MEMORANDUM

Date: May 30, 2023

To: Chairman and Members of the Audit and Compliance Committee

From: Trevor L. Williams, Chief Audit Executive

Subject: **Internal Audit Plan for Fiscal Year 2024**

I am pleased to present FIU's Office of Internal Audit (OIA) proposed audit plan for fiscal year 2024 for your review and approval. In developing the plan, the Chief Audit Executive sought input from various stakeholders of Florida International University, including members of the FIU Board of Trustees, University Administration, and OIA's staff. The systematic risk-based approach we utilized helped us to determine what audits to perform by focusing on the imminent risks to the University's operations and to allocate internal audit resources effectively.

Risk Assessment:

We review and assess risks by considering relevant risk factors, including operational, safety, financial, regulatory, and reputational risks. When evaluating these risks, we also considered additional factors, including materiality, regulatory requirements, area of special concern, inherent risk, and past audit coverage to inform our rating of individual risk.

In May 2022, utilizing the above-mentioned methodology, 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 they oversee. We instructed them to consider relevant risk categories and provided them with the tool for capturing and reporting their assessment.

In May 2023, we followed up on the 245 risks that were assessed as either high or elevated by requesting the risk-owners to review and re-evaluate each risk, add additional risks

they deem necessary, and schedule time to discuss their assessment with the Chief Audit Executive. We developed this year's audit plan based upon that effort and our further analysis of the stated risks, related controls, and rating. In addition, we considered the 2023-2027 Risk-Based 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.

Apart from the risk assessment efforts described above, the annual plan includes certain periodic audits that are mandated either by the Board of Governors, regulatory agencies, or contract.

On the following page, we have mapped the individual risks reported to us in the Risk Assessment Heat Map, showing the number of risks evaluated and their relative placement.

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	13	32	14	12
	Disrupts operations over months; up to $1M at risk.	Significant	28	54	60	19
	Short-term negative effects/press; up to $250K at risk.	Moderate	29	80	32	4
	Minor regulatory or reputational effects; < $25K at risk.	Negligible	36	20	5	0
			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

To achieve the best use of audit resources, we continue to focus our audit coverage on areas of high risks (those falling within the red section on the heat map) and elevated risks (those falling within the amber section of the heat map), where appropriate. At the same time, we acknowledge that some risks identified might not be subjects for auditing, but rather simply need mitigating controls. Management might find it useful to utilize the list of risks to identify those specific risks for strategic planning purposes. Furthermore, those risks that are not subject to audit could be monitored by the Office of University Compliance and Integrity.

The Office's Risk-Based Five-Year Audit Plan for fiscal years 2024-2028 is presented on pages 8 and 9 of this memorandum. In addition, Attachments 1 and 2 present listings of the risks that were evaluated.

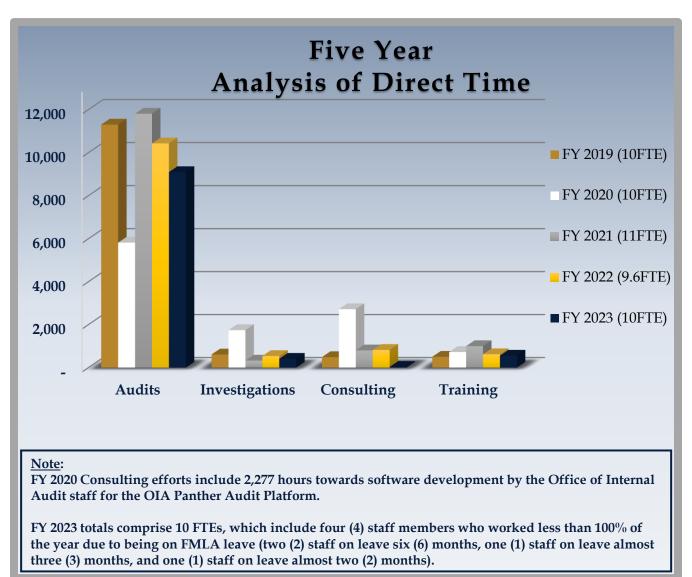**Management's Acceptance of Risks**

The Chief Audit Executive has a professional responsibility to communicate to the Board of Trustees whether management has accepted a level of risk that may be unacceptable to the organization. These include risks that may result in harm to FIU's reputation, employees, or other stakeholders; significant regulatory, financial, or contractual fines and penalties; material misstatements; conflicts of interest, fraud, or other illegal acts; and significant impediments to conducting business or achieving strategic objectives. The risk assessment process and particularly management's response and implementation of corrective actions to audit findings provide awareness to the Chief Audit Executive of whether management has accepted any risk that is of the level or type previously described. Based upon these processes, I am pleased to report that I am not aware of any instance where management has accepted a level of risk that may be unacceptable to FIU as described above.

