FIU | Office of Internal Audit
FLORIDA INTERNATIONAL UNIVERSITY
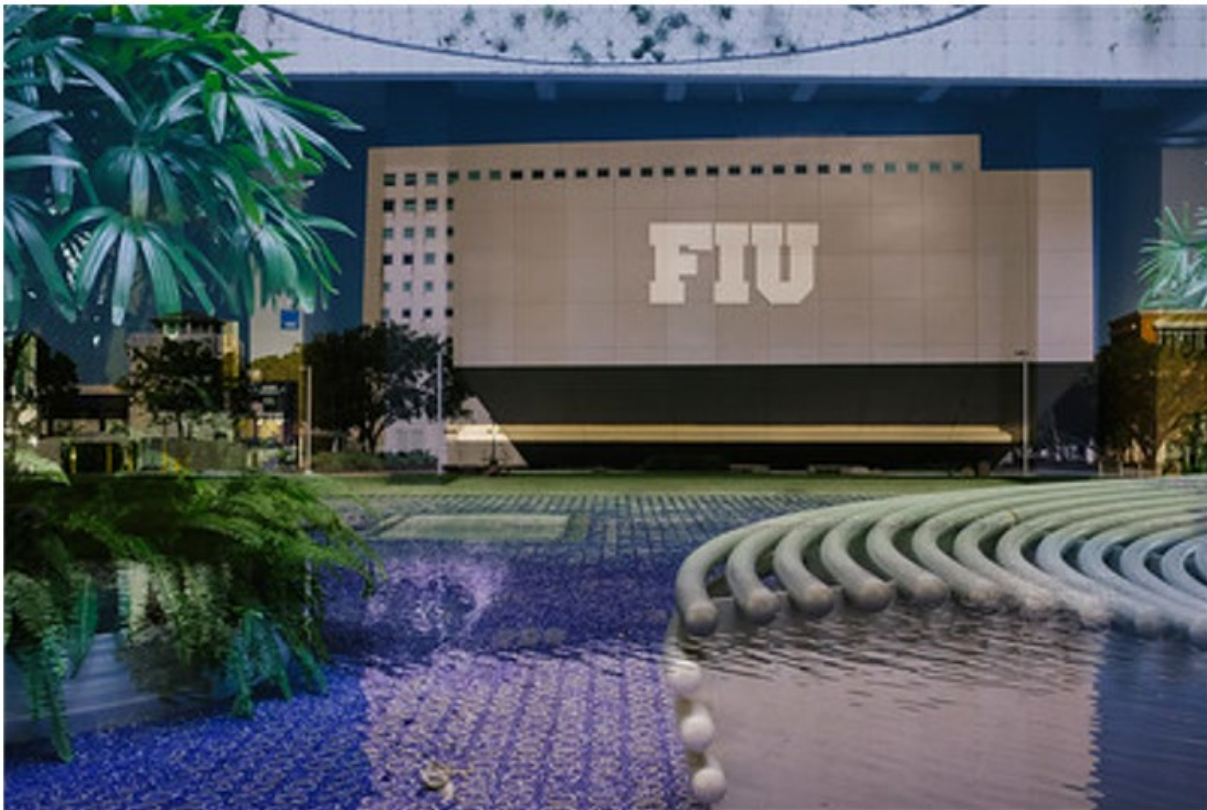
OFFICE OF INTERNAL AUDIT
ANNUAL REPORT 2021-2022

FIU | Office of Internal Audit

FLORIDA INTERNATIONAL UNIVERSITY

Date: August 30, 2022

To: Members of the Board of Trustees of Florida International University
Dr. Kenneth A. Jessell, Interim University President

From: Trevor L. Williams, Chief Audit Executive

Subject: **Annual Report for FY 2021-2022**

In compliance with Florida Board of Governors Regulation 4.002, the FIU Office of Internal Audit has prepared this annual report to summarize the Office's activities for the 2021-2022 fiscal year. Board of Governors Regulation 4.002(8) states that: "By September 30th of each year, the chief audit executive shall prepare a report summarizing the activities of the office for the preceding fiscal year." In addition, Board of Governors Regulation 4.002(6)(d) states that: "The chief audit executive shall develop audit plans based on the results of periodic risk assessments. The plans shall be submitted to the board of trustees for approval." On June 16, 2022, the Board of Trustees' Audit and Compliance Committee reviewed and approved the FIU Office of Internal Audit FY 2022-2023 Internal Audit Plan included herein.

The activities of the Office of Internal Audit and the related reports published during the 2021-2022 fiscal year continued to promote effective controls, operational effectiveness, and opportunities to more efficiently and cost-effectively deliver education and other beneficial services to the students at our University. We have done this with our focus on identifying risks to the University's operations and recommending mitigation controls. In order to serve the University well in this capacity, the Office has made a concerted effort to maintain a stable workforce and to ensure that audit staff continuously enhance their competencies through relevant professional development.

We appreciate the support and encouragement you have provided, and the cooperation extended to us by University staff.

TABLE OF CONTENTS

INTRODUCTION

The FIU Office of Internal Audit (OIA) serves as an independent appraisal function for the University. Our audits of the University's colleges, departments, and programs evaluate financial processes, internal controls, operational efficiencies, and compliance with applicable laws, rules, regulations, and University policies with a view towards ensuring that services are appropriately delivered in the most efficient, effective, and economic manner possible. Our Office is also responsible for investigating allegations of fraud, waste, abuse, or wrongdoing, and whistle-blower complaints.

Vision:

To provide independent, objective assurance and consulting activity designed to add value and improve FIU operations.

Mission:

To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight through a systematic disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and control processes.

Recognizing the need for independence, the Chief Audit Executive (CAE) has direct reporting responsibility to the University's Board of Trustees' Audit and Compliance Committee. In addition, the audit staff has unrestricted access to all persons, records, systems, and facilities of the University. Our Office continues to benefit from this independence as we have not encountered any threats to our independence that may impair our ability to function in a manner consistent with our vision.

