FIU | Office of Internal Audit

FLORIDA INTERNATIONAL UNIVERSITY

Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 22, 2022

Office of Internal Audit

Date: September 22, 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 June 16, 2022.

Projects Completed

Admissions Policy Compliance – We have completed an audit of admissions policy compliance related to the Summer 2020 through Spring 2021 terms for undergraduate students classified as First-Time-In-College (FTIC). The Florida Board of Governors (BOG) sets the minimum requirements for undergraduate admissions for all State University System of Florida institutions, while the University through its policies and procedures can set higher standards. The University accepted 11,673 FTIC students for the Summer 2020 through Spring 2021 terms from 20,177 applications received.

Our audit concluded that Admissions generally has adequate procedures and controls in place to ensure compliance with University policies and procedures, and state laws, rules, and BOG regulations, although instances of non-compliance and opportunities for process improvements were noted. The audit offered nine recommendations, which management has already started implementing. Some examples of how controls could be strengthened include: (1) formalizing the process for establishing the effective implementation date for Admit Grids, to ensure a seamless and consistent application; (2) including all relevant notes and documentation, in PantherSoft and ImageNow, to support the decision to admit a student who does not meet the University's minimum requirements via a permissible alternate admission protocol; (3) ensuring that each admitted student has submitted his/her final transcript and meets the BOG's requirements; (4) developing a quality control process to review manual entries and override changes to EDI data for accuracy and/or proper documentation of rationale and

support for the change; and (5) designing a student role within the Admissions pages of Campus Solutions that would limit student-employee access.

Audit of Admissions Operations' Internal Controls Over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0910-16 – We have completed an audit covering the period from January 1, 2021, to March 31, 2022. The objective of the audit was to determine whether Admissions Operations has appropriate internal controls in place at all times for the security of data obtained from Florida Department of Highway Safety and Motor Vehicles' Driver and Vehicle Information Database (DAVID).

Overall, our audit concluded that the internal controls over personal data obtained by Admissions Operations through DAVID are adequate to protect the personal data from unauthorized access, distribution, use, modification, or disclosure and in compliance with the governing Memorandum of Understanding (MOU). In addition, to the extent we found any deficiencies or issues during the audit, any and all such deficiencies or issues would have been reported and corrected by Admissions Operations, and measures would have been enacted to prevent recurrence, as required by the MOU. We found no such deficiencies or issues.

Audit of Export Controls and Selected Foreign Influence Compliance – We have completed an audit of export controls and selected foreign influence compliance for the period July 1, 2021, through February 28, 2022, and have assessed the current practices through June 2022.

Overall, our audit concluded that the University has developed a comprehensive Export Compliance Program with most areas receiving a satisfactory internal control assessment. Opportunities for process improvements were noted in the areas of foreign gifts and contract reporting, international travel, and international shipments. The audit resulted in eight recommendations, which management has agreed to implement. Some examples of how controls could be strengthened include: (1) adding language to competitively solicited contracts of $100,000 or more that asks suppliers if they have received any foreign gifts, grants, or contracts from foreign countries of concern within the previous five years; (2) developing a mechanism to assess whether sponsored research projects are timely and correctly input into PantherSoft; (3) establishing a timeframe by which foreign travelers should create their Travel Authorization requests in advance of their trip to ensure the Office of Export Controls can approve prior to travel; (4) updating the University's Office of the Controller Travel & Other Expenses Manual to require foreign travelers to complete Expense Reports, whether requesting reimbursement; and (5) evaluating and developing mechanisms to assess whether the current process for international shipping is effective and provides reasonable assurance that employees are complying with University policies.

