



# **FLORIDA INTERNATIONAL UNIVERSITY**

## **BOARD OF TRUSTEES**

### **AUDIT AND COMPLIANCE COMMITTEE**

Thursday, March 2, 2017

8:30 am

Florida International University  
Modesto A. Maidique Campus  
Graham Center Ballrooms

#### **Committee Membership:**

Gerald C. Grant, Jr, *Chair*; Natasha Lowell, *Vice Chair*; Leonard Boord; Alian Collazo; Michael G. Joseph; Kathleen L. Wilson

## **AGENDA**

1. **Call to Order and Chair's Remarks** Gerald C. Grant, Jr.
2. **Welcome and Introduction: Charge of the Audit and Compliance Committee** Gerald C. Grant, Jr.
3. **Follow-up to Item from Finance and Audit Committee Meeting** Gerald C. Grant, Jr.
4. **Action Items**
  - AC1. **Performance Based Funding Metrics Data Integrity** Allen Vann
    - A. Performance Based Funding – Data Integrity Certification
    - B. Audit of Performance Based Funding Metrics
  - AC2. **Approval of the Compliance and Ethics Charter for the Office of University Compliance and Integrity** Karyn Boston
5. **Discussion Items (No Action Required)**
  - 5.1 **Office of Internal Audit Status Report** Allen Vann
  - 5.2 **Consultant Report on Vendor Electronic Fund Transfer Change Controls** Allen Vann
  - 5.3 **University Compliance Report** Karyn Boston
6. **Reports (For Information Only)**
  - 6.1 **Athletics Compliance Report** Jessica Reo
  - 6.2 **FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. Compliance Report** Alicia Robles De La Lama

**7. New Business**

**Gerald C. Grant, Jr.**

**7.1 Senior Management Discussion of Audit Processes**

**8. Concluding Remarks and Adjournment**

**Gerald C. Grant, Jr.**

*The next Audit and Compliance Committee Meeting is scheduled for Friday, June 2, 2017*

### 3. Follow-up to item from Finance and Audit Committee Meeting

#### Action Plan: Audit of the Chaplin School of Hospitality and Tourism Management

Response Due Date: **November 8, 2016** - Updated **February 2017**

Recommendation		Responsible College/Department	Management Response/ Action Plan	Status
No.	Details			
1.1	Closely monitor its fiscal activities to avoid overspending and eliminate its negative fund balances.	Chaplin School of Hospitality and Tourism Management	Director of Admin Serv will provide monthly variance reports to the Associate Dean of Administration to better address and/or assess variance analysis. The Dean and/or Associate Dean of Administration will issue final decision making authority on addressing noted budget variance.	Implemented
2.1	Transfer all student fees deposited in the Dean’s discretionary account to appropriate program accounts and ensure that a program account is established prior to collecting fees from students.	Chaplin School of Hospitality and Tourism Management	Effective FY 2017-18, centralization of Study Abroad payments to Office of Study Abroad will eliminate the department's receipt of funds. In the interim, CSHTM will no longer accept Study Abroad payments until appropriate Study Abroad account has been established. All identified Study Abroad accounts have been reconciled.	Implemented
2.2	Reconcile its transactions against departmental ledgers to ensure that all revenues are properly recorded.	Chaplin School of Hospitality and Tourism Management	Director of Admin Service will run appropriate revenue reports to ensure revenues are properly recorded and provide information to Associate Dean of Administration of review.	Implemented
3.1	Ensure that manager/supervisors who have direct knowledge of the employees’ work and/ or leave hours approve all biweekly payrolls.	Chaplin School of Hospitality and Tourism Management	A communication from the Dean's office has been sent to all managers asserting the School's commitment to fully comply with University policies related to time monitoring of work and/or leave hours reported.	Implemented

<b>3.2</b>	Complete the extra compensation appointment approval process prior to commencement of the secondary employment.	Chaplin School of Hospitality and Tourism Management	A communication from the Dean's office has been sent to all managers asserting the School's commitment to fully comply with University policies related to approving Extra State Compensation request PRIOR to work being performed. For any individual who is found non compliant in performing secondary employment prior to receiving appropriate approvals, the Associate Dean of Administration will instruct the Director of Admin Serv to contact the DHR, ELR department for guidance on appropriate disciplinary measures. All ESC contracts for Spring were entered with required alternative schedules/leave taken prior to being approved for payment.	Implemented
<b>3.3</b>	Ensure that administrative employees take adequate leave times for extra compensation duties conducted during normal work hours.	Chaplin School of Hospitality and Tourism Management	A communication from the Dean's office has been sent to all managers asserting the School's commitment to fully comply with University policies related to the requirement for employees to take adequate leave time when performing extra compensation duties during business hours. Managers are required to ensure appropriate leave time has been entered for/or by the employee. If an alternate work schedule is proposed in lieu of deducting leave hours, the manager is required to submit the alternative work schedule request to the Director of Admin Serv for review and approval.	Implemented
<b>3.4</b>	Establish procedures to avoid duplication of secondary employment contracts.	Chaplin School of Hospitality and Tourism Management	Although this was a one time occurrence, weekly reports auditing contracts entered will be run to ensure no duplications.	Implemented
<b>4.1</b>	Ensure that the distance learning funds are only used for the development and delivery of distance learning courses and not used to supplement or supplant funding for other School needs, and spent in the same fiscal year in which expenses are incurred.	Chaplin School of Hospitality and Tourism Management	The FIU Online Distance Learning (DL) fee manual has been shared with appropriate staff to ensure they are aware of allowable DL fee expenses. The Associate Dean of Administration will authorize the use of all (DL) funds and ensure it is used in accordance with approved DL fee policy guidelines.	Implemented

<b>4.2</b>	Ensure that all employees obtain Travel Authorization prior to incurring travel expenses and/or traveling and all trips paid by the School directly benefit the University.	Chaplin School of Hospitality and Tourism Management	A communication from the Dean's office has been sent to all employees asserting the School's commitment to fully comply with University policies related to travel authorization(TA) requests prior to incurring travel expenses and/or traveling. Managers have been reminded to ensure TAs clearly communicate benefit to the University prior to approving employee TA submissions. The Associate Dean of Administration will not approve applicable expense reports that do not have a supporting TA nor demonstrate a direct benefit to the University. Managers who are found non compliant and allow employees to engage in travel without submitting a TA will be written up by the Associate Dean of Administration.	Implemented
<b>4.3</b>	Ensure that each auxiliary operation is charged only for their related costs.	Chaplin School of Hospitality and Tourism Management	The Associate Dean of Administration will review all requisitions and ensure that approval for charges to each auxiliary operation are only for their related costs.	Implemented
<b>4.4</b>	Ensure that all funds are spent in accordance with the State's and University's expenditure guidelines.	Chaplin School of Hospitality and Tourism Management	The Associate Dean of Administration will ensure and reinforce that all funds are spent in accordance with the State's and University's expenditure guidelines.	Implemented
<b>5.1</b>	Ensure that the restaurant management lab is always locked when not in use.	Chaplin School of Hospitality and Tourism Management	Operating system for access has been reprogrammed to secure the lab and its assets. The Director of IT will be responsible for regularly checking system functionality.	Implemented

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*Agenda Item 4*

**AC1**

**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Audit and Compliance Committee**  
March 2, 2017

**Subject: Performance Based Funding Metrics**

- A. Performance Based Funding – Data Integrity Certification**
- B. Audit of Performance Based Funding Metrics Data Integrity**

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**Proposed Committee Action:**

Recommend that the Florida International University Board of Trustees:

1. Approve the Performance Based Funding – Data Integrity Certification to be signed by the Chair of the FIU Board of Trustees; and
2. Approve the Audit Report - Audit of the Performance Based Funding Metrics Data Integrity

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**Background Information:**

This item is presented pursuant to a request from the State University System of Florida Board of Governors (BOG) dated June 23, 2016. At the direction of the FIU Board of Trustees (the BOT), the Chair of the BOT and President of the University shall execute a Data Integrity Certification furnished by the BOG and approve an audit performed by the University's Chief Audit Executive to ensure the completeness, accuracy, and timeliness of data submissions to the BOG.

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**Supporting Documentation:**    March 2017 Data Integrity Certification  
   Audit of the Performance Based Funding Metrics Data Integrity

**Facilitator/Presenter:**            Allen Vann

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

## Performance Based Funding March 2017 Data Integrity Certification

Name of University: Florida International University

**INSTRUCTIONS:** Please respond "Yes" or "No" for each representation below. Explain any "No" responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted audit findings.

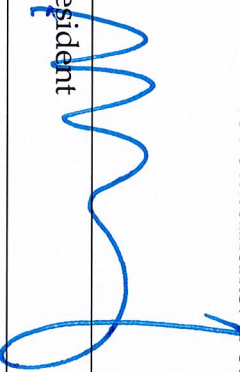
Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance Based Funding decision-making.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

# Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications/ processes provided by the Board of Governors Information Resource Management (IRM) office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing <b>Submit for Approval</b> represents electronic certification of this data per Board of Governors Regulation 3.007."	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that the Board's Performance Based Funding initiative will drive university policy on a wide range of university operations - from admissions through graduation. I certify that university policy changes and decisions impacting this initiative have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	



# Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
<p>I certify that all information provided as part of the Board of Governors Performance Based Funding Data Integrity Certification is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.</p>			
<p>Certification: _____    President</p>	<p>Date <u>2/14/17</u></p>		
<p>I certify that this Board of Governors Performance Based Funding Data Integrity Certification has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p>			
<p>Certification: _____ Date _____  Board of Trustees Chair</p>			

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## Office of Internal Audit

**Audit of the Performance Based  
Funding Metrics Data Integrity**

**Report No. 16/17-08**

**February 8, 2017**



OFFICE OF INTERNAL AUDIT

**Date:** February 8, 2017

**To:** Kenneth G. Furton, Provost and Executive Vice President  
Hiselgis Perez, Director of Institutional Research

**From:** Allen Vann, Chief Audit Executive

A handwritten signature in blue ink that reads "Allen Vann".

**Subject:** **Audit of the Performance Based Funding Metrics Data Integrity**  
**Report No. 16/17-08**

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Pursuant to a request by the State University System of Florida - Board of Governors (BOG), we have completed an audit relating to the University's performance based funding metrics. The primary objectives of our audit were to:

- 1) Determine whether the processes established by the University ensures the reliability, accuracy, and timeliness of data submissions to the BOG, which support the Performance Based Funding Metrics; and
- 2) Provide an objective basis of support for the University Board of Trustees Chair and President to sign the representations made in the *Performance Based Funding - Data Integrity Certification* which will be submitted to the Board of Trustees and filed with the BOG by March 1, 2017.

Overall, our audit disclosed that the University has good process controls for maintaining and reporting performance metrics data. In our opinion, the system in all material respects is functioning in a reliable manner. We made three recommendations to further reduce risk that management agreed to implement.

I would like to take this opportunity to express our appreciation for the cooperation and courtesies extended to us during this audit.

Attachment

C: FIU Board of Trustees

Mark B. Rosenberg, University President

Kenneth A. Jessell, Chief Financial Officer and Senior Vice President

Javier I. Marques, Chief of Staff – Office of the President

Carlos Castillo, General Counsel

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## **OBJECTIVES, SCOPE, AND METHODOLOGY**

Pursuant to a request by the State University System of Florida - Board of Governors (BOG), we have completed an audit of the Data Integrity over the University's Performance Based Funding Metrics. The primary objectives of our audit were to:

- (a) Determine whether the processes established by the University ensure the reliability, accuracy, and timeliness of data submissions to the BOG, which support the Performance Based Funding Metrics; and
- (b) Provide an objective basis of support for the University Board of Trustees Chair and President to sign the representations made in the *Performance Based Funding - Data Integrity Certification*, which will be submitted to the Board of Trustees and filed with the BOG by March 1, 2017.

Our audit was conducted in accordance with *the International Standards for the Professional Practice of Internal Auditing*, and included tests of the supporting records and such other auditing procedures, as we considered necessary under the circumstances.

