



AC: I-1

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, November 14, 2023

**SUBJECT: OFFICE OF INSPECTOR GENERAL'S (OIG) REPORT OF ANNUAL ACTIVITIES
FOR FISCAL YEAR (FY) ENDED JUNE 30, 2023**

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

In compliance with Florida Board of Governors Regulation 4.002 and the Institute of Internal Auditors Professional Standards, the Office of Inspector General (OIG) is pleased to present this annual report that summarizes the Office's activities for Fiscal Year (FY) 2022-2023. The report highlights the OIG's activities and most significant accomplishments during the FY.

As indicated in the report, OIG completed and issued reports for four audits and one Management Advisory Services (MAS) review during the fiscal year. Where applicable, the report recommendations provided management with ways to enhance the university's processes and controls. We are also proud of the result of our external (peer review) assessment that was completed in November 2022. The two-member external assessors reviewed our internal assessments and concluded that OIG "**Generally Conforms**" to the IIA Standards, Code of Ethics, and Core Principles, which is the highest level of achievement in the assessment process. OIG is committed to providing proactive advice on internal controls, operations, and compliance on an on-going basis.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: OIG Report of Annual Activities for FY Ended June 30, 2023

Presented by: Mr. Reuben Iyamu, Inspector General

Phone: 561-297-6493



**Annual Report of Activities
Fiscal Year Ended June 30, 2023**

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

Boca Raton

Dania Beach

Davie

Fort Lauderdale

Harbor Branch

Jupiter

November 14, 2023

FAU BOT Audit and Compliance Committee
Dr. Stacy Volnick, Interim President

It is my pleasure to present the Office of Inspector General's (OIG) Annual Report for Fiscal Year (FY) ended June 30, 2023. This annual report is required by the Institute of Internal Auditors Professional Standards and the Florida Board of Governor's (BOG) regulation 4.002 and highlights our activities and most significant accomplishments during fiscal year 2022-2023.

The accomplishments reflect our continuing efforts to work with university management on improving the University's operational efficiency, effectiveness, reputation, compliance with laws and regulations, information security, and data integrity. During the fiscal year, we completed and issued reports for four audits and one Management Advisory Services (MAS) review. The reports provided reasonable assurance of established controls and processes for ensuring successful achievement of university goals. Where applicable, the report recommendations provided management with ways to enhance the university's processes and controls. In addition to the issued audit reports, OIG also performed several other activities throughout the fiscal year that added value to the University's operations.

We are also proud of the result of our external (peer review) assessment that was completed in November 2022. The two-member external assessors reviewed our internal assessments and concluded that OIG "**Generally Conforms**" to the IIA Standards, Code of Ethics, and Core Principles, which is the highest level of achievement in the assessment process.

We remain grateful for your continued support and appreciation of the value of our work. We would like to thank all levels of Florida Atlantic University (FAU)'s management and staff for their cooperation and support throughout the year. We look forward to continuing to work collaboratively with university management and staff to provide value-added services to improve the university's operations.

Respectfully Submitted,



Reuben Iyamu
Inspector General

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

Our Mission

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 collaboratively with University management and staff, faculty personnel, and the Board of Trustees' (BOT) Audit and Compliance Committee (ACC) 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, OIG promotes awareness and conducts non-criminal investigations into any alleged fraud, waste, abuse, or mismanagement of university resources.

