



BOARD *of* GOVERNORS

State University System of Florida

Audit and Compliance Committee

August 31, 2017

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AUDIT COVERAGE: STATE UNIVERSITY SYSTEM



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FLORIDA AUDITOR GENERAL

- Financial Audits
- Operational Audits
- Statewide Federal Awards Audits
- Bright Futures Program Audit
- Information Technology Audits





OPPAGA

- Program Evaluation
- Research
- Data and Analysis





UNIVERSITY CHIEF AUDIT EXECUTIVES

- Internal Audits
 - Performance Audits
 - Contract Audits
 - IT Audits

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

- Financial Audits
 - Direct Support Organizations
 - Health Services Support Organizations
 - Faculty Practice Plans
 - Self-Insurance Programs & Captive Insurance Companies
- Additional Reports
 - Collegiate License Plates
 - Intercollegiate Athletics





AUDIT COVERAGE: AUDITOR GENERAL FINANCIAL STATEMENT AUDITS FY 2015-2016

- Financial Statements – Fairly Presented
- Internal Controls – No Material Weaknesses or Significant Deficiencies
- Noncompliance - None





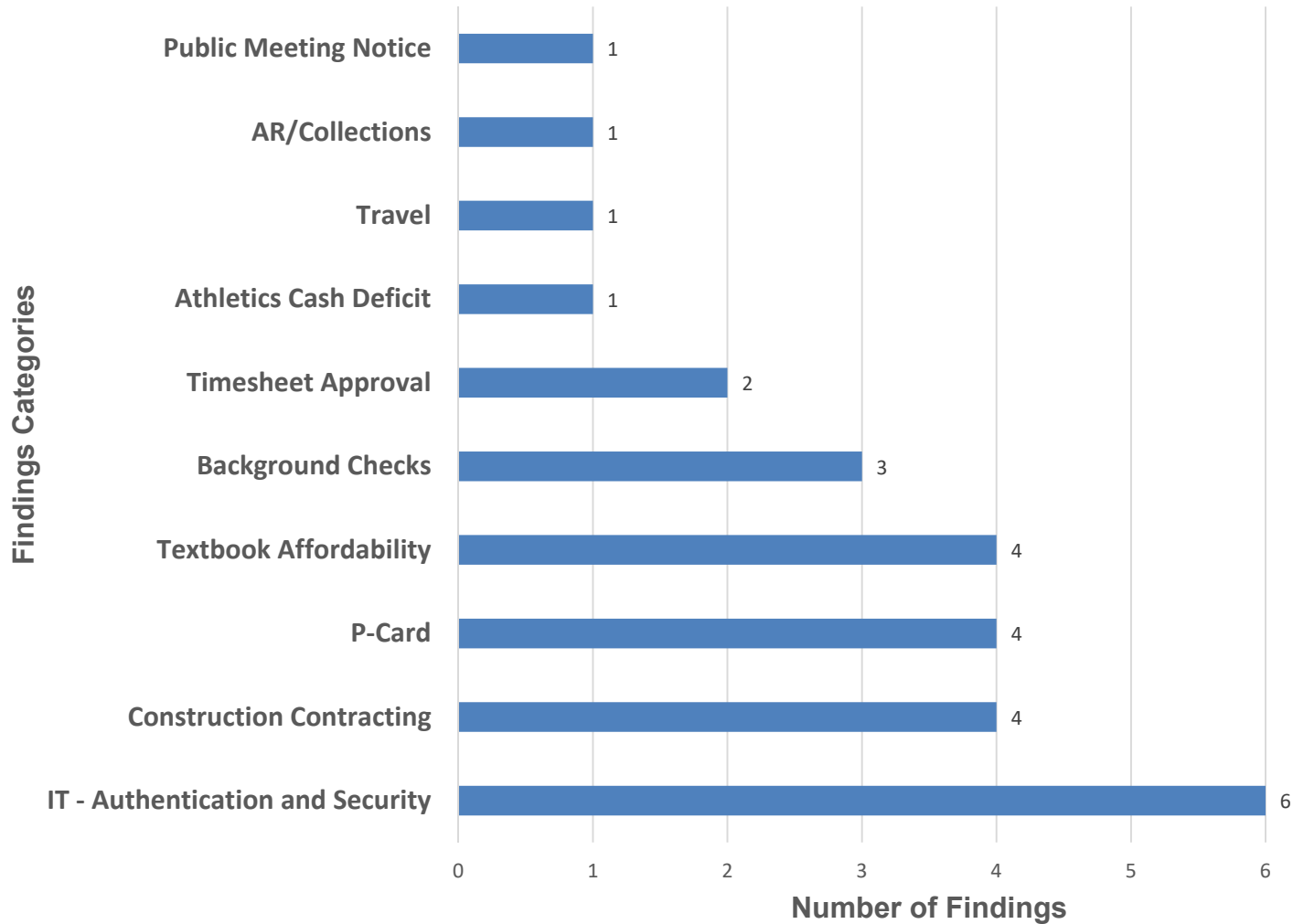
AUDIT COVERAGE: AUDITOR GENERAL OPERATIONAL AUDIT SCOPE

- IT security and access controls
- Purchasing card transactions
- Board and committee meetings
- Textbook affordability
- Student receivables
- Florida residency determination and tuition
- Tuition differential fees
- Auxiliary operations contract compliance
- Unencumbered balances
- Background screenings
- Expenditures
- Terminal pay
- Severance pay
- Direct-support organizations
- Fraud policy and procedures
- SSN requirements
- Conflicts of interest
- Annual property inventory
- Distance learning fees
- Construction administration
- Cash collection procedures
- Audit follow-up – corrective actions





AUDIT COVERAGE: AUDITOR GENERAL OPERATIONAL AUDITS RECEIVED FY 2016-2017





AUDITOR GENERAL: THREE-PEAT AUDIT FINDINGS

University	Topic
In Progress	
FAMU	Athletics Cash Deficit
Resolved	
FAU	Textbook Affordability
	IT Security/Access Controls
FIU	Vehicle Fuel Consumption
FSU	IT Security/Access Controls
UCF	IT Security/Access Controls
UF	IT Security/Access Controls (Disaster Recovery)
UNF	Line of Credit
USF	IT Security/Access Controls