To accomplish our work, we prepare a risk-based annual audit plan that is reviewed and approved by the Audit and Compliance Committee. We perform our audit work in accordance with the *International Standards for the Professional Practice of Internal Auditing* adopted by The Institute of Internal Auditors (IIA).

ORGANIZATION

The Chief Audit Executive is appointed by the University President, in consultation with the Chair of the Audit and Compliance Committee, and operates under the general oversight of the University President. The Chief Audit Executive reports, functionally, to the Board of Trustees through the Audit and Compliance Committee and, administratively, to the President through the Chief of Staff. This reporting relationship promotes independence and assures adequate consideration of audit findings and planned corrective actions. The OIA staff reports to the Chief Audit Executive as depicted in the organizational chart below.
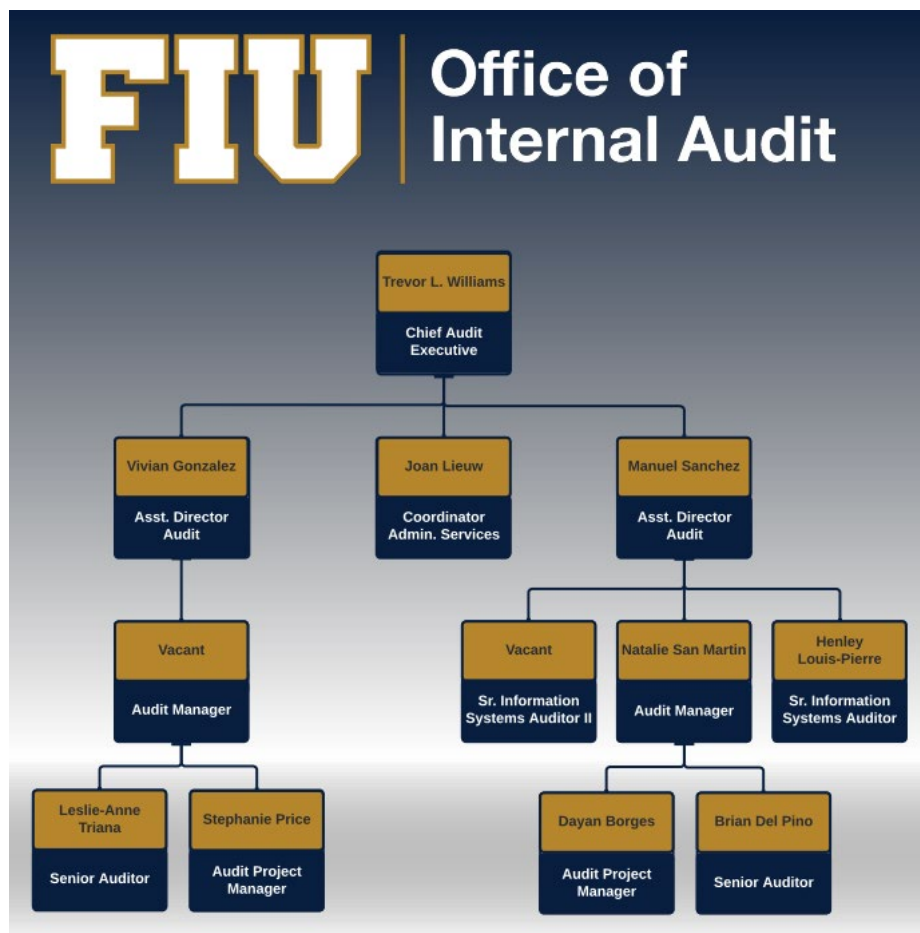
Our Office currently has two vacancies—an Audit Manager position and a Senior Information Systems Auditor II position. Recruitment efforts to fill these vacancies are ongoing.

STAFF PROFESSIONAL DEVELOPMENT

Our internal auditors must be attuned to current practices in internal auditing and must possess the knowledge, technical skills, and other competencies needed to perform their individual responsibilities and to respond to our University clients' needs. Accordingly, we have a mandatory continuing professional development program. The entire audit staff individually receives a sufficient number of approved training hours to comply with the requirements of their professional certification and/or license.

Professional Development

The Office is committed to maintaining a competent, professional staff. To that end, the audit staff continues to take advantage of available professional development opportunities through the various modalities permitted under the circumstances. Collectively, the OIA staff members completed 470 hours of professional development that are related to maintaining their professional competence.

Professional Association

With the aim of having representation in professional organizations that are relevant to our professional discipline, during the year, we also maintained group and individual affiliations with the following professional organizations:

> - *American Institute of Certified Public Accountants*
> - *Association of Certified Fraud Examiners*
> - *Association of College and University Auditors*
> - *Association of Healthcare Internal Auditors*
> - *Association of Inspectors General*
> - *Association of Local Government Auditors*
> - *Information Systems Audit and Control Association*
> - *The Institute of Internal Auditors*

ANALYSIS OF RESOURCE ALLOCATION

The following graph reflects how the OIA's direct staff time was spent during the past five fiscal years:

Five Year Analysis of Direct Time

Legend:
- FY 2018 (10FTE)
- FY 2019 (10FTE)
- FY 2020 (10FTE)
- FY 2021 (11FTE)
- FY 2022 (9.6FTE)

Categories: Audits, Investigations, Consulting, Training

Note:

FY 2020 Consulting efforts include 2,277 hours towards software development by the Office of Internal Audit (OIA) staff for the OIA Panther Audit Platform.

FY 2022 totals comprise 9.6 FTEs, which include four (4) staff who worked less than 75% of the year (2 staff worked 7 months: 1 staff worked almost 4 months; 1 staff worked almost 3 month).