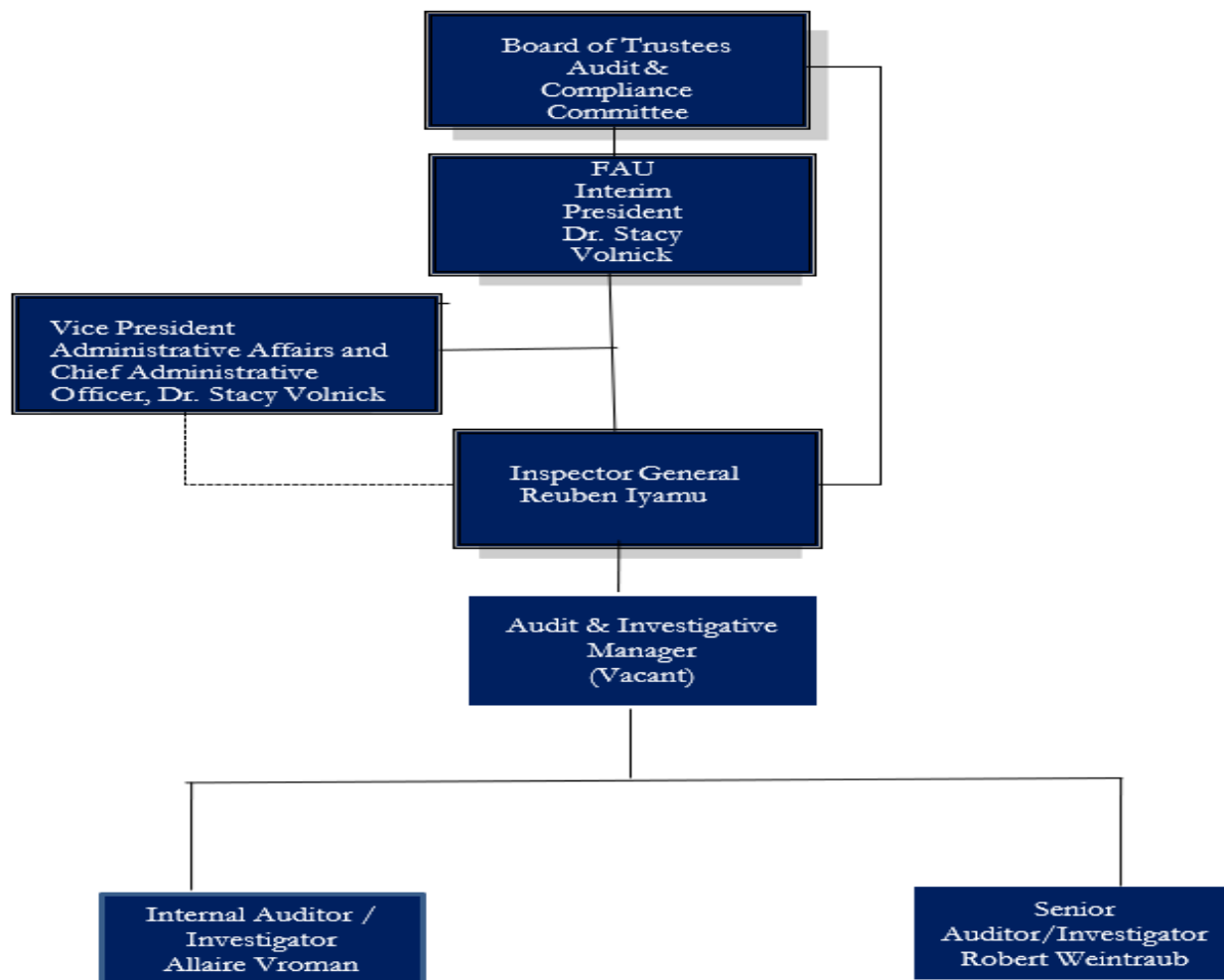
Our Vision

OIG's vision is to be a valued partner with FAU management, yet remain independent, in providing auditing (assurance), consulting, and investigation services that add value, promotes accountability, integrity, and objectivity, and is viewed by the University as essential to the proper functioning of university controls and operations.

Independence and Reporting Structure

OIG is organizationally independent from the University's operational activities allowing us to effectively fulfill our responsibilities without deterrence and be objective in performing our work. The Inspector General (Chief Audit Executive) reports functionally to the ACC of the BOT and administratively to the University President.

