greater. This statute also covers public employees in their private capacity doing business with their agency.

We applied data analytics techniques and reviewed data publicly available to identify potential related party transactions by employees active at some point during fiscal year 2021. As a part of our analysis, we reviewed all employees. We noted five employees who had related party transactions with the University, totaling \$70,549 during the fiscal year. Our observations are summarized below and are classified based on whether the employees were engaged in research.

Employees Engaged in Research

We noted four related party transactions, as defined in the Statute, with two employees engaged in research, as follows:

- Three transactions totaling \$57,150, in which a Principal Investigator for a project procured services from her spouse. Upon following up on the transactions, ORED informed us that they became aware of the spousal relationship by a departmental administrator in the college in relation to this project. Thereafter, ORED requested that the Principal Investigator submit a monitoring plan for review and referred the matter of the spousal hiring to the Conflict of Interest in Research Committee for their review. During this review, the Committee further learned that work had already been conducted, although an executed contract was not in place. The Committee did not approve the spousal hiring and approved a settlement agreement with the spouse as an individual for the work performed to date for \$24,990, which amount is included in the total above. Further, there would not be any further agreements between the spouse and the University given this nepotism relationship.
- A transaction totaling \$5,188, where an employee provided services to the University for an undisclosed entity that the employee owned. This transaction occurred within the employee's department, and we validated that it was not processed or approved by the employee.

Pursuant to Florida Statute 1012.977, "an employee [engaged in research] who has failed to disclose any outside activity or financial interest as required by subsection (1) shall be suspended without pay pending the outcome of an investigation which shall not exceed 60 days. Upon conclusion of the investigation, the university or entity may terminate the contract of the employee."

Employees Not Engaged in Research

We noted three related party transactions with three employees not engaged in research, as follows:

- A transaction totaling \$3,972 occurred where the employee provided services to the University through a disclosed entity that they own. The transaction did not occur within the employee's department, and we validated that it was not processed or approved by the employee.
- A transaction totaling \$2,439 occurred where the employee provided goods to the University through an undisclosed entity they own. The transaction did not occur within the employee's department, and as such, it was not processed or approved by the employee. Our review of the Florida Secretary of State's Sunbiz website, found three other University employees associated with the business, who also did not disclose their outside activity. Moreover, we noted that the University is listed as the principal address for the business. We are unaware as to why the entity listed the University as its principal address.
- A transaction totaling \$1,800 occurred where the employee provided services to the University through an undisclosed entity they own. The transaction occurred within the employee's department, and we validated that it was not processed or approved by the employee.

Employees who engage in related party transactions may be in violation of Florida Statute 112.313(3), *Doing business with one's agency*.

Recommendation

Procurement Services should:	
5.1	Implement a mechanism to detect related party transactions.

Management Response/Action Plan

- 5.1 Procurement Services will add a Conflict of Interest (COI) question during Supplier On Boarding (SOB) to assist in detecting related party transactions. Procurement Services will institute a quarterly process for running queries on a random subset of suppliers to detect related party transactions. Procurement Services will explore whether there is an automated system for conducting in depth queries during new supplier registration similar to those Internal Audit performed during the testing phase of the audit. Procurement Services has sent out an email inquiry to the other SUS institutions regarding their respective COI SOB processes and will work with the Auditors after gathering that information and exploring automated options to determine the best process for FIU based on risk and available resources.

Implementation date: December 31, 2022

Complexity rating: 3 – Complex

6. Disclosure of Supplier Conflicts of Interest

Pursuant to Florida Statute 112.313(3), *Doing business with one's agency*:

No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer's or employee's spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer's or employee's spouse or child, or any combination of them, has a material interest. Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision.

During our review of suppliers, we noted that suppliers are not directly asked during Supplier Onboarding if potential conflicts exist with University employees or members of the various boards. In the current process, if a supplier goes through Total Contract Manager (TCM), then the University's contract manager is asked whether any potential conflicts exist. However, the response to this question is based on the contract manager's knowledge and familiarity with the supplier. TCM suppliers are not asked directly whether any potential conflicts exist.

For the fiscal year tested, we identified two suppliers that had contracts created and flagged by the University contract manager as having a potential conflict (suppliers were flagged as employees). For one of the two instances, the supplier was not actually an employee, rather a consultant. For the second supplier, the transaction does not appear to violate Florida Statute 112.313, as the total amount of transactions in the aggregate between the business entity and the agency does not exceed \$500 in the calendar year, the permissible limit established by section 112.313(7) F.S., *Conflicting employment of contractual relationship*. We verified that in both instances, the flagged contracts were routed to and approved by one of the responsible areas reflected in Table 4.