Internal Audit Resources:

In carrying out its responsibilities, the Audit and Compliance Committee shall review the resources of the Office of Internal Audit, annually.[1] The composition of our Office currently includes 10 certified professional auditor positions (eight of which are filled), an administrative services coordinator, and one student intern. While we have promoted internal staff members during the year to fill vacancies, as appropriate, we will continue the recruitment process with our aim of having a full complement of qualified, professional staff as soon as possible.

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[1] FIU Board of Trustees Audit and Compliance Committee Charter, §4.31 on page 6.

The following graph reflects how the Office of Internal Audit's direct staff time was spent during the past five fiscal years:

Five Year Analysis of Direct Time

Legend:
- FY 2019 (10FTE)
- FY 2020 (10FTE)
- FY 2021 (11FTE)
- FY 2022 (9.6FTE)
- FY 2023 (10FTE)

Categories: Audits, Investigations, Consulting, Training

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

FY 2023 totals comprise 10 FTEs, which include four (4) staff members who worked less than 100% of the year due to being on FMLA leave (two (2) staff on leave six (6) months, one (1) staff on leave almost three (3) months, and one (1) staff on leave almost two (2) months).

Despite our established audit plan, at times our workload is difficult to predict as investigations and other unplanned work affect our progress towards the completion of planned audit projects. During the last fiscal year, certain external developments occurred that resulted in an adjustment to the 2022-23 Audit Plan to remove two audits from the approved Plan. We advanced two other audits that were scheduled for FY2024 into FY2023. The Audit Plan for FY2024 contains two carryover audits that began in FY2023. Disruptions due to turnover and multiple employees being on family medical leave impacted the execution of the approved audits.

Audit Plan:

The number of audits planned for the 2023-24 fiscal year is based on the current resources and estimated direct audit person-hours available. We will adjust the Plan accordingly as changes to these drivers occur. The following table outlines our proposed Audit Plan for FY 2024:

AUDIT PLAN FOR FISCAL YEAR 2024	
Carryover Audits:	
Information Technology Data Breach of Protected Information (30, 33) ●	
Plant Operations & Maintenance Facilities Inspection & Deferred Maintenance (42) ●	
Proposed New Audits:	
Unit/Department	**Area of Focus**
Academic Affairs	Food Network South Beach Wine & Food Festival (3) ●
Academic Affairs	Post-Tenure Faculty Review Process (5) ●
Analysis & Information Management	Performance Based Funding Metrics Data Integrity (6) ●
Athletics	NCAA Football Attendance Certification (10) ●
Capital Construction	Project Administration & Funding (Selected Project) (11) ●
Human Resources	Payments to Separated Employees (28) ●
Information Technology	Panther Tech (32) ●
Information Technology	Physician Assistant Program – IT Controls (36) ●
Parking & Transportation	Motor Vehicle Internal Controls & Data Integrity (39) ●
Strategic Communications, Government & External Affairs	Digital Brand Management (51, 52) ●
University-wide	COVID-19 Financial Assistance Compliance (4, 61) ●
University-wide	Natural Disaster Preparedness & Response (62) ●
University-wide	Follow-up of Prior Audit Recommendations (69) ●
Targeted	Continuous Auditing (70)

Note: The number(s) in parenthesis indicate the line number(s) on the Risk-Based Five-Year Audit Plan that comprises the area(s) covered by the planned audit.

Conclusion:

The risk-based approach used in establishing the baseline risk assessment and re-evaluating the rating of certain risks connected to University activities and programs incorporated the input from University Management and certain members of the Board of Trustees. This enabled our collective knowledge to identify potential areas for audit and to develop the proposed audits for the 2024 fiscal year that will optimize our resources and capitalize on our audit staff's individual strengths. In addition, to a large extent, it serves as the framework for identifying the planned audits for the next five years as depicted on the following pages.

