



Office of Internal Audit Status Report



Board of Trustees

June 15, 2023



Office of Internal Audit

Date: June 15, 2023

To: Board of Trustees Audit and Compliance Committee Members

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:" field.

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 February 23, 2023, we have completed the following projects:

Projects Completed

Audit of the Robert Stempel College of Public Health & Social Work Internal Controls

We have completed an audit of Robert Stempel College of Public Health & Social Work Internal Controls for the period July 1, 2021, through June 30, 2022, and have assessed the current practices through January 2023. The audit focused on assessing the effectiveness of internal controls and procedures relating to operations, finances, and information security over non-research related activities. Specifically, we examined revenues, payroll administration, procurement of goods and services, travel, and asset management. We also evaluated accreditation standards and information security controls over sensitive and/or confidential information.

The College's interdisciplinary structure combines the Department of Public Health in partnership with the disciplines of Dietetics and Nutrition, Social Work, and Disaster Preparedness. For the Fall 2022 semester, the College had total active students of 1,577, consisting of 766 undergraduate, 704 graduate, and 107 doctoral students. For the 2021-22 fiscal year, the College spent \$16,463,384 in Educational & General funds and \$2,265,491 in Auxiliary funds.

In summary, we concluded that while the College has established internal controls for the areas in scope and has excelled in their management of some of these areas, internal controls over other areas, particularly pertaining to fund balance management, overload contracts, procurement of goods and services, travel expenditures, University credit cards purchases, attractive property, accreditation standards, and information systems security could be strengthened. The audit resulted in 17 recommendations, which management agreed to implement.

Audit of the College of Arts, Sciences & Education Internal Controls

We have completed an audit of the College of Arts, Sciences & Education Internal Controls for the period July 1, 2021, through June 30, 2022, and have assessed the current practices through March 2023. The audit focused on assessing the effectiveness of internal controls and procedures relating to operational, financial, and information security management over research-related activities. Specifically, we examined revenues, payroll administration, procurement of goods and services, travel, asset management, and information security controls over sensitive and/or confidential data.

The College of Arts, Sciences & Education is composed of three schools that are home to the University's widest variety of academic and research programs. From the natural and physical sciences to social sciences and education, it is the largest of FIU's schools and colleges and offers bachelor's, master's, doctorates, and first professional degrees. For the 2021-22 fiscal year, the College received \$55.3 million in research-related revenues and expended \$57.9 million in research funds. As of March 2023, the College's personnel consisted of 598 faculty, 342 adjuncts, 269 administrative, and 72 staff members.

In summary, we concluded that while the College has established internal controls for the areas in scope and has managed some of these areas well, internal controls over other areas, particularly pertaining to personnel administration, procurement of goods and services, travel expenditures, University credit cards purchases, attractive property, and information systems security could be strengthened. The audit resulted in 10 recommendations, which management agreed to implement.

Work in Progress

The following ongoing audits are in various stages of completion:

<u>Ongoing Audits</u>	
Audits	Status
Facilities Inspection and Deferred Maintenance	Draft report issued
Payments to Separated Employees	Fieldwork in progress
Data Breach of Protected Information	Fieldwork in progress
Digital Brand Management	Fieldwork in progress
Natural Disaster Preparedness and Response	Fieldwork in progress
Food Network South Beach Wine & Food Festival	Planning in progress
Panther Tech	Planning in progress
Continuous Auditing	Fieldwork in progress

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 investigation. Substantiated allegations that are deemed to be significant and credible are reported to the University President and Board of Trustees.

Other Activities

The Board of Governor Regulation 4.002, *State University System Chief Audit Executives*, requires the chief audit executive to develop audit plans based on the results of periodic risk assessments and submit the plans to the board of trustees for approval. The Chief Audit Executive has developed the Risk-Based Five-Year Audit Plan. In developing the Plan, we consulted with key stakeholders across the University to ensure relevant risks were considered. The Plan aims to provide audit coverage in areas with higher risks and to utilize audit resources efficiently.

The Office of Internal Audit Policy & Charter #125.205, which was last revised on July 1, 2020, requires the Chief Audit Executive to review the Charter with the Board of Trustees Audit and Compliance Committee at least every three years for consistency with applicable

Board of Governors and University regulations, professional standards, and best practices. The Chief Audit Executive has completed a review of the Charter as required. The review has resulted in some inconsequential revisions to the Charter, which has been provided for review and approval by the Board of Trustees Audit and Compliance Committee. The Committee should be aware that while the Charter conforms to the current professional standards followed by the Office of Internal Audit, The Institute of Internal Auditors has recently issued an exposure draft of proposed professional standards that would necessitate a subsequent review of the Charter once those standards are adopted.

The Chief Audit Executive has updated to the Office of Internal Audit Professional Practice Guide (Operating Manual), which was last updated in 2014. Since 2014, the Office has transformed many of its operating practices and methodologies, including migrating from a paper-based work paper documentation system to fully electronic work paper documentation. The update codifies the changes to the Office's workflows and practices into the Operating Manual. All staff members of the Office of Internal Audit are required to review the revised Operating Manual to refresh their understanding of the Office's current operating guidelines.

In an effort to be agile and to increase the value the Office of Internal Audit adds to FIU, consistent with our Office's Continuous Auditing Framework, we have developed a collection of queries scripts. These queries will be useful in performing audits and other non-attest engagements on an ongoing basis.

Professional Development

Our staff members continue to take advantage of professional development opportunities that are available to them. Most of the staff attended a virtual fraud summit where fraud awareness and applying fraud detection and prevention techniques were discussed.