During the audit we:

- 1. Updated our understanding of the process flow of data for all of the relevant data files from the transactional level to their submission to the BOG;
- 2. Reviewed BOG data definitions, SUS Data workshop documentation, and meeting notes;
- 3. Interviewed key personnel including the University's Data Administrator, functional unit leads, and those responsible for developing and maintaining the information systems;
- 4. Observed current practices and processing techniques;
- 5. Followed-up on prior audit recommendations;
- 6. Tested the system access controls and user privileges within the State University Database System (SUDS) application, upload folders and production data; and
- 7. Tested the latest data files for four of the ten performance based funding metrics submitted to the BOG as of September 30, 2016. Sample sizes and transactions selected for testing were determined on a judgmental basis.

Audit fieldwork was conducted from October to December 2016. In 2015 we issued the Audit of Performance Based Funding Metrics Data Integrity (Report No. 15/16-03), dated October 27, 2015. During the current audit, we observed that some recommendations previously reported as implemented by management were not fully implemented. These instances are highlighted in applicable sections of this report.



## **BACKGROUND**

The Florida Board of Governors (BOG) has broad governance responsibilities affecting administrative and budgetary matters for Florida's 12 public universities. Beginning in fiscal year 2013-2014, the BOG instituted a performance funding program, which is based on 10 performance metrics used to evaluate the institutions on a range of issues including graduation and retention rates, job placement, and cost per degree, among other things. Two of the 10 metrics are Choice metrics; one picked by the BOG and one by each University's Boards of Trustees. These metrics were chosen after reviewing over 40 metrics identified in the Universities' Work Plans.

The BOG model has four guiding principles:

- 1) Use metrics that align with SUS Strategic Plan goals;
- 2) Reward Excellence or Improvement;
- 3) Have a few clear, simple metrics; and
- 4) Acknowledge the unique mission of the different institutions.

The Performance Funding Program also has four key components:

- 1) Institutions are evaluated and receive a numeric score for either Excellence or Improvement relating to each metric;
- 2) Data is based on one-year data;
- 3) The benchmarks for Excellence were based on the Board of Governors 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement were decided after reviewing data trends for each metric; and
- 4) The Florida Legislature and Governor determine the amount of new state funding and a proportional amount of institutional funding that would come from each university's recurring state base appropriation.

In 2016, the Florida Legislature passed and the Governor signed into law the Board of Governors' Performance-Based Funding Model, now codified into the Florida Statutes under Section 1001.66, *Florida College System Performance-Based Incentive*.

### FIU's Performance Based Funding Metrics:

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Percent of Bachelor's Graduates Employed and/or Continuing their Education Further One Year after Graduation;</li> <li>2. Median Average Wages of Undergraduates Employed in Florida One Year after Graduation;</li> <li>3. Average Cost per Undergraduate Degree;</li> <li>4. Six Year Graduation Rate (Full-time and Part-time FTIC);</li> <li>5. Academic Progress Rate (2nd Year Retention with GPA above 2.0);</li> </ol> | <ol style="list-style-type: none"> <li>6. Bachelor's Degrees Awarded in Areas of Strategic Emphasis (includes STEM);</li> <li>7. University Access Rate (Percent of Undergraduates with a Pell-grant);</li> <li>8. Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM);</li> <li>9. Board of Governor's Choice - Percentage of Bachelor Degrees Without Excess Hours; and</li> <li>10. Board of Trustee's Choice - Bachelor's Degrees Awarded to Minorities.</li> </ol> |
|--|---|

The following table summarizes the performance funds allocated for the fiscal year 2016-2017 using the performance metrics results from 2014-2015, wherein FIU earned 76 points.

Florida Board of Governors Performance Funding Allocation, 2016-2017				
	Points *	Allocation of State Investment	Allocation of Institutional Investment	Total Performance Funding Allocation
UCF	84	\$ 39,301,181	\$ 38,697,580	\$ 77,998,761
FAU	84	\$ 25,346,748	\$ 21,642,163	\$ 46,988,911
UF	82	\$ 47,695,822	\$ 49,180,011	\$ 96,875,833
USF	79	\$ 32,308,363	\$ 39,488,000	\$ 71,796,363
<b>FIU</b>	<b>76</b>	<b>\$ 25,253,750</b>	<b>\$ 30,865,695</b>	<b>\$ 56,119,445</b>
FSU	68	\$ 35,574,608	\$ 43,480,076	\$ 79,054,684
FGCU	67	\$ 8,010,396	\$ 9,790,484	\$ 17,800,880
FAMU	65	\$ 11,509,132	\$ 14,066,717	\$ 25,575,849
NCF	59	-	\$ 2,740,857	\$ 2,740,857
UWF	57	-	\$ 12,133,627	\$ 12,133,627
UNF	26	-	\$ 12,914,790	\$ 12,914,790
<b>Total</b>		<b>\$225,000,000</b>	<b>\$275,000,000</b>	<b>\$500,000,000</b>

\* Institutions scoring 50 points or less or the three lowest scoring universities will not receive any State Investment. Any ties in scores are broken using the tiebreaker policy approved by the BOG.

It should be noted that on June 30, 2016 the Board of Governors reallocated the 2015-2016 allocation, which was presented in last year's audit, as a result of a programmatic error that impacted four universities, including FIU. The programmatic error lead to the overstatement of the Academic Progress Rate used in Metric 5 for the four universities. As a result, FIU which had been tied for third place in the final point rankings dropped to fourth, which resulted in FIU losing \$2.5 million in funding allocation.

Also, at the November 3, 2016 Board of Governors Board Meeting, changes to the Performance Based Funding Model were approved, among them changing Metric 3, Average Cost per Undergraduate Degree. The new metric to be used in future years will be the Cost to the Student.

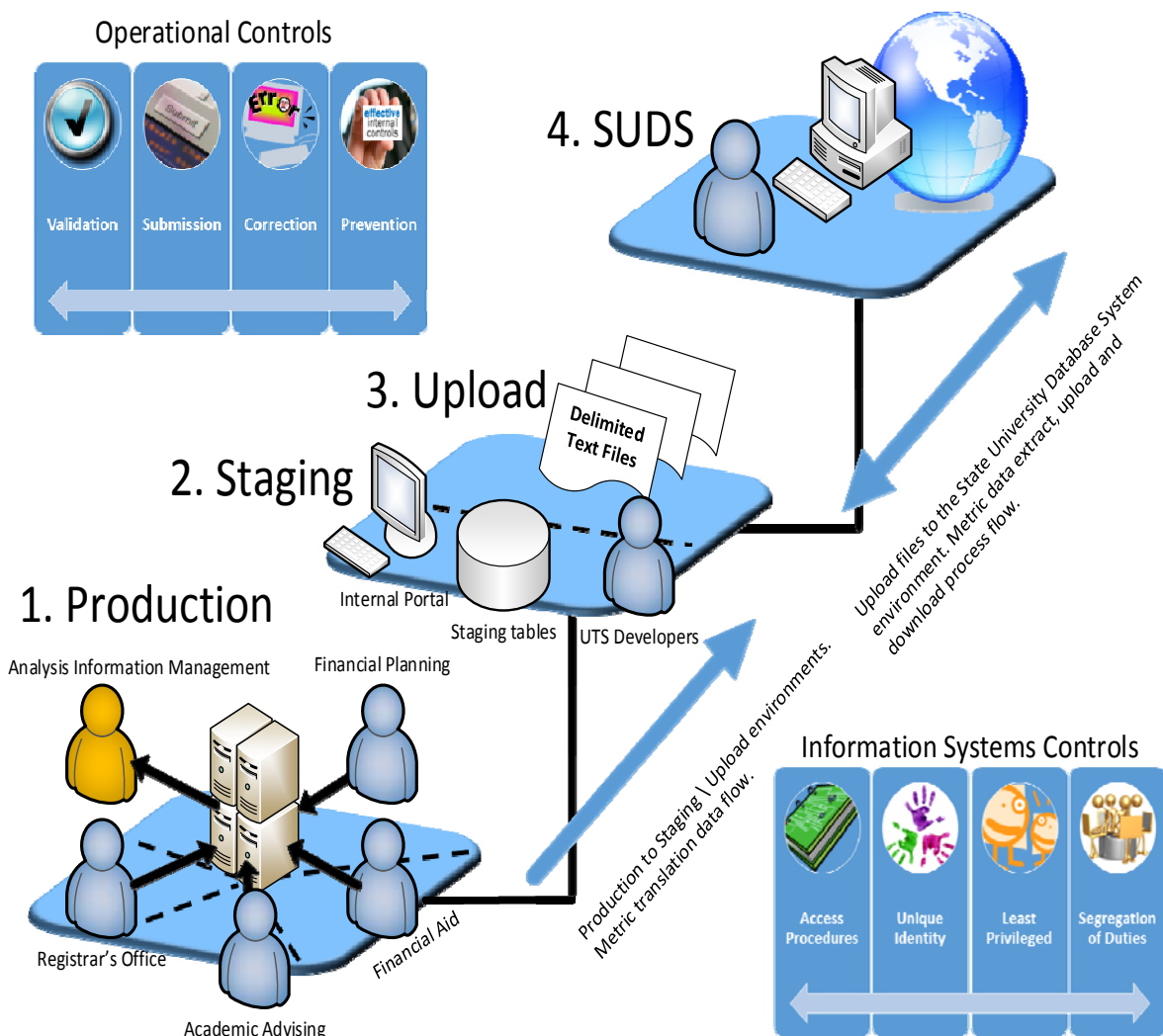
### Organization

The Office of Analysis and Information Management (AIM) consists of Institutional Research (IR), and the Office of Retention & Graduation Success. One of the goals of AIM is to provide the University community with convenient and timely access to information needed for planning and data driven decision-making and to respond to data requests from external parties. IR is currently responsible for: Processing of Faculty Credentials; Assessment Support; Academic Programs; Faculty Assessment of Administrator System; Maintaining the FAIR system which is the online system used to credential faculty; Academic Program Inventory; and Assignment of CIP codes to courses. The Office of Retention & Graduation Success identifies barriers to student success and works to eliminate those barriers. This Office helps to carry out the Graduation Success Initiative (GSI), primarily by providing Major Maps and alerts for students and academic advisors, and information and analyses to departments and decision-makers.

IR has been the official source of FIU's statistics, providing statistical information to support decision-making processes within all academic and administrative units at FIU, preparing reports and files for submission to the BOG and other agencies. It is also responsible for data administration, enrollment planning, and strategic planning. The Director of Institutional Research/Data Administrator reported to the former Interim Vice Provost for AIM until her retirement on October 31, 2016. The Data Administrator now reports directly to the Provost and is responsible for gathering data from all applicable units, preparing the data to meet BOG data definitions and requirements, and submitting the data.

At FIU, the Performance Funding Metrics reporting process flow consists of four layers that range from the University Production environment to the State University Database System application, as follows: (1) The Production data originated at the functional units: the Registrar's Office, Academic Advising, Financial Aid, and Financial Planning departments is sent to (2) Staging tables (or directly to Upload folders). In the Staging environment, dedicated developers perform data element calculations that are based on BOG guidelines and are used to develop the Internal Portal. Once the calculations are completed, the data is formatted into text files and moved to an (3) Upload folder. Users then log into the (4) State University Database System (SUDS) and depending on their roles, they upload, validate, or submit the data.

The diagram below illustrates the operational controls and the information system access controls currently implemented in the overall data element process flow.



## **FINDINGS**

Based on our audit, we concluded that there are no material weaknesses or significant deficiencies in the processes established by the University to report required data to the Board of Governors in support of their Performance Based Funding Metrics. While there is always room for improvement as outlined in the detailed findings and recommendations that follow, the system is functioning in a manner that can be relied upon to provide complete, accurate and relatively timely data.