AUDIT COVERAGE: AUDITOR GENERAL STATEWIDE FEDERAL AWARDS AUDITS

- AG Audit of Major Federal Awards Programs
- OMB Audit Requirements contained in Title 2 U.S. CFR Part 200 (Uniform Guidance)
- Typical major SUS programs:
 - Student Financial Assistance – \$2.1 billion
 - Research & Development – \$740 million
- Low Risk under Uniform Guidance – less frequent audit coverage





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FY 2015-2016

Student Financial Assistance

• IT Security and Access	4
• Title IV Higher Education Opportunity Act	6
Total SFA	10

Research and Development

• Grant Management – Service Charges	1
• Grant Management – Allowable Costs	1
Total R&D	2





AUDIT COVERAGE: AUDITOR GENERAL STATEWIDE FEDERAL AWARDS AUDITS

- AG Audit Schedule:
 - Student Financial Assistance - Currently Underway
 - Research & Development – Next Cycle
- Student Financial Assistance Audit Requirements
 - OMB Uniform Guidance (Title 2 U.S. CFR Part 200)
 - USDOE compliance audit requirements (Title 34, Section 668.23, CFR)





AUDIT COVERAGE: AUDITOR GENERAL IT AUDITS

Auditor General - IT Audits of NWRDC

- 8 Audit Findings
 - Change Management Controls
 - Risk Assessment Plan
 - Surplus Media Cleaning, Confidential Data – 2 findings
 - Authentication and Physical Security
 - Inventory
 - Access Privileges
 - Security Controls





AUDIT COVERAGE: AG FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

- Audit Requirement for Bright Futures Scholarship Program
 - Annual Financials Audit (s. 11.45, F.S.)
 - Bi-annual Program Audit (s.1009.53(5)(c), F.S.)
- Report 2017-002, July 2016
 - FY 2013-2014 and FY 2014-2015
 - Selected 554 students records from 40 institutions (Colleges and Universities)
 - Approximately \$500 Million





AUDIT COVERAGE: AG FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

- Untimely return of program funds to FDOE for dropped courses and withdrawals (within 30 days of semester end)

University	Amount	Days Late
Florida Poly	\$31,785	15
UF	\$28,806	449
USF	\$92,587	16

- Untimely return of undisbursed program funds

University	Amount	Days Late
USF	\$261,117	22





AUDIT COVERAGE: OPPAGA REPORTS NURSING PROGRAMS

Passage Rates for Bachelor of Science in Nursing Degree Program Graduates in the 2016 Calendar Year

