

FIU

**Office of
Internal Audit**

FLORIDA INTERNATIONAL UNIVERSITY

**Office of Internal Audit
Status Report**



BOARD OF TRUSTEES

March 3, 2022



Office of Internal Audit

Date: March 3, 2022
To: Board of Trustees Audit and Compliance Committee Members
From: Trevor L. Williams, Chief Audit Executive
Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

I am pleased to provide you with our quarterly update on the status of our Office's activities since our last update to the Board of Trustees Audit and Compliance Committee on December 8, 2021.

Projects Completed

Audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity

This is an annual audit that we performed to determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the State University System of Florida Board of Governors (BOG) that support the Performance Based Funding and Emerging Preeminent Metrics. For fiscal year 2021-2022, FIU ranked number one and received \$67.5 million in performance-based funding. The Office of Analysis and Information Management (AIM) is responsible for data collection and submission for Performance Based Funding and Emerging Preeminent Metrics purposes.

The audit concluded that the University continues to have good process controls for maintaining and reporting performance metrics data. In our opinion, the system, in all material respects, continues to function in a reliable manner. Nevertheless, although having no adverse impact on the calculation of the metrics tested, we identified opportunities for process improvement in the areas of information technology and

general controls. Specifically, a review of access controls based on critical roles in PantherSoft should be implemented; the *PantherSoft to BOG Mapping of Elements* document should be reviewed to determine completeness and all auditable fields enabled; former employees' access in the SUDS system should be disabled or deactivated upon termination or transfer; and update the *AIM-BOG Business Process Manual* to include guidance on preeminent metrics.

Audit of Information Technology Controls Over Procurement Services

We performed this audit to determine if information security controls over systems that support procurement activities were adequate and effective during the period July 1, 2020, through November 30, 2021. The audit focused on certain areas of controls. Procurement Services assists the University community with the purchase of goods and services made by FIU faculty and staff using various integrated systems.

Our audit concluded that the systems utilized during the procurement process had adequate controls for least privilege access, audit logging, and change management. Our audit also identified opportunities for strengthening controls and improving processes, as follows: disabling or deactivating terminated employees' access to the Jaggaer procurement system; refraining from creating generic accounts in the system and training accounts in the production environment of the Jaggaer procurement system; improving least privileged and segregation of duties risks by removing incompatible roles wherein the requester, approver of the requisition, and the receiver of goods and services is the same individual; and documenting and maintaining a Business Continuity Plan and a Disaster Recovery Plan.

Work in Progress

The following ongoing audits are in various stages of completion:

<u>Ongoing Audits</u>	
Audits	Status
Conflict of Interest and Related Party Transactions	Draft Report Issued
Admissions Policy Compliance	Fieldwork in Progress
Cybersecurity Prevention and Detection Controls - Ransomware	Fieldwork in Progress
FERPA Compliance	Fieldwork in Progress
Export and Import Controls	Planning

Prior Audit Recommendations Follow-Up Status Report

Since June 1, 2020, University management has been able to utilize the OIA Panther Audit Platform to update and report the status of prior audit recommendations. Upon receiving the submission from management on the Platform, OIA staff performed a substantive examination of the accompanying documentation or revised process to validate the status of the recommendation as reported by management. The outcome from our auditing efforts leads to either acceptance or re-characterization of the reported status.

Since our last report to the Committee on management's progress towards completing past audit recommendations, there were 33 recommendations due for implementation through January 31, 2022. Based on the work performed, we have concluded that 27 of said 33 recommendations (82 percent) were completed and 6 (18 percent) were partially implemented. Management has provided expected completion dates for all recommendations that were not completed. (See table and recommendation summaries on the following pages.) We thank management for their cooperation and encourage continued improvement.

The following graphs display an aging of outstanding audit recommendations as of January 31, 2022, as reflected in the Platform, indicating the number of days remaining before due for implementation and the number of days delayed for those recommendations past due.