Work in Progress

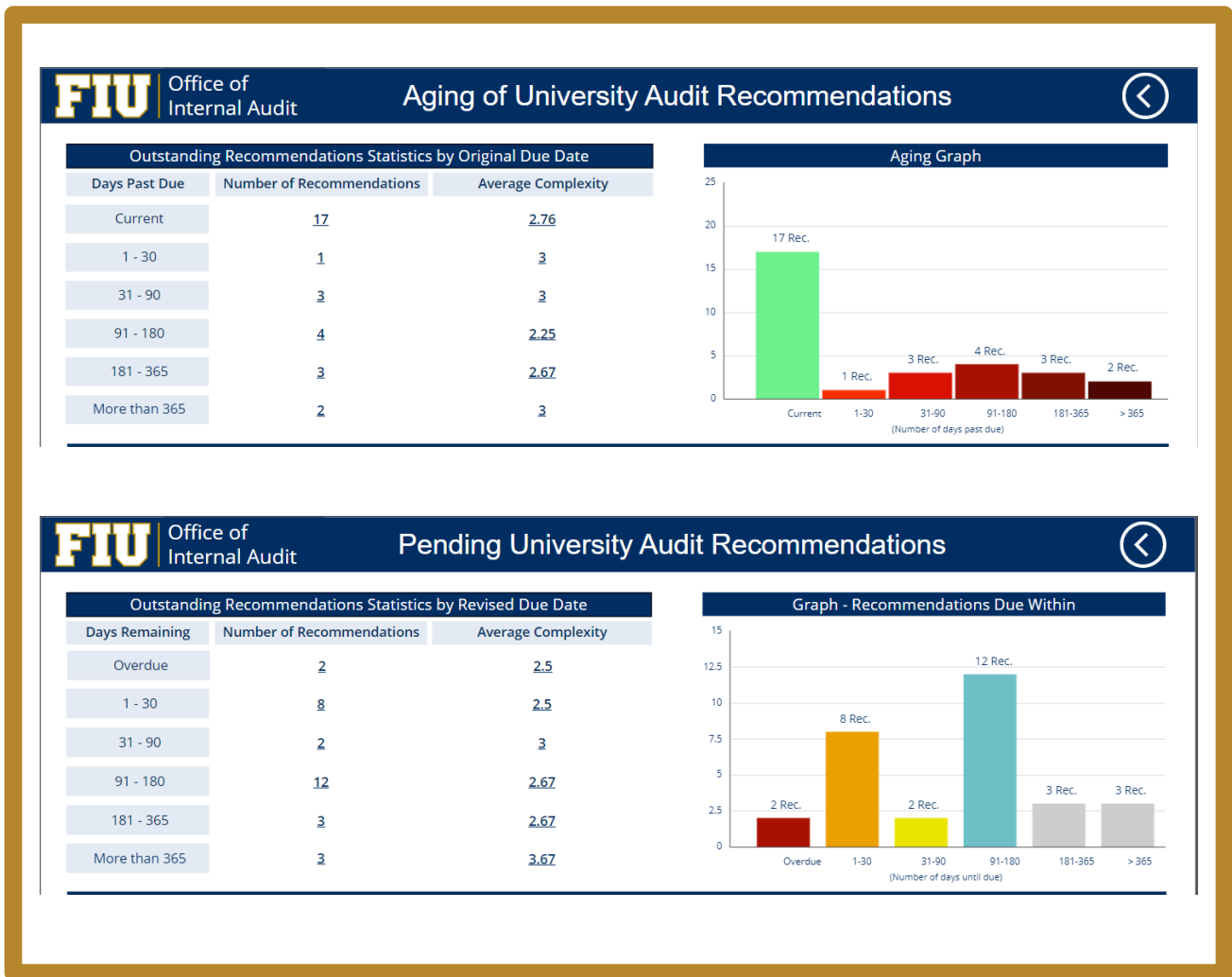The following ongoing audits are in various stages of completion:

Ongoing Audits	
Audits	Status
Student Safety – Hazing Prevention	Draft Report Issued
Cybersecurity Prevention and Detection Controls - Ransomware	Draft Report Issued
Driver and Vehicle Information Database Data Exchange – Parking, Sustainability & Transportation	Fieldwork in Progress
ORED – Training and Policy Compliance	Fieldwork in Progress
Robert Stempel College of Public Health and Social Work	Fieldwork in Progress
College of Arts, Science, and Education	Planning
Performance Based Funding and Emerging Preeminent Metrics Data Integrity (2022)	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 39 recommendations due for implementation through July 31, 2022. Based on the work performed, we have concluded that 29 of said recommendations (74 percent) were completed and 10 (26 percent) were partially implemented. Management has provided expected completion dates for all recommendations that were not completed. (See table and recommendation summaries on the following pages.) We thank management for their cooperation and encourage continued improvement.

