Office of Inspector General Services

Annual Report

2018-2019
Office of Inspector General Services

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Message from the Chief Audit Officer (CAO)

This Annual Report of the Office of Inspector General Services (OIGS) summarizes audit and investigative efforts for fiscal year 2018-19. During the year, staff worked very diligently to issue audit, control and compliance, and investigation reports important to University operations.

We issued seventeen reports, to include fourteen audit reports, two control and compliance reports, and one investigation report. Two of the fourteen audit reports were follow-up reports issued to show management’s level of implementation of recommendations made in previously issued audit reports. For 2018-19, 57 percent of previously identified issues had been fully implemented, corrective actions had been started for 32 percent of the issues, and action was pending for 11 percent of the issues. We also processed 38 investigative inquiries during the year of which 36 were closed and two were carried over to fiscal year 2019-20. By issuing reports that are fair and objective, by management taking ownership and responsibility for addressing areas for improvement, and by our Office following up to validate management actions taken, every effort is being made to demonstrate accountability.

Of significance, during the year we issued our fifth Performance-Based Funding (PBF) Audit, as required by the State University System Board of Governors (BOG). In doing so, President Thrasher, Board of Trustees (BOT) Chairman Burr, the BOT, and the BOG have independent assurance that data submitted to the BOG by Florida State University is valid and reliable.

Also, during the year the BOT Audit and Compliance committee addressed significant audits issued by the Florida Auditor General and by the OIGS, to include information technology risk assessments, cybersecurity training, continuity of operations and disaster recovery plans, coach-owned summer camps, and undergraduate tuition and fee waivers. We are very pleased with the leadership and accountability efforts provided by Trustees Gonzalez, Alvarez, Henderson, Sembler, Pierre and Steinburg. We look forward to continuing to work with them, seeking their guidance, and assisting in the accomplishment of Audit and Compliance Committee responsibilities.

In addition, in January 2019, we submitted our annual investigative report to the Commission on Florida Law Enforcement Accreditation (CFA) for continued accreditation. The Commission recognizes the OIGS as an accredited investigative organization. Accreditation is received only after a rigorous review of investigative policies and procedures, investigative files, and investigation reports. To date, the FSU OIGS is the first and only state university to receive CFA recognition.

During the 2018-2019 year, we welcomed Sudeshna Aich to the Office as a Senior Information Technology Auditor. Sudeshna brings a wealth of experience and knowledge to her position and the Office. With this addition, I believe the OIGS has the most talented and experienced staff that we have had since I have been CAO.

The goal of the OIGS is to be seen as essential to the successful operation of University programs, activities, and functions, and to provide a comprehensive program of internal audits and investigations that adds value and assists management in the accomplishment of organizational goals and objectives. We are
mindful of the need to conduct independent, objective, and unbiased audits and investigations that contribute to the effectiveness of University operations.

It is an honor to serve President Thrasher and the Board of Trustees and to work with faculty and staff. The Audit and Compliance Committee has addressed several important topics and has demonstrated their desire for the University to be seen as transparent and accountable.

The Office of Inspector General Services values the trust placed in us by the President and Board of Trustees and we will work toward meeting expectations in the 2019-20 fiscal year. The 2019-20 Annual Work Plan recommended by the President and formally approved by the Board of Trustees is shown at the end of this Annual Report.

Sam M. McCall, PhD, CPA, CGFM, CIA, CGAP, CIG

Purpose, Mission, and Vision

Purpose

Internal auditing at Florida State University is an independent, objective assurance and consulting activity designed to add value and improve University operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Office also performs investigations of alleged fraud, waste, abuse or other allegations of wrongdoing, which could result in the loss or misuse of University resources. Such allegations may come to the attention of the Office during the audit process or through reporting by University faculty, staff, students, or the general public.

Mission

The OIGS’ mission is to provide an independent, objective, and comprehensive program of auditing and investigating University operations; to advance accountability through the provision of assurance and consulting services and investigations; and to actively work with University Boards and Committees, management, faculty, and staff in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, effective, equitable, and ethical delivery of services.

The OIGS, headed by the Chief Audit Officer (CAO), provides a central point for coordinating and carrying out activities that promote accountability, integrity, and objectivity.

Authority for the Office

The Florida State University President and Board of Trustees (BOT) initially approved a charter for the Office of Audit Services (OAS) in September 2003. In November 2012, the President approved changing the name of the OAS to the Office of Inspector General Services (OIGS). The charter was most recently updated and approved by the BOT in March 2016.
Vision

The Office of Inspector General Service’s vision is to be an exemplary professional audit and investigative organization that adds value, promotes accountability, fosters transparency and understanding, and is viewed by the University as essential to the proper functioning of University controls and operations.

Audits

Internal audits are conducted in conformance with The International Standards for the Professional Practice of Internal Auditing. The audits are carried out in accordance with an Annual Work Plan approved by the President and the Board of Trustees. The OIGS takes a facilitative approach to our audits by actively engaging with our University colleagues in developing action plans in response to audit observations.

The following audits on our Annual Work Plan were completed during 2018-19. Many of the resulting planned actions have either been implemented or significant progress on them has been made.

For a more thorough understanding of each audit, please contact the OIGS and request the full report.

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Title IX Compliance

The purpose of our audit was to determine whether the University complies with Title IX laws, rules, and regulations in the area of sexual misconduct. This audit did not include a review of the intersecting laws, namely, the Clery Act (as amended by the Violence Against Women Act in 2013).

