



Item: AC: I-2

**AUDIT AND COMPLIANCE COMMITTEE**  
Tuesday, February 11, 2020

**SUBJECT: OFFICE OF INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES FOR  
FISCAL YEAR ENDED JUNE 30, 2019**

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**PROPOSED COMMITTEE ACTION**

Information Only

**BACKGROUND INFORMATION**

In accordance with the Office of Inspector General's Internal Audit Charter, an annual report is issued to communicate the office's primary activities of the previous fiscal year. The report summarizes internal audits, follow-up on prior audit recommendations, non-criminal investigations, and consulting activities, as well as goals and challenges for the upcoming fiscal year.

**IMPLEMENTATION PLAN/DATE**

Not Applicable

**FISCAL IMPLICATIONS**

Not Applicable

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**Supporting Documentation:** OIG Report of Annual Activities for FY Ended June 30, 2019

**Presented by:** Ms. Stacy Volnick, VP of Administrative Affairs  
And Chief Administrative Officer

**Phone:** 561-297-3450

# Florida Atlantic University Office of Inspector General



**Annual Report of Activities  
Fiscal Year Ended June 30, 2019**

## Our Mission and Standards

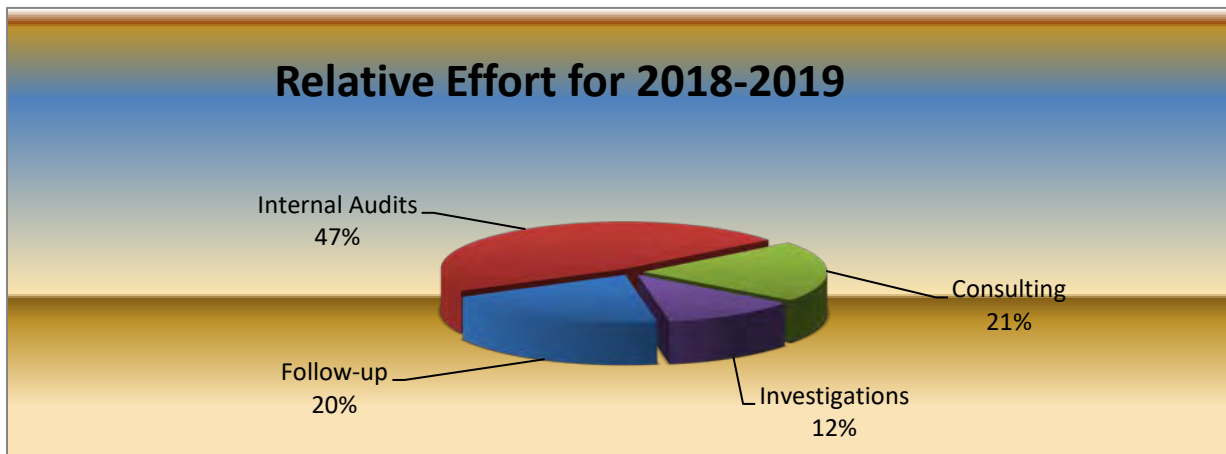
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The mission of the Office of Inspector General (OIG) is to add value to the University through evaluation of its control environment, risk management, and governance processes. OIG provides a number of diverse but related activities - audit, consulting, and non-criminal investigative services - intended to promote accountability, integrity, and efficiency within the University. The Office operates under international standards promulgated by the Institute of Internal Auditors and follows an annual work plan, developed with input from senior management and members of the Board of Trustees' Audit and Compliance Committee.

## 2018-2019 Highlights

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During fiscal year 2018/19, our office spent a total of 3,734 hours in support of direct services related to our mission.



### AUDITS

For the fiscal year ended June 30, 2019, we completed three internal audits, including an audit requested by the Florida Board of Governors of all public universities related to data integrity used to support system-wide performance based funding metrics. Results of the 2018/19 audits are summarized on page 3 of this report.

### AUDIT FOLLOW-UP

In total, 751 hours were spent on efforts to determine the implementation status of prior audit recommendations. Of nine items subject to follow-up, seven were fully implemented, one was considered to be partial; and, one was indeterminate - AG follow-up is in progress. Additional assurance work will be performed for the partial item as part of our on-going follow-up program.

### CONSULTING SERVICES

OIG provides various levels of management with scheduled and ad hoc advice on operations and the system of internal controls on an on-going basis. During this reporting period, our most significant consulting projects included an analysis of select expenditure transactions of the FAU Foundation and a limited review of FAU Division of Research – Institutional Review Board to determine whether recent human subject research protocols complied with federal requirements and University rules and regulations.