The following graphs display an aging of outstanding audit recommendations as of July 31, 2022, based on their original due date, as reflected in the Platform, and the number of days remaining before they are due for implementation, based on their revised due date, respectively. Please note that the total number of past due audit recommendations (13) as appeared in the Platform as of July 31, 2022, and depicted in the aging detail below is different from the total number of partially implemented audit recommendations (10) displayed in the table on the next page because the latter total reflects only audit recommendations that were due for implementation between February 1, 2022, and July 31, 2022, whereas, the former total reflects past due audit recommendations irrespective of the period in which their original implementation date fell.

FIU | Office of Internal Audit — Aging of University Audit Recommendations

Outstanding Recommendations Statistics by Original Due Date

Days Past Due	Number of Recommendations	Average Complexity
Current	17	2.76
1 - 30	1	3
31 - 90	3	3
91 - 180	4	2.25
181 - 365	3	2.67
More than 365	2	3

Aging Graph

FIU | Office of Internal Audit — Pending University Audit Recommendations

Outstanding Recommendations Statistics by Revised Due Date

Days Remaining	Number of Recommendations	Average Complexity
Overdue	2	2.5
1 - 30	8	2.5
31 - 90	2	3
91 - 180	12	2.67
181 - 365	3	2.67
More than 365	3	3.67

Graph - Recommendations Due Within

AUDIT RECOMMENDATIONS FOLLOW-UP			
Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Admissions Policy Compliance	6	6	
Conflict of Interest and Related Party Transactions	13	13	
FERPA Compliance	2	2	
Information Technology Controls Over Procurement Services	3	3	
Laboratory Safety	2	2	
Performance Based Funding and Emerging Preeminent Metrics Data Integrity (2021)	1	1	
Financial Aid	1		1
Healthcare Affiliated Agreements for Student Placement/Rotation	4	1	3
Media Sanitization Guidelines and Controls	3		3
Procurement and Competitive Bidding Procedures	3	1	2
Review of Bank Account Reconciliations	1		1
Totals	39	29	10
Percentages	100%	74%	26%

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 are rebuilding the process with focus on Edunav development and BI reporting.

   1. Test automation process – 8/6/2022 - 8/7/2022
   2. Edunav Insights Boomi Process Development – Completed
   3. Migration of Edunav Insights Boomi Process to Production – 8/12/2022
   4. Create PDA/FIN Aid model to generate report – 8/17/2022
   5. Review EduNav Insights data to integrate into the PDA/FIN Aid model for review – 8/19/2022
   6. Provide report for review – 8/22/2022 (Fall 2022 Starts)
   7. Schedule meeting with team to review report and address any questions - 8/29/2022
   8. Review Report of all the Pell population with Financial Aid and Academic Advising Team - 9/6/2022
   9. Provide report to this group - 9/12/2022
   10. Schedule meeting to discuss the implementation and deployment steps
   11. University wide deployment - 10/28/2022

   Original Target Date: July 31, 2017   New Target Date: October 28, 2022

Healthcare Affiliated Agreements for Student Placement/Rotation
(November 22, 2021)

1. **Audit Issue**: **Affiliated Agreements** (Recommendation #1.3A)

   Recommendation:
   Review all contracts that are being auto renewed and transition them to contracts having a set term and other current contracting requirements of the University.

   Action Plan to Complete:
   Report was extracted from our contract database to determine the total of 83 MD clinical affiliation agreements on autorenewal.