Our audit objective was to evaluate the University’s current practices for investigating and resolving reports of sexual misconduct, and determine if the University complies with Title IX laws, rules, regulations, guidance, and University policies and procedures.

Our audit testing covered the period of May 2014 through May 2017, and included all Title IX complaints made to the University, including those involving FSU students, faculty, and staff; third parties; and Florida State University School (FSUS) students and employees during the three-year audit period. This audit did not include a review of the University’s employee disciplinary process nor the disciplinary appeals process for students or employees.

Overall, our audit determined the University is generally in compliance with Title IX, as it relates to sexual misconduct. Audit observations identified in the audit report do not rise to the level of significant noncompliance. The audit specifically looked at how the University complies with federal regulation 34 C.F.R. 106; The U.S. Office of Civil Right’s (OCR’s) first official guidance Sexual Harassment Guidance: Harassment of Students by School Employees, Other Students, or Third Parties, published in 1997; the 2001 OCR publication Revised Sexual Harassment Guidance: Harassment of Students by School Employees, Other Students, or Third Parties; the April 2015 OCR guidance on Title IX Coordinators and Title IX Resource Guide; and the University’s Sex Discrimination and Sexual Misconduct Policy.

We identified the following 20 opportunities for improvement:

1) The University’s Title IX Office, The Office of Equal Opportunity and Compliance (EOC), and FSUS each was handling complaints against FSU students; faculty, staff, visitors, contractors, and other University affiliates; and K-12 students, respectively. Upon completion of the Title IX Office’s investigations against students, the Student Rights and Responsibilities (SRR) Office was responsible for implementing the Student Conduct Code (whether to charge and sanction the students). The Title IX Office was not functioning in the coordinating, leading, directing, advising, and overseeing role prominent in the University’s Sex Discrimination and Sexual Misconduct Policy, Title IX Director position description, and as described by the 2015 OCR guidance on the role of the Title IX Coordinator. Instead, the four involved units, each under a different organizational entity in the University, were operating relatively independently. The result was an insufficient collaboration and sharing of information on Title IX complaints, their handling, and their outcomes, and a less effective Title IX Office.
2) The University’s kNOW MORE website (i.e., https://www.knowmore.fsu.edu), various associated department websites, and the University’s Sex Discrimination and Sexual Misconduct Policy did not include current information.

3) Information related to Title IX on the FSUS website also was not current and was difficult for a user to find.

4) Of the 36 complaints against FSU students in our sample that were from the May 2014 through June 2016 Title IX complaint log/spreadsheet, most (27 cases, or 75 percent) had no additional supporting documentation beyond what was listed in the log, which was minimal.

5) There were delays in the Title IX Office receiving the police report documentation from the FSU Police Department (FSUPD), which occurred when Title IX Office staff did not make their requests known to appropriate persons in FSUPD, or when Title IX Office staff was not made aware of the availability of police reports in SharePoint.

6) Certain information was not always correct and/or complete in Maxient, the University’s database for student complaints regarding sexual misconduct. Examples include the incident date, incident location, and student personal information.

7) The significant turnover and the absence of written internal procedures for conducting Title IX investigations in the Title IX Office resulted in inconsistencies and other concerns regarding the manner in which Title IX investigations were conducted. As examples, previous Title IX Directors differed concerning when the responding student could review the reporting student’s written statement during the Title IX investigation and how cases were closed in Maxient. In addition, we noted there was inconsistency in the investigators’ determinations of violations in their conclusion statements.

8) SRR did not always use the correct/current Student Code of Conduct Hearing Decision Letter template, resulting in inconsistency.

9) For responding students (i.e., persons accused of committing sex discrimination or sexual misconduct) who could not afford personal attorneys to assist them in Title IX investigations and Student Code of Conduct hearings, the University’s services and assistance were, essentially, limited.

10) According to the University’s Sex Discrimination and Sexual Misconduct Policy at the time of our audit, “The University’s investigation and resolution of a report (not including an appeal, if applicable) generally will be completed within 60 class days of the launch of the investigation, absent extenuating circumstances.” Based on our review of the 17 Title IX investigations in our sample, the duration of the investigation (from the date of interviewing the reporting student to the date of the Title IX Investigation Summary Report) ranged from one week to seven months, with an average of 3.5 months. Of these 17 investigations, 14 resulted in Student Code of Conduct hearings. The time span for these 14 investigations, from the date of the Title IX Investigation Summary Report to the date of the Hearing Decision Letter, ranged from two months to 12.5 months, with an average of five
months. For each of the 17 investigations in our sample, the total duration, from start to finish, bearing in mind that some of these concluded with the Title IX investigation, ranged from 2.5 months to 15.5 months, with an average of eight months.

11) One of the complaints against FSUS students and employees in our sample of ten Title IX cases had no documentation. This was one of four older Title IX complaints the University’s Title IX Director received concerning FSUS students. Although the three remaining older complaints were not selected for our sample, we researched these three cases also and found they lacked documentation. The FSUS Deputy Title IX Coordinator listed the four older cases on FSUS’ Title IX tracking log, but neither she nor the former Interim University’s Title IX Director had any additional information on them.

12) For one FSUS complaint against an FSUS student, there was no documentation that the reporting student or parents were made aware of the option of a Title IX investigation by FSUS, nor evidence that a Title IX investigation was performed. Also, for an FSUS complaint against an FSUS employee, the FSUS students’ parents were not made aware they could have requested a formal Title IX investigation, and there was limited documentation in the case file concerning whether the parents of the students were notified of the issue or the outcome of the case.