Table 4: TCM Supplier Conflict of Interest Approvers	
Person Involved in Potential Conflict	Approving Area
FIU employee (academic)	Academic Affairs
FIU employee (non-academic)	Human Resources
Board of Trustees member, Foundation Board of Directors member, member of an FIU advisory board	General Counsel
Physician	General Counsel

However, upon discussion with one of the reviewers (Academic Affairs), we learned that at the time of performing their contract review in TCM, they believed that they were required only to review the overall contract and were unaware that they also had to review

an identified potential conflict. It appears that adequate training or sufficient information regarding receiving and reviewing potential conflicts through TCM was not provided to these areas.

If suppliers are not formally asked during Supplier Onboarding whether potential conflicts with University employees or board members exist, then potential conflicts may occur without management oversight. Additionally, if TCM reviewers are not aware of the potential conflict identified, then the reviewers cannot conduct adequate due diligence.

Recommendations

Procurement Services should:	
6.1	Establish a mechanism that directly asks all suppliers during onboarding if potential conflicts with University employees or board members exist.
6.2	Provide guidance to all applicable areas (i.e., Academic Affairs, Human Resources, General Counsel) on where the disclosed conflicts are documented and what their responsibility is regarding reviewing conflicts.

Management Response/Action Plan

- 6.1 Procurement Services will add a conflict of interest question during Supplier On Boarding to assist in detecting potential conflicts with University employees and/or Board of Trustees members similar to the question currently included in the TCM and Sourcing processes.

Implementation date: December 31, 2022

Complexity rating: 3 – Complex

- 6.2 Procurement Services will incorporate conflict of interest due diligence guidance into training for current approvers, new approvers (when a new approval role is assigned) and contract managers to assist them with making appropriate determinations for those approvals flagged for a potential conflict of interest.

Implementation date: August 31, 2022

Complexity rating: 2 – Moderate

7. Timeliness of Disclosure Submissions and Review

The University's *Conflict of Interest Approvers' Training*, states that speed in the *Outside Activity/Conflict of Interest Form* approval process is necessary, as a result of Florida Statute 1012.977, *Disclosure of contracts that affect the integrity of state universities or entities; penalties*. For purposes of our tests below, we used 30 days as a baseline for timeliness, since no timeframe has been established to process employee disclosures.

Approvals

Of the 2,119 Forms approved (Figure 1, page 5), we judgmentally selected a sample of 20 Forms (0.9%) and noted that approvals averaged 28 days, which was within our 30-day baseline for timeliness, and thus deemed satisfactory.

Denials

We reviewed all 14 denials that occurred during the fiscal year tested and noted that denials also averaged 28 days, and again was within our 30-day baseline for timeliness, and thus deemed satisfactory.

Pending

We noted 25 (Figure 1, page 5) *Outside Activity/Conflict of Interest Forms* that were in pending status, ranging from 21 to 191 days, as of June 30, 2021. This indicated that somewhere in the workflow an approver has either not reviewed or made a decision on a disclosed outside activity. We subsequently evaluated these 25 pending disclosures on February 9, 2022, and found the following:

- Thirteen were subsequently approved (98 to 281 days after disclosure), with delays for 10 being at the department manager's level and three (3) within Human Resources.
- One was subsequently denied (336 days later) by the department manager.
- One employee subsequently changed the disclosure to "Nothing to Report" (141 days later).
- Ten disclosures to date remain pending in the department manager's queue, ranging from 251 to 415 days after the employee's disclosure.

New Hires

We reviewed submissions for employees hired April 1, 2021, through June 30, 2021, to assess whether new hires disclosed. For the period tested, there were 407 employees who were hired. Of these, 121 employees were required to disclose. We noted that 42 (35%) of these employees had been employed for 30 or more days and had not yet disclosed.

If *Outside Activity/Conflict of Interest Forms* are not timely submitted or reviewed, potential conflicts of interest may occur without management oversight. We understand that different scenarios, especially when ORED is involved and/or when management monitoring plans must be created, may at times require additional time for approval.

Recommendations

Human Resources should:	
7.1	Implement a mechanism to ensure department managers are routinely notified of pending disclosures.
7.2	Consider making completion of the <i>Outside Activity/Conflict of Interest Form</i> a requirement during employee onboarding.

Management Response/Action Plan

- 7.1 The PantherSoft HR system has the ability to send reminders for pending approvals. Our technical team will setup that mechanism for the *Outside Activity/Conflict of Interest* transaction and send pending approval reminder notifications weekly. The system already sends a notification when there is something to approve when it routes to the approver.

Implementation date: April 15, 2022

Complexity rating: 2 – Moderate

- 7.2 Human Resources has already made this part of both the New Employee Experience and the New Faculty Orientation. We will create system notifications to remind them to do it every week until completed starting in the first week of employment.

Implementation date: May 24, 2022

Complexity rating: 2 – Moderate

8. Outside Activity/Conflict of Interest Review Workflow

University Policy No. 1710.075, *Conflict of Interest*, requires that all employees disclose any outside activity before engaging in such activity and obtaining approval from their supervisor and Human Resources.