Accordingly, in our opinion, this report provides an objective basis of support for the Board of Trustees Chair and the University President to sign the representations made in the BOG Performance Based Funding – Data Integrity Certification, which the BOG requested be filed with them by March 1, 2017. Our evaluation of FIU's operational and system access controls that fall within the scope of our audit is summarized in the following table:

<b>INTERNAL CONTROLS RATING</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>FAIR</b>	<b>INADEQUATE</b>
<b>Process Controls</b>	<b>x</b>		
<b>Policy &amp; Procedures Compliance</b>	<b>x</b>		
<b>Effect</b>	<b>x</b>		
<b>Information Risk</b>	<b>x</b>		
<b>External Risk</b>	<b>x</b>		
<b>INTERNAL CONTROLS LEGEND</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>FAIR</b>	<b>INADEQUATE</b>
<b>Process Controls</b>	<b>Effective</b>	<b>Opportunities exist to improve effectiveness</b>	<b>Do not exist or are not reliable</b>
<b>Policy &amp; Procedures Compliance</b>	<b>Non-compliance issues are minor</b>	<b>Non-compliance Issues may be systemic</b>	<b>Non-compliance issues are pervasive, significant, or have severe consequences</b>
<b>Effect</b>	<b>Not likely to impact operations or program outcomes</b>	<b>Impact on outcomes contained</b>	<b>Negative impact on outcomes</b>
<b>Information Risk</b>	<b>Information systems are reliable</b>	<b>Data systems are mostly accurate but can be improved</b>	<b>Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions</b>
<b>External Risk</b>	<b>None or low</b>	<b>Potential for damage</b>	<b>Severe risk of damage</b>

The result of the review of our objectives follows:

## 1. Review of Processes Flow of Data

During prior years' audits, the Data Administrator provided us with an understanding of how the University ensured the completeness, accuracy, and timely submission of data to the BOG. Based on updates provided to us by the Data Administrator and other key personnel, we determined that no significant changes have occurred to the process flow of data.

The AIM developed a tool within PeopleSoft that generates edit reports similar to the ones found in the State University Database System (SUDS). This tool allows functional unit users more time to work on their file(s) since the BOG edits are released closer to the submission deadline. The purpose of the review is for functional unit users to correct any problems concerning transactional errors before submitting the files. During the prior audit, we found the Registrar's Office, responsible for 5 of the 10 performance-based metrics, along with the Office of Financial Aid and the Graduation Office are using the tool. The Data Administrator's team routinely reviews the error reports and summary reports to identify and correct any data inconsistencies. According to the AIM, they plan to continue to extend the use of the tool to all appropriate users. Furthermore, for Metric 3 there are certain PantherSoft queries in place that users run to identify errors or bad data combinations.

In addition to the internal FIU reports, the BOG has built into the SUDS a data validation process through many diagnostic edits that flag errors by critical level. SUDS also provides summary reports and frequency counts that allows for trend analysis. The AIM team reviews the SUDS reports and spot checks records to verify the accuracy of the data. Once satisfied as to the validity of the data, the file is approved for submission.

As a result of a prior audit recommendation, the AIM developed the *OPIR-BOG Business Process Manual*. The Manual addresses BOG SUDS Portal Security, BOG SUDS File Submission Process, and details of the process for each file submitted to the BOG. It is also evident that the Manual has been continually updated since its implementation.

We also met with the Data Administrator to update our understanding of the processes in place to gather, test, and ensure that only valid data, as defined by the BOG, is timely submitted to the BOG. As explained, the Data Administrator's team is responsible for the day-to-day reporting and understands the functional process flow, while the functional units are responsible for their data and understand the technical process flow.

**Steps****BOG Files Submission Cycle**

1.	The PeopleSoft team and the Office of Financial Planning (Metric 3) extracts data from the PeopleSoft database. Data are formatted according to BOG data elements definitions and table layouts.
2.	The PeopleSoft team and the Office of Financial Planning (Metric 3) uploads data to SUDS and runs edits.
3.	SUDS edits the data for possible errors and generates dynamic reports.
4.	Functional unit users are notified that edits are ready to be reviewed.
5.	Functional unit users review the edits and make any required transactional corrections in the PeopleSoft database.
6.	AIM Lead/PS Team/Functional unit users communicate by email, phone or in person about any questions/issues related to the file.
7.	Steps 1-6 are repeated until the freeze date.
8.	On the freeze date, a final snapshot of the production data is taken.
9.	The file is finalized, making sure all Level-9 (critical) errors were corrected or can be explained.
10.	AIM Lead reviews SUDS reports, spots-checks data and contacts functional unit users if there are any pending questions.

In summary, the data is extracted from the PeopleSoft system and moved to a staging table where data calculation is performed for the elements required by the BOG. There are four layers within the data process flow that included Production, Staging, Upload and the SUDS application. The Production Data element is extracted from Financial Aid, Academic Advising, and the Registrar's Office. The AIM office in collaboration with the BOG team from the Division of IT translated the production data into separate staging database tables where the data elements were then programmatically calculated. Data was then extracted from the Staging tables, formatted into specific file formats, and then uploaded to the SUDS online application. Separately, the Office of Financial Planning extracts, translates and uploads the Operating Budget File data for Metric 3. The University's Division of IT assists the Office of Financial Planning in consolidating the data for the Expenditure Analysis File and loading it into SUDS for their review and validation.

## 2. Prior System Access Controls and User Privileges Follow-up

Access control testing included follow-up on prior audit recommendations and examination of user privileges within the State University Database System (SUDS) application, examination of audit log files and production data. In our prior audit, we recommended that the Office of Analysis and Information Management should work with the functional units and PeopleSoft Security Team to: a) review and deactivate the SUDS user accounts with expired passwords from 2014; b) limit access to production data as appropriate; and c) add audit logging capability to production fields, where appropriate, to reduce the data integrity risk to the SUDS. Management agreed with the recommendations and responded that they have developed an electronic request form using the PAWS system that will allow them to keep track of the requests, continue to communicate with all Vice Presidents and Director on an annual basis to review who should have access to production data, and implement an audit trail report to indicate whenever a change is made to any of the high-risk fields that were identified in the prior year's audit. The following were the results of our follow-up into these areas:

### a. Review and Deactivate the State University Database System User Accounts

In our prior audit, we recommended that the user accounts with expired passwords from 2014 should be deactivated from SUDS. Management responded that they will conduct an annual review and will reach out to the supervisors of the users who have not accessed the system in an entire year. A current review revealed that most of the accounts from 2014 are still in an active status. We also found two user accounts' passwords that expired in 2015, averaging 429 days expired, that were still active. According to PantherSoft IT, the two users' roles should be changed from uploader to researcher. Over time, job duties may change as the user account sits dormant and can increase the risk of inappropriate access should they become reactivated.

The *BOG SUDS Security Access – Functional User Guide* requires that the functional unit lead create a PAWS ticket when requesting new user access or making changes to existing SUDS accounts. We found that 2 of the 3 on-boarded users tested had a corresponding PAWS ticket. Additionally, there was no documentation for the one user deactivated during the audit period. Furthermore, because AIM was not notified by PantherSoft IT, there was one terminated user still listed as active nine months after their termination date. Completed PAWS tickets should be used as a baseline for user access that AIM can review to further reduce the risk of inappropriate access. User on-boarding and off-boarding without corresponding PAWS tickets reduce the effectiveness of existing user access controls.



b. Limit Access to Production Data

Figure 1 – *Production Data Elements Process Flow* illustrates the four departments of Financial Planning, Financial Aid, Academic Advising and the Registrar's Office's data that feed into the production system available to the Office of Analysis and Information

## 1. Production

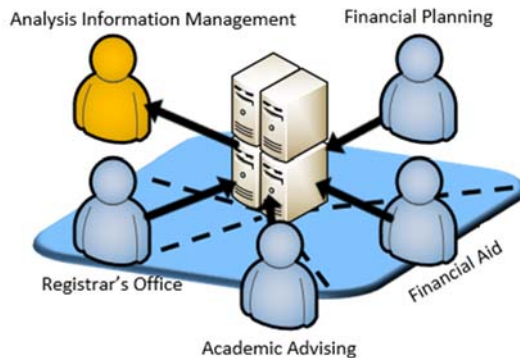


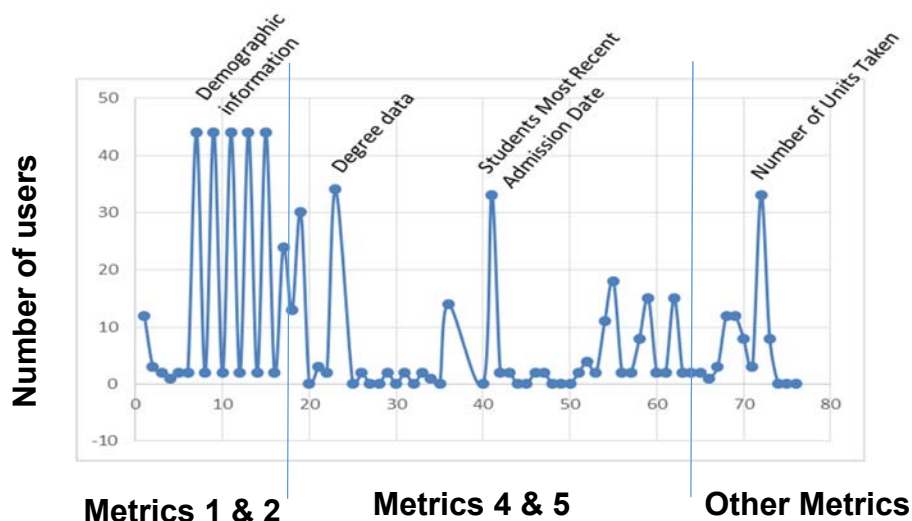
Figure 1 - Production Data Elements Process Flow

there were some reduction in write access from prior audit findings, we did note areas that need improvement.

Management. Prior audit testing identified 17 individuals that had the ability to edit one or more of 20 performance based funding data fields in production. This year's testing was increased by an additional 58 users that were involved in the BOG data process, which included the Office of Admissions, Enrollment Operations, Office of Graduate and International Admissions, and the One Stop Shop Departments. This year's audit of write access in the production and stage environments included an additional 59 fields specific to Metrics 1, 2, 4, and 5. While

Specifically, the Data Administrator, who has the ability to submit data to the State University Database System, also has write access to certain production data fields that affect Metrics 4 and 5. It is a segregation of duties risk for users to have the ability to change production data and also submit that data to the SUDS. Also, of the 75 users tested we found areas with a high number of users with write access, including:

- a) 44 that had the ability to modify Demographics information;
- b) 34 that had the ability to modify Degree data;
- c) 33 with the ability to modify Students Most Recent Admission Date; and
- d) 33 that had the ability to modify the Number of Units Taken.



Additionally, two members of the Academic Advising Department have write access to the fields in the staging environment (see Figure 2 – Upload Process Flow). The stage environment, used for programming field calculations, is a high risk area as it is the final step before the data is uploaded to the State University Database System. Users with write access in staging can manipulate values that are not consistent with production data. An unauthorized data override increases the data integrity risk and may also impact the University's metrics. We also noted repeat concerns of department management that have write access to production fields, which is discussed further in the next section.

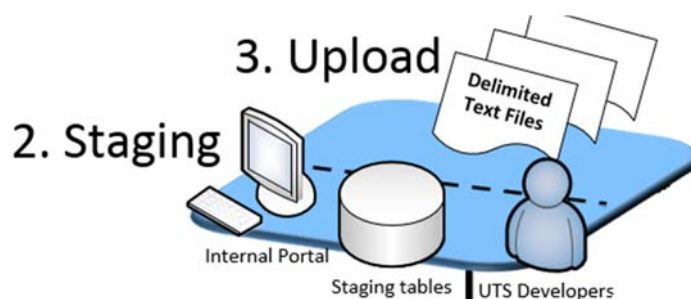


Figure 2 - Upload Process Flow

#### c. Add Audit Logging Capabilities to Production Fields

As expressed in prior audit reports we continue to have concerns on specific users' access. We recommended that audit logging capabilities should be added to the 20 in-scope production data fields, where appropriate, to mitigate the risk of an unauthorized data change. Management agreed and stated that the logs were implemented in April 2016. Upon examination, we found that only 3 of the 20 fields were active during the audit period. In September 2016, audit logs were created for an additional 10 production fields. Additionally, the Data Administrator had difficulty discerning data from the current reporting mechanism. On examination of the logs that were available, we were able to determine that 9 of 14 users involved in the BOG data submission process had write access but did not make any changes to the data. With a user-friendly, intuitive reporting mechanism in place, the Data Administrator could determine whether write access is appropriate.

Ultimately, it is the State University Database System Data Administrator that is accountable for the data provided to the BOG. Log reporting mechanisms are an effective detection control to help the Data Administrator mitigate least privileged and segregation of duties risks. The lack of log reports increase the integrity<sup>1</sup> risks to the data sent to the BOG.