13) There were two FSUS Title IX complaints in our sample of ten that did not have all of the involved parties’ statements in the documentation. In addition, there were no summary investigation reports, such as those written by the University’s Title IX Director and its Human Resource Deputy Title IX Coordinator. At a minimum, FSUS should have summary investigation reports that document what evidence was collected, what the parties agreed to or disagreed about, what standard of evidence was used, and what the final conclusions were.

14) Based on our review of FSUS’ Title IX investigation documentation, it was not always clear what information was communicated verbally to the parents of the reporting student and of the responding student. However, from our review, there was no documentation that FSUS provided written notification of the outcomes of the Title IX investigations, including sanctions given, other than the referral notification to the respondent’s parents if the respondent was found to have violated the FSUS Code of Student Conduct. In addition, FSUS did not differentiate between formal investigations and informal resolutions.

15) According to the University’s Sex Discrimination and Sexual Misconduct Policy at the time of our audit, University officials involved in implementing the policy were required to receive annual training related to implementing the policy. The FSUS Deputy Title IX Coordinator received annual training in December 2015 and September 2016, but had no additional training during 2017.

16) While the Director of SRR was able to provide some PowerPoint slides and handouts used during the formal hearing officer training, there was minimal documentation (e.g., training logs) regarding when this training occurred and who attended.
17) Not all FSU employees were receiving Title IX training. The University was performing numerous training events on Title IX throughout the year. However, only new faculty and staff were required by the University to either attend the training in-person or receive the training as part of the online new employee orientation. If the employee receives the training as part of the online new employee orientation, they were only required to review the Human Resources Sexual Misconduct website. As an example of employees’ unawareness of Title IX requirements, which we noted in audit testing, some employees were unaware they were required to report Title IX incidents, and some did not know what exact information they were supposed to report, or that they were to report it immediately.

18) The University offered numerous training events to its students throughout the year on Title IX and sexual violence prevention. However, this training was only required during new student orientation and was very brief. The Maxient system did not allow for a definitive analysis of the incidence of sexual misconduct complaints associated with certain groups, such as student organizations. However, during our review of Title IX logs and case information, we noted various Title IX complaints that involved members of such student groups, as either complainants, respondents, or witnesses (e.g., Greek organizations). According to University Administrators, there was a concern about Title IX staff’s ability to accurately track student organization involvement for all process participants, as that information must be requested from each individual and Maxient only allowed for tracking identification of membership in Greek organizations. However, incident locations were tracked in Maxient. Therefore we concluded that, in the event an incident occurs at a location that relates to a student organization, such as an event in connection with an organization function or at an organization’s facility, requiring refresher training to such organizations is a good strategy for deterring incidents and/or encouraging the reporting of sexual misconduct.

19) The most recent Title IX training for FSUS employees did not include important information, such as the requirement to report within a certain amount of time. In addition, not all FSUS employees had received Title IX training. While most of the employees involved in Title IX investigations received Title IX training on an annual basis, some had not. Without such training, some FSUS employees may not have been familiar with the University’s Sex Discrimination and Sexual Misconduct Policy and what it requires of them. The knowledge gap could have resulted in Title IX incidents going unreported or being mishandled.

20) Overall, FSUS’ Title IX related PowerPoint presentations for students were very basic and did not discuss the University’s Sex Discrimination and Sexual Misconduct Policy, the University’s Title IX Office, other types of sexual discrimination beyond sexual harassment (e.g., relationship violence, sexual assault, etc.), effects of incidents off of school grounds that can result in a hostile environment, consent, complaint procedures, complaints against third parties, or how to help others who are being sexually harassed.
An action plan was developed by the University to address each of these identified issues/recommendations.

The primary objective of our audit was to provide University Administrators with an independent assessment of the John and Mable Ringling Museum of Art (the Ringling, or Ringling) business operations, including the 13 areas of: 1) Control Environment; 2) Budgeting, Accounting, and Financial Reporting; 3) Collections, Deposits, and Cash Funds; 4) Property Accounting Services; 5) Purchasing and Disbursement; 6) Travel; 7) Human Resources Management; 8) Payroll; 9) Sponsored Projects; 10) Information Technology; 11) Auxiliaries; 12) Sexual Harassment; and 13) Fraud and Abuse Awareness.

Our audit testing covered the period from July 1, 2016, through August 1, 2017 (13 months), although in some areas we included more recent data and information as of the writing of the audit report.

Overall, of the 13 business operations areas reviewed, we identified no issues in two (Property Accounting Services and Auxiliaries). The Ringling is to be commended for management in these two areas. We offered 17 recommendations in the remaining 11 areas, to address the issues identified during our audit.

Our findings were as follows:

Control Environment and Risk Assessment

Ringling was not performing formal, systematic risk assessments.

Budgeting, Accounting, and Financial Reporting

Ringling was not meeting the intent of the University Controller's Memorandum #2 (2007/2008) Concerning General Ledger Reconciliations related to tying Oracle Business Intelligence (OBI) transaction detail reports (for expenses, encumbrances, and revenue) to Online Management of Networked Information (OMNI) summary ledgers as a part of the monthly reconciliations. In addition, the Ringling’s monthly ledger reconciliations did not contain information required by the Controller's Office concerning preparation and review, including name (signature versus initials) of preparer, date prepared, evidence of review, name of supervisor, and signature and date of review/approval.