During our review of the *Outside Activity/Conflict of Interest Forms* process, we noted that direct supervisors do not receive or review the Forms, unless they also happen to be the department manager, and then only if an employee discloses an outside activity or conflict of interest. This occurs because the existing approval workflow does not route to direct supervisors (see Figure 4, page 37).

Although direct supervisors have access to view *Outside Activity/Conflict of Interest Forms* within PantherSoft, if an employee discloses “Nothing to Report,” the disclosure is recorded in the Human Resources system, bypassing any review.

Direct supervisors have the most awareness of their direct reports’ activities. Without being aware of their direct reports’ disclosed outside activities, conflicting activities may go undisclosed and/or supervisors may not be aware of employees engaging in prohibited conflicts. Management has stated that routing all such disclosures, especially those with “Nothing to Report” to direct supervisors may not be efficient. However, direct supervisors should at minimum be aware of their direct reports’ disclosure status.

Recommendation

Human Resources should:	
8.1	Inform direct supervisors of the reporting capabilities for viewing <i>Outside Activity/Conflict of Interest Form</i> submissions in PantherSoft.

Management Response/Action Plan

- 8.1 Although this is included in the training performed for managers, we will include it in the communications as a reminder during our campaign and also remind our HR Liaisons of the reporting features available for departments and business units.

Implementation date: March 31, 2022

Complexity rating: 1 – Routine

9. Outside Activity/Conflict of Interest Form

An employee who proposes to engage in any outside activity, as listed in the *Outside Activity/Conflict of Interest Form*, shall report to their supervisor the details of such proposed activity, prior to engaging in it. The administration is then responsible for reviewing each disclosure to determine if the activity constitutes a conflict or potential conflict of interest, or if there are conditions necessary to manage, reduce, or eliminate the conflict or potential conflict.

We reviewed the *Outside Activity/Conflict of Interest Form* to ensure the questions (Appendix I, page 32) can be easily understood and that the questions include sufficient detail to identify the various potential conflicts that may arise. We noted:

- The existing scenarios do not address professional licenses (e.g., real estate agent, engineers, athlete agents) being actively used that may result in a conflict of time commitment.
- There is no follow-up question to “1C” that prompts the discloser to state the name of the student or employee that is being supervised, within and outside of the University.
- The existing questions do not directly ask employees if they own any business.
- The existing questions do not ask employees if they conduct or plan to conduct business with the University.
- The existing questions do not ask employees if they sit on any boards, even if they are not in the same discipline or field of their work at the University.
- Scenario “1I” is worded in such a way that allows the employee, **not the University**, to determine if the activity may result in a conflict.
- If an employee discloses “Yes” to a scenario, the “Number of Weeks” field is pre-populated to “1”, instead of “0”, which may cause the employee to submit an incorrect Form.

If the *Outside Activity/Conflict of Interest Form* lacks sufficient scenarios, then potential conflicts may not be reported. This was noted in Observation 1 (page 9).

Additionally, during our review of the *Outside Activity/Conflict of Interest Form*, we noted that if an outside activity is denied, PantherSoft does not require the reviewer to provide any comments as to the reason for denial. We understand from management, that even though no comments may be entered in PantherSoft, communications regularly occur with the employee.

Failing to disclose the reason for denial may prevent learning opportunities for both employees and reviewers. Documenting the reason for those denials may likewise serve to prevent or resolve future disagreements.

Recommendations

Human Resources should consider:	
9.1	Expanding scenarios on the <i>Outside Activity/Conflict of Interest Form</i> to include sufficient detail to identify the various conflicts that may arise.
9.2	Modifying the system to require comments by a reviewer if a Form is denied.

Management Response/Action Plan

- 9.1 Our committee has taken the Internal Audit Report recommendations and has revamped the questions to include additional scenarios that need to be taken into account for disclosures.

Implementation date: April 30, 2022

Complexity rating: 2 – Moderate

- 9.2 Human Resources will change the system configuration to make comments required for forms that are being denied.

Implementation date: March 31, 2022

Complexity rating: 2 – Moderate

10. University Conflict of Interest Policy

The University's *Conflict of Interest* Policy No. 1710.075, states:

All employees will disclose any outside activity before engaging in such activity and obtaining approval from [their] supervisor and [the] Division of Human Resources.

However, the current practice does not appear to mirror the policy, which requires that all employees disclose. Instead, the current practice only requires employees who are part of a benefit-eligible salary plan or employees engaged in research, to disclose on an annual basis and/or when an outside activity begins or substantially changes.

If the University's *Conflict of Interest* Policy does not address the current practice, there may be increased confusion among employees and potential conflicts may not be disclosed.