   We reviewed each agreement to determine whether the current contract in question was still needed or should be terminated. The contracts that were still needed we reviewed to update the terms and remove auto renewal language. After our findings, we discussed our agreements with our coordinators, the department of OME, Finance, GME, Legal Counsel and Clinical Affairs. We then created a new Affiliation Agreement with a fixed term period as well as updated Liability and Indemnification language to replace the existing autorenewal agreements. Even though we have been very proactive in reaching out to the sites and with following up, many sites have been either unresponsive or are taking a long time to review and answer us back, which is delaying our progress. We have provided a breakdown of our progress, and at which state each agreement is currently at.

   Original Target Date: July 1, 2022   New Target Date: January 31, 2023

2. **Audit Issue**: **Affiliated Agreements** (Recommendation #1.4A)

   Recommendation:
   Ensure that all affiliated agreements include the appropriate insurance coverage and an indemnification clause, and that insurance coverage is maintained throughout the term of the contract.

   Action Plan to Complete:
   We gathered all our agreements and reached out to our affiliate sites to request a copy of their Certificate of Liability Insurance (COI).

   Upon contacting the sites, we came across a challenge when we discovered that many of these sites either did not meet the insurance limits required in our contracts or that

the sites decided to go Bare as per Florida law. More specifically, out of the 40 COIs received, we discovered that 2 sites did not have any insurance, 13 had some coverage but not full coverage, and 25 did have the full coverage required by FIU. Most of the sites that do not have coverage or have less than the required coverage are private practices. The sites we are working with are essential sites to our medical student rotation and education. At this moment we have continued the relationship with the sites as without student rotation our college will not be able to accomplish its mission.

Original Target Date: July 1, 2022   New Target Date: January 31, 2023

3. **Audit Issue**: **Affiliated Agreements** (Recommendation #1.5A)

   Recommendation:
   Consider implementing a universal contract management system to facilitate management of all affiliated agreements.

   Action Plan to Complete:
   College of medicine has implemented their own internal contract repository. We reached out UCF, FAU and UFL to see what system they used to house the contracts and provide screen shot of where students were rotating through. No solution was identified. Please find the details in the attachment uploaded. [The attachment is not included with this document.]

   Original Target Date: July 1, 2022   New Target Date: January 31, 2023

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 Classification Policy and Procedure have been submitted to the Office of Compliance to go through the policy approval process. The policy will now need to be shared with stakeholders and reviewed by DAC and OPS in order to make it an official university policy.

   Original Target Date: September 30, 2021   New Target Date: December 30, 2022

2. **Audit Issue**: **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. We are still working on the forms and process to digitize them. At first when we reached out to the Office of the Controller, they were already working on a project to digitize the form in PeopleSoft, but since then have discontinued that project. We have had a few meetings with Surplus and the Controller's Office to talk about the project and the workflow. The process is 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. AskIT (Service Now) is used to for the media sanitation requests and all surplus forms are attached to the media sanitation request they pertain to. It is not one to one since a service request can be to sanitize multiple devices. The surplus form is filled out with an MSCID numbers for all devices which have media and signed by Leo from ITSO are attached to the service request. We will continue to follow up with property control on making the process electronic. This will take time to design and implement.

   Original Target Date: September 30, 2021   New Target Date: December 29, 2023

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:
   We have created the training which will be hosted on FIU Develop as an open enrollment course available to all our employees. We are working with the FIU Develop team to get the training up and running. A course shell is currently being created. Attached is the course catalogue request form we submitted for this training. [The attachment is not included with this document.]

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

1. <u>**Audit Issue**</u>: **Blanket Purchase Orders** (Recommendation #3.1)

   <u>**Recommendation**</u>:
   Ensure departments are verifying prices invoiced to the contract.

   <u>**Action Plan to Complete**</u>:
   Procurement Services sent emails to the Contract Managers on 3/29/22 on Invoice Verification and reminding them of the training materials on our website that cover relevant information regarding Procurement, Contract Management, and the Total Contract Manager (TCM) system. We also put an article in the March Panther Post on https://controller.fiu.edu/newsletter-march-2022/#section5.   Once   Procurement Services gets fully staffed, our goal next year will be to update our Contract 101 training to include more information on contract pricing verification.