School	Exam Takers	No. of Exam Takers Who Passed	% of Exam Takers Who Passed
FGCU	69	68	98.55%
FAU	80	77	96.25%
USF	210	199	94.76%
FSU	85	80	94.12%
UNF	150	141	94.00%
UCF	239	221	92.47%
UF	192	173	90.10%
FIU	216	191	88.43%
National Average Passage Rate			87.80%
UWF	57	50	87.72%
10 Percentage Points Below National Average Passage Rate			77.80%
FAMU	75	58	77.33%





AUDIT COVERAGE: AFFILIATED SUPPORT ORGANIZATIONS

Audits and Management Letters

- Direct Support & Health Services Support Organizations
[Board of Governors Regulations 1.001 and 9.011]
- Faculty Practice Plans
[Board of Governors Regulation 9.017]
- Self-Insurance Programs & Captive Insurance Companies
[Board of Governors Regulation 10.001]

Additional Reports:

- Collegiate License Plates
- Intercollegiate Athletics





AUDIT COVERAGE: DSO, HSSO, FPP, SIP, AND CIC REPORTS

- **Financial Statement Audits Fairly Presented**
- **Internal Controls over Financial Reporting**
 - FGCU Foundation: MW - Understated Pledge Accounts
 - FSU Boosters: SD - Financial Reporting and Reporting Deadlines; Accounting Policies and Procedures; Documentation of Cash Receipts
 - Florida Foundation Seed Producers, Inc.: MW - Processing of Cash Receipts
- **Compliance**
 - FSU Seminole Boosters: Unauthorized Disbursements
- **Management Letters**
 - 12 of 40 with additional comments for consideration





AUDIT COVERAGE: COLLEGIATE LICENSE PLATE PROGRAMS – FY 2015-2016

5 Financial Statement Audits

- Fairly Presented
- No significant deficiencies
- No material weaknesses
- No identified instances of non-compliance

6 DHSMV Attestations

- All certified compliance with applicable laws

External Audits (FAMU & USF)





AUDIT COVERAGE: INTERCOLLEGIATE ATHLETICS

Auxiliary Programs

- 6 Agreed-Upon Procedures (FAU, FGCU, FIU, USF, UNF, and UWF)
 - Exceptions noted regarding Direct Institutional Support, Athletic Student Aid, Ticket Sales, and Student Fees.
- 2 Financial Statement Audits (FAMU and FSU)
 - Fairly Presented
 - Internal Controls over Financial Reporting:
 - FAMU: SD - Reconciliation, and Scholarship Administration
 - Compliance Issue
 - FAMU: Financial Deficit and NCAA Student Assistance Fund
 - 1 Management Letter