Ringling was not maintaining a Signature Master List for signing its revenue-generating contracts as was required by the University Policy 4-OP-D-3, Revenue-Generating Contracts. In addition, of the five revenue-generating contracts, for the period July 1, 2016 through March 9, 2018, all five lacked three or all four of the four types of authorized signers required by University Policy 4-OP-D-3, Revenue-Generating Contracts.
Collections, Deposits, and Cash Funds

4) Ringling had not obtained reauthorization of its cash collections points as required by University Policy 4-OP-D-2-B, Cash Management Policy and the Controller’s Office Cash Collection Application Form. For fiscal year 2016-17, of the 71 employees on the list of Ringling employees with cash-handling responsibilities, 29 (41 percent) did not sign the required FSU Cash Management Employee Policy and Procedure Acknowledgment Form signifying they have been provided clear written departmental procedures regarding their responsibilities for the handling and control of cash collections or change funds. Additionally, 16 employees who signed acknowledgement forms were not on the list of cash-handling employees the Ringling provided auditors and we noted internal control weaknesses concerning the Ringling’s assignment of duties related to cash management and accounts receivable.

5) On May 15, 2018, an incident occurred at the Ringling Visitor’s Pavilion concerning an overcharge to a patron by an Admissions staff member. In the event, this overcharge was intentional and there was possible fraud, Ringling management conducted an investigation. Ringling management could not substantiate fraud; however, the incident highlighted certain internal control weaknesses in cash handling, as identified by Ringling management.

6) We determined that, to the knowledge of the Ringling’s Assistant Director of Budget and Financial Services, no one at the Ringling Museum had received training by the FSU Tax Administration for sales tax or unrelated business income tax.

Purchasing and Disbursement

7) For one of the Ringling’s 25 contracts for services, supporting documentation did not contain evidence of review and approval by FSU’s Procurement Office, and there was no evidence of written power of attorney to sign the contract at the time it was executed. In addition, during the period reviewed, Ringling had 30 invoices less than $1,000 for which the department did not timely enter its own receipts and the University Controller’s Office had to process them (“forced” receipts). These forced receipts appeared in the Controller’s Officer Monthly Compliance Report for May and June 2017, and the Controller’s Office gave the department a FAIL score for both months.

8) We identified the five following issues related to the Ringling’s administration of P-Cards:

- In the Controller’s Office Monthly Compliance Reports for fiscal year 2016-17, Ringling had 16 P-Card reconciliations that were not reconciled in a timely manner. These late P-Card reconciliations appeared in Compliance Reports for December 2016 and January 2017, and the Controller’s Office gave the department a FAIL score for both months;

- Monthly P-Card reconciliations did not contain all required information, including signatures and dates of signatures;

- During the audit period, Ringling had ten “forced” P-Card transactions for five P-Cardholders totaling $2,095. Untimely processing of P-Card charges results in a “forced” status on the charges against the default department
ID and fund assigned to the card in the OMNI system;

- Ringling did not evaluate whether all of its existing P-Cardholders were using and/or needed their cards. We identified two Ringling P-Cardholders who had no recent P-Card charges—one in a two-year period, and the other in a year’s time; and

- From a sample of 45 P-Card purchases, we identified three that lacked proper receipts in the University’s information systems, and one that lacked the required special condition approval prior to purchase.

**Travel**

9) Of the 14 Travel Expense Reports we reviewed, for four of them there were no corresponding Travel Authorizations prepared, and four were submitted to the Controller’s Office more than ten working days after travel had occurred, contrary to University policy. We also determined that not all charges on Travel Expense Reports were for the correct amounts and adequately supported in accordance with University policies and procedures. Two of the 14 Travel Expense Reports in the testing sample included taxi fare tips over 15 percent and three contained errors that resulted in overpayments. In addition, five Expense Reports were approved without receipts being uploaded into OMNI, or without adequate and/or sufficient supporting documentation. Further, three of the 14 Travel Expense Reports reviewed were neither reviewed and/or signed (certified) by the travelers, nor were the travelers’ certifications attached as supporting documentation to their corresponding Expense Reports in the OMNI Financial system.

These observations were based on University policies and procedures in effect prior to the recent implementation of Concur. Whether these issues continue to be relevant after the implementation of Concur will depend upon the extent to which the University’s written policies and procedures remain the same for each concern.

10) Three of the five Ringling travel cash advances were not settled within 10 working days of the travelers’ return to their headquarters, and these same three travel advances were not settled within 58 days of their issuance, in accordance with the University’s Travel Office’s policy and guidance. In addition, four out of five cash advances (80 percent) were paid more than 15 days in advance of travel, contrary to the University’s Travel Office’s guidance. Besides the issues identified concerning the Ringling’s overall management of its travel, we noted several occurrences where the Controller’s Office pre-empted Ringling’s noncompliance with University policy and guidance concerning travel and the Travel Card, through its review of Ringling travel transactions and its intervention.

11) According to the FSU’s Travel Office, only one of Ringling’s two T-Cardholders completed travel training during or before July 1, 2016, through August 1, 2017. FSU’s Travel Office had no training records for the other T-Cardholder or for the three travel approvers.