#### Conclusion

The combination of system access control deficiencies noted above, while less severe than a material weakness in internal control, should nevertheless be promptly corrected or mitigated to reduce the likelihood that an unauthorized data change can be made and go undetected. Some of the access control deficiencies were noted in the prior year audit.

<sup>1</sup> COBIT 5.0 correlates Integrity to the information quality goals completeness and accuracy.

### **3. Review of Grade Change Process**

Many of the performance-based funding metrics rely on student course grades. For example, the graduation and retention data files use student course grades to determine term and cumulative GPA, the earning of credit hours towards graduation, and ultimately the degrees awarded. Thus, this year we included a test of the grade change process as part of the audit.

During the spring 2016 semester we noted 2,408 students with 2,905 grade changes. To test the propriety of the grade change process, we selected a sample of students in their 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> years of study (as we determined these would be more pertinent and of a higher risk to the metrics) and whose grade was changed from a “D” or “F” to a higher grade during the spring 2016 semester.

We identified 69 - 4th, 5th, and 6th year students whose grades were changed from a “D” or “F” to a higher grade. We selected 26 of the 69 students and reviewed the effect of the grade change on their term and cumulative GPA. We determined that 9 of the 26 students reviewed would have dropped below the 2.0 cumulative GPA required if not for the grade change. Thus, we requested documentation for the grade change from the student’s College. Review of the reasons for the change of grade provided by the Colleges for all 9 students showed the changes were appropriate.

Notwithstanding, during our review of grade changes, we observed that 71% of all grade changes were made using a generic user identification (ID). The user account was used to batch process student grade changes at the end of the semester. In addition, individual users were able to log onto the user account and perform grade changes. In the production database, the data/time stamp was stored in a log table when users log into the account.

We focused in on: (a) who can log into the generic user account; and (b) what controls were in place to identify individual user actions. Upon examination, we determined that 23 users could switch into the account. The users come from varied departments including: Administrator Systems and Data Support, the Registrar’s Office, PantherSoft IT, Academic Advising Center, and Institutional Research. The users’ job titles are varied and include IT support, Application Developer, Assistant Registrar, Academic Records Manager, Enrollment Processor, and Business Analyst.

Combining IT support and non-IT user accounts into a group user account increases segregation of duties risks. When grades are changed in this manner, only the generic user ID is stored in the audit log file. Current internal controls were not granular enough to adequately identify the user that logged into the generic account to make a modification. Assigning a unique ID to each individual that makes a grade change would ensure that each individual is uniquely accountable for their actions.

#### **Conclusion**

Although we did not find any inappropriate grade changes, the inability to track individual user actions increases the risk that an inappropriate grade change could go undetected.

#### **4. Data Accuracy Testing and Follow-up**

We identified the main data files and tables related to the calculations of the four performance based funding metrics under review, as follows:

- Degrees Awarded File;
- Person Demographic Table;
- Enrollments Table;
- Student Instruction File; and
- Retention File.

The BOG provided us with the in-scope data elements for each of the metrics under review (see Appendix A – In-scope BOG Data Elements).

Data accuracy for four of the ten metrics was tested by reviewing the corresponding data files, tables and elements, and by tracing them to the source document data in PeopleSoft. A number of reconciliations were also performed. Testing was limited to the PeopleSoft data itself as the objective of our testing was to corroborate that the data submitted was in fact unabridged from/identical to the data contained in the University's PeopleSoft system.

#### **Metrics Testing**

The four performance based funding metrics tested were as follows:

##### **Common to All Universities:**

- Metric 1 - Percent of Bachelor's Graduates Employed and/or Continuing their Education Further One Year after Graduation;
- Metric 2 - Median Average Wages of Undergraduates Employed in Florida One Year after Graduation;
- Metric 4 - Six Year Graduation Rate (Full-time and Part-time FTIC); and
- Metric 5 - Academic Progress Rate (2nd Year Retention with GPA above 2.0).

#### **Metrics 1 and 2**

The Degrees Awarded File is used for 5 of the 10 performance based funding metrics. During the prior year's audit, data accuracy testing was focused on Metric 6-Bachelor's Degree Awarded within Programs of Strategic Emphasis; Metric 8-Master's Degree Awarded within Program of Strategic Emphasis; and Metric 10-Bachelor's Degrees Awarded to Minorities. No exceptions were found in the data submitted. Accordingly, we focused on the remaining two metrics: Metric 1 (Percent of Bachelor's Graduates Employed and/or Continuing their Education Further One Year after Graduation); and Metric 2 (Median Average Wages of Undergraduates Employed in Florida One Year after Graduation). The BOG utilizes the Degrees Awarded File, Person Demographic Table from Admission File and other external data related to employment to calculate these two metrics. We excluded a review of the external data from the scope of this audit.

The most current submission file contiguous with our audit fieldwork was obtained. (The File is uploaded after every semester, thus, the spring 2016 file uploaded in June 2016 was the most current file as of September 30, 2016).

The Degrees Awarded File submitted in spring 2016 contained 4,724 students earning 4,788 degrees (4,450 students earned single degrees, 210 students earned 420 double-major degrees, 2 students earned a degree and a double major, and 62 students earned 124 dual degrees). The BOG rule allows for the multiple degrees, not double-majors, to be counted individually. Thus, double-majors are counted as half (.5).

Included in the 4,788 degrees were 36 out-of-term degrees. The out-of-term degrees were earned in spring, summer, and fall 2015, and excluded 17 spring 2016 degrees that posted late. Of the 17 degrees, 15 were reported in summer 2016 and 2 will be reported with fall 2016 degrees as they were processed in October and November 2016. The Office of the Registrar informed us that the late reporting was due to either the student submitting the completion form late or an academic department delay.

Our reconciliation of the Degrees Awarded File submitted to the BOG, and the file provided to us by the Office of the Registrar to test against, showed differences in the number of degrees reported due to timing differences in the posting of degrees. The Office of the Registrar file contained 17 students who earned their degrees in spring 2016 and 14 students who earned their certificate in spring 2016 but were processed late, after the Degrees Awarded File had been submitted to the BOG. (Certificates are not required to be reported to the BOG). The Degrees Awarded File reported to the BOG contained 36 out-of-term degrees, earned in spring, summer, and fall 2015 that had been previously processed late. We verified the degrees reported late were actually granted late by reviewing 5 of the 17 spring 2016 degrees and 6 of the 36 out-of-term 2015 degrees that were processed late. There were no exceptions found.

We also verified that the data elements for the two metrics tested were present in the Degrees Awarded File submitted to the BOG and the information contained in the Degrees Awarded File was the same as the information in the students' PantherSoft record.

Finally, 32 students' records were selected for testing. The students' records (as it relates to the applicable data elements for Performance Based Funding) in PeopleSoft were the same as reported to the BOG, and all 32 students graduated in spring 2016 and fulfilled their credit-hour requirements per the respective program of study. There were no exceptions as to the data provided to the BOG for these 32 students.

### Conclusion

We determined that the data submitted to the BOG in the Degrees Awarded File and the Admissions File for Metrics 1 and 2 represents the data in the University's PantherSoft Campus Solutions system.

## **Metrics 4 and 5**

The data for Metric 4 (Six Year Graduation Rate - Full-time and Part-time First Time in College (FTIC)) and Metric 5 (Academic Progress Rate - 2<sup>nd</sup> year retention with GPA above 2.0) are generated by the BOG from the Student Instruction File (SIF) and Degrees Awarded File (SIFD) submitted by the University.

The BOG builds the Retention File annually using the SIF and the SIFD files. The BOG then annually provides the retention data to the University. FIU's Office of Institutional Research (IR) reconciles the data with the files (SIF and SIFD) originally submitted to the BOG and investigates and resolves any differences. They work with BOG IRM (Information Resource Management) staff to make edits, if necessary, before the Data Administrator approves and submits the data to the BOG IRM. We reviewed IR's reconciliation process of retention data for cohort 2013-2014 and concluded that FIU's IR staff adequately performed the reconciliation of data provided by the BOG against FIU's data.

We also reviewed the retention data for cohort year 2013-2014 and determined that the cohort count of 4,524 students matched the data in the fall 2013, spring 2014 and summer 2014 SIF files. This was the first year for cohort 2013-2014. We reviewed the second year for cohort 2013-2014, which included the fall 2014, spring 2015 and summer 2015 SIF and determined that the number of students enrolled (3,799) and degrees earned, as reported in the Retention File and verified by the IR analysts to be accurate.

In addition, we verified without exception that 22 students from the 2013-2014 cohort graduated in 2014-2015, as reported in the SIFD, as follows: fall 2014 (3 students); spring 2015 (12 students); and summer 2015 (7 students).

Finally, to further verify that the SIF data submitted to the BOG was accurate, we selected a sample of 38 students from the summer 2010 SIF and verified that the data provided to the BOG was the same as the data contained in the University's PantherSoft Campus Solutions student records and found no differences. The summer 2010 SIF contained those students whom would have reached their sixth year during the most current submittal for inclusion in Metric 4.

## **Conclusion**

The results of our review of the SIF data found no differences relating to the relevant elements for Metrics 4 and 5. IR performs the reconciliation and verifies that the data submitted by the BOG matches the data in FIU's system, as such, the data used to build the Retention File for Metrics 4 and 5 accurately reflects the data in the University's PeopleSoft system.

### **Prior Audit Follow-up**

During a prior audit, we had found an exception resulting from one student's most recent admission date, which was 1 of the 5 tested elements. We determined that the student was admitted in fall 2011 as an undergraduate student and in spring 2014 as a certificate-seeking student. The student enrollment record in PeopleSoft had both of the admission dates for the student and his most recent admission was reported to the BOG. The AIM staff informed us last year that they were in discussions with the Registrar's Office to adjust for these occurrences. The prior recommendation was to, "Continue to work with the Office of the Registrar to resolve how to properly report those limited instances where there are multiple admission dates for individual students."

In our follow-up of this matter, the AIM staff informed us that they implemented a logic change effective spring 2016. The Data Administrator stated, "...we are not expecting to see this type of problem anymore." She added, "When we review a student we not only look at the student type we look at whole scenario and common elements such as the student type, admit term, degree highest held, transfer credits and any other element that may be slightly related to the issue we are looking at. We compile our questions and send to the functional units to review the case as well, answer the question and recommend how [the] student should be reported." As a result of this mitigating control, the previous control deficiency has been resolved.

## 5. Data File Submissions and Resubmissions

### Timely Data File Submissions

To ensure the timely submission of data, AIM used the due date schedule provided by the BOG as part of the SUS data workshop to keep track of the files due for submittal and their due dates. AIM also maintains a schedule for each of the files to be submitted, which includes meeting dates with the functional unit leads, file freeze date, file due date, and actions (deliverables) for each date on the schedule. We used data received directly from the BOG-IRM Office in addition to data provided by AIM to review the timeliness of actual submittals.

The following table and related notes, where applicable, reflects the due dates and actual submittal dates of all relevant files submitted during our audit period:

<i>File</i>	<b>File Submission</b>	<b>Period</b>	<b>Due Date</b>	<b>Submitted Date</b>
<b>SIFD</b>	Degrees Awarded	Summer 2015	10/6/2015	10/7/2015 <sup>1</sup>
<b>IR</b>	Instruction & Research	Annual 2014	10/6/2015	10/6/2015
<b>SFA</b>	Student Financial Aid	Annual 2014	10/9/2015	10/7/2015
<b>SIFP</b>	Student Instruction Preliminary	Fall 2015	10/9/2015	10/9/2015
<b>EA</b>	Expenditure Analysis	Annual 2014	10/20/2015	10/20/2015
<b>HTD</b>	Hours to Degree	Annual 2014	11/13/2015	11/13/2015
<b>SIF</b>	Student Instruction	Fall 2015	1/15/2016	1/27/2016 <sup>2</sup>
<b>RET</b>	Retention	Annual 2014	1/29/2016	2/25/2016 <sup>3</sup>
<b>SIFD</b>	Degrees Awarded	Fall 2015	2/5/2016	2/5/2016
<b>ADM</b>	Admissions	Spring 2016	2/26/2016	2/25/2016
<b>SIFP</b>	Student Instruction Preliminary	Spring 2016	3/4/2016	3/4/2016
<b>SIF</b>	Student Instruction	Spring 2016	6/17/2016	6/17/2016
<b>SIFD</b>	Degrees Awarded	Spring 2016	6/30/2016	7/12/2016 <sup>4</sup>
<b>OB</b>	Operating Budget	Annual 2016	8/15/2016	8/15/2016
<b>ADM</b>	Admissions	Summer 2016	9/9/2016	9/9/2016
<b>ADM</b>	Admissions	Fall 2016	9/23/2016	9/28/2016 <sup>5</sup>

<sup>1</sup> The summer 2015 Degrees Awarded File was submitted one day late due to the delay in accepting the SIF summer 2015. Degrees Awarded File (SIFD) cannot be submitted before SIF is accepted; SIF was accepted on October 7, 2015.