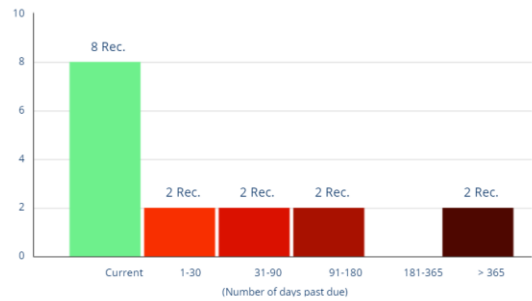
Aging of University Audit Recommendations



Outstanding Recommendations Statistics by Original Due Date

Days Past Due	Number of Recommendations	Average Complexity
Current	8	3
1 - 30	2	3
31 - 90	2	2.5
91 - 180	2	2.5
181 - 365	0	0
More than 365	2	3

Aging Graph



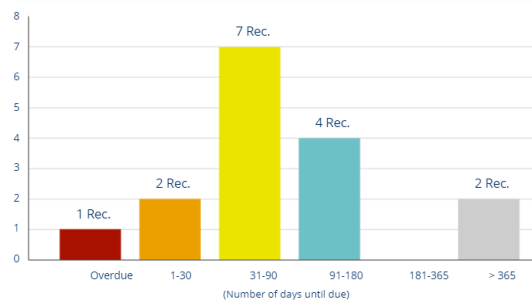
Pending University Audit Recommendations



Outstanding Recommendations Statistics by Revised Due Date

Days Remaining	Number of Recommendations	Average Complexity
Overdue	1	3
1 - 30	2	2
31 - 90	7	2.71
91 - 180	4	3
181 - 365	0	0
More than 365	2	4

Graph - Recommendations Due Within



AUDIT RECOMMENDATIONS FOLLOW-UP

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Athletics Health Service Billing and Collections Process and Contract Performance	1	1	
Grant Accounting - Foundation Funded	1	1	
Healthcare Affiliated Agreements for Student Placement/Rotation	11	11	
Laboratory Safety	9	9	
Nicole Wertheim College of Nursing and Health Sciences	1	1	
University Fleet Management	1	1	
Financial Aid	1		1
Media Sanitization Guidelines and Controls	3		3
Procurement and Competitive Bidding Procedures	4	3	1
Review of Bank Account Reconciliations	1		1
Totals	33	27	6
Percentages	100%	82%	18%

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

Financial Aid (February 10, 2017)

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

Recommendation:

Ensure that courses that do not count towards a program of study are excluded when determining a student's enrollment status and cost of attendance for federal student aid.

Action Plan to Complete:

We will go back to the prototype and bring in the Academic Tech Team to begin testing the prototype. This Phase should be complete by end of April 2022.

Original Target Date: July 31, 2017

New Target Date: April 29, 2022

Media Sanitization Guidelines and Controls (June 30, 2021)

1. Audit Issue: **Sanitization Governance - Data Classification** (Recommendation #1.3)

Recommendation:

Finalize and communicate an organization-wide data classification policy, while aligning Media Sanitation Guidelines with current practices.

Action Plan to Complete:

The Data Stewardship policy (<https://policies.fiu.edu/files/560.pdf>) was updated to add more information regarding the storage and protection of confidential data. The Data classification draft has been shared with some key stake holders in Division of IT, HIPAA Committee, and some IT Admins for feedback on the draft policy. We presented on the different levels of data classification and storage locations for these data types with the ITAC and HIPAA committee. Making some updates/changes to the draft policy based on suggestions or feedback from those that reviewed it. Once changes are finalized the policy will be submitted to compliance to go through the policy process. We have also developed a list of approved storage locations for each of the data classifications. This information has been shared with the ITAC and HIPAA Committee.