**Human Resources Management**

12) We reviewed Ringling’s compliance with University Policy 4-OP-C-7-A through 4-OP-C-7-J concerning the
administration of University employees and determined the following:

- Based on our review of all 91 Ringling appointments, 90 had criminal background checks performed, and the Ringling is to be commended for this accomplishment. We recommended Ringling coordinate with the University’s Office of Human Resources (HR) to review the circumstances of the one employee we identified as being an incumbent who received no criminal background check, to determine if such a background check is warranted.

- Ringling was late in processing many appointments. For 72 of Ringling’s 91 appointments (79 percent), the appointments were not processed prior to their effective hire dates. We determined that, for 41 of these 72 appointments (57 percent), HR received the appointment actions from Ringling after the employees’ employment start dates.

- We determined that 156 Ringling employees received one or multiple retroactive payments, which leads to employees not being compensated timely for their work and additional work for University Payroll and HR staff, as well as Ringling administrative employees.

- Only one of 24 sampled new Ringling employees completed FSU’s New Employee Orientation. Instead, the Ringling provided its own version of new employee training to its employees. Three of the 24 Ringling employees (13 percent) completed neither the FSU new employee orientation nor Ringling’s orientation.

- The department was not processing a significant number of employee terminations timely. For 58 of the 92 employees (63 percent), HR processed their personnel actions after their termination dates. For 45 of these 58 late terminations, (approximately 78 percent), HR did not receive the necessary completed documentation from Ringling until after each employee’s last day of work. These 45 late terminations ranged from one to 48 days after the employees’ last days of employment. The average for the 45 late terminations was seven days late.

**Payroll**

13) We had three observations concerning the Ringling’s compliance with University Policy 4-OP-D-2-E Payroll:

1. Ringling was not timely with its reviews of Active Employees Reports and Final Cost Center Reports. Additionally, concerning Cost Center Reports I, II, II (Final Cost Center Report), for each of these three types of reports there was one pay period where the report was no available.

2. Based on our review of Controllers’ Offices’ Compliance Reports for Over- and Underpayments (Payroll), Ringling had numerous over- and underpayments during the audit period.

3. Ringling management was not familiar with the Independent Contractors Checklist, and the checklist was not completed for 47 vendors in 2016 and 74 vendors in 2017.
Sponsored Projects

14) The Ringling did not timely update project award information for two sponsored projects in OMNI Financials to reflect the change of the Principal Investigator (PI)/Sponsored Project Manager for the projects. In addition, the Ringling could strengthen its expertise in managing sponsored projects by ensuring that staff, including faculty, has optimum training in administration of sponsored projects.

Information Technology

15) Ringling supervisors were not reviewing and certifying their employees’ security role assignments for appropriateness, on a quarterly basis, using the University’s “Role Certification Report” available in the Security Dashboard in myFSU BI (Business Intelligence). In addition, Ringling managers interviewed asserted that Ringling staff has been educated concerning computer security (Security Awareness and Education), although we received no documentation of such education/training, upon request.

Sexual Harassment

16) We noted that Ringling should strengthen sexual misconduct training for its new employees and volunteers, including docents, by ensuring all members of these groups, including rehired employees and returning volunteers/docents, complete such training within 30 days, and by maintaining attendance records on file of all such training. Ringling should ensure that its own version of sexual misconduct training in its new employee orientation is officially reviewed and approved by the University, and given an official written statement that it meets the requirements for sexual misconduct training for new employees. In the absence of such approvals, Ringling should require completion of the University’s sexual misconduct training.

Although the Office of Human Resource’s Equal Opportunity and Compliance (EOC) staff has provided refresher sexual harassment training for Ringling employees and volunteers, including docents, not all members of these groups had attended this training. In addition, while the Ringling’s Volunteer Handbook and Volunteer Services Advisory Council (VSAC) Bylaws Fall 2015 addressed sexual misconduct, its Docent Bylaws 2015 document had no corollary guidelines for docents related to sex discrimination and sexual misconduct, including sexual harassment.

Fraud and Abuse Awareness

17) We identified one incident at the Ringling during the past year that could be a fraud occurrence. During a routine inventory, a $425 necklace was identified as missing from Ringling retail storage. The incident was reported to the Sarasota Police Department on June 30, 2017. However, a specific date as to when the necklace went missing was not determined. Ringling management interviewed all volunteers and staff working at the Ringling retail stores located in the Visitors Pavilion and Circus Museum and issued an internal report with 14 Security/Human Resources recommendations to address the risk of fraud. The Ringling management interviewed all volunteers and staff working at the Ringling retail stores located in the Visitors Pavilion and Circus Museum and issued an internal report with 14 Security/Human Resources recommendations to address the risk of fraud. The Ringling management interviewed all volunteers and staff working at the Ringling retail stores located in the Visitors Pavilion and Circus Museum and issued an internal report with 14 Security/Human Resources recommendations to address the risk of fraud.
OIGS. In addition, on February 26, 2018, at the request of the Ringling, our Chief Audit Officer provided to the Ringling two three-hour training sessions on improving internal controls and reducing the risk of fraud.

In the Ringling’s February 13, 2018 internal status update report, the Ringling’s Deputy Director requested that all missing/damaged/free items be reported in weekly reports, and that any incident of suspected theft (internal or external) be reported immediately to Ringling Security/HR/the Deputy Director. Notification of our Office was not included in the Deputy Director’s mentioned entities to immediately contact and the OIGS was not contacted. Instead, this incident came to our attention as a result of conducting this current audit. Thus, Ringling did not comply with University Policy 4-OP-C-13 Policy Against Fraudulent, Unethical And Other Dishonest Act in handling the potential incident of fraud.