As depicted, our workload is often difficult to predict from year to year as investigations and other unplanned work affect our progress towards completion of all the planned audit projects. Nonetheless, our focus remains on completing the approved audit plan.

AUDIT ACTIVITY

Audit of Laboratory Safety

We completed this audit to assess the University's compliance with applicable laboratory standards, regulations, and best practices, as well as risk mitigation practices in place over lab safety for the period July 1, 2019, through May 31, 2021.

In summary, the audit concluded that the University has established robust policies and procedures and effective governance and oversight practices to enforce regulatory compliance over lab safety. However, the audit also identified gaps in the operations of laboratories—some having a more direct impact on safety, others being operational in nature—that needed to be addressed. Specifically, the following were the conditions we observed and the actions we recommended to strengthen internal controls and processes over lab safety:

- *The process the University's Department of Environmental Health and Safety (EH&S) has for identifying and inventorying covered labs and for managing and monitoring their lab safety inspection efforts is inefficient. EH&S should consider implementing an efficient process to improve management of lab safety inspections.*
- *Lab personnel refresher training completion rate is suboptimal. Ensure lab personnel are current with all required safety training.*
- *Delays in the notification and correction of lab deficiencies were noted. Timely report and resolve identified deficiencies.*
- *Inconsistent use of the chemical inventory system (EHS Assistant) was noted. EH&S should address this issue by ensuring implementation of its new system.*
- *Controlled substances were improperly purchased with departmental credit cards. Ensure controlled substances and other hazardous materials are purchased in accordance with University policies.*
- *Delays in approving payments for hazardous waste expenses were noted. Improve EH&S's internal process to facilitate timely submission of invoices for payment.*
- *Upon termination, certain former lab employees' electronic access to lab spaces was not deactivated and physical keys were not returned. Implement a process to review the access of terminated lab employees and timely remove their access to labs—electronic and keyed—once no longer required.*

Audit of Healthcare Affiliated Agreements
for Student Placement/Rotation

The University has agreements with affiliated healthcare facilities that are vital in providing students with the clinical experience necessary to prepare them for their future careers in healthcare. This audit reviewed contracts with these facilities to ensure compliance with the University requirements and to ensure processes were appropriate for assigning students of the Herbert Wertheim College of Medicine (HWCOM) and the Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) to contracted facilities.

In summary, the audit concluded that HWCOM and NWCNHS have appropriate internal controls for some areas of their operations for managing affiliated agreements. The Colleges have established processes for the execution of affiliated agreements and student placement in those facilities. Combined, the Colleges have almost 1,200 active affiliated agreements, of which, they utilized approximately 55 percent (632) during the period audited. HWCOM contract utilization rate was 80 percent and NWCNHS had a rate of 49 percent. Additionally, HWCOM appeared to have good controls over the timely and accurate payment for the services provided through the affiliated agreements. NWCNHS agreements were not fee-for-service agreements.

Based on the limited testing we performed, students appeared to be satisfied with the program experience. Of note, HWCOM students who voluntarily completed the Association of American Medical Colleges confidential survey offered at the end of their program returned an average overall satisfaction rating of 89.6 percent over the five-year period between 2017 and 2021, with annual ratings ranging from 83.1 percent to 97 percent

Notwithstanding the foregoing, we identified the following gaps in the formation and management of the agreements and student placement prerequisites and actions management should take to strengthen internal controls and processes.

HWCOM & NWCNHS:

- *Some agreements were auto-renewed without contract negotiations. Review all contracts that are auto renewed and transition them to contracts with a set term.*
- *Reference to insurance coverage and an indemnification clause were not incorporated in some agreements. Update the affiliated agreements to include insurance coverage and an indemnification clause.*
- *Support for completion of prerequisite requirements were not always maintained. Ensure appropriate supporting documentation of students' completion of prerequisite requirements are maintained.*
- *Affiliated agreements and information pertaining to student placement and rotation were managed through various systems and processes that promote inefficiencies. A universal contract management system could achieve needed efficiencies.*
- *The Outside Activity/Conflict of Interest Form was not always completed or approved, as required. Ensure all employees complete the Form as required annually and make certain the forms are reviewed and approved by the employees' supervisors.*

HWCOM:

- *Students were placed in a facility with an expired agreement. Execute an addendum to expiring contracts for continuance while the new contract is being negotiated.*
- *Employee's access was not removed from the Volunteer & Employee Criminal History System (VECHS) account provided by the Florida Department of Law Enforcement (FDLE) when their duties no longer required access. In addition, no current employees had access to the System. Ensure access to the VECHS program is monitored and updated.*
- *Employees were sharing user credentials to access the VECHS program. Reinforce the*

Audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity 2021

We performed this audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity for the period September 1, 2020, to August 31, 2021, pursuant to the requirement of Florida Statutes 1001.706(5)(e). The objective of the audit was to determine whether the processes established by the University ensured 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 of the $560 million distributed by the Florida Legislature and Governor.

In summary, 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 the following opportunities for process improvements around information technology and general controls and actions for strengthening said controls:

- *A review of access controls was done based on a specific list of employees instead of based on critical roles. Perform a review of access controls based on critical roles in PantherSoft.*
- *The BOG mapping document had not been reviewed since 2014 and several auditable fields were not enabled. Review the PantherSoft to BOG Mapping of Elements document to determine completeness and ensure all auditable fields are enabled.*
- *Upon termination or transfer, some former employees' access was not disabled or deactivated in the PAWS system. Create a formal process for disabling accounts once no longer required and routinely verify access.*
- *The (Analysis and Information Management) AIM-BOG Business Process Manual does not contain guidance to staff related to preeminent metrics. Update the Manual to include policies and procedures related to preeminent metrics.*