Original Target Date: September 30, 2021 New Target Date: February 15, 2022

2. Audit Issue: Sanitization Governance – Tracking and Documenting
(Recommendation #2.2)

Recommendation:

Collaborate with Surplus to develop a tool to electronically document the details required by NIST upon sanitization. Continue to promote the use of the Enterprise Asset Management system.

Action Plan to Complete:

We updated the surplus form with the following fields: Method Used, Verification Method, Media Type, Media Destination, and Verified by. Please see the attachment.

We are still working on the forms and process to digitize them. At first when we reached out to controllers, they were already working on project to digitize the form in PeopleSoft, but since then have discontinued that project. We have had a few meetings with Surplus and Controllers to talk about the project and the workflow. The process is a more complex than what we originally thought. There are multiple forms that need to be approved, we are looking at the flow and the forms to determine the best way to do this. Service Now is used to for the media sanitation requests and we will be using ServiceNow to digitize the surplus form with some workflow so that the right approvers get notified and can approve the forms being submitted. We hope to have this process completed in Spring 2022.

Original Target Date: September 30, 2021 New Target Date: April 1, 2022

3. Audit Issue: Continuous Training of Technology Key Contacts (Recommendation #8.1)

Recommendation:

Collaborate with Surplus to develop an FIU-specific training on the surplus process that includes media sanitization.

Action Plan to Complete:

This recommendation is in progress. We have reached out to the FIU Develop team to get the training posted on FIU Develop as a training open for all users. Payment to host the training on FIU Develop has been made. The presentation used at an ITAC meeting which was used to talk about the surplus process and media sanitation process is being tweaked to be used as the training materials for the training on FIU Develop. Our goal is to have this training available by the end of the Spring Semester.

Original Target Date: December 30, 2021 New Target Date: March 31, 2022

Procurement and Competitive Bidding Procedures (June 23, 2021)

1. Audit Issue: **Spend Analyses** (Recommendation #1.1)

Recommendation:

Develop more advanced spend analyses to better understand spending trends and identify savings opportunities. At minimum, this should include analyses frequency, assignment of responsibility, and monitoring/follow-up of results.

Action Plan to Complete:

Procurement Services has created a report in Spend Radar to capture spend monthly. Part A reports contains total PO, encumbrance, and Pcard spend by Parent supplier except for myFIUmarket POs spend. Part B contains Supplier Name and Supplier ID so that we can see the Pcard and PO and unencumbered spend separately except for myFIUmarket POs spend. Part C contains buyer name and PO number as well except for myFIUmarket POs spend.

We are still working with Jaggaer to update our data in Spend Radar. They are running behind schedule. Jaggaer has informed us that they should have it done by the end of this week for August and September data. We will update the remaining months once we receive the data from Jaggaer. Once the August and September data is received we will upload the completed report as noted above, meet with the PA3 to review the data, and take necessary action, if required.

Original Target Date: December 31, 2021

New Target Date: February 28, 2022

Review of Bank Account Reconciliations (October 27, 2016)

1. Audit Issue: **Reconciliation Process** (Recommendation #1.1)

Recommendation:

Continue exploring ways to automate the reconciliation process, where possible.

Action Plan to Complete:

While our transition to JPMorgan chase is relatively completed, there have been delays in resolving issues with JPM Chase to align the BAI2 file structure to mirror our current matching of data from the Bank vs. the general ledger. Additionally, staff turnover and challenges in filling open positions in our General Ledger bank reconciliation team as well as our FSSS team have greatly impacted the progress in this implementation as well. Our current plan is for the Accounting and Reporting Team along with the FSSS team to commence the planning meetings during March and April 2022 with an expectation of getting the process automated as much as possible within 12 months of completing the project plans. This is all dependent on

the continued support from the current staff. Moreover, if we continue to experience high employee turnover, then this timeline will need to be adjusted accordingly.