An action plan was developed by the University to address each of these issues/recommendations identified during our audit.

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### Hazardous Laboratory Chemicals and Chemical Safety Training

The primary objectives were to:

1) Evaluate the University’s process for tracking the locations and quantities of hazardous chemicals on campus;

2) Determine whether individuals working in laboratories with hazardous chemicals are receiving hazardous chemical and chemical safety training as required by federal regulation;

3) Determine whether the University’s procedures for hazardous waste disposal comply with federal regulation; and

4) Evaluate the University’s current policies related to hazardous laboratory chemicals that may pose a risk to the University community and are regulated pursuant to state and federal law.

Our findings were as follows:

1) The University did not have a centralized listing that would ensure that the locations and quantities of hazardous laboratory chemicals on campus were known. Rather, reliance was placed on each laboratory to maintain independent lists of the chemicals on hand. Each of the eight laboratories we visited had such lists. To determine the accuracy of the listings, we selected chemicals physically on hand in these eight laboratories to see
if the chemicals were also on the listings. We determined 10 of the 40 hazardous chemicals physically on hand, or 25%, were not included in the listings. While we did not know how many of the 824 locations listed on the Environmental Health and Safety (EH&S) lab report have chemicals on hand, the Chemistry and Biochemistry Department is listed as having 227 laboratory locations across five buildings.

2) There are specific U.S. and Florida laws and regulations requiring training for individuals who handle chemicals and hazardous waste. There was no University policy identifying those requirements, directing that required training be completed, and requiring that completion be monitored. The University’s Safety Training Policy 4-OP-G-11 was generic in nature, assigning, “managers, supervisors, and principle investigators” the “responsibility for determining the specific training needs of their employees and students.” EH&S provides training not only in Chemical Safety, but also in a wide variety of other areas including fire safety and Red Cross Training. We determined that laboratory workers were not consistently receiving required safety training.

3) The University’s procedures for disposing hazardous waste complied with federal regulations. Individuals who transport hazardous waste on campus, and/or have access to the accumulation sites, completed required training.

4) The University’s written policies for Chemical and Lab Safety, 4-OP-G-4 and 4-OP-G-5, respectively, were limited to providing descriptive information related to the general responsibilities of EH&S. While the policies referenced federal regulation, neither policy established specific requirements related to complying with these regulations. EH&S publishes the FSU Safety Manual, which provides limited guidelines for complying with federal regulation related to hazardous chemicals. The Manual was not authoritative.

Administration in Compliance and Ethics, Finance and Administration, the Office of Research, and the Provost’s Office are working with Environmental Health and Safety to improve controls over chemical inventories and implement Office of Inspector General Services recommendations. An annual report of progress on addressing issues identified during the audit is being provided to the Office of Inspector General Services.

2018-2019 Performance-Based Funding

The overall purpose of the audit was to report on the controls and processes established by the University to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) that support the University’s Performance-Based Funding (PBF) Metrics, and to provide an objective basis of support for the University’s President and Board of Trustees (BOT) Chair to sign the representations included in the PBF – Data Integrity Certification, which
was to be submitted to the University’s BOT and filed with the BOG by March 1, 2019. This audit included an evaluation of the key controls that support these processes, as well as testing of the actual data upon which the University’s PBF metrics are based.

The PBF 2018 Metrics (along with their definitions), as of April 3, 2018, were published on the BOG website. The complete listing of these PBF Metrics that relate to FSU were as follows:

1) Percent of Bachelor's Graduates Enrolled or Employed ($25,000+) in the U.S. One Year after Graduation;

2) Median Wages of Bachelor’s Graduates Employed Full-Time One Year after Graduation;

3) Cost to the Student (Net Tuition and Fees per 120 Credit Hours);

4) Four-Year Graduation Rate for First-Time-in-College Students;

5) Academic Progress Rate (Second Year Retention Rate with Grade Point Average (GPA) Above 2.0);

6) Bachelor’s Degrees Awarded within Programs of Strategic Emphasis (including Science, Technology, Engineering, and Mathematics (STEM));

7) University Access Rate (Percent of Undergraduates with Pell Grants);

8) Graduate Degrees Awarded within Programs of Strategic Emphasis (including STEM);

9) Percent of Bachelor’s Degrees without Excess Hours (Board of Governors’ Choice Metric for all SUS universities); and

10) National Rank Higher than Predicted by the Financial Resources Ranking, Based on U.S. News and World Report (FSU’s Board of Trustees’ Choice Metric).

This audit solely addressed the integrity of the University’s data submissions to the BOG that supported the University’s PBF Metrics for the 2017-18 Annual Accountability Report. The BOG extracts data from the files provided it by the University and performs additional calculations to derive the final PBF Metrics data published by the BOG. The University is not involved in these extractions or additional calculations by the BOG.

Overall, we concluded the University had adequate processes for collecting and reporting PBF metrics data to the BOG. In addition, we could provide an objective basis of support for the University’s President and BOT Chair to sign the PBF – Data Integrity Certification, which the BOG requested to be filed with it by March 1, 2019.