Audit of Information Technology Controls Over Procurement Services

We completed this audit of Information Technology Controls Over Procurement Services for the period July 1, 2020, through June 30, 2021, and an assessment of current practices through November 2021. Our aim was to determine whether established IT controls and procedures over identity access management, least privilege access, segregation of duties, audit logs, change management, and business continuity and
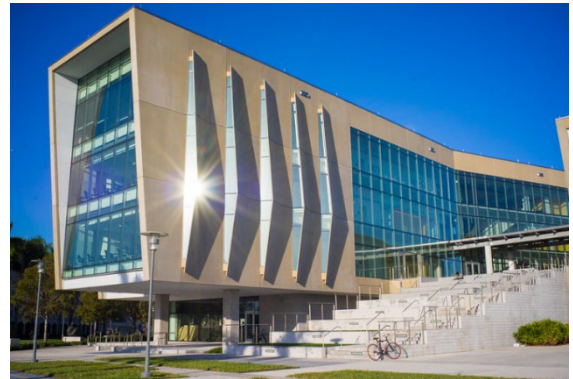
disaster recovery plans for the purchase of goods and services through the University Procurement systems were adequate, effective, and being adhered to.

Overall, our audit found that procedures and controls in place to ensure compliance with the University's procurement systems were generally adequate, effective, and being adhered to. However, we identified the following observations and recommended actions to strengthen general IT controls associated with certain requisition and purchase order processing activities:

- *Upon termination, some former employees' accounts were not disabled or deactivated in the Jaggaer procurement system. Create a formal process for disabling accounts once no longer required and routinely verify access.*
- *Inconsistent creation of users to access the Jaggaer procurement system was noted. Refraining from creating generic accounts is a leading practice for security controls and should be implemented.*
- *Training accounts were noted in Jaggaer procurement system's production environment. Review and reduce access privileges in the production environment to appropriately mitigate least privileged and segregation of duties risks.*
- *Systematically, there was incompatibility in the roles in PantherSoft to enforce segregation of duties between the requester, approver of the requisition, and the receiver of goods and services. Re-evaluate the existing purchasing flow in the system to resolve this noted weakness.*
- *Document and maintain an internal Procurement Services Business Continuity Plan and Disaster Recovery Plan.*

Audit of Conflict of Interest and Related Party Transactions

We completed this audit to assess the effectiveness of University faculty, staff, and administrator's reporting of potential and actual conflicts of interest and related party transactions during the period July 1, 2020, through June 30, 2021, which overlapped the launching of a new Outside Activity/Conflict of Interest reporting process and portal in December 2020. The audit also reviewed the current practices through February 1, 2022.

The audit found 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 percent of 5,784 employees who were subject to report, timely submitted Outside Activity/Conflict of Interest Forms. Despite this high rate of reporting, the audit identified areas for enhancement to the Outside Activity/Conflict of Interest disclosure process that could increase its effectiveness. Some examples of how controls could be strengthened include:

- *Contacting employees who did not disclose identified outside activities or potential conflicts of interest to request that they disclose and to understand their failure to disclose and use the lessons learned to develop training materials and enhancements to the Outside Activity/Conflict of Interest Form questions.*
- *Evaluating the individual cases of employees who engaged in outside activities either prior to the activities being approved by the University or after the activities were denied, and determine the appropriate steps to take for these employees.*
- *Establishing a mechanism to ensure that in the future, employees engaged in research must answer the Significant Financial Interests questions on the Outside Activity/Conflict of Interest Form.*
- *Implementing mechanisms to detect related party transactions involving University employees and to ask all suppliers during onboarding if such potential conflicts exist with University employees or members of the various boards.*
- *Expanding the scenarios on the Outside Activity/Conflict of Interest Form to enable better identification of the various conflicts that may arise.*
- *Amending the University Policy to mirror current practices of who is required to disclose.*
- *Ensuring that the list of employees required to submit financial disclosures to the Commission on Ethics is complete and independently reviewed in the future.*
- *Expanding the Florida International University Board of Trustees Conflict-of-Interest Policy to explicitly address the prohibited activities for trustees noted in section 11.045, Florida Statute.*

Agreed-Upon Procedures for the European Union-financed Grant Agreement Concerning the Jean Monnet Centre of Excellence Erasmus+Programme, Grant Agreement Number – 2018-1707/001-001 for Project No. 600080-EPP-1-2018-1-US-EPPJMO-CoE for the Period Covering September 1, 2018, to August 31, 2021

We performed this agreed-upon procedures engagement at the request of the University's Office of Research and Economic Development. The engagement entailed applying specified detailed procedures agreed to as being appropriate for us to independently verify the cost claimed by the University under the Grant Agreement as reported in the Final Financial Report. We reported our factual findings with regards to said Final Financial Report to the Education, Audiovisual and Culture Executive Agency.

Audit of FERPA Compliance

We completed this audit to determine the extent of the University's compliance with in-scope requirements of the Family Educational Rights and Privacy Act (FERPA) for the period August 1, 2020, through July 31, 2021. Additionally, we assessed the current practices through March 2022 for consistency of compliant practices.

The audit found no repeated or systemic instances of FERPA non-compliance. However, we identified process improvements that could enhance the University's general compliance with the FERPA regulation and offered the following recommendations:

- *Properly identify all employees required to take FERPA training, annually, and implement an automated feature in the system to ensure that all employees complete FERPA training prior to obtaining access to student data.*
- *Ensure supervisor's approval is obtained prior to granting access to a student record role in Campus Solutions.*
- *Ensure all impacted parties are notified once a FERPA violation is confirmed, and ensure privacy related communications sent to such students include links to the FERPA website, Regulation FIU-108, Access to Student Education Records, and/or other applicable contact information.*
- *Consistently maintain and update a log of FERPA requests and potential violations to document actions taken and resolution of identified issues.*

Audit of Admissions Policy Compliance

We completed this audit of Admissions Policy Compliance for the Summer 2020 through Spring 2021 terms for undergraduate students classified as First-Time-In-College.