<sup>2</sup> The fall 2015 Student Instruction File (SIF) was submitted late due to a delay by the BOG in accepting the resubmission of the Admission File for fall 2015. SUDS does not allow submittal of the SIF prior to the Admission File being accepted. The resubmitted fall 2015 Admission File was accepted on January 27, 2016 and the SIF was submitted on the same date.

<sup>3</sup> Submittal of the Annual 2014 Retention File was delayed due to a delay by the BOG in reviewing/correcting the records of four students whose degrees were not counted in the



Retention File. The error was identified by FIU's Institutional Research (IR) team and the BOG staff was notified.

- 4 The Degrees Awarded File for spring 2016 was delayed due to the BOG's delay in accepting the spring 2016 SIF. The BOG had questions on the submitted SIF which were addressed by FIU's IR team but the University had to wait for the SIF to be accepted prior to submitting the Degrees Awarded File for spring 2016.
- 5 According to the Data Administrator, the fall 2016 Admissions File was submitted late due to FIU's IR staff resources being diverted as a result of changes in submittal dates by the BOG for other data files.

### Data File Resubmissions

The list of resubmissions since the last audit was obtained from the BOG-IRM staff. The Data Administrator described the nature and frequency of these resubmissions and provided correspondence between the BOG and the University related to data resubmissions and examined them to identify lessons learned and determine if any future actions can be taken by the AIM that would reduce the need for resubmissions.

The Data Administrator has previously noted that "Resubmissions are needed in the case of data inconsistencies detected by us or the BOG staff after the file has been submitted. Of course, our goal is to prevent any resubmissions; however, there are some instances when this happens. A common reason for not detecting the error before submission is that there are some inconsistencies that only arise when the data is cross-validated among multiple files... We used the resubmission process as a learning tool to identify ways to prevent having the same problems in the future. When logic changes are implemented or added it is an additional edit in our internal tool."

In regards to the frequency of the resubmissions, a list was provided by the BOG-IRM of all relevant files submitted. For files with due dates between October 1, 2015 and September 30, 2016, the University submitted 16 files to the BOG. In addition, there were four relevant files resubmitted with original due dates prior to October 1, 2015 and after September 30, 2016.

The following table describes the four files resubmitted and the reasons for resubmission.

<b>No.</b>	<b>Due Date</b>	<b>Resubmitted Date</b>	<b>File Submission</b>	<b>Term/Year</b>	<b>Reason for Resubmission</b>
1	8/17/2015	10/20/2015	Operating Budget (OB)	Annual 2015	Error in Expenditure Analysis (EA) File which only could be corrected via OB. The error was due to the use of an incorrect code appropriation category, discovered at the time of the EA File submission.
2	10/07/2014	12/15/2015	Instruction & Research	Annual 2013	FIU had some changes in methodology with regard to how instruction and research activities were coded in the Instruction & Research (IRD) File between the 2013-2014 submissions. Per a BOG request, FIU needed to resubmit the IRD File to reflect this new methodology. The change in the IRD affected the EA File, thus, requiring a resubmission of this File as well.
3	10/28/2014	12/15/2015	Expenditure Analysis	Annual 2013	
4	10/03/2016	10/13/2016	Student Instruction	Fall 2016	Resubmittal requested by the BOG due to manual changes made by the BOG to correct student recent admission types.

Resubmission requests originated from both the BOG and FIU. The reasons for resubmissions varied, such as the BOG requesting edits/additional information when a file does not reconcile with other records, FIU discovering some errors after submission, or when a resubmission of a related file triggered correction and resubmission. In regards to the resubmissions being authorized, in all instances observed, the BOG staff authorized the resubmission by reopening the SUDS system for resubmission.

The four resubmissions were necessary and authorized, and as the Data Administrator explained previously, some of the reasons for the resubmission are the subject of discussions between FIU and the BOG on how the process could be improved.

## Conclusion

Our review disclosed that the process used by the Data Administrator provides reasonable assurance that complete, accurate and for the most part timely submissions occurred. There were no discernable reasons for the few late filings. No material weaknesses were found. In addition, there were no reportable material weaknesses or significant control deficiencies that surfaced relating to data file resubmissions.

## **6. Review of University Initiatives**

A listing of University initiatives that are meant to bring the University's operations and practices in line with SUS Strategic Plan goals were obtained. Below is a list of such initiatives:

- Implemented the learning assistant program
- Hired a student success manager
- Implemented Adjunct to Instructor conversions in Math and English to improve teaching
- Improved student financial aid support model (i.e., Noel Levitz)
- Implemented faculty incentives for new online and hybrid teaching
- Restructured the advising model
- Graduation Success Initiative
- STEM success, HHMI, HHMI2, STEM Transformation Institute
- Preparing students for the workforce through internships and private partnerships
- Added additional Math instructors to improve the pedagogy and student success in the math gateway courses

### Conclusion

None of the initiatives provided appears to have been made for the purposes of artificially inflating performance goals.

## **RECOMMENDATIONS**

The Office of Analysis and Information Management should:

- |    |  |
|----|--|
| 1. | <p>Work with the functional units and PeopleSoft Security Team to:</p> <ul style="list-style-type: none"><li>a) Review user accounts to ensure on-boarded and off-boarded users have an associated PAWS ticket and that existing users' access match their current job function;</li><li>b) Review and reduce access privileges to production and stage environments to appropriately mitigate least privileged and segregation of duties risks; and</li><li>c) Continue to create a log reporting mechanism for all metric data files, where appropriate, that is user-friendly to help ensure the integrity of the data sent to the BOG.</li></ul> |
|----|--|

### **Management Response/Action Plan:**

1. a) The Office of Analysis and Information Management will ensure that access privileges accurately portray each user's job responsibilities, and any changes in access are accurate, and consistently logged with PAWS tickets.

Implementation date: March 2017

- b) The Office of Analysis and Information Management will work with IT to review access privileges of users in the PeopleSoft production and stage environments, and ensure that user security policies are enforced in a manner that portrays the necessities of job duties, including revoking or limiting access when appropriate.

Implementation date: April 2017

- c) The Office of Analysis and Information Management will follow up with IT on a bi-weekly basis to ensure that they are making progress towards auditing all 20 high risk fields. Additionally, AIM will work with IT to create a user-friendly report that will enable AIM to continually monitor access privileges for these fields.

Implementation date: April 2017

## APPENDIX A

In-Scope BOG Data Elements			
No.	Metric	Definition	Submission/Table/Element Information
1	Percent of Bachelor's Graduates Employed Full-time in Florida or Continuing their Education in the U.S. One Year After Graduation	<p>This metric is based on the percentage of a graduating class of bachelor's degree recipients who are employed full-time in Florida or continuing their education somewhere in the United States. Students who do not have valid social security numbers are excluded.</p> <p>Note: Board staff have been in discussions with the Department of Economic Opportunity staff about the possibility of adding non-Florida employment data (from Wage Record Interchange System (WRIS2) to this metric for future evaluation.</p> <p>Sources: State University Database System (SUDS), Florida Education &amp; Training Placement Information Program (FETPIP), National Student Clearinghouse.</p>	<p><b>Submission:</b> SIFD</p> <p><b>Table:</b> Degrees Awarded</p> <p><b>Elements:</b></p> <p>01081 – Degree – Level Granted</p> <p>01412 – Term Degree Granted</p> <p>01045 – Reporting Institution</p>
2	Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year After Graduation	<p>This metric is based on annualized Unemployment Insurance (UI) wage data from the fourth fiscal quarter after graduation for bachelor's recipients. UI wage data does not include individuals who are self-employed, employed out of state, employed by the military or federal government, those without a valid social security number, or making less than minimum wage.</p> <p>Sources: State University Database System (SUDS), Florida Education &amp; Training Placement Information Program (FETPIP), National Student Clearinghouse.</p>	Same as No. 1 above.
4	Six Year FTIC Graduation Rate	<p>This metric is based on the percentage of first-time-in-college (FTIC) students who started in the Fall (or summer continuing to Fall) term and had graduated from the same institution within six years. Students of degree programs longer than four years (e.g., PharmD) are included in the cohorts. Students who are active duty military are not included in the data.</p> <p>Source: State University Database System (SUDS).</p>	<p><b>Submission:</b> SIFD</p> <p><b>Table:</b> Degrees Awarded</p> <p><b>Elements:</b></p> <p>02001 – Reporting Time Frame</p> <p><b>Submission:</b> SIFP</p> <p><b>Table:</b> Enrollments</p> <p><b>Elements:</b></p> <p>01063 – Current Term Course Load</p> <p>01067 – Last Institution Code</p> <p>01068 – Type of Student at Date of Entry</p> <p>01085 – Institutional Hours for GPA</p> <p>01086 – Total Institutional Grade Points</p> <p>01088 – Term Credit Hours for GPA</p> <p>01089 – Term Credit Hours Earned</p> <p>01090 – Term Grade Points Earned</p> <p><b>Submission:</b> SIF</p> <p><b>Table:</b> Enrollments</p> <p><b>Elements:</b></p> <p>01060 – Student Classification Level</p> <p>01112 – Degree Highest Held</p> <p>01107 – Fee Classification Kind</p> <p>01420 – Date of Most Recent Admission</p> <p>01413 – Type of Student at Time of Most Recent Admission</p> <p>01411 – Institution Granting Highest Degree</p> <p>01801 – University GPA (CUM &amp; TERM)</p> <p><b>Submission:</b> Retention</p> <p><b>Table:</b> Retention Cohort Changes</p> <p><b>Elements:</b></p> <p>01429 – Cohort Type</p> <p>01437 – Student-Right-to-Know (SRK) Flag</p> <p>01442 – Cohort Adjustment Flag</p>

In-Scope BOG Data Elements			
No.	Metric	Definition	Submission/Table/Element Information
5	Academic Progress Rate 2nd Year Retention with GPA Above 2.0	This metric is based on the percentage of first-time-in-college (FTIC) students who started in the Fall (or summer continuing to Fall) term and were enrolled full-time in their first semester and were still enrolled in the same institution during the Fall term following their first year with had a grade point average (GPA) of at least 2.0 at the end of their first year (Fall, Spring, Summer). Source: State University Database System (SUDS).	Same as No. 4 above.

Definition Source: State University Database System (SUDS).

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*Agenda Item 4*

**AC2**

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Audit and Compliance Committee**

March 2, 2017

**Subject: Approval of the Compliance and Ethics Charter for the Office  
of University Compliance and Integrity**

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**Proposed Committee Action:**

Recommend that the Florida International University Board of Trustees approve the Compliance and Ethics Charter (the “Charter”) for the Office of University Compliance and Integrity (the “Compliance Office”).

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**Background Information:**

The Charter is required by the new Board of Governors Regulation 4.003. The Charter is a formal document that defines the institutional compliance program’s purpose and the Chief Compliance Officer’s authority; reporting and independence within the organization; and defines the scope of the duties and responsibilities of the Compliance Office.

Florida Board of Governors Regulation 4.003 State University System Compliance and Ethics Programs (6) states that “The office of the chief compliance officer shall be governed by a charter approved by the board of trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.”

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**Supporting Documentation:** Compliance and Ethics Charter for the Office  
of University Compliance and Integrity

**Facilitator/Presenter:** Karyn Boston

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## **FLORIDA INTERNATIONAL UNIVERSITY'S COMPLIANCE AND ETHICS CHARTER**

### **Overall Purpose/Objectives**

The purpose of this University Compliance and Ethics Charter (the "Charter") is to define the responsibilities, status, and authority of Florida International University's (the "University" or "University's") institutional compliance and ethics program (the "Program") and to outline the scope and structure of the Program.