Center for Leadership and Social Change

The primary objectives of our audit were to:

1) Determine whether Foundation accounts were the appropriate accounts for the deposit of the Center’s non-gift collections;

2) Evaluate the adequacy of the Center’s
internal controls over collections and deposits, and its compliance with related policies and procedures;

3) Determine whether the Center had written cash management procedures that provide for adequate internal control;

4) Determine whether the Center conducted reconciliations of its departmental and Foundation ledgers;

5) Determine whether payroll certifications were completed and employees paid in a timely manner; and

6) Determine whether Center Purchasing Card (PCard) purchases were consistent with University Purchasing Card Manual guidance and the Controller’s Expenditure Guidelines.

Our detailed audit conclusions were as follows:

- The Center has five programs that collect cash that meet the criteria for deposit and accounting in University operated auxiliary accounts. Instead, these non-gift collections were deposited and accounted for in Florida State University Foundation, Inc., ‘Other’ non-gift revenue accounts. In these instances, the Foundation served as an accounting service and did not have authority over the Center’s cash controls. In addition, because the collections were not deposited in University accounts, the University did not have oversight of these collections. During fiscal year 2017-18, these accounts had total deposits of $258,349.

- During fiscal year 2017-18, the Center’s administrative office deposited non-gift collections totaling $65,507, including $18,815 in currency in Foundation accounts. For collections received by Program staff and transferred to the Center’s administrative office for deposit in the University Foundation, we noted: collections were not transmitted or deposited in a timely manner with some checks and currency was being held for up to 48 days before being deposited; receipt books could not be reconciled to deposits; segregation of duties over collections, deposits, and reconciliations was lacking; checks were not restrictively endorsed upon receipt; and collections were not secured in tamper-proof bags when transported for deposit. Improvements in internal controls over Center collections and deposits were needed.

- During fiscal year 2017-18, the Campus Compact Office made 69 deposits of non-gift collections totaling $192,842, to its Foundation account. The collections included checks and card payment information received over the phone. For the Campus Compact Office, we noted: collections were not deposited in a timely manner; segregation of duties over collections, deposits, reconciliation processes, and maintaining accounts receivable records was lacking; invoices were issued out of sequence, used to solicit donations, and voided with the same number used again; checks were not restrictively endorsed upon receipt; and cash was not secured in tamper-proof bags when transported for deposit. Improvements in internal controls over these collections and deposits were needed. Options allowing electronic payments needed to be evaluated.

- The Center developed cash handling procedures for its central administrative offices, *Funds Collection and Record Keeping Procedures*, but the procedures did not reflect best practices relating to
segregation of duties, daily deposit minimums, and safeguarding collections prior to transfer to the Center’s administrative office. The Campus Compact office did not have written cash handling procedures.

- The Center was not conducting formal reconciliations of its departmental ledgers. The Center also did not have reconciliation procedures as part of its written policies and procedures.

  - Payroll certifications, which document review of payrolls to determine whether all employees would be paid for time worked and would be paid in the correct amount, were not completed before the payroll was submitted for processing. Several employees, primarily Federal Work Study students who are paid on an hourly basis, were paid retroactively as their electronic timesheets were not submitted in a timely manner.

  - The Center’s PCard transactions were conducted consistent with the University’s Purchasing Card Manual and the University Controllers published Expenditure Guidelines.

We had 16 recommendations to address issues identified during the audit. A seventeenth item was reported where there was no recommendation.

Management developed an action plan to address these recommendations.

Office of Business Services
Contract Management (Sodexo)

The purpose of our audit was to review the Office of Business Services (OBS) contracts in selected areas, as well as contract management.

Specifically, our objectives were to determine whether:

- The OBS management had adequately managed and monitored the Florida State University Board of Trustees and Sodexo America, LLC Contract, in compliance with the University policies and procedures; and

- FSU and Sodexo America, LLC (Sodexo) complied with selected key terms of the Contract, including the Operations Manual.

The scope of our audit:

- Consisted of examining records for FSU’s contract with Sodexo, as well as the contract monitoring processes of the Office of Business Services; and

- Encompassed the audit period of July 1, 2017, through June 30, 2018, and in some cases Contract Year 1, defined as a period from May 15, 2017, to June 30, 2018.

Overall, we concluded that the OBS adequately managed and monitored the contract in conformance with University
policies and procedures, and FSU and Sodexo generally complied with the selected key terms of the contract for the seven areas reviewed, which were: Contract Monitoring, Food Safety and Sanitation, PCI Compliance and Revenue and Cash Controls, Commissions, Insurance, Employee Background Checks, and Marketing. However, we did identify opportunities for improvement in the areas of Food Safety and Sanitation, Insurance, and Employee Background Checks, and offered three recommendations to address the issues identified during our audit.

Management developed an action plan to address each of the recommendations.

Facilities Data Exchange with the Department of Highway Safety and Motor Vehicles

The objective of our audit was to ensure the Facilities department’s compliance with the Data Exchange Memorandum of Understanding (MOU). Specifically, our objectives were to determine whether:

- The data exchange process employs adequate logical access controls to protect the driver’s license status information against unauthorized access, distribution, use, modification, or disclosure; and
- Personnel responsible for the automated process and personnel who receive reports that include driver’s license status information are aware of the criminal sanctions specified in state law for unauthorized use of this information and this awareness is documented in writing.