Overall, our audit concluded that the University Admissions Operations 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 were noted. Opportunities for process improvements were noted for the application and review process and Information Technology (IT) access controls. The audit resulted in nine recommendations, which management began implementing immediately. Some examples of how controls could be strengthened include:

- *Formalizing the process for establishing the effective implementation date for Admit Grids, taking into account the time frame required for IT staff to develop and test, to ensure seamless implementation and consistent application. Thus, students will less likely be admitted with GPA and test scores that are below the University's minimum requirements, as was discovered during the audit.*
- *Including all relevant notes and documentation, in PantherSoft and ImageNow, to support the decision to admit a student who does not meet the minimum requirements set by the University and is admitted through an alternate admission protocol, such as a holistic review or Appeals Committee review. This will improve transparency in the admissions process.*
- *Ensuring that if a student's final transcript is not received, then the existing hold should remain in place until the student provides the documentation to be compliant with the BOG's requirements.*
- *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. This should eliminate or reduce the instances of student grades input errors noted during the audit.*
- *Designing a student role within the Admissions pages of Campus Solutions that would limit student-employee access. This will reduce the risk of student-employees having improper access to the admissions management system.*

Audit of Admissions Operations' Internal Controls Over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0910-16

At the request of the University's Enrollment Management Services, we completed this audit to assess Admissions Operations' internal controls for protecting personal data pursuant to Florida Department of Highway Safety and Motor Vehicles Contract Number HSMV-0910-16 ("Memorandum of Understanding"). Through this agreement, Admissions Operations is provided access to data in the Department of Highway Safety and Motor Vehicles' Driver and Vehicle Information Database (DAVID). Admissions Operations uses the data obtained from the database to verify student information submitted for initial residency classification for tuition purposes. The audit covered the period January 1, 2021, to March 31, 2022.

The audit concluded that based upon the procedures performed and the results obtained, the internal controls over personal data accessed by Admissions Operations through DAVID are adequate to protect the data from unauthorized access, distribution, use, modification, or disclosure and are in compliance with the Memorandum of Understanding. 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 Memorandum of Understanding. We found no such deficiencies or issues.

INVESTIGATION ACTIVITY

One of the responsibilities of the OIA is to investigate allegations of fraud, waste, abuse, wrongdoing, financial mismanagement, and any whistle-blower complaints. Accordingly, from time to time, our Office receives and reviews complaints from various sources: The Chief Inspector General, the Board of Governor's Inspector General, the FIU hotline, University departments, Human Resources, and directly from a complainant.

During FY 2021-2022, our Office received 15 such complaints, and we took the actions depicted in the figure below. We evaluated all complaints received to determine if they are credible and should either be fully investigated by us or referred to an appropriate University staff for follow-up. Generally, complaints we determined not to be credible or meeting certain additional criteria were closed to investigation by our Office.

Complaints Received by the Office of Internal Audit

- ☑ Fully Investigated
- ☑ Evaluated and Closed
- ■ Evaluated and Referred to Other Units

4
8
3
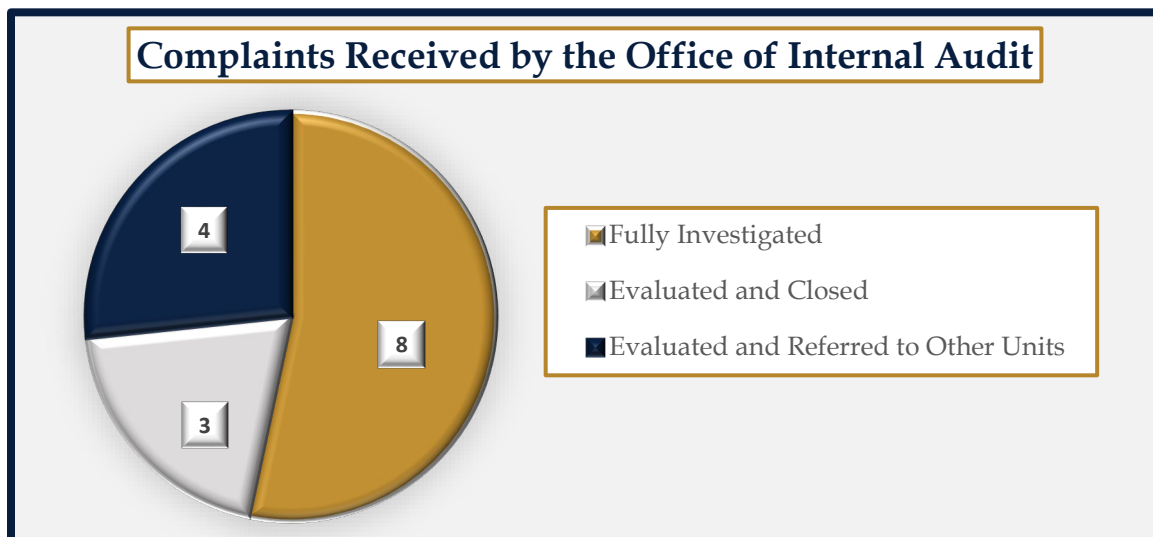
BOG regulation requires that an appropriately redacted final investigative report shall be submitted to the appropriate action officials, board of trustees, and the Board of Governors if, in the CAE's judgment, the allegations are determined to be significant and credible.

CONSULTING ACTIVITY

During the fiscal year, our Office has taken advantage of opportunities to provide support, in an advisory capacity, to University management. The following are some areas where OIA's resources were utilized in providing consulting services to management:

- Higher Education Emergency Relief Funds (HEERF I, II, and III) use guidelines
- Draft BOG Regulation on Foreign Influence
- Revisions to the Audit and Compliance Charter
- Use of material and supply fee and student activity fee
- Refunding of graduate orientation fee

AUDIT FOLLOW-UP ACTIVITY

Our Office has a systematic process for following up on outstanding audit recommendations through their implementation. Each month, through the OIA Panther Audit Platform, automatic notifications are sent to the issue-owners of recommendations that are due for implementation. The self-reported status of the recommendations by management and their verification and validation by audit staff are documented in the Platform. We believe this tool advances our audit follow-up function to a posture of greater accountability from University management. The results of our audit follow-up activity are reported to the University President and Board of Trustees on a six-month interval.