As shown in the organizational chart below, the Office of Inspector General consists of four full-time professional positions, which includes one staff auditor, one senior auditor, an audit manager, and the Inspector General. The audit manager position was vacant during most of this fiscal year, and we are currently in the process of filling the position.



Professional Standards and Quality Assurance and Improvement Program

As stipulated in the FAU OIG Charter and as required by the BOG regulations, OIG operates under the professional standards promulgated by the *Institute's Internal Auditor's 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 (Green Book). Also, OIG staff members abide by the University, Institute of Internal Auditor's, and Association of Inspectors General Code of Ethics. OIG maintains a quality assurance and improvement program that covers all aspects of the internal audit activity and includes both internal and external assessment components.

Internal Assessments

The OIG's internal assessment includes ongoing supervisory and independent reviews, as well as periodic internal assessments to evaluate conformance with internal policies and professional standards.

External Assessments

An external assessment of OIG operations, which is required at least once every five years, is

performed by an independent Quality Assurance Review team based on the Red Book standards. As previously indicated, our most recent external assessment was completed in November 2022.

OIG Staff Professional Certifications and Professional Affiliations

The OIG staff collectively possesses decades of experience relevant to our profession. In addition to the possession of educational degrees and experience required for their respective positions, OIG staff members hold the following professional certifications:

- Certified Inspector General (1)
- Certified Fraud Examiner (1)
- Certified Internal Auditor (2)
- Certified Inspector General Auditor (1)
- Certified Risk Management Assurance (1)

OIG personnel continue to be active in professional organizations that support audits and investigations. This participation assists staff in maintaining a high level of proficiency in their profession and areas of certification. Members of the OIG are affiliated with the following professional organizations:

- Association of Inspectors General (AIG)
- Institute of Internal Auditors (IIA)
- Association of College and University Auditors (ACUA)
- Association of Certified Fraud Examiners (ACFE)
- Information Systems Audit and Control Association (ISACA)
- Association of Government Accountants (AGA)



OIG Staff Training

The *Institute's Internal Auditor's International Standards for the Professional Practice of Internal Auditing* (IIA Standards) and the Association of Inspectors General *Principles and Standards for Offices of Inspector General* require Internal Audit staff members to maintain their professional proficiency through continuing education and training. Accordingly, each auditor must receive at least 40 hours of continuing education every year. Throughout the year, each OIG staff participated in several trainings to fulfill (or exceed) the Continuing Professional Education (CPE) requirements prescribed by professional standards.

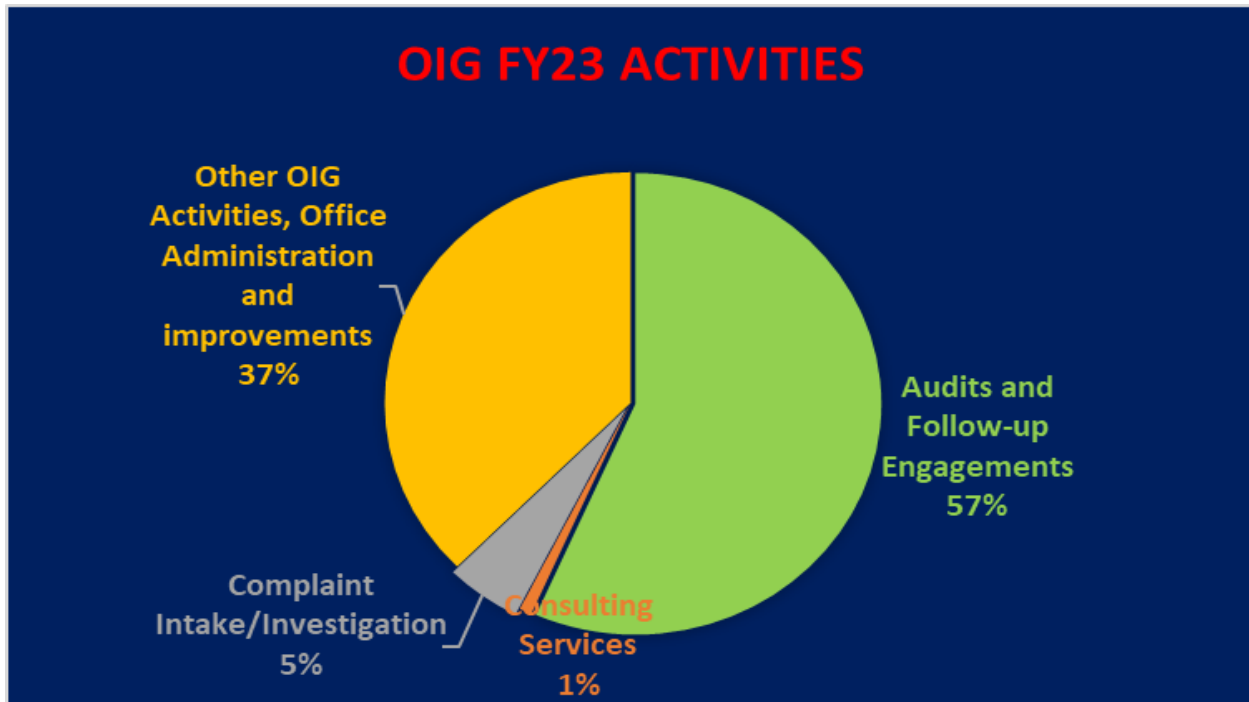
OIG Performance Activities during Fiscal Year 2022-2023