No.	Operational Unit/Area	General Subject Matter	Risk Index	Past Audit Coverage				Planned Audit Coverage				
		Florida International University Office of Internal Audit — Risk-Based Five-Year Audit Plan		Prior	2021	2022	2023	2024	2025	2026	2027	2028
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.	Academic Affairs	Post-Tenure Faculty Review Process	(3/2)					✓			✓	
6.	Analysis & Information Management	Performance Based Funding Metrics Data Integrity	(2/2)	x	x	x	x	✓	✓	✓	✓	✓
7.	Athletics	Major NCAA Violations	2/3							✓		
8.	Athletics	Title IX Violations	3/2							✓		
9.	Athletics	Health Services Billing & Coding Process – (2/4)	[1/1]		x							
10.	Athletics	NCAA Football Attendance Certification	(2/3)	x				✓	✓	✓	✓	✓
11.	Capital Construction	Project Administration & Funding	(2/4)	x				✓				
12.	College of Arts, Science, & Education	Operational, Financial & Information Technology Controls – (2/3)	[2/2]	x			x					✓
13.	College of Business (Chapman)	Operational and Financial Controls	4/4	x						✓		
14.	College of Medicine	Affiliated Agreements For Student Placement & Rotation – 3/4	[3/3]	x		x					✓	
15.	College of Medicine	Human Subject Research Controls	4/4	x					✓			
16.	College of Nursing and Health Sciences	Auxiliary Funded Programs Operations	(3/2)	x							✓	
17.	College of Public Health & Social Work	Operational, Financial & Information Technology Controls	(3/2)				x					✓
18.	Enrollment Services	Motor Vehicle Internal Controls & Data Integrity – (4/1)	[3/1]	x		x			✓			✓
19.	Environmental Health & Safety	Lab Safety	3/4	x	x					✓		
20.	Environmental Health & Safety	Hazardous Wastes & Materials Management	2/4	x	x					✓		
21.	Environmental Health & Safety	Regulatory & Code Compliance	2/3	x	x					✓		
22.	Financial Management	Purchasing & Competitive Bidding Process	2/3	x	x					✓		
23.	Financial Management	Treasury Management - (1/2)	[3/4]	x							✓	
24.	FIU Foundation	Donor Intent/Confidentiality - 2/3	[2/2]	x	x					✓		
25.	Housing & Residential Life	Student Housing	4/2	x					✓			
26.	Human Resources	New Employee Document Verification Process - 4/3	[3/2]		x					✓		
27.	Human Resources	Payroll	(4/3)	x					✓			
28.	Human Resources	Payments to Separated Employees	(3/2)	x				✓				
29.	Information Technology	Active Directory Management	(4/2)						✓			
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)	[3/3]				x			✓		
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		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)	[3/3]	x						✓		
46.	Research & Development	Research Training & Policy Compliance – (3/3)	[2/2]	x			x					✓
47.	Research & Development	Biohazards Response Management	2/3	x						✓		
48.	Research & Development	Foreign Influence Regulatory Compliance	2/4				x		✓			✓
49.	Research & Development	Information Technology Controls	(3/4)						✓			
50.	Research & Development and College of Medicine	Plagiarism & Research Misconduct Management & Controls	3/3						✓			
51.	Strategic Communications, Government & External Affairs	Comprehensive/Coordinated Content Driven Solutions	4/3					✓				
52.	Strategic Communications, Government & External Affairs	Brand Alignment and Affinity Management and Digital/Web Communication Standards Compliance	4/4					✓				
53.	Student Affairs	Children's Creative Learning Center	(3/3)	x						✓		
54.	University-wide	Artificial Intelligence Governance & Control	(3/2)						✓			
55.	University-wide	Accounts Receivable Process	(3/2)	x							✓	
56.	University-wide	Conflict of Interest & Related Party Transactions – 3/3	[4/3]	x			x			✓		
57.	University-wide	Export Controls – 4/4	[3/3]				x					✓
58.	University-wide	Payroll Irregularities and Fraud Controls – 3/3	[3/2]		x							✓
59.	University-wide	Grant Accounting – Auxiliary & Foundation Funded – 4/4	[3/2]			x					✓	
60.	University-wide	FERPA Compliance – 3/3	[3/2]	x		x					✓	
61.	University-wide	COVID-19 Financial Assistance Compliance – 3/4	[3/2]		x			✓				

No.	Operational Unit/Area	General Subject Matter	Risk Index	Past Audit Coverage				Planned Audit Coverage				
				Prior	2021	2022	2023	2024	2025	2026	2027	2028
62.	University-wide	Natural Disaster Preparedness & Response	3/4					✓				
63.	University-wide	Use of Student Fees	2/3	x							✓	
64.	University-wide	Grant Expenditure Controls – 2/3	[2/2]	x			x				✓	
65.	University-wide	General Data Protection Regulation Controls	(3/4)						✓			
66.	University-wide	Background Check – Volunteers & Third Parties	(4/3)	x					✓			
67.	University-wide	Student Safety – Hazing Prevention – (3/4)	[2/3]				x					✓
68.	University-wide	Admissions Policy Compliance – (3/4)	[3/2]			x					✓	
69.	University-wide	Follow-up on Prior Audit Recommendations – (4/1)	[4/2]	x	x	x	x	✓	✓	✓	✓	✓
70.	Targeted	Continuous Auditing	N/A					✓	✓	✓	✓	✓

The table header spans "Florida International University Office of Internal Audit / Risk-Based Five-Year Audit Plan"

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. See Attachment 2 for a crosswalk between the planned audits and the higher rated risks.