During FY 2021-2022, there were 63 recommendations that were due for implementation. Through our validation of the reported status, we concluded that 50 recommendations (79 percent) were completed and 13 (21 percent) were partially implemented.

Implementation Status of Audit Recommendations For FY 2022

Partially Implemented 21%

Completed 79%
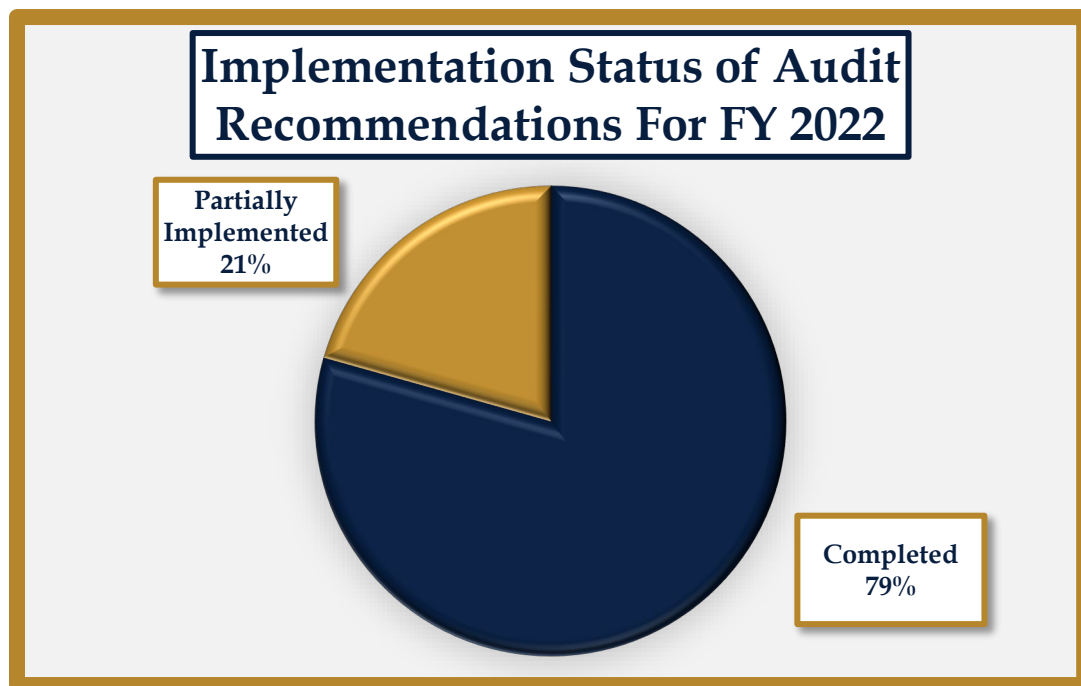
RISK MANAGEMENT

University Anti-Fraud Framework

With the adoption of the Florida Board of Governors Regulation 3.003, *Fraud Protection and Detection*, we collaborated with the University General Counsel and the Chief Compliance and Privacy Officer in drafting a new University anti-fraud regulation for adoption by the Board of Trustees. The adopted regulation promotes zero-tolerance for fraudulent activity and establishes criteria for a risk management framework that provides reasonable assurance that fraudulent activities within the University's areas of responsibility are prevented, detected, reported, and investigated.

In addition, through our periodic and engagement level risk assessments, we may identify risks faced by the University. Risks that are evaluated as significant or high are considered for audit coverage either during a planned or current audit. Similarly, while performing an audit, we may uncover certain risks, conditions, or matters of concern, which we will report and recommend that management take the necessary corrective action. We have found that all such recommendations made to management during FY 2021-2022 have been accepted by management. Pointedly, there were no known risks determined by us as being unacceptably high and communicated to management that were accepted by management, demonstrating their continued commitment to maintaining a posture of effective risk management.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM REVIEW (QAIP)

The Institute of Internal Auditors' International Professional Practice Framework (IPPF) requires the Chief Audit Executive to implement and maintain a QAIP for the audit activity. 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 QAR 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 detailed, multiple-level reviews of the working papers and report for each engagement completed and periodic internal assessments of the Office's compliance with its standards for engagement quality and operating procedures.

During the year, 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 developed a plan of action to address all recommendations offered in addition to certain other matters he believed warranted his attention.

OTHER ACTIVITIES

Newsletter and Technical Alerts

During the year, we published our newsletter, *FIU Office of Internal Audit Risks* ❖ *Controls* ❖ *Compliance Alert* that provided content to inform FIU stakeholders about existing and emerging risks borne out of recent and past audits, as well as other important resources. In addition, the newsletter highlighted a recent success story of applying good internal controls or other practices. Additionally, our Office continued the practice of disseminating all published audit reports to all vice presidents within the University and other key personnel to make them aware of common audit issues found through our audits. Our aim is to add value to the University and strengthen accountability through the information contained in our newsletter and technical alerts.

RISKS | CONTROLS | COMPLIANCE ALERT

Newsletter Volume 3 | Issue 1 | January – March 2022

IN THIS ISSUE
- Recent Success – Don't forget to Disclose
- Getting Ahead of the Curve
- Steps To Prevent Errors and Delays in the Reimbursement of Employee Expenses

RECENT SUCCESS – DON'T FORGET TO DISCLOSE

Newsletter Volume 3 | Issue 1 | January – March 2022

IN THIS ISSUE:

State University System Regulations

During FY 2021-2022, the Florida Board of Governors issued draft revision of the four regulations comprising Chapter 4, *Audit and Compliance*, of its regulations for comments. We completed a detail review of the proposed changes and provided comments thereon to the Board of Governor's Office of Inspector General and Director of Compliance.