The reports and risk management insights we offer provides members of the BOT's ACC and 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. Of the 8,320 available hours for FY 2023, OIG budgeted 6,480 total hours for productive (direct and indirect) activities. Of those budgeted hours, we spent a total of 5,592.50 hours completing the OIG activity goals for FY 2023 as reflected in the table below.

Completed Projects

	Projects	Project Types	Report Number	Issued Date
1	Performance Based Funding Data Integrity FY2023	Audit (Assurance Services)	FY23-A-01	Feb. 14, 2023
2	Review of the University Motor Vehicle Purchasing Process	MAS (Consulting Services)	FY23-A-05	June 19, 2023
3	Audit of University Payroll Process	Audit (Assurance Services)	FY22-A-04	Nov. 15, 2022
4	Audit of the University's Cybersecurity Risk and IT Disaster Recovery Management	Audit (Assurance Services)	FY23-A-04	Nov. 15, 2022
5	Higher Education Emergency Relief Fund (HEERF)	Audit (Assurance Services)	FY22-A-05	Nov. 15, 2022

Note: These audit projects were completed in accordance with OIG approved annual workplans.



Summary of OIG Activities

AUDITS

Performance Based Funding Data Integrity (FY23-A-01)

OIG completed an audit of Performance Based Funding Data Integrity that is required annually by the Board of Governors (BOG). We reviewed the institutional controls and processes established to ensure the completeness, accuracy, and timeliness of data submissions to the BOG in support of the Performance-Based Funding measures.

Based on our audit, OIG concluded there was an adequate system of internal controls in place. The results of our audit provided an objective basis of support for the University President and BOT Chair to sign the BOG Data Integrity Certification. We noted no reportable issues that required management corrective actions.

University Payroll Process (FY22-A-04)*

OIG completed an audit of the University Payroll Process. Our audit purpose was to determine if the controls and processes established by FAU over the processing of employee payroll ensured (1) payments were proper, authorized, accurate, and supported; and (2) compliance with applicable laws, rules, regulations, and policies.

We concluded that adequate and appropriate controls and processes were established and implemented to provide reasonable assurance that University payroll payments were proper, authorized, accurate, supported, and in accordance with applicable laws, rules, regulations, and policies. We noted no reportable issues that required management corrective actions.