Recommendation

Human Resources should:	
10.1	Amend University Policy No. 1710.075, <i>Conflict of Interest</i> , to align with the current practice.

Management Response/Action Plan

10.1 The Policy is being updated to reflect current practices.

Implementation date: May 31, 2022

Complexity rating: 2 – Moderate

11. Board of Trustees

Timeliness of Conflict of Interest Submissions

The *Florida International University Board of Trustees Conflict-of-Interest Policy* states that each Trustee must file *The Florida International University Conflict of Interest Disclosure Form* with the Secretary of the Board on or before July 1st of each year, unless a change necessitating an amendment occurs prior to July 1st of the following year.

We reviewed the *Florida International University Conflict of Interest Disclosure Forms* for all 12 Board of Trustees and noted that four members (33%) submitted their disclosures between seven and 57 days beyond the due date. The remaining Trustees submitted their disclosures by the due date.

With the existing process, state financial disclosures and University disclosures are both due on the same date (July 1). This may lead to confusion, as Trustees may believe that they have already met the disclosure requirement by reporting to the state.

If the *Florida International University Conflict of Interest Disclosure Forms* are not timely received, the University may not be able to monitor and promptly address any potential conflicts.

Conflict of Interest Policy

The Florida International University Board of Trustees Conflict-of-Interest Policy does not explicitly address Trustees not being permitted to hold any employment or contractual relationship as a legislative lobbyist requiring annual registration and reporting pursuant to Florida Statute 11.045, as required by section 112.313(17) F.S.

Recommendations

The Board of Trustees Office should:	
11.1	Consider changing <i>The Florida International University Conflict of Interest Disclosure Form</i> due date and providing Trustees with reminders prior to disclosures becoming due.
11.2	Expand <i>The Florida International University Board of Trustees Conflict-of-Interest Policy</i> to address the prohibited activities noted in Florida Statute 11.045 and section 112.313(17) F.S.

Management Response/Action Plan

- 11.1 An amendment to the Florida International University Board of Trustees Conflict-of-Interest Policy is being proposed for Board of Trustees consideration at its first regularly scheduled meeting of the 2022 calendar year. The proposed amendment to the Florida International University Board of Trustees Conflict-of-Interest Policy also includes changing the current due date from July 1 to October 1: "Attached is The Florida International University Conflict of Interest Disclosure Form which each Trustee must file with the Secretary of the Board on or before October 1st of each year, unless a change necessitating an amendment occurs prior to October 1st of the following year."

To facilitate Board member submissions of the annual form, the Florida International University Board of Trustees Conflict-of-Interest Disclosure Form may now be completed and submitted electronically.

Implementation date: Immediately

Complexity rating: 2 – Moderate

- 11.2 An amendment to the Florida International University Board of Trustees Conflict-of-Interest Policy is being proposed for Board of Trustees consideration at its first regularly scheduled meeting of the 2022 calendar year. The proposed amendment expands the Conflict-of-Interest Policy to address prohibited activities noted in Florida Statute 11.045, namely that: "No Trustee shall have or hold any employment or contractual relationship as a legislative lobbyist requiring annual registration and reporting pursuant to s. 11.045."

Implementation date: Immediately

Complexity rating: 2 – Moderate

12. Financial Disclosure by Public Officers

Florida Statute 112.3144, *Full and public disclosure of financial interests*, requires that the University assist the Florida Commission on Ethics (“Commission”) in compiling the list of the names, e-mail and physical addresses, and the offices held by every person required to file full and public disclosure annually, as of December 31 of the preceding year.

All public officials and candidates do not file the same degree of disclosure. University employees having the following classifications outlined by the Commission, are subject to disclosure via *Form 1 (Limited Financial Disclosure)*:

- State agency business managers
- Finance and accounting managers
- Personnel officers
- Purchasing agents (regardless of title) with the power to make a purchase exceeding \$35,000

The University’s Compensation Department (“Compensation”) is responsible for overseeing this process. Although employees are ultimately responsible for disclosing directly to the state, the University sends reminder letters to employees’ homes, as well as reminder emails to the corresponding employees and Human Resources Liaisons.

For the most recent submitted year (2020), there were 359 University employees who were included on the list provided to the Commission. We noted that all 359 employees submitted *Form 1* to the Commission. However, the University had not formally documented its methodology for determining which employees fall under each Commission category (i.e., State agency business managers, personnel officers, etc.).

Compensation subsequently provided us with the criteria they applied to identify such employees. We applied these conditions to the population of employees active on December 31, 2020, and noted 11 employees who met the provided criteria but were not included in the list provided to the Florida Commission on Ethics.

Recommendations

Human Resources should:	
12.1	Ensure the 11 identified employees are submitted to the Florida Commission on Ethics.
12.2	Establish a secondary review process to ensure that all applicable employees subject to financial disclosure are included in the list provided to the Florida Commission on Ethics.