   Original Target Date: March 31, 2022   New Target Date: March 1, 2023

2. <u>**Audit Issue**</u>: **Header Comments** (Recommendation #5.2)

   <u>**Recommendation**</u>:
   Consider developing a mechanism to identify procurement methodology.

   <u>**Action Plan to Complete**</u>:
   Procurement Services reached out to FSSS on September 29, 2021, to request information on purchase order fields that may be used to better identify procurement method. The Contract ID field was specifically pointed out by Procurement as an area of interest as the Facilities Department is currently using the PeopleSoft contracts module and we would like more information on how it works. Denise Catlin from Facilities met with Procurement on October 19, 2021, to demo the module and to explain how it is being used by FM Construction. We concluded this would not work for our purposes and must therefore continue the consultation/exploratory phase with the FSSS team on which field(s) can be used. However, there was a halt on this endeavor as we had several staffing changes that prevented us from pursuing the goals and projects aligned for FY22. We will resume the conversations with the FSSS team as soon as we are fully staffed, and our new hires are trained. The anticipated date to resume conversations is January 2023. At that time, we will work with FSSS to develop business requirements around the fields available to us. We feel comfortable with this date as there is a way to track procurement method in the interim, which involves a combination of standard comments at header and line level on the purchase

order. We have done our due diligence to try to develop another mechanism to identify procurement methodology.

Original Target Date: March 31, 2022   New Target Date: January 31, 2023

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Review of Bank Account Reconciliations (October 27, 2016)

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1. <u>**Audit Issue:**</u> **Reconciliation Process** (Recommendation #1.1)

<u>**Recommendation**</u>:
Continue exploring ways to automate the reconciliation process, where possible.

<u>**Action Plan to Complete**</u>:
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 of 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/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 continued support from the current staff. If we continue to experience high employee turnover, then this timeline will need to be adjusted accordingly.

Update as of 6/15/22 - As noted in the prior update, both our Accounting and Reporting and FSSS team have had meetings to discuss the strategy to automate certain functions of the reconciliation process along with JP Morgan. One function identified that would have significant efficiency impact is the SF and CS journal matching process since it would automate approximately 76% of the Master Bank account reconciliation process. This can be done since SF and CS journals have a customer reference which is the unique identifier that we currently manually match to the bank reports monthly. Today, matching is being done by downloading the JP Morgan transaction reports and using advanced excel functionality to facilitate the matching process. We have extended the expected completion deadline accordingly to allow for time to complete year end close activities and resolve short staffing issues so resources as available to proceed with this part of the project.

Original Target Date: June 20, 2017   New Target Date: March 31, 2023

Investigation and Consulting Activities

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

We recently completed two investigations alleging fraud and misappropriation of University's resources by individuals who are now former employees of FIU, as they were terminated from the University. We communicated the results of our investigations to the Interim University President and briefed the Board of Trustees Chair and Vice-Chair and the Audit and Compliance Committee Chair and Vice-Chair. Between both investigations, we offered nine recommendations for management's consideration.

The CAE and Office staff provided consulting and advisory services to various University departments, including Records Management and the Office of the Controller.

Professional Development

The audit staff continue to take advantage of available professional development opportunities. Various members of the Office attended training in the following areas: Data Analysis and Sampling for Audit and Controls, Information Technology Control Framework, Agile Auditing, and Open-Source Intelligence Techniques. Additionally, four members of the staff attended a three-and-one-half days hybrid conference hosted by the Association of College and University Auditors in Las Vegas, Nevada.

Other Matters

The CAE attended monthly meetings of the State University Audit Council and the Association of College and University Auditors Finance and Investment Committee.

The Office currently has two vacancies—an Audit Manager position and a Senior Information Systems Auditor II position. Our aim is to be fully staffed at the earliest date that time and circumstances permit.