State University Audit Council

The CAE maintained participation in the State University Audit Council through his attendance at the Council's monthly meeting of fellow State University System CAEs and representatives from the Board of Governor's Office of Inspector General and Director of Compliance. The meetings provided an avenue for discussing the various matters that are of concern to the communities represented by the attendees.

AUDIT PLAN

Every year, the Board of Trustees approves a risk-based plan prepared by the CAE. In preparing the plan, the CAE consults with senior management and the Board of Trustees and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The CAE reviews and adjusts the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls, and updates the Board of Trustees on any required changes.

This approach fulfills our goal of allocating internal audit resources effectively and focusing on the imminent risks to the University's operations. The 2022-2023 plan factors into its development the corollary of the recruitment challenges of finding appropriately qualified candidates to fill open positions.

Risk Assessment

In developing this year's audit plan, we completed a University-wide risk assessment by requesting business and instructional unit leaders to indicate and rate the top 10 to 15 risks that could impact their fulfilling the missions and goals of the units for which they have oversight. They were instructed to consider relevant risk factors, including operational, safety, financial, regulatory, and reputational risks. Additionally, we provided the tool for capturing and reporting their assessment.

Upon receipt of the risk assessments, we analyzed the stated risks, related controls, and rating. As a part of our analysis, we considered additional factors, including materiality, regulatory requirements, area of special concern, inherent risk, and past audit coverage to inform the extent of our concurrence with the indicated rating. Our analysis also benefited from personal discussions with selected senior staff members. The process also

involved us considering the 2022-2026 Five-year Audit Plan that was reviewed by the Board of Trustees last year. Through this collective effect, we adjusted the risk ratings and areas of audit focus for relevance and timing, as needed.

A compilation of the risks and their relative rating, based on the established rating criteria, is presented in the Risk Assessment Heat Map on the following page. To achieve the best use of audit resources, we continue to focus our audit coverage to areas of high risks (mainly those falling within the red section on the heat map). Nevertheless, some risks that fall within the orange section of the heat map may also receive some audit coverage. This focus is reflected on the combined Risk Assessment/Five-Year Audit Plan (pages 22 - 23). At the same time, we acknowledge that some risks identified might not be the subject for auditing, but rather simply need mitigating actions by management. We collaborate with the Office of University Compliance and Integrity on developing strategies for addressing and mitigating the other identified risks.

At its June 16, 2022, meeting, the BOT approved the audit plan for the 2023 fiscal year presented on page 21.

FLORIDA INTERNATIONAL UNIVERSITY

THE OFFICE OF INTERNAL AUDIT UNIVERSITY RISK ASSESSMENT HEAT MAP

IMPACT			Remote	Less than likely	Likely	Very likely
	Lasting damage to reputation, operations & funding.	Severe	14	23	14	12
	Disrupts operations over months; up to $1M at risk.	Significant	28	64	54	16
	Short-term negative effects/press; up to $250K at risk.	Moderate	29	85	32	14
	Minor regulatory or reputational effects; < $25K at risk.	Negligible	36	20	5	2
			Remote	Less than likely	Likely	Very likely
			Chance of occurrence < 10%	Chance of occurrence = 10% - 30%	Chance of occurrence = 30% to 75%	Chance of occurrence > 75%

LIKELIHOOD

Approved Audit Plan for FY 2023	
Carryover Audits:	
College of Public Health & Social Work Operational Controls Operational Controls •	
Information Technology Cybersecurity Prevention and Detection Controls •	
Information Technology Data Breach of Protected Information •	
Research & Development Research Training and Policy Compliance •	
University-wide Export Controls •	
University-wide Student Safety – Hazing Prevention •	

Proposed New Audits:	
Unit/Department	**Area of Focus**
Analysis and Information Management	Performance Based Funding Metrics Data Integrity •
Athletics	NCAA Football Attendance Certification •
College of Arts, Science, & Education	Operational, Financial, & Information Technology Controls •
Enrollment Services	Motor Vehicle Internal Control & Data Integrity •
Parking & Transportation	Motor Vehicle Internal Control & Data Integrity •
Plant Operations & Maintenance	Facilities Inspection & Deferred Maintenance •
University-wide	Follow-up of Prior Audit Recommendations •
Targeted	Continuous Auditing