The Office of University Compliance and Integrity (the "Compliance Office") serves as a point for coordination of and responsibility for activities that promote an organizational culture that encourages ethical conduct and a commitment to compliance with applicable laws, regulations, rules, policies, and procedures.

The objective of the Compliance Office is to collaborate and partner with senior leadership, compliance liaisons, faculty and administrative staff with compliance responsibilities (the "Partners") to embed the University's compliance strategy and framework for an effective compliance program into the foundation of the University. This objective is accomplished by supporting the dissemination and review of effective University-wide policies and procedures, education and training, monitoring, communication, risk assessment, and response to reported issues as required by Chapter 8 of the Federal Sentencing Guidelines and Board of Governors Regulation 4.003. These guidelines and regulation set forth the requirements of an effective compliance and ethics program and require promoting compliance with laws and ethical conduct.

### **Review and Maintenance of the Charter**

This Charter will be reviewed at least every (2) two years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices. Subsequent changes will be submitted to the Board of Trustees for approval. A copy of the Charter and any subsequent changes will be provided to the Board of Governors.

### **Reporting Structure and Independence of the Chief Compliance Officer**

The Chief Compliance Officer is the highest-ranking compliance officer at the University, and reports functionally to the Board of Trustees and administratively to the President.

The Chief Compliance Officer shall have the independence and objectivity to perform the responsibilities of the Chief Compliance Officer function, conduct and report on



compliance and ethics activities and inquiries free of actual or perceived impairment to the independence of the Chief Compliance Officer.

### Authority

The Program is governed by this Charter, as it may be amended.

### Scope of Duties and Responsibilities

The Program includes the implementation, identification, and assessments of activities that fulfill the requirements for an effective compliance and ethics program as required by Chapter 8 of the Federal Sentencing Guidelines and Board of Governors Regulation 4.003.

The Program is designed to optimize its effectiveness in preventing or detecting noncompliance, unethical behavior, and criminal conduct by implementing the following basic elements:

- Oversight of Institutional Compliance and Ethics and Related Activities
- Development of Effective Lines of Communication
- Ensuring that Effective Training and Education is Provided
- Revising and Developing Compliance and Ethics Policies and Procedures
- Performing or Assessing Internal Compliance Monitoring, Investigations, and Reviews
- Responding Promptly to Detected Compliance and Ethics Problems and Recommending Corrective Action
- Promoting Standards through Appropriate Incentives and Disciplinary Guidelines
- Measuring Compliance Program Effectiveness
- Oversight and Coordination of External Inquiries into Compliance with Federal and State Laws and Take Appropriate Steps to Ensure Safe Harbor

The Chief Compliance Officer and staff will:

- a) Develop a Program plan based on the requirements for an effective program. The Program plan and subsequent changes will be provided to



the Board of Trustees for approval. A copy of the approved plan will be provided to the Board of Governors.

- b) Provide training to university employees and Board of Trustees' members regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures. The Program plan will specify when and how often this training will occur.
- c) Obtain an external review of the Program's design and effectiveness at least once every five years. The review and any recommendations for improvement will be provided to the President and Board of Trustees. The assessment will be approved by the Board of Trustees and a copy provided to the Board of Governors.
- d) Identify and provide oversight and coordination of compliance partners responsible for compliance and ethics related activities across campus and provide communication, training, and guidance on the Program and compliance and ethics related matters.
- e) Administer and promote the FIU Convercent, an anonymous mechanism available for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith.
- f) Maintain and communicate the University's policy on reporting misconduct and protection from retaliation and ensure the policy articulates the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.
- g) Communicate routinely to the President and the Board of Trustees regarding Program activities. Annually report on the effectiveness of the Program. Any Program plan revisions, based on the Chief Compliance Officer's report, shall be approved by the Board of Trustees. A copy of the report and revised plan will be provided to the Board of Governors.
- h) Promote and enforce the Program, in consultation with the President and Board of Trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics. Failures in compliance and ethics will be addressed through appropriate



measures, including education or disciplinary action.

- i) Initiate, conduct, supervise, coordinate, or refer to other appropriate offices such inquiries, investigations, or reviews deemed appropriate in accordance with university regulations and policies, state statutes, and/or federal regulations.
- j) Make necessary modification to the Program in response to detected non-compliance, unethical behavior, or criminal conduct and take steps to prevent its occurrence.
- k) Assist the University in its responsibility to use reasonable efforts to exclude within the University and its affiliated organizations individuals whom it knew or should have known through the exercise of due diligence to have engaged in conduct not consistent with an effective Program.
- l) Coordinate or request compliance activity information or assistance as necessary from any University, federal, state, or local government entity. Oversee and coordinate external inquiries into compliance with federal and state laws and take appropriate steps to ensure safe harbor in instances of non-compliance.

The Compliance Office provides guidance on compliance, ethics, and related matters to the University community. The Compliance Office collaborates with compliance partners and senior leadership to review and resolve compliance and ethics issues and coordinate compliance and ethics activities, accomplish objectives, and facilitate the resolution of problems.

### **Professional Standards**

The Compliance Office adheres to the *Florida Code of Ethics* and the *Code of Professional Ethics for Compliance and Ethics Professionals*.

Approved by the FIU Board of Trustees on March \_\_, 2017.



# **Office of Internal Audit Status Report**

**BOARD OF TRUSTEES**

**March 2, 2017**



OFFICE OF INTERNAL AUDIT

**Date:** March 2, 2017

**To:** Board of Trustees Audit and Compliance Committee Members

**From:** Allen Vann, Chief Audit Executive

**Subject:** OFFICE OF INTERNAL AUDIT STATUS REPORT

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I am pleased to provide you with our quarterly update on the status of our office's work activities. Since our last update to the Board of Trustees Finance and Audit Committee on December 1, 2016, the following projects were completed:

#### **Audit of the Performance Based Funding Metrics Data Integrity**

Beginning in fiscal year 2013-14, the State University System of Florida Board of Governors instituted a performance funding program, which is based on 10 performance metrics used to evaluate Florida's public universities. Pursuant to their request, we have completed our annual audit relating to the University's reporting of performance based funding metrics for the current period.

In December 2014, we issued our first audit on the reliability of FIU's data submissions as they pertained to performance metrics. Our current audit confirmed the results of our previous audits that FIU 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.

#### **Audit of Financial Aid**

Our review of financial aid eligibility focused on Federal Pell grants, Federal subsidized and unsubsidized direct loans, Tuition Differential aid, and various institutional grants and scholarships, as these were the major types of financial aid awarded in academic year 2014-15:

- Federal Pell Grants (\$85,687,497);
- Federal Direct subsidized and unsubsidized loans (\$236,018,006); and
- Various institutional scholarships and grants (\$49,484,404), including \$14,392,826 in Tuition Differential awards.



## Office of Internal Audit Status Report

March 2, 2017

Page 2 of 3

Our audit disclosed that the Financial Aid Office's controls and procedures need improvement. We found that internal controls could be strengthened in the following areas: student financial aid need determination; cost of attendance and eligibility determination; administering the Tuition Differential aid program; adherence with federal direct loan regulations and development of written policies for Borrower Based Academic Year; and staff training.

### Audit of FIU Football Attendance for the 2016 Season in Accordance with NCAA Bylaws

The objective of our audit was to certify the accuracy of the season's attendance at FIU home football games reported by the University to the National Collegiate Athletic Association (NCAA) for the 2016 season. Based on the methodology adopted by the FIU Athletics Department, we found that the football attendance data reported to the NCAA on the 2016 Football Paid Attendance Summary sheets are supported by sufficient, relevant, and competent records. We are also pleased to report that the current year's average home attendance of 16,574 meets minimum NCAA requirements.

### Consultant Report on Vendor Electronic Funds Transfer (EFT) Change Controls

Pursuant to a request from the Chairwoman of the FIU Board of Trustees, the Office of Internal Audit engaged a consultant to review and perform limited testing of the current procedures and processes of the Procurement Department for making changes to vendor electronic funds transfer information. Related controls were strengthened subsequent to an unsuccessful fraudulent attempt to divert a substantial vendor payment.

The purpose of the review was to validate that current internal controls are sound, and provide reasonable assurance that proper supplier validation and authentication is being performed prior to the Procurement Department staff making changes to the supplier's EFT data in PantherSoft. The consultant's report will be furnished to the FIU Board of Trustees under separate cover.

### Work in Progress

The following ongoing audits are in various stages of completion:

<i>Audits</i>	<i>Status</i>
Herbert Wertheim College of Medicine - Pharmacy Operations	Drafting Report
Construction - Facilities	Drafting Report
Athletic Department - Financial and Operational Controls	Fieldwork in Progress
University's IT Network Security Controls Follow-up	Fieldwork in Progress
Online Programs	Planning Stage
College of Arts, Sciences and Education - Center for Children and Families	Planning Stage
Registrar - Educational Fees/Tuition	Planning Stage

## Office of Internal Audit Status Report

March 2, 2017

Page 3 of 3

### Other Matters

We are pleased to welcome back to FIU Stephanie Price as a Senior Auditor. Ms. Price obtained her bachelor's and master's degrees in Accounting at FIU and during that time interned with our Office. After graduation, she worked for PricewaterhouseCoopers for a few years as an Audit and Risk Assurance Associate before returning to FIU.

### Semi-Annual Follow-Up Status Report

We surveyed management on their progress towards completing past recommendations that were currently due for implementation. According to management, 25 of 50 recommendations were completed. Management has reportedly partially implemented the remaining recommendations and provided updates on expected completion dates.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Housing and Residential Life	2	2	-
College of Law	4	3	1
University Building Access Controls	13	1	12
Mobile Health Center	2	1	1
School of Education and Human Development	2	1	1
University Network Security Controls	5	3	2
Division of Human Resources	4	1	3
Study Abroad and International Exchange Programs	7	6	1
Restricted Gifts - FIU Foundation	1	1	-
Chaplin School of Hospitality and Tourism Management	4	3	1
Laboratory Safety Process	3	-	3
Camps and Programs Offered to Minors	3	3	-
<b>Totals</b>	<b>50</b>	<b>25</b>	<b>25</b>
<b>Percentages</b>	<b>100%</b>	<b>50%</b>	<b>50%</b>



OFFICE OF INTERNAL AUDIT

**Date:** February 17, 2017

**To:** Kenneth A. Jessell, Chief Financial Officer and Senior Vice President  
Katherine Brophy, Associate Vice President and Controller

**From:** Allen Vann, Chief Audit Executive

A handwritten signature in blue ink that reads "Allen Vann".

**Subject: Transmittal of Consultant Assessment Report on the Review Process  
Over Change of Supplier Electronic Fund Transfer Data**

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Pursuant to a request from the Chairwoman of the FIU Board of Trustees, the Office of Internal Audit engaged a consultant to review and perform limited testing of the current procedures and processes of the Procurement Department for making changes to vendor electronic funds transfer information. Related controls were strengthened subsequent to an unsuccessful fraudulent attempt to divert a substantial vendor payment.

The purpose of the consultant's review was to validate that current internal controls are sound, and provide reasonable assurance that proper supplier validation and authentication is being performed prior to the Procurement Department staff making changes to the supplier's EFT data in PantherSoft.

The consulting firm, Elevate Consult LLC, are experts in Information Technology consulting, Internal Audit, and Enterprise Resource Planning. Based on their review they concluded that the current control environment over change of supplier EFT data is satisfactory. Nevertheless, based on their observations Elevate made a number of recommendations to further strengthen controls, which management has agreed to implement. The Internal Audit Department will perform a post implementation follow-up review of the process within the next six months and report to Management and the Board of Trustees' Audit and Compliance Committee the results of that review.