Management Response/Action Plan

12.1 Human Resources will submit the 11 identified employees to Florida Commission on Ethics.

Implementation date: Immediately

Complexity rating: 1 – Routine

12.2 The individual responsible for compiling the list of employees subject to financial disclosure will forward the list to the Human Resources Compensation Director for additional review and signoff.

Implementation date: March 18, 2022

Complexity rating: 1 - Routine

APPENDIX I – OUTSIDE ACTIVITY/CONFLICT OF INTEREST QUESTIONS

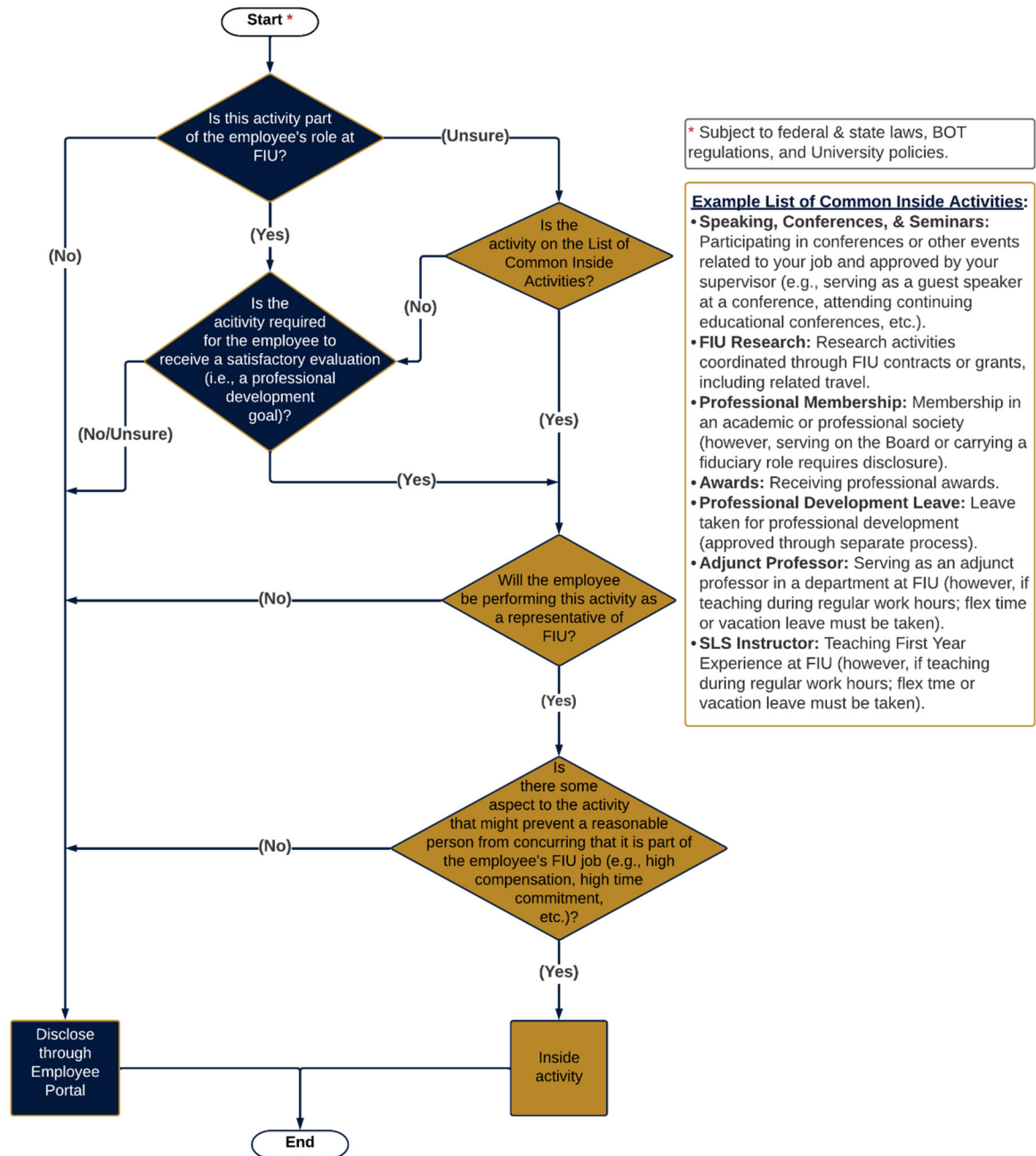
- **1A:** All compensated professional activities, including teaching for another institution.
- **1B:** Outside activities in which you use, incidentally, University facilities, equipment, and/or services.
- **1C:** Outside activities in which you directly or indirectly supervise a student or other employee with whom you also have a supervisory relationship at the University.
- **1D:** Outside activities in which you have the ability or authority to recommend, select, purchase or contract for the goods or services offered by this business and you, your spouse, or child own, or have a material interest (greater than 5% ownership interest) in this business.
- **1E:** You, your spouse or child own, or have a material interest (greater than 5% ownership interest) in a business which competes with the University.
- **1F:** You are a candidate for, or holder of, public office.
- **1G:** You require or recommend the purchase and use of books, supplies, equipment, or other instructional resources created or authored by you or by an entity in which you have a financial interest.
- **1H:** You are engaged in business activities, including service on the board of directors, or other management interest(s) with regard to a business entity in the same discipline or field in which you are employed at this University.
- **1I:** You are engaged, or seek to engage in any employment, contractual relationship, or have financial interests which might create a continuing or recurring conflict between your private interests and the performance [of] your public responsibilities and obligations here at the University, including time commitments. This includes any outside activity in which there is an assignment of your rights to intellectual property.
- **1J:** You are currently participating or planning to participate in a research project at or on behalf of the University. If so, per federal regulations and implementing University policy, you must answer the following questions. See the Conflict of Interest in Research Policy #2370.005 for more detail.
- **1K:** You have appointments, affiliations, activities, interests or collaborative projects (whether paid or unpaid and even if described as honorary, courtesy, adjunct or other similar description) with any foreign university or other foreign