### INVESTIGATIONS

Our office is responsible for conducting non-criminal investigations that may impact the University's functions, programs, or activities. The OIG website has an anonymous complaint form which encourages the reporting of potential irregularities or known fraudulent activities. During 2018/19 fiscal year, no complaints or internal audit issues lead us to conduct any significant investigations.

## Summary of Internal Audits

### Performance Based Funding Data Integrity

#### Synopsis of Scope and Objectives:

Evaluate institutional controls and processes in place for proper data compilation and timely submission to the Board of Governors. This audit also served as support for a BOG-required certification of the University's data integrity by the president and board of trustee's chair.

#### Summary of Recommendations:

No recommendations were made for the current audit.

### Laboratory Safety

#### Synopsis of Scope and Objectives:

The University's laboratory safety program was evaluated for adequacy of policies, procedures, and practices related to comprehensive laboratory inspections, lab personnel safety training, tracking of chemical inventories, lab security; and, conformance with applicable OSHA regulations as a best management practice.

#### Summary of Recommendations:

Four recommendations were made to address areas of lab inspections, employee safety training and maintenance of hazardous chemical inventories to better comply with applicable federal (OSHA) regulations, established policies and procedures, and sound business practices.

### NCAA Compliance – Financial Aid

#### Synopsis of Scope and Objectives:

Primary objectives were to determine whether the University had policies and procedures in place to determine and monitor financial aid (scholarships, fee waivers, and other financial resources) for student-athletes in accordance with NCAA regulations, and to evaluate their effectiveness.

#### Summary of Recommendations:

Three recommendations were made regarding developing comprehensive policies and procedures to improve the overall accuracy and efficiency of the scholarship disbursement process, incomplete record keeping for student-athletes, and monitoring deficiencies.

Florida Board of Governors Performance-Based Funding Allocation, 2019-20 June 12, 2019					
	2018 Scores	2019 Scores <sup>1</sup>	Allocation of State Investment	Allocation of Institutional Investment <sup>2</sup>	Total Performance- Based Funding Allocation
FAMU	72	70	\$13,750,113	\$15,306,730	\$29,056,843
FAU	84	86	\$20,517,518	\$22,840,256	\$43,357,774
FGCU	75	81	\$10,895,127	\$12,128,538	\$23,023,665
FIU	90	87	\$30,459,667	\$33,907,930	\$64,367,597
FSU	86	88	\$42,084,561	\$46,848,851	\$88,933,412
NCF	75	67	\$3,945,308	\$4,391,947	\$8,337,255
UCF	77	88	\$36,760,351	\$40,921,901	\$77,682,252
UF	93	95	\$47,282,102	\$52,634,792	\$99,916,894
UNF	68	78	\$12,358,238	\$13,757,283	\$26,115,521
USF	86	92	\$36,504,867	\$40,637,494	\$77,142,361
UWF	86	94	\$10,442,148	\$11,624,278	\$22,066,426
<b>Total</b>			<b>\$265,000,000</b>	<b>\$295,000,000</b>	<b>\$560,000,000</b>



## Other Activities

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In addition to its planned direct services, OIG spent approximately 14% of total available hours on administrative and service delivery support activities. Examples of the most significant other activities included: preparation of the annual risk analysis, related work plan, and our annual report; coordinating activities with external auditors; addressing personnel matters; and, general internal administration of the office. The OIG staff also spent 77.5 hours, or 1.5% of total available time, fulfilling continuing professional education requirements prescribed by professional standards.

## Compliance with professional audit standards and Board of Governors Regulation

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Consistent with professional standards established by the Institute of Internal Auditors (IIA) and BOG Regulation 4.002, *State University System Chief Audit Executives*, we are organizationally independent of the activities, programs and functions we review, and we consistently strive to ensure that all services provided to the University are carried out with objectivity, professionalism and adhere to ethical standards.

## Goals and Challenges for 2019/20

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- ◇ Timely completion of the 2019/20 work plan, including a BOG-required audit of existing controls and processes related to integrity of data submitted in support of its performance-funding model.
- ◇ Add value to the University's operations by identifying and addressing institutional risks, and encouraging all employees to guard against fraud, waste, and abuse.

### OIG Staffing Changes

Morley Barnett, FAU's Chief Audit Executive retired in January 2019. The Board of Trustees and management continue to search for his replacement.

## Contact Information

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