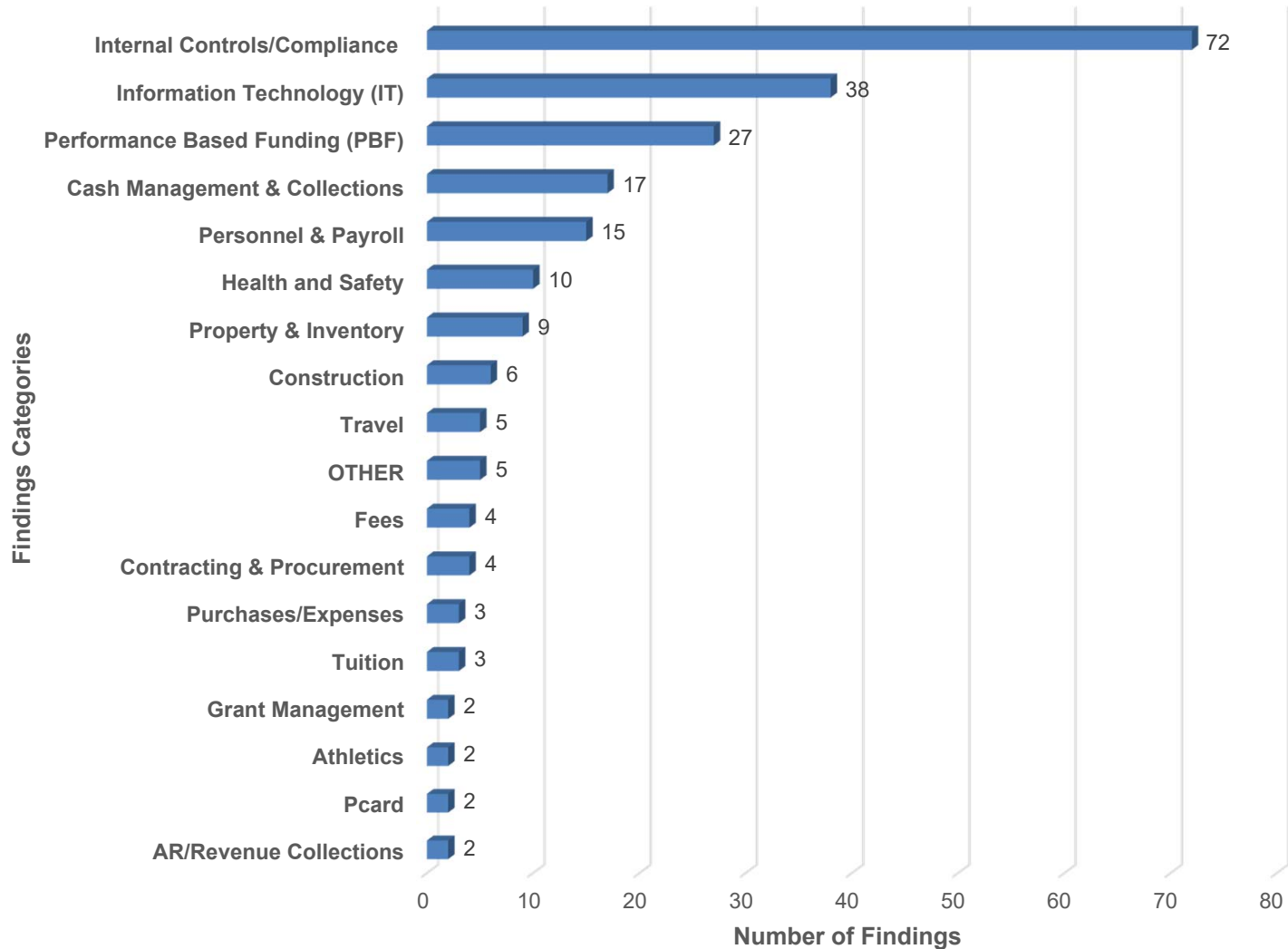
Direct Support Organizations

- 2 Financial Statement Audits (UCF and UF)
 - Fairly Presented
 - No Significant Deficiencies
 - No Material Weaknesses
 - No identified Instances of Non-compliance
 - 2 Management Letters