Attachment

C: FIU Board of Trustees

Mark B. Rosenberg, University President

Javier I. Marques, Chief of Staff – Office of the President

Carlos Castillo, General Counsel

Kelly Loll, Director of Procurement

Ramon Duenas, Associate Controller for Payment Services

# Review Process Over Change of Vendor EFT Data Assessment Report

Report  
Prepared for:



By:



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3.	APPROACH .....	4
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## 1. Scope

The scope of the effort from a Process review and PeopleSoft application review perspective included the following:

- Vendor Creation

Vendor creation is a key process to review as it sets the precedence for the Accounts Payable payment procedure. The vendor creation has two sources:

*Vendor Onboarding (Portal)*

- Foreign (classified as “Foreign Company” in the vendor’s step 1 registration via the Portal)
- Domestic (classified as “US Company” in the vendor’s step 1 registration via the Portal)

*Vendor creation in the application (Manual and API)*

- Foreign (classified as “Foreign Company” in the vendor’s profile: “Identifying Information” under “Classification”)
- Domestic (classified as “US Company” in the vendor’s profile: “Identifying Information” under “Classification”)

- Vendor’s Profile updates

Any updates to the existing vendor’s data affecting Electronic Funds Transfer (EFT) requires re-approval as part of an application feature, as any modification triggers a change in the vendor’s status

*For EFT transactions*

- Bank account (banking information pertinent to the vendor’s institution, account, routing, etc.)
- Contact information (name, phone, fax, and or email address pertinent to the individual/s responsible from the vendor’s side)
- Address

- Approval process

The approval process for vendor creation and vendor’s master data update

- Current vendor overall process from Sourcing to Payment

- DemandStar
- SciQuest (Jaggaer)

In addition, we discussed with the Purchasing department the future state of both the vendor’s maintenance and the vendor management processes. Our recommendations are included in this report.

The engagement was performed during the months of January 2017 to mid-February 2017.

## 2. Approach

To support our observations and recommendations we used various review techniques including:

- Inquiry with various levels of management
  - Purchasing Services
  - Payment Services
  - Office of Internal Audit (Information Systems)
- Observation of duties
  - Communications with vendors and departments via email about changes
  - Vendor data update
- Transactional walkthroughs
  - Vendor creation via the onboarding portal
  - Vendor's update (contact, bank and address information)
- Limited testing
  - Updating vendor's existent information to trigger status change

### 3. Executive Summary

Elevate Consult, LLC (Elevate) has completed the review of vendor changes to the electronic fund transfers (EFT) process. Based on our high-level review of the control environment over the change of vendor EFT data, we deem with reasonable assurance that the controls are **Satisfactory** over vendor validation and authentication prior to the Procurement Department staff making changes the vendor's EFT data in PantherSoft (Peoplesoft).

The key controls implemented include:

- Associates are required to change their password using a token key to PantherSoft (*Strong*)
- Duties are segregated over making vendor changes and approving vendor changes (*Strong*)
- Changes to the vendor profile automatically triggers a re-approval of the vendor and places the status as "Unapproved" not allowing payment (*Strong*)
- Vendors must provide supporting evidence to justify setup / change which is manually validated by Purchasing prior unfreezing vendor (*Moderate*)
- Vendor payment is not permitted until the change to a vendor account is confirmed. Validation of changes to vendor accounts is via a manual procedure. Personnel must independently locate the vendor's existing contact information located in the vendor master database or contact information found on the vendor's website (when no contact information is available in the vendor master database). (*Moderate*)

Rating Explanations:

*Strong*: Main reliance on system controls which mitigate human errors

*Moderate*: Main reliance on manual controls that can be prone to human errors

### 4. Recommendations

Elevate noted that FIU has implemented a mix of manual and automated controls to mitigate the risks with erroneous and/or fraudulent changes to EFT and other key vendor data. However, per our assessment some of the processes can be improved by use technology. At the core, the following recommendations for improvement can help Purchasing improve their effectiveness over the management of vendor data include:



### 1. Vendor Data Clean-Up

Ensure contact information is accurate and available to improve the validation procedures performed by Purchasing (e.g. going to vendors' website to find a contact number of accounting function to validate that the change was valid) when changes to vendor information (e.g. EFT) are requested by vendor. Specifically:

- For active vendors, perform a data clean-up exercise to ensure that email address, name, telephone numbers are consistently captured in the vendor master database for all vendors. (We understand that for the nature of some vendors this information may be not be required (e.g. honorarium payments), however, a separate classification and process should be considered for these vendors and to the extent possible all vendors should have the minimum contact information required.
- Validate information between the PeopleSoft module and portal (comparison report- active vendors).
- Create a form for contact Information update and ensure that this information is a required field in both the portal and PeopleSoft module.

### 2. Audit Trails

We understand from Internal Audit, that audit trails on bank accounting information is turned on and reporting on a separate database log for ease of review. Use the audit logs to perform formal reviews of vendor master data changes for EFT data and other key vendor data (e.g. changes to remittance addresses). An independent function from Procurement should perform these reviews to ensure segregation of duties between the individuals that perform the changes vs. the individuals that review the changes.

### 3. Initiate Automatic Vendor Confirmation Alerts

Peoplesoft has the ability to generate an automated email to the respective vendor upon approval request for changing vendor contact information. This recommendation will work well once the vendor master data cleanup recommendation above is performed and completed and validated contact information is updated and always available in the system.

### 4. Implement Prenote (Positive Pay)

Currently confirming vendor EFT information can take as long as five business days. To expedite the vendor EFT verification process, management should consider enabling the Positive Pay (e.g. Pre-notes) functionality in PeopleSoft with email to contact the initial contact in the vendor master database. Note that the email would be sent to the initial contact information provided by the vendor and hence for this to work effectively the vendor master data cleanup recommendation would have to be implemented.

### Additional Comments and Recommendations

The following recommendation was discussed with the Purchasing team during our assessment. This recommendation may not have a direct link to the improvement of the process over changes to EFT data. However, these comments and recommendations may impact the overall effectiveness of vendor management data and sourcing processes. Hence indirectly, we deemed such recommendation will improve the vendor data management process and may mitigate any root causes of any future potential issues that may still take place over changes to vendor data since the vendor master database records set would be reduced and would force better data management practices to maintain accuracy between bidder and vendor database information.

Currently, FIU doesn't have a separate but integrated bidder system and vendor management system and hence all information for vendors and bidders is collected by Purchasing and stored the same way in Peoplesoft. The information required for actual vendors (paying vendors) is greater than for bidders but since there is no way differentiate at the onset of the creation of the vendor or potential vendor (bidders to RFQ, RFPs etc.), Purchasing spends additional time gathering, validating and processing the vendor information of the bidders since there is no segregation between this data.





FIU would benefit by having an integrated bidder system (e.g Jaggaer) with PeopleSoft that would maintain a separate bidder and vendor database and would only and automatically interface vendor data once an 'actual' vendor has been approved in the bidder system. This will save time from Purchasing personnel setting up vendors since they would only perform the due-diligence on actual vendors and simultaneously increase the ability and control to manage its bids and quotes and increase the 'pool' of bidders and competitiveness in procurement.



**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Audit and Compliance Committee**  
**March 2, 2017**  
**UNIVERSITY COMPLIANCE QUARTERLY REPORT**

**2016-2017 Compliance Work Plan Status Update**

The Office of University Compliance and Integrity is pleased to present the quarterly status update for the 2016 – 2017 Compliance Work Plan. The information reflects progress on the key action items and other compliance activities for the reporting period beginning July 1, 2016, through February 1, 2017.

Compliance Work Plan Status Summary (2016-2017)				
	Completed	In Process		
Elements of an effective compliance program	Fully Implemented	On Track	Slow Progress	Significantly delayed
				
Oversight and Accountability		1		
Policies and Procedures	1	2		
Education, Communication, Awareness		2		
Risk Assessment, Monitoring, and Auditing		1		
Enforcement, Discipline, and Incentives	1	1	1	
Ongoing Program Improvement		1		

## Legend:



Indicates that the key action item has been fully implemented in accordance with 2016-2017 Compliance Work Plan approved by the Board of Trustees.



Indicates that completion of the key action item is on track to be completed by the June 1, 2017, due date.



Indicates that completion of the key action item is slightly delayed and will not be fully implemented until 1-3 months after the June 1, 2017, due date.



Indicates that the key action item is significantly delayed or at risk of not being completed.

Oversight and Accountability			
Organizations are expected to have the appropriate high-level personnel overseeing the compliance and ethics function, with a specific executive given overall responsibility. Adequate resources are expected to be dedicated to implementing the program. The organization's governing authority is expected to exercise reasonable oversight of the implementation and effectiveness of the program.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Manage the implementation of the institutional compliance framework through the compliance liaison program.	Provide monthly compliance reports to the Vice Presidents and Deans.	<ul style="list-style-type: none"><li>Vice Presidents and Deans continue to receive compliance program status reports with compliance framework information relevant to their areas.</li><li>Eight (8) out of the twelve (12) monthly compliance reports have been delivered.</li></ul>	

Policies and Procedures			
Organizations are expected to have a set of compliance standards and procedures that communicate a commitment to compliance with applicable regulations and laws.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Enhance the effectiveness of the policy program.	Finalize the Principles and Standards (University Code of Conduct).	The document is in the final stages of review, and the roll-out plan is being finalized.	●
	Execute 50 policy plans and campaigns.	33 out of 50 policy campaigns have been completed.	●
	Benchmark the policy management program against peer universities and mid-size organizations.	The benchmarking of the policy management program is complete.	□
Education, Communication, and Awareness			
Organizations are expected to include periodic education, communication, and awareness of its compliance and ethics program in its everyday organizational structure.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Oversee the compliance training and communication initiatives plan.	Remove outdated policies from the policy library.	<ul style="list-style-type: none"> <li>Removed 61 of the outdated policies.</li> </ul>	●
	Develop the compliance-training curriculum for compliance refresher messaging.	Developed nine (9) short compliance videos and nine (9) infographics.	●

Other Initiatives			
Compliance communication campaigns launched	<ul style="list-style-type: none"><li>• Athletics Department new employee experience orientation of new football coach and staff</li><li>• Drug-free campus/ workplace drug and alcohol abuse prevention notifications</li><li>• Use of drones in research</li></ul>		
Risk Assessment, Monitoring, and Auditing			
Organizations are expected to have in place a system and schedule for routine monitoring and auditing of organizational transactions, business risks, controls, and behaviors. Audits should include a review of the response and resolution applied during the period, both proactive and reactive.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Support compliance risk identification and mitigation efforts to support FIU’s strategic objectives.	Develop the enterprise risk identification, assessment, and prioritization process.	Completed the vendor review process. Finalizing implementation plans.	<div><div></div></div>
Other Initiatives			
Submission of Federal and State required compliance reports	<ul style="list-style-type: none"><li>• Animal Welfare Report</li><li>• Athletics National Collegiate Athletic Association revenues and expenses report</li><li>• Controlled Substances Act Annual Report</li><li>• Employees Tuition Pay</li><li>• Energy Reduction Plan Reporting</li><li>• Federal Student Aid Audit</li><li>• Federal Tax and FICA Tax Remittance</li><li>• Florida Commission on Ethics Financial Disclosure</li><li>• Fringe Benefits Reporting</li><li>• Housing Analysis</li><li>• Independent Contractors Form 1099-MICS</li><li>• Internal Revenue Code (IRC – 403(b) Universal Availability Notice</li><li>• Military Employment of ROTC Graduates</li><li>• New Hire Report</li><li>• NPSAS (National Postsecondary Student Aid Survey</li><li>• Physical Plant Safety Report</li><li>• Program Participation Agreements and IPEDS</li><li>• Quarterly Financial Status Reports (Office of Management and Budget (OMB) Circular A-110 Report</li></ul>		

	<ul style="list-style-type: none"><li>• Reporting of Payment Royalties</li><li>• Social Security Number Verification Report</li><li>• Student and Employee Drug-Free Campus/Workplace Drug and Alcohol Abuse Prevention Annual Notification</li><li>• Student Loan Interest Reporting (Form 1098-E)</li><li>• University Annual and Long-term Audit Plans</li><li>• Institutional Animal Care and Use Report</li></ul>		
Enforcement, Discipline, and Incentives			
Organizations are expected to have policies and procedures in place to effectively enforce the organization's compliance and ethics program and incentives to employees to performance in accordance with the compliance and ethics program, including the obligation to report potential problems.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Provide intake support for the anonymous reporting line, provide follow up for timely resolution, and conduct investigations when appropriate	Finalize and deploy the University issue escalation criteria.	Finalizing the escalation chart.	<div></div>
	Work with the Office of the General Counsel to train FIU investigators on the investigation guidelines.	Continuing work with the Office of the General Counsel to finalize the investigation guidelines.	<div></div>
	Embed the review of compliance analytics data into the compliance program improvement process.	Implemented the process to overlay compliance analytics data with HR data to support efforts to identify potential retaliation.	<div></div>
Other Initiatives			
Issue Escalation	Continuing to define the compliance issues to be escalated to the Board of Trustees.		

