



Item: AC: I-1

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, November 16, 2021

**SUBJECT: OFFICE OF INSPECTOR GENERAL'S REPORT OF ANNUAL ACTIVITIES FOR
FISCAL YEAR ENDED JUNE 30, 2021**

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

Supporting Documentation: OIG Report of Annual Activities for FY Ended June 30, 2021

Presented by: Mr. Reuben Iyamu, Inspector General

Phone: 561-297-6493



**FLORIDA ATLANTIC UNIVERSITY
OFFICE OF INSPECTOR GENERAL**



**Annual Report of Activities
Fiscal Year Ended June 30, 2021**

**Reuben Iyamu, MBA, CIA, CFE, CIGA,
Inspector General**

November 16, 2021

FAU BOT Audit and Compliance Committee
Dr. John Kelly, President

I am pleased to submit the Office of Inspector General's (OIG) Annual Report for Fiscal Year (FY) ended June 30, 2021. This report is required by the Board of Governor's (BOG) regulation chapter 4.002(8) and summarizes our activities and most significant accomplishments during the periods July 1, 2020, through June 30, 2021.

Our office provides internal audits, consulting services, and other special projects to enhance the University's governance, risk management, and control process. We also conduct non-criminal investigations into alleged fraud, waste, abuse, and mismanagement of the university resources. Overall, our work products enhance the University's reputation and support its goals and mission by identifying opportunities for achieving greater economy, efficiency, effectiveness, and accountability.

I would like to take this opportunity to express my gratitude once again for my appointment as the Inspector General for FAU, effective March 1, 2021. The OIG is already receiving needed resources and assistance from the Office of the President, and we are working diligently to meet (and possibly exceed) your expectations of enhancing our operations, product qualities, and value to the University. That said, I look forward to a brighter future for the OIG and the entire University.

I, and the entire OIG staff, thank you for your continuous support and appreciation of the value of our Office. We would also like to thank all levels of FAU management and staff for their cooperation and support throughout the year.

Respectfully Submitted,



Reuben Iyamu
Inspector General

cc: University Provost
Vice Presidents
Inspector General, Florida Board of Governors

Our Mission and Standards

The mission of the Florida Atlantic University’s Office of Inspector General (OIG) is to serve the University and its Direct Support Organizations by working in collaboration with the University management and staff, faculty personnel, and the Board of Trustees’ (BOT) Audit and Compliance Committee to provide independent, comprehensive audits and consulting services designed to enhance the university’s reputation, promote accountability, integrity, and efficiency of the university’s operations. In addition, the OIG promotes awareness and conducts non-criminal investigations into any alleged fraud, waste, abuse, or mismanagement of university resources. 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 BOTs’ Audit and Compliance Committee.

Fiscal Year 2020-2021 Highlights

Notwithstanding the challenges created by the pandemic and the Office's limited staff resources, the OIG team remained dedicated and issued five reports for completed projects during the fiscal year (FY) that ended June 30, 2021 (as shown in the table below). The reports provided members of the BOTs’ Audit and Compliance committee and the University leadership with reasonable assurance of the adequacy and effectiveness of the University’s internal controls and the achievement of objectives relating to operations, reporting, and compliance. Summaries of these reports and other activities undertaken by the OIG are described below. During FY2021, OIG spent a total of 2,115 in achieving our direct service goals.

During the periods covering this annual report, the OIG staff team was comprised of Ben Robbins, CPA (NC), Audit Services/Investigation Administrator (retired) and Allaire Vroman, Internal Auditor/Investigator. Until my appointment in March 2021, the office was led by Stacy Volnick, VP for Administrative Affairs and Chief Administrative Officer, who served as Interim Inspector General.

	Completed Projects	Project Types	Report Number	Issued Date
1	Performance Based Funding FY2021	Audit (Assurance Services)	FAU20/21-1	December 11, 2020
2	NCAA Compliance – Recruiting	Audit	FAU20/21-2	January 19, 2021
3	Follow-up Audit of Faculty Activity Reporting	Follow-up	FAU20/21-3	June 8, 2021
4	Follow-up Audit of Minor Construction Projects	Follow-up	FAU20/21-4	June 8, 2021
5	CARES Act – HEERF I Institutional Funds ^	Consulting Services	FAU20/21-5	June 8, 2021
	^ The scope of the CARES Act HEERF I review (as outlined in the approved FY2021 workplan) included Institutional Funds and Student Financial Aid Grants. The Student Financial Aid Grant portion of the CARES Act HEERF I review was carried forward to FY2022.			