AUDIT COVERAGE: UNIVERSITY CAE AUDITS RECEIVED FY 2016-2017

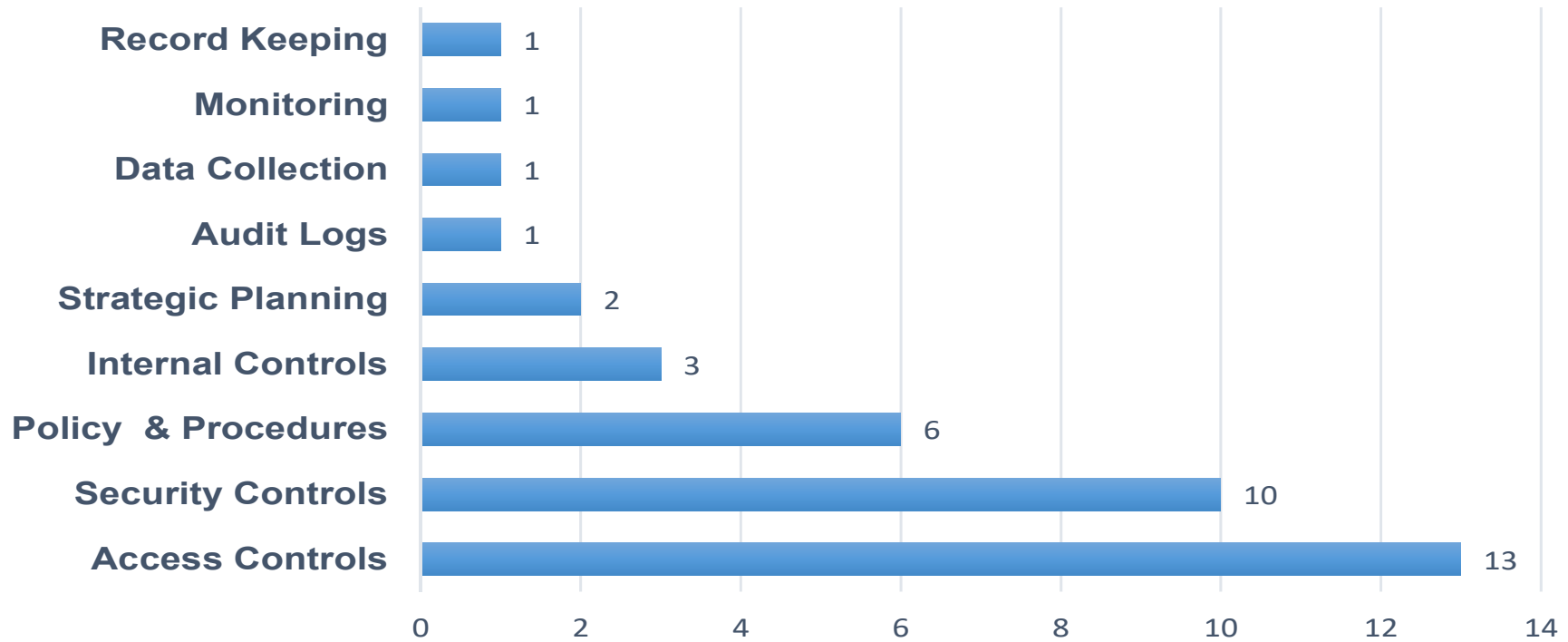


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AUDIT COVERAGE: IT AUDIT FINDINGS