Higher Education Emergency Relief Fund (HEERF) II and III (FY22-A-05)*

OIG completed an audit of the Higher Education Emergency Relief Fund (HEERF) II and III. The objectives of the audit were to determine whether: (1) The University disbursed the allocated institutional and student aid funds (HEERF II and III) in accordance with the respective Supplemental Grant Funds Agreements, including proper and timely reporting to the USDOE (United States Department of Education); and (2) The controls established and implemented for HEERF II and III ensured that disbursements were accurate, complete, appropriate, timely, and properly recorded and documented.

The audit concluded that the controls and processes established and implemented by the University provided reasonable assurance that the HEERF funds were disbursed, recorded, and reported in accordance with the grant agreement stipulations. We noted no reportable issues that required management corrective actions.

* These audits were initiated in FY22 but completed and report issued in FY23.

University's Cybersecurity Risk and IT Disaster Recovery Management (FY23-A-04)

An audit of the University's Cybersecurity Risk and IT Disaster Recovery Management was completed. OIG engaged CliftonLarsonAllen (CLA) to assist in performing the audit. The primary objectives were to determine whether: (1) The University had established appropriate and adequate controls to identify, detect, and protect the University systems from any cybersecurity risk exposures, and (2) Processes and controls were established to ensure timely recovery and restoration of critical data and systems for continuity of operations in the event of a disruption.

Based on the audit, CLA concluded that, overall, management established and implemented adequate controls to provide reasonable assurance that the University's network and systems would be protected from cyber threats. Processes established ensured the timely recovery of the University's essential data in the event of a disaster. The audit also identified areas for improvements and provided a total of 35 recommendations to management to help strengthen controls and processes.

AUDIT FOLLOW-UP

OIG reports on the status of efforts made by management to satisfactorily resolve and implement the recommendations from our completed audits and the Auditor General's operational audits, where applicable. The purpose of the follow-up report process is to reassure the BOT ACC, President, and respective Vice Presidents that areas identified for improvement in our initial audits were or are being addressed by management.

There were no OIG audit recommendations or management action plans due for completion during the reporting periods. We completed follow-up reviews on two Auditor General audits requested by the Board of Governors (BOG) due to the statutory violations disclosed by the audits. The results of our follow-up reviews provided an objective basis of support for the University President and both BOT and ACC Chairs to sign the BOG requested certifications. We also assisted with the BOG's initial request and subsequent follow-up of the University's Direct Support Organizations (DSOs) findings indicated by Crowe.

CONSULTING SERVICES

Consulting services are advisory in nature and are generally performed either at the specific request of management or as determined through a risk assessment and included in OIG's annual approved work plan. OIG is committed to providing proactive advice on internal controls, operations, and compliance on an on-going basis. During this reporting period, OIG (among other advisory services provided) completed the following Management Advisory Services (MAS) review.

Review of the University Motor Vehicle Purchasing Process (FY23-A-05)

The primary objective of the review was to evaluate the University practices and controls over the purchase of university vehicles to ensure purchases were justified, properly approved, and in accordance with applicable policies, regulations, and good business practices.

We provided three recommendations to management to help strengthen controls and improve processes. The status of the management action plans will be reviewed during our subsequent follow-up audit.

INVESTIGATIONS

OIG is responsible for performing non-criminal investigations of fraud, waste, abuse, and mismanagement of university resources. OIG may receive complaints or concerns (most of which are anonymous) from the Anonymous Complaint form on OIG's website, the University's third-party complaint intake system, directly from an individual, or referred by BOG's Inspector General, State of Florida Chief Inspector General, or other State agencies. Received complaints are logged and assessed to determine whether the complaint is whistleblower related, contains sufficient information, and is significant and credible to warrant an 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. The ones considered not to be credible and did not provide sufficient information are closed out.

Out of 24 complaints or concerns received by OIG, 22 were referred to appropriate management and 2 were closed out for lack of credibility or sufficient information.

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 FY2024; 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.

OIG Future Goals

- Continue to work collaboratively with the University management and staff to provide value-added services and proactive advice on internal controls, operations, and compliance on an on-going basis.