Ongoing Program Improvement			
Appropriate compliance and ethics program improvements should be designed to reduce any identified risks or compliance violations.			
Compliance Program Objective	Key Action Items	Summary	Progress Indicator
Maintain awareness of cultural challenges and support mitigation efforts to support FIU's speak up culture.	Execute a culture survey and incorporate the findings into the institutional compliance strategy.	The University-wide culture survey results are being reviewed. Strategy to share results and add improvements to the 2017-2018 compliance work plan are in progress.	●
Other Initiatives			
Privacy	<ul style="list-style-type: none"> <li>Launched the University-wide incident response plan</li> <li>Conducting a survey to identify areas using privacy information</li> </ul>		



## 6.1 Athletics Compliance Report



### Athletics Compliance Quarterly Report

Reporting Period: October 15, 2016 - January 15, 2017

The Senior Associate Athletics Director of Compliance and Special Projects is pleased to present this Athletics Compliance Report to the Audit and Compliance Committee of the Florida International University Board of Trustees.

Board of Governors Regulation Standard	Athletics Compliance Program Objective	Key Action Items
<b>Section 4.003(7)(a) - Oversight</b> The President and Board of Trustees shall be knowledgeable about the Compliance Program and shall exercise oversight with respect to its implementation and effectiveness.	The Athletics Compliance Office supports the Board of Trustees and the President's oversight responsibilities by providing compliance reports and updates to the FIU NCAA Athletics Certification Committee, the President's Chief of Staff, the University General Counsel, the Athletics Director and the University Chief Compliance and Privacy Officer.	During the reporting period, the Athletics Compliance Officer achieved this program objective as follows: <ul style="list-style-type: none"> <li>• Provided updates to the Office of the General Counsel on the status of various athletics compliance issues.</li> <li>• Updated the General Counsel on two occasions regarding the following topics:               <ul style="list-style-type: none"> <li>o NCAA rule violations</li> <li>o NCAA waiver submissions/results of submitted waivers</li> <li>o Basic informational facts about the department and any case work</li> </ul> </li> <li>• The NCAA Athletics Certification Committee did not meet during the reporting period. The next Athletics Certification Committee meeting is scheduled for February 14, 2017.</li> </ul>
<b>Section 4.003(7)(b) - Training</b> University employees and Board of Trustees members shall receive training regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies and procedures.	The Athletics Compliance Office provides NCAA compliance and partners with other University personnel to provide training in accordance with NCAA requirements and the law.	During the reporting period, the Athletics Compliance Office provided rules education to the following areas: <ul style="list-style-type: none"> <li>• Athletics Development</li> <li>• Financial Aid/Financial Accounts</li> <li>• Financial Aid</li> </ul>
<b>Section 4.003(7)(c) -Program Effectiveness</b> At least once every five (5) years, the President and Board of Trustees shall be provided with an external review of the Program's design and effectiveness and any recommendations for improvement as appropriate.	The Athletics Compliance Office performs periodic reviews of the design and effectiveness of the university's Athletics Program.	The Athletics Compliance Office achieved this program objective by: <ul style="list-style-type: none"> <li>• Developing an audit procedure for internal areas of:               <ul style="list-style-type: none"> <li>o Financial Aid</li> <li>o Rules Education</li> <li>o Monitoring, and Eligibility</li> </ul> </li> <li>• Audits will be completed at designated times throughout the year, but primarily in the summer with implementation of changes to be effective for the next academic year.</li> <li>• The Athletics Compliance Office is fully staffed.</li> <li>• Review of the compliance manual is in progress. The manual updates are scheduled to be completed by Summer 2017.</li> </ul>
<b>Section 4.003(7)(e) - Reporting</b> The Program shall require the University, in a manner which promotes visibility, to publicize a mechanism for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and to ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith.	The Athletics Compliance Office supports the Office of University Compliance and Integrity by supporting the promotion of the anonymous hotline, and managing the intake of Athletics compliance complaints.	During the reporting period, one NCAA compliance complaint was received. The matter is currently being reviewed.

<b>Section 4.003(7)(f) - Escalating Misconduct</b>	The Athletics Compliance Office provides compliance data to the Office of University Compliance and Integrity, and is working on an escalation plan for matters involving criminal conduct and significant misconduct that will include who needs to be notified about various NCAA violations.	<ul style="list-style-type: none"> <li>• During the reporting period, no significant criminal conduct or NCAA rules violation were reported.</li> <li>• The current internal policy for reporting NCAA violations will be re-evaluated in consultation with the Office of the General Counsel and the Office of University Compliance and Integrity.</li> </ul>
The Program shall articulate the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, where there are reasonable grounds to believe such conduct has occurred.		
<b>Section 4.003(7)(g)(9) - Promotion and Enforcement</b>	The Athletics Compliance Office works with the leadership of the Athletics Department on appropriate incentives and disciplinary measures and encourages a culture of compliance and ethics.	During the reporting period, the Athletics Compliance Office achieved this program objective as follows: <ul style="list-style-type: none"> <li>• Conducted all Coaches Compliance Meetings</li> <li>• Held all Staff Compliance Meeting and invited the University President to speak with the staff about the importance of compliance.</li> <li>• Conducted meetings with the following departments to review rules education or to discuss the impact of various legislation:               <ul style="list-style-type: none"> <li>o Football Coaching Staff</li> <li>o Baseball Student-Athletes</li> <li>o Baseball Coaches</li> <li>o Softball Student-Athletes</li> <li>o Student Athlete Academic Center staff</li> <li>o Business Office</li> <li>o Sales/Marketing</li> </ul> </li> </ul>
The Program shall promote and enforce the compliance program, in consultation with the President and Board of Trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics.		
<b>Section 4.003(7)(g)(10)</b>	The Athletics Compliance Office initiates, conducts, supervises and coordinates investigations in the areas of eligibility, financial aid, playing/practice seasons, camps/clinics, clubs, recruiting, and personnel (this list is not exhaustive).	During the reporting period, the Athletics and Compliance Office reviewed nine (9) matters: <ul style="list-style-type: none"> <li>• Three (3) matters were resolved</li> <li>• Six (6) matters are still being reviewed</li> </ul>
The Program shall initiate, conduct, supervise, coordinate, or refer to other appropriate offices such inquiries, investigations, or reviews as deemed appropriate and in accordance with the University's regulations and policies.		
<b>Section 4.003(7)(h)</b>	The Athletics Compliance Office works with other FIU departments to implement program improvements, mitigation strategies and corrective action in response to legal, regulatory, policy violations and unethical conduct.	Nothing to report.
When non-compliance, unethical behavior, or criminal conduct has been detected, the University shall take reasonable steps to prevent further similar behavior, including making any necessary modifications to the Program.		



## Health Care Network Compliance Quarterly Report

*Reporting Period: October 15, 2016 - January 15, 2017*

The Health Science Director and Privacy Officer is pleased to present this Health Care Network ("HCN") compliance report to the Audit and Compliance Committee of the Florida International University Board of Trustees.

Board of Governors Regulation Standard	HCN Compliance Program Objective	Key Action Items
<b>Section 4.003(7)(a) - Oversight</b> The President and Board of Trustees shall be knowledgeable about the Compliance Program and shall exercise oversight with respect to its implementation and effectiveness.	The HCN Compliance Program supports the Board of Trustees and the President's oversight responsibilities by providing compliance reports and updates on a regular basis.	HCN Compliance achieved this program objective during the reporting period by providing compliance updates to the following departments: <ul style="list-style-type: none"> <li>• Student Health Services Monthly Provider Meeting</li> <li>• Ambulatory Clinical Center Provider Meeting</li> <li>• Revenue Cycle Meeting</li> <li>• Quarterly Compliance Meeting</li> </ul>
<b>Section 4.003(7)(b) - Training</b> University employees and Board of Trustees members shall receive training regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies and procedures	The HCN Compliance Program provides compliance and privacy training to all faculty and staff in accordance with HCN Compliance Plan and the law.	The HCN Compliance Program achieved this program objective by providing compliance and privacy training to faculty and staff in the following areas: <ul style="list-style-type: none"> <li>• Student Health Services staff: 9/13 &amp; 14/2016 (Annual training, specialized)</li> <li>• Ambulatory Care Center staff: 9/2016 (Annual training, specialized)</li> <li>• Neighborhood Health staff: 10/2016 (Annual training, specialized)</li> <li>• Center for Children and Families: 12/2016 (Annual training)</li> <li>• Sports Medicine staff: August, 2016 (Annual training, specialized)</li> <li>• College of medicine staff: Online (annual), in-person to certain departments</li> </ul> Student Health Services, Ambulatory Care Center, Neighborhood Help Program "NHELP", Center for Children and Families "CCF", Sports Medicine, College of Medicine receive online training within 90 days of being hired and annual training (online and in-person). Specialized training is focused for certain workforce departments, as needed due to the need to retrain for certain deficiencies found during spot audits).
<b>Section 4.00(7)(c) - Program Effectiveness</b> At least once every five (5) years, the President and Board of Trustees shall be provided with an external review of the Program's design and effectiveness and any recommendations for improvement as appropriate.	The HCN conducts periodic reviews of the design and effectiveness of the HCN Compliance Program and FIU's privacy program related to the Health Insurance Portability and Accountability ACT ("HIPAA").	The HCN Compliance Officer updated the HIPAA education materials. It is anticipated that an audit will be conducted in 2018.
<b>Section 4.007(e) - Reporting</b> The Program shall require the University, in a manner which promotes visibility, to publicize a mechanism for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and to ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith.	The HCN supports the Office of University Compliance and Integrity by supporting the promotion of the anonymous hotline, and managing the intake of HCN and HIPAA compliance complaints.	The HCN Compliance Officer managed the intake of the following number and types of HIPAA complaints during the reporting period: <ul style="list-style-type: none"> <li>• 1 HIPAA data breach</li> </ul>

<b>Section 4.003(7)(f) - Escalating Misconduct</b> The Program shall articulate the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, where there are reasonable grounds to believe such conduct has occurred.	The HCN provides compliance data to the Office of University Compliance and Integrity, and has an escalation plan to escalate matters involving criminal conduct and significant misconduct within the HCN.	During the reporting period, the HCN Compliance Officer met with the HCN leadership to discuss the following categories of significant misconduct: • Data security (discussed in conjunction with the Herbert Wertheim College of Medicine IT Department)
<b>Section 4.003(7)(g)(9) - Promotion and Enforcement</b> The Program shall promote and enforce the compliance program, in consultation with the President and Board of Trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics.	The HCN consults with the leadership of the HCN on appropriate incentives and disciplinary measures and encourages a culture of compliance and ethics.	During the reporting period, the HCN Compliance Officer met with the HCN leadership to discuss the corrective action for two (2) matters.
<b>Section 4.003(7)(g)(10)</b> The Program shall initiate, conduct, supervise, coordinate, or refer to other appropriate offices such inquiries, investigations, or reviews as deemed appropriate and in accordance with the University's regulations and policies.	The HCN initiates, conducts, supervises and coordinates investigations in the areas of clinical billing, fraud, waste and abuse, breach of privacy and security.	During the reporting period, the HCN Compliance Officer conducted investigations for two (2) matters involving clinical billing errors.
<b>Section 4.003(7)(h)</b> When non-compliance, unethical behavior, or criminal conduct has been detected, the University shall take reasonable steps to prevent further similar behavior, including making any necessary modifications to the Program.	The Health Science Director and Privacy Officer works with the HCN leadership to implement mitigation strategies when criminal conduct and unethical behavior has been detected.	During the reporting period, the HCN Compliance Officer worked with the HCN leadership team to provide guidance regarding one matter involving unethical behavior by a staff member.