Number of IT Findings by Subcategory

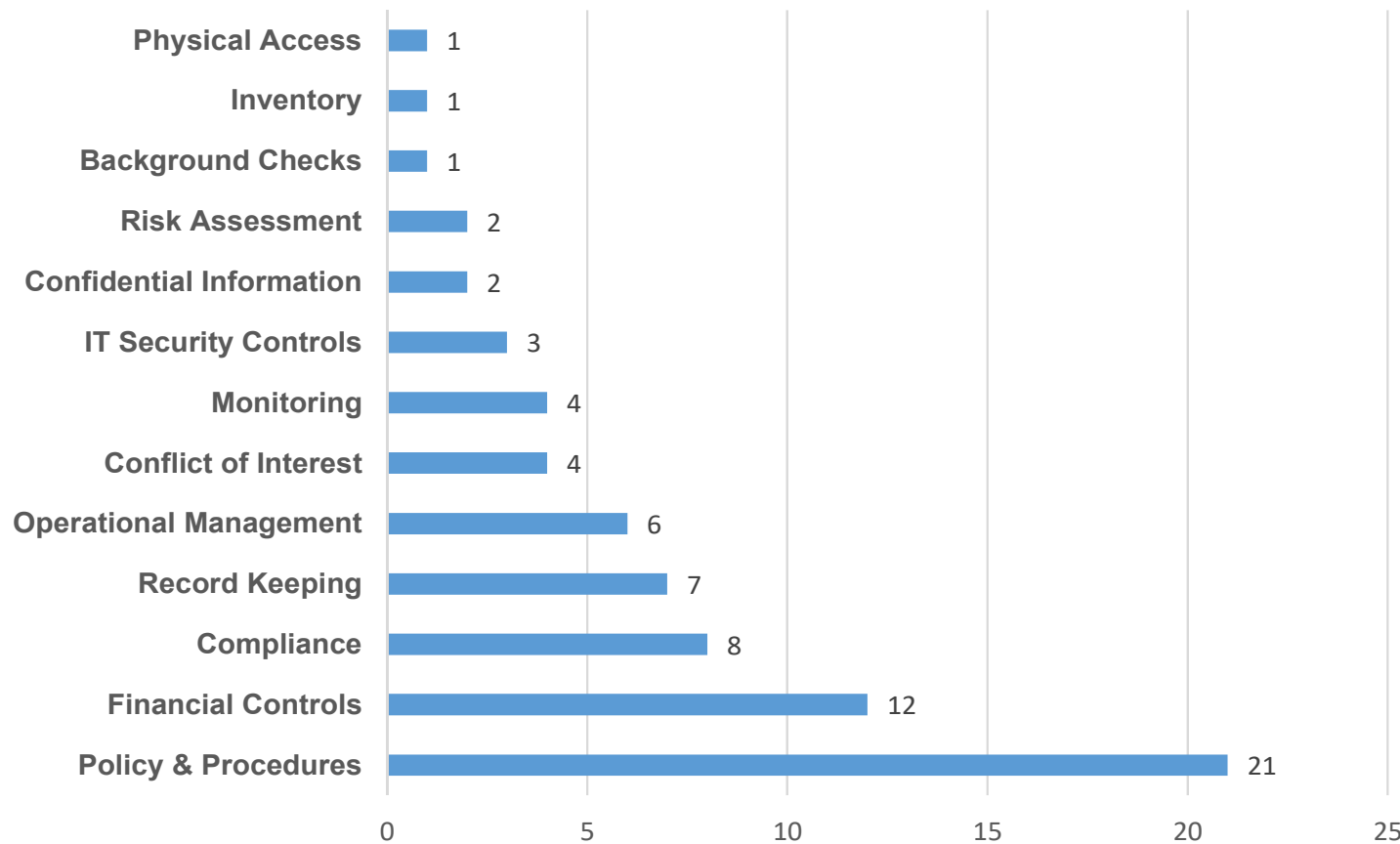


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AUDIT COVERAGE: INTERNAL CONTROLS AUDIT FINDINGS

Number of Internal Controls Findings by Subcategory



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AUDIT COVERAGE: PERFORMANCE-BASED FUNDING DATA INTEGRITY AUDIT RESULTS

UNIV.	CONCLUSIONS	OBSERVED ISSUES
FAMU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Information Technology Access Controls • Timeliness of Submissions • Graduation and Degree Audit Controls
FAU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions
FGCU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions
FIU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Information Technology Access Controls
FSU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No adverse findings
NCF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No adverse findings
UCF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No adverse findings
UF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No adverse findings
UNF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Policies and Procedures – Limited Written Procedures; Secondary Review of Data • Timeliness of Submissions
USF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Hours to Degree – Corrections and Resubmissions
UWF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Access to Sensitive Data

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COMMON/PERSISTENT AUDIT FINDINGS AG & CAE OPERATIONAL AUDITS (MARCH 2015)

- **IT Security – User Authentication**
- **Textbook Affordability**
- Tuition Differential
- Remuneration Administrative Employees
- Severance Payments
- Residency for Tuition Purposes
- **DSO – Line of Credit**
- P-Card
- **Cash Collections**
- Contracting and Procurement
- **Construction**
- Vehicle Fuel Consumption – Vehicle Usage Logs
- IT Disaster Recovery



COMMON/PERSISTENT AUDIT FINDINGS AG & CAE OPERATIONAL AUDITS (AUGUST 2017)

- **IT**
 - Security Controls
 - Access Controls
 - Policies and Procedures
 - Disaster Recovery
 - Change Management
- **Internal Controls**
 - Policies and Procedures
 - Financial Controls
 - Compliance
 - Record Keeping
 - Operational Management?
- **PBF Data Integrity**
 - IT – Access and Security Controls
 - Policies and Procedures
 - Timeliness of Submissions
 - Resubmissions
- **Textbook Affordability**
- **Background Checks**
- **Construction Contracting**
- **P-Card**
- **Cash Management and Collections**
- **Personnel and Payroll**
- **Health and Safety**
- **Property and Inventory**



AUDIT FOLLOW-UP

IIA Performance Standard 2500:

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

- Corrective Action Plans
- Periodic Follow-up
- Escalation of Issues
- Acceptance of Risk





UNIVERSITY CAE: AUDIT WORK PLANS

- IT – Governance/Data Governance
- IT – Cybersecurity
- IT – Network Security
- Risk Management
- Construction Management
- Title IX
- Environmental Health & Safety
- Athletics
- Sports/Athletics Camps
- Planning and Institutional Effectiveness
- Performance-based Funding
- Data Integrity
- Delegations of Authority
- Research and Sponsored Programs
- Outside Activities/Conflicts of Interest
- Colleges – Operational Audits
- Jeanne Clery Act
- Financial Aid

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WRAP UP

- Governance (IIA Standard 2110)
 - Strategic and operational decisions
 - Risk management
 - Ethics and values
 - Performance management and accountability
 - Communicating risk and control information
 - Coordinating and communicating
- Risk Management (IIA Standard 2120)
- Controls (IIA Standard 2130)



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