Original Target Date: June 20, 2017

New Target Date: April 30, 2022

Investigation and Consulting Activities

The Office of Internal Audit receives complaints of alleged wrongdoing, including suspected fraud, waste, and abuse. We have evaluated the complaints received and are currently investigating those deemed appropriate for our office to investigate and have referred the others to other appropriate units within the University for investigations. Substantiated allegations that are deemed to be significant and credible will be reported to the University President and Board of Trustees. We have no such results to report currently.

Our office continues to provide support, in collaboration with the Office of the General Counsel and the Office of Compliance and Integrity, with the development of University's Fraud Protection and Detection Regulation.

Quality Assurance and Improvement Program Review - Internal Assessment 2021

The Institute of Internal Auditors' International Professional Practice Framework (IPPF) requires the Chief Audit Executive to implement and maintain a Quality Assurance Improvement Program (QAIP) for the audit activity. The Office of Internal Audit (OIA) has implemented a QAIP, which includes the completion of an independent, external quality assessment review (QAR) every five years and ongoing monitoring of the audit activity, as required by the IPPF. An independent, external quality assurance review of the OIA audit activity was last completed in December 2019, wherein the Office received a rating of "generally conforms," the highest rating that can be achieved. The Office's quality assurance monitoring activity includes a detailed review of the working papers and report for each engagement completed. This review is completed by multiple levels of OIA's staff. The Office's monitoring activity also include a periodic internal assessment of the Office's compliance with its standards for engagement quality and operating procedures.

In December 2021, a senior staff member of the OIA completed an internal quality assessment of the Office's internal audit activity and concluded that the OIA generally conforms with the selected Standards reviewed. The reviewer also offered several recommendations, which she believed could enhance certain operational matters. The Chief Audit Executive has developed a plan of actions to address all recommendations offered in addition to certain other matters he believed may warrant his attention.

As recommended by the IPPF, the Chief Audit Executive is providing the complete internal self-assessment report along with the Corrective Action Plan to the Audit and Compliance Committee and senior management for their review.

Professional Development

The audit staff continue to take advantage of available professional development opportunities. In December, five members of the staff attended the 11th Annual Institute of Internal Auditors and Association of Certified Fraud Examiners Joint Fraud Conference. Additionally, the office's two Assistant Directors of Audit attended the Association of Inspectors General's Grant Fraud Red Flags, Lessons Learned & Best Practices event in January.

Other Matters

In collaboration with the Office of the General Counsel and the Chief Compliance and Privacy Officer, the Chief Audit Executive presented and discussed FIU proposed new anti-fraud Regulation FIU-117 to the University's Operations Committee, Deans Advisory Committee, and Executive Committee. Being properly posted and vetted, the regulation is being presented to the Audit and Compliance Committee for its review and consideration and subsequently to the full Board of Trustees for approval and adoption at their March 3, 2022, meeting.

At the Audit and Compliance Committee meeting of September 14, 2021, the Chief Audit Executive informed the Committee that substantive revisions to the Audit and Compliance Charter are anticipated once the University's anti-fraud regulation is adopted. The above-mentioned collaboration team along with the University's Office of the Board of Trustees have reviewed and made substantive changes to the required changes to the Charter, which is being presented to the Committee for its review and approval at its March 3, 2022, meeting.

Mr. Dayan Borges, who has been a professional staff member with the OIA for a year and a half as a Senior Auditor, was selected to fill the previously vacant Audit Project Manager position, through a competitive process. Also, the OIA has added a new senior auditor on staff to fill one of two previously vacant positions. Ms. Leslie-Anne Triana joins the OIA with combined auditing and accounting experience of 14 years acquired both within FIU and externally. Regrettably, effective February 11, 2022, the office's Audit Manager - Information Technology position became vacant with the resignation of Ms. Maria Lopez. This leaves the number of vacancies in the office at two – a Senior Auditor and Audit Manager - Information Technology. The competitive job market along with the accommodations and perks being offered to candidates continue to present a challenge for recruiting and retaining qualified audit talent.