entity or foreign government, including any involvement in any talent programs (e.g., programs in which you have been recruited by a foreign university, entity or government).

- **1L:** Any other outside professional activity which you should reasonably conclude may create a conflict of interest, including a conflict of time commitment.
- **1M:** You, or a member of your immediate family (Immediate family member means a husband or wife, birth or adoptive parent, child, or sibling; stepparent, step-child, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; spouse of a grandparent or grandchild), have an ownership interest in an entity which provides Health Care Goods or Services (Health care goods or services includes: Preventive, diagnostic, therapeutic, rehabilitative, maintenance, or palliative care, and counseling, service, assessment, or procedure with respect to the physical or mental condition, or functional status, of an individual or that affects the structure or function of the body; and the sale or dispensing of a drug, device, equipment, or other item in accordance with a prescription).
- **1N:** You, or a member of your immediate family (Immediate family member means a husband or wife, birth or adoptive parent, child, or sibling; stepparent, step-child, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; spouse of a grandparent or grandchild), have a financial interest in an entity which provides Health Care Goods or Services (Health care goods or services includes: Preventive, diagnostic, therapeutic, rehabilitative, maintenance, or palliative care, and counseling, service, assessment, or procedure with respect to the physical or mental condition, or functional status, of an individual or that affects the structure or function of the body; and the sale or dispensing of a drug, device, equipment, or other item in accordance with a prescription).
- **1O:** None of the above apply.