No	Operational Unit/Area	General Subject Matter	Risk Index	Past Audit Coverage				Planned Audit Coverage				
				Prior	2020	2021	2022	2023	2024	2025	2026	2027
1.	Academic Affairs	Student Health Center	(2/4)	x					✓			
2.	Academic Affairs	Applied Research Center	(3/3)							✓		
3.	Academic Affairs	Food Network South Beach Wine & Food Festival	(2/4)	x					✓			
4.	Academic Affairs	COVID-19 Related Student Fee Refund – (3/2)	[3/1]			x			✓			
5.	Analysis & Information Management	Performance Based Funding Metrics Data Integrity	(2/2)	x	x	x	x	✓	✓	✓	✓	✓
6.	Athletics	Major NCAA Violations	2/3						✓			
7.	Athletics	Title IX Violations	3/2						✓			
8.	Athletics	Health Services Billing & Coding Process – (2/4)	[1/1]			x						
9.	Athletics	NCAA Football Attendance Certification	(2/3)	x	x			✓	✓	✓	✓	✓
10.	Capital Construction	Project Administration & Funding	(2/4)	x					✓			
11.	College of Arts, Science, & Education	Operational/Financial Information Technology & Controls	(2/3)	x				✓				
12.	College of Business (Chapman)	Operational and Financial Controls	4/4	x						✓		
13.	College of Medicine	Affiliated Agreements For Student Placement & Rotation	3/4	x			x					✓
14.	College of Medicine	Human Subject Research Controls	4/4	x					✓			
15.	College of Nursing and Health Sciences	Auxiliary Funded Programs Operations	(3/2)		x					✓		
16.	College of Public Health & Social Work	Operational/Financial & Information Technology Controls	(3/2)					✓				
17.	Enrollment Services	Motor Vehicle Internal Controls & Data Integrity (4/1)	[3/1]	x	x			✓		✓		
18.	Environmental Health & Safety	Lab Safety	3/4	x		x				✓		
19.	Environmental Health & Safety	Hazardous Wastes & Materials Management	2/4	x		x				✓		
20.	Environmental Health & Safety	Regulatory & Code Compliance	2/3	x		x				✓		
21.	External Relations, Communications, & Marketing	Comprehensive/Coordinated Content Driven Solutions	4/3						✓			
22.	External Relations, Communications, & Marketing	Brand Alignment and Affinity Management and Digital/Web Communication Standards Compliance	4/4						✓			
23.	Financial Management	Purchasing & Competitive Bidding Process	2/3	x	x	x				✓		
24.	Financial Management	Treasury Management - (1/2)	[3/4]		x							✓
25.	FIU Foundation	Donor Intent/Confidentiality - 2/3	[2/2]	x		x				✓		
26.	Housing & Residential Life	Student Housing	4/2	x						✓		
27.	Human Resources	New Employee Document Verification Process - 4/3	[3/2]			x				✓		
28.	Human Resources	Payroll	(4/3)	x					✓			
29.	Human Resources	Overpayment of Terminated Employees	(3/2)	x					✓			
30.	Information Technology	Data Breach of Protected Information	3/4	x				✓				✓
31.	Information Technology	IT Physical Controls	3/3	x							✓	
32.	Information Technology	Panther Tech	(3/3)									✓
33.	Information Technology	Data Loss Prevention Controls	(3/2)	x	x				✓			
34.	Information Technology	Cybersecurity Prevention and Detection Controls	(4/3)					✓				✓
35.	Information Technology	Vendor Management	(3/3)	x						✓		
36.	Information Technology	Physician Assistant Program – IT Controls	(3/2)						✓			
37.	Information Technology	Media Sanitation Guidelines & Controls	(3/3)			x					✓	
38.	Instruction & Academic Support	Grading Integrity Management	4/3						✓			
39.	Parking & Transportation	Motor Vehicle Internal Controls & Data Integrity - (4/1)	[3/2]	x		x		✓				
40.	Plant Operations & Maintenance	Motor Pool (University Fleet Management)	(4/2)	x		x						✓
41.	Plant Operations & Maintenance	Access Controls – Secure Locations	3/3	x			x					✓
42.	Plant Operations & Maintenance	Facilities Inspections & Deferred Maintenance	3/3	x				✓				
43.	Plant Operations & Maintenance	Construction Accident Reporting	2/4						✓			
44.	Plant Operations & Maintenance	Student Safety – Safety Athletic & Recreational Facilities	2/3	x					✓			
45.	Police Department	Jeanne Clery Act Compliance	(2/4)	x							✓	
46.	Research & Development	Research Training & Policy Compliance	3/3	x				✓				✓
47.	Research & Development	Biohazards Response Management	2/3	x							✓	
48.	Research & Development	Foreign Influence Regulatory Compliance	2/4						✓	✓	✓	✓
49.	Research & Development	Information Technology Controls	(3/4)						✓			
50.	Research & Development and College of Medicine	Plagiarism & Research Misconduct Management & Controls	3/3						✓			
51.	Student Affairs	Children's Creative Learning Center	(3/3)	x						✓		
52.	University-wide	Accounts Receivable Process	(3/2)		x						✓	
53.	University-wide	Conflict of Interest & Related Party Transactions	3/3	x			x			✓		

No	Operational Unit/Area	General Subject Matter	Risk Index	prior	2020	2021	2022	2023	2024	2025	2026	2027
	Florida International University Office of Internal Audit **Risk-Based Five-Year Audit Plan**			Past Audit Coverage				Planned Audit Coverage				
54.	University-wide	Export Controls	4/4					✓				✓
55.	University-wide	Payroll Irregularities and Fraud Controls – 3/3	[3/2]			x						✓
56.	University-wide	Grant Accounting – Auxiliary & Foundation Funded – 4/4	[3/2]			x					✓	
57.	University-wide	FERPA Compliance	3/3	x			x					✓
58.	University-wide	COVID-19 Financial Assistance Compliance – 3/4	[3/2]			x			✓			
59.	University-wide	Natural Disaster Preparedness & Response	3/4						✓			
60.	University-wide	Use of Student Fees	2/3	x								✓
61.	University-wide	Grant Expenditure Controls	2/3	x							✓	
62.	University-wide	General Data Protection Regulation Controls	(3/4)						✓			
63.	University-wide	Background Check – Volunteers & Third Parties	(4/3)	x					✓			
64.	University-wide	Student Safety – Hazing Prevention – (3/4)	[2/3]					✓				
65.	University-wide	Admissions Policy Compliance	(3/4)				x					✓
66.	University-wide	Follow-up on Prior Audit Recommendations	(4/1)	x	x	x	x	✓	✓	✓	✓	✓
67.	Targeted	Continuous Auditing	N/A					✓	✓	✓	✓	✓

Note: The Risk Index represents the coordinates of the X and Y axes as plotted on the Risk Assessment Heat Map. Parenthetic Risk Index is assigned by OIA to specific audit project identified through analyses other than the risk assessment survey tool. Bracketed Risk Index represents the adjusted risk rating for the general subject matter. Where such an adjustment is made, the initial Risk Index appears in the title line of the general subject matter.