Summary of OIG activities

AUDITS

During FY2021, OIG completed two audit projects in accordance with its approved work plan. Summaries of the two audits are described below:

1. **Performance Based Funding Data Integrity 2021** - OIG completed an audit of the University's Performance Based Funding (PBF) Data Integrity that is required annually by the BOG. The primary purpose of the audit was to evaluate and report on institutional controls and processes established to ensure the completeness, accuracy, and timeliness of data submissions to the BOG.

While no reportable issues were identified, the results of the audit provided reasonable assurance of the adequacy of controls and processes established by the University and served as a support for the BOG-required Data Integrity certification signed by the University President and the BOT Chair.

2. **NCAA Compliance - Recruiting** – The purpose of the audit was to determine the effectiveness of established policies, procedures, and practices used to administer and monitor recruiting of student-athletes in accordance with NCAA regulations.

Based on our observations and tests performed, we found management has established effective policies, procedures, and practices for monitoring on and off-campus recruiting of student-athletes in accordance with applicable NCAA regulations. No reportable issues that require management corrective actions were identified.

AUDIT FOLLOW-UP

OIG monitored and reported on the implementation status of prior audit recommendations. The purpose of the follow-up report process is to reassure the ACC, President, and respective Vice Presidents that areas identified for improvement in our audits are being addressed by management. Of the eleven corrective actions that were due for completion as of FY2021, two were confirmed to be fully implemented, and two were turned over to management for final completion and resolution. Efforts to complete the remaining seven correction actions are in progress. We will monitor and report on the status of the seven remaining corrective actions during FY2022.

CONSULTING SERVICES

As part of its formal consulting services, OIG occasionally provides a scheduled Management Advisory Services (MAS) review of the university's programs and the system of internal controls. OIG completed the following MAS reviews as part of its FY2021 approved work plan

1. **CARES Act HEERF – Institutional** - The primary purpose of the review was to determine whether the University complied with the disbursement and reporting requirements of the CARES Act funding. No reportable issues that require management corrective actions were identified. However, the results of the review provided reasonable assurance of the controls and processes established and implemented by the University to ensure compliance with all applicable disbursement and reporting requirements of the CARES Act - Institutional HEERF.
2. **Foundation Disbursements** - Our office also completed and issued a report on an analysis of select disbursement expenditure transactions of the FAU Foundation. We found that the Foundation's disbursements were generally proper and in accordance with established policies. Recommendations were made to enhance controls, and management is taking corrective actions to address identified issues and our recommendations.

INVESTIGATIONS

The OIG is responsible for conducting non-criminal investigations of fraud, waste, abuse, and mismanagement of university resources. OIG receives complaints (most of which are anonymous) from various sources, including through the Anonymous Complaint form on OIG's website. Received complaints are processed to determine whether the complaint is whistleblower related and whether the complaint is a significant and credible allegation that merits investigation. Some received complaints are not within the jurisdiction (or do not rise to the level) of an Inspector General investigation. Such complaints are referred to appropriate management for action.

OIG received and processed a total of nine complaints during the fiscal year ending June 30, 2021, but none resulted in an investigation. Received complaints determined not to be within the jurisdiction of OIG were referred to the appropriate department managers.

Other OIG Activities

In addition to the planned direct services, OIG provided administrative and service delivery support. Examples of the most significant other activities included: preparation of the annual risk analysis and work plan for FY2022; our annual report; coordinating activities with external auditors; addressing personnel matters; participation in the State University System community; and general internal administration of the Office, including staff meetings.

Standards and Quality Assurance

In accordance with our commitment to comply with BOG regulation 4.002 and national best practices, the OIG adopted and embraced the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (Red Book) and the *Principles and Standards for Offices of Inspector General* issued by the Association of Inspectors General. The OIG's continuous improvement program of its audits and investigative activities includes periodic internal assessment and an assessment of operations by independent external Quality Assurance Review teams, based on the Red Book and the Association of Inspector General Principles. The OIG staff participated in several trainings to fulfill the continuing professional education requirements prescribed by professional standards.

Goals and Challenges for FY2022

- The Office of the Inspector General will continue to focus on detecting and mitigating fraud, waste, abuse, and mismanagement of university resources as well as identifying possibilities for enhanced economy, efficiency, and effectiveness that could result in the saving or recovery of funds that could be used toward the University priorities.
- The OIG will implement and leverage the technology and functionality of a new audit management system and will continue to engage in continuous process improvements.