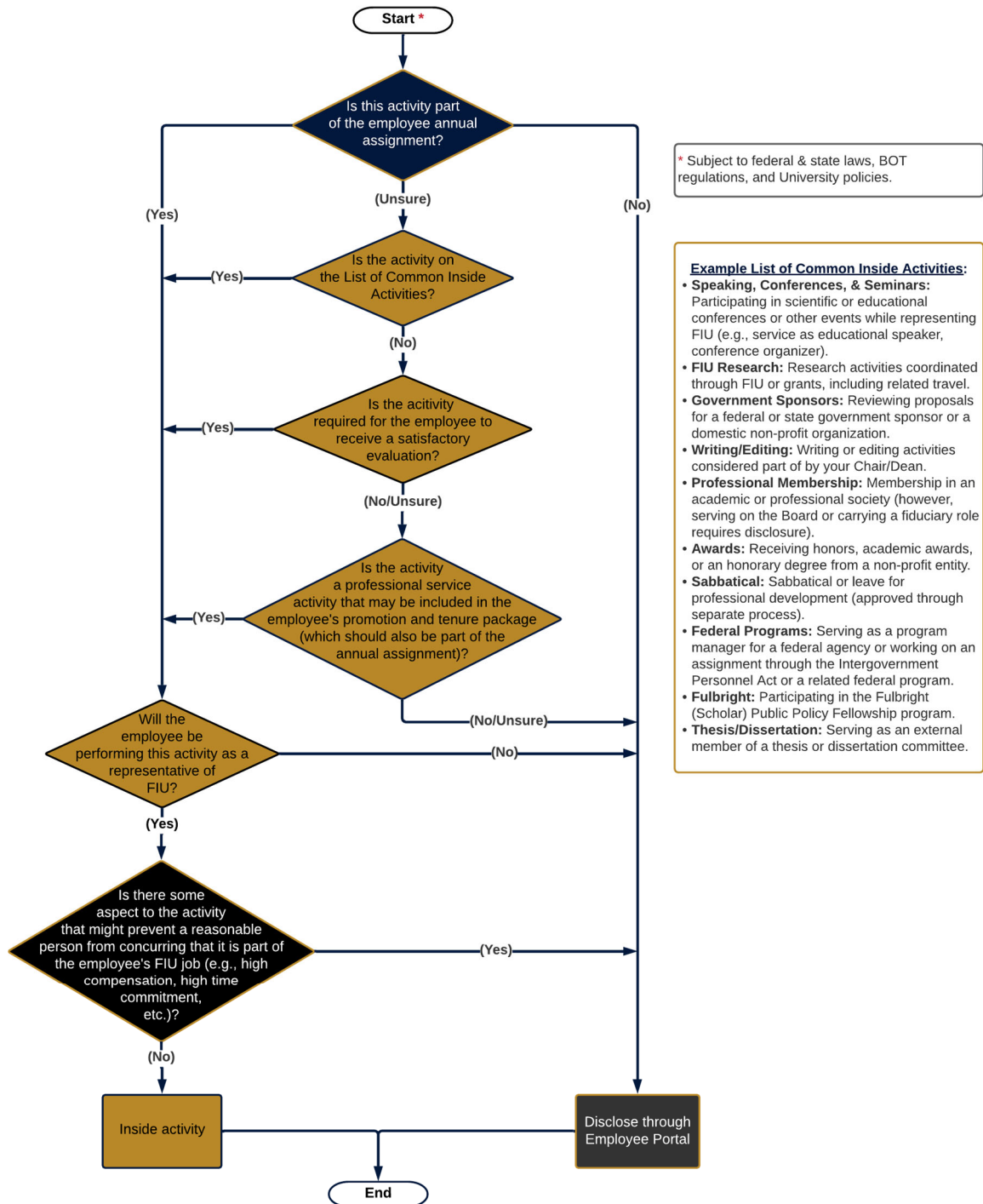
APPENDIX II – DECISION TREES

Figure 2: Inside/Outside Activity Decision Tree for Administrative and Staff



Source: Conflict of Interest Approvers' Training

Figure 3: Inside/Outside Activity Decision Tree for Faculty



Source: Conflict of Interest Approvers' Training

APPENDIX III – WORKFLOW STATUSES

Table 5: Outside Activity/Conflict of Interest Workflow Statuses	
Status	Description
Approved	The disclosed conflict was approved by all applicable individuals.
Denied	The disclosed conflict was denied by at least one of the applicable approvers. If denied, the employee is not allowed to engage in the activity.
Nothing to Report	The employee disclosed that they were not engaged in any outside activity or potential conflict of interest.
Pending	The employee submitted a disclosure but not all approvers have acted on the disclosed conflict.
Pushed Back	One of the approvers wanted modifications to the disclosure and sent it back to the employee.
Saved	The employee entered information to be disclosed but has not submitted the disclosure for approval.

APPENDIX IV – APPROVAL WORKFLOWS

Figure 4: Workflow Approval Process

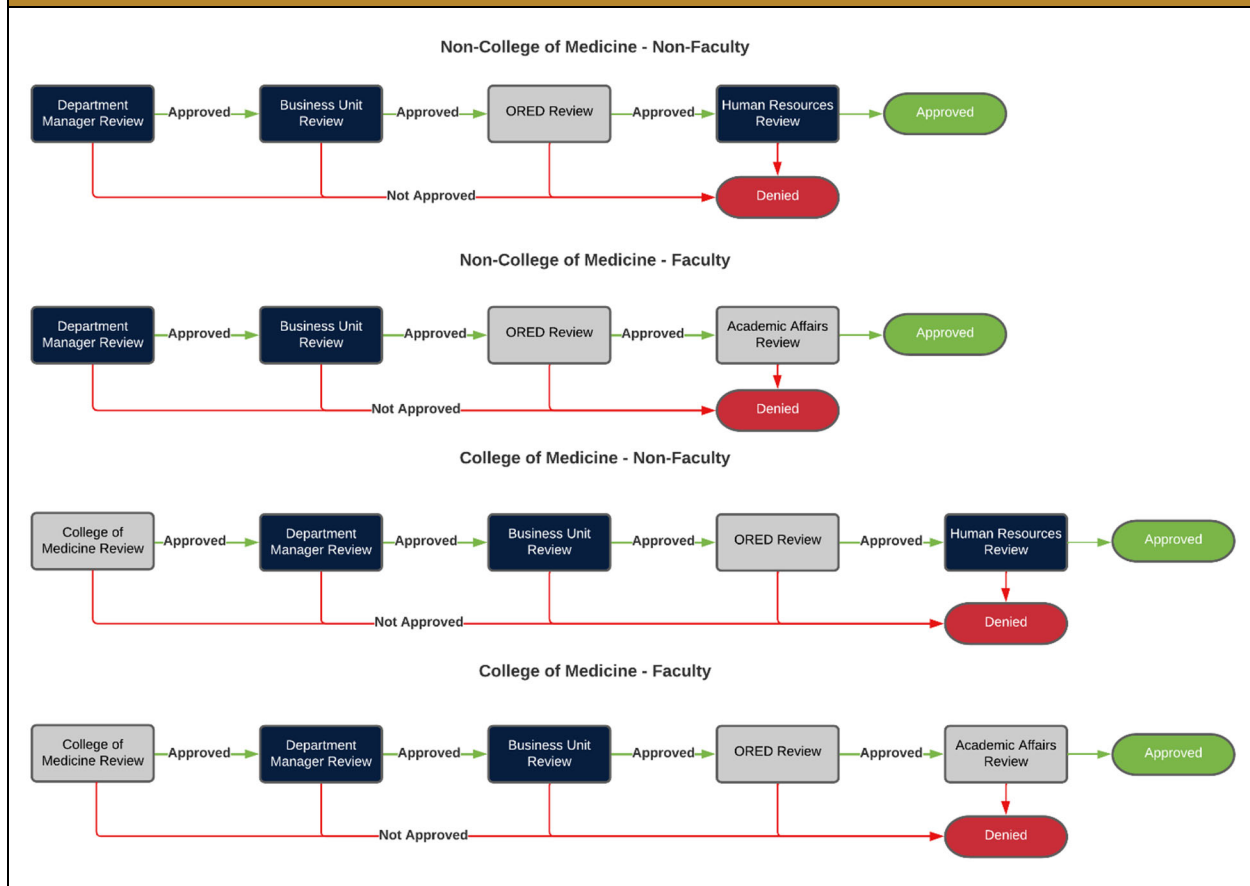
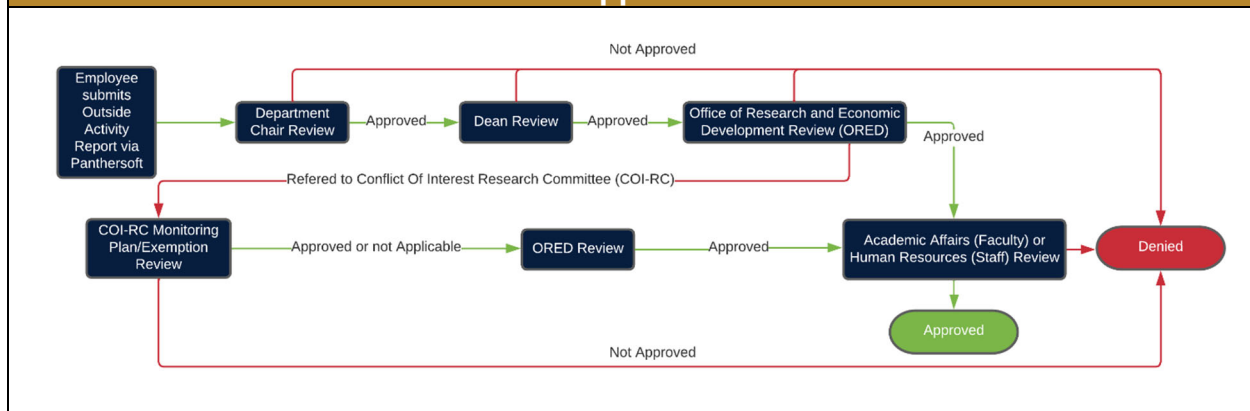


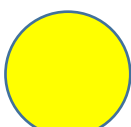



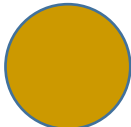
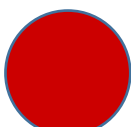



Figure 5: ORED (Externally Sponsored Research Projects) Workflow Approval Process



APPENDIX V – COMPLEXITY RATINGS LEGEND

Legend: Estimated Time of Completion		Legend: Complexity of Corrective Action	
	Estimated completion date of less than 30 days.		Routine: Corrective action is believed to be uncomplicated, requiring modest adjustment to a process or practice.
	Estimated completion date between 30 to 90 days.		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.
	Estimated completion date between 91 to 180 days.		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.
	Estimated completion date between 181 to 360 days.		
	Estimated completion date of more than 360 days.		Exceptional: Corrective action is believed to be complex, as well as having extraordinary budgetary and operational challenges.

*The first rating symbol reflects the initial assessment based on the implementation date reported by Management, while the second rating symbol reflects the current assessment based on existing conditions and auditor's judgment.

APPENDIX VI – OIA CONTACT AND STAFF ACKNOWLEDGMENT:

OIA contact:

Joan Lieuw 305-348-2107 or jlieuw@fiu.edu

Contributors to the reports:

In addition to the contact named above, the following staff contributed to this audit in the designated roles:

Natalie San Martin (auditor in-charge);
Manuel Sanchez (supervisor and reviewer);
Vivian Gonzalez (independent reviewer).

Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.