Our findings were as follows:

- The data exchange process employs adequate logical access controls to protect driver’s license status information provided by the Department of Highway Safety and Motor Vehicles (DHSMV).
- Facilities personnel were not Driver and Vehicle Information Database (DAVID) users, but those with DAVID information should meet the expectations of the MOU, which requires that they have knowledge of the confidential nature of the data and the criminal sanctions for misuse. This knowledge should have been documented. The Database Administrator and Human Resources personnel who received reports including driver’s license status information during the audit period were aware of the confidentiality of the information. They were not aware of the criminal sanctions for disclosure. Facilities management corrected this issue by developing a separate DAVID confidentiality acknowledgment form. This form has been signed by the Database Administrator and by the Human Resources personnel who currently receive the data.

Our audit of compliance with the Data Exchange MOU, and review of internal controls over the exchange of driver’s license status data concluded that logical access controls were adequate to protect the data from unauthorized access, distribution, use, modification, or disclosure.
The two Human Resources employees who received data during the audit period, and the Database Administrator, were not aware of the potential criminal sanctions for disclosing the status data, but were aware of the confidentiality of the data. Each had signed the University’s confidentiality form but it was not specific to driver’s license status data.

Facilities management corrected this issue by developing a separate confidentiality acknowledgment form. After completing the audit, there were changes in the Human Resources personnel receiving the data. The Database Administrator and Human Resources employees who currently receive the data have signed the separate DAVID confidentiality acknowledgement form.

Our objectives were:

- To determine whether ITS’s COOP and supporting documents provide for the restoration of systems or assets affected by natural or manmade disasters;
- To determine the status of disaster recovery and business continuity planning in non ITS-managed departments; and
- To evaluate web/cloud services provided by third-parties and included in the ITS COOP to determine whether contractual agreements required backup and recovery planning and provided for independent audits of the provider’s information systems.

Our observations are as follow:

- The ITS COOP focused on the recovery of ITS-managed enterprise systems. While a new business impact analysis was conducted in 2018 to reflect current information systems and recovery
objectives, the updated schedule of systems essential for disaster recovery had not yet been agreed to by University management. At the time of our audit, the systems prioritized for recovery in the COOP remained those identified as a result of a Business Impact Analysis conducted in 2005, with updates to include replacement systems and acquisitions of new enterprise systems. Finally, the plan had not been updated to include steps that should be taken by ITS to return ITS-managed systems (primarily the University’s business enterprise systems) to normal operation when disaster response activities have concluded.

- As similar to the observation reported in the 2018 Business Impact Analysis as “Operational Risk Areas Requiring Management Attention,” our audit determined that the ITS COOP is almost entirely focused on a major weather event, where there is advance warning, but did not adequately address other higher-impact low-probability natural disasters or man-made incidents to include a major cybersecurity incident.

- Some University entities, including ITS, have planned for disaster recovery and business continuity. The University had not identified departmental systems and functions not managed by ITS that, if disrupted, pose a high risk that the University’s mission and strategic goals might not be met, that would have a major financial or reputational impact, or would result in regulatory or contractual non-compliance and plan for their recovery and continuity. The University has adopted a policy with a scope that requires disaster recovery and business continuity planning at the lowest organization level, the unit. It is not practicable to set an expectation that each of approximately 270 units will have the need, expertise, or resources to complete the steps required to develop a disaster recovery and business continuity plan or the resources to implement such plans. The current policy also requires the Director of Information Security and Privacy to provide determination for exceptions to the policy. Since the Director did not know which of the 270 units did not have a plan, the requirement for him to provide determination for exceptions did not provide accountability.

- Seven web/cloud services were identified as essential in the ITS COOP. Six were services negotiated by the University; the seventh was a statewide contract through the Department of Financial Services. To ensure the University is able to access its information and continue operations, contracts should require that service providers have adequate disaster recovery plans. Contracts should also require independent information system audits to provide assurances that appropriate security and privacy controls are in place. None of the six contracts negotiated by the University included these requirements. OIGS was able to independently confirm that information systems audits were conducted for each service provider. These audits were not requested or reviewed by University personnel.

We had eleven recommendations to address issues identified during the audit.

Management developed an action plan to address these recommendations.
Concur Travel System and Travel Expenditures

This audit evaluated the University’s implementation of the SAP Concur travel system (Concur). This system was contracted for in September 2016, and went online in January 2018. The system is provided in the model known as Software-as-a-Service (SaaS). The vendor, Concur Technologies, Inc. (Concur), provides the cloud services using equipment located in regional data centers. The cloud services are accessed through a web browser that interfaces the university’s network with the service provider.

This audit also evaluated the University’s contract with and services provided by World Travel Services (World Travel), the travel agency selected to interface their online booking tools with the Concur product in the University’s Concur implementation.

The primary objectives of this audit were to:

- Obtain an understanding of the Concur hosting environment and review the Concur System and Organization Controls (SOC) external audit report to identify any audit issues that may have an impact on the University’s security, privacy, or continuation of operations;
- Determine whether services provided by World Travel were consistent with the agreement;
- Determine whether internal controls over access, segregation of duties, and confidential information were adequate;
- Determine whether system controls were in place to ensure the accuracy and completeness of transactions and the controls worked as intended;
- Determine whether travel expenditures were in compliance with University policy and supported by adequate documentation; and
- Identify any impediments to meeting user information needs and determine whether these impediments had been addressed.

Our observations were as follows:

- Concur Technologies, Inc., makes its annual information systems audits available to its users to provide assurance that its’ security controls are suitable and working as intended. The Controller’s Office did not request the audit report or evaluate the results for assurance that University information is adequately secured.
- The services provided by World Travel were consistent with the agreement between World Travel and the University.
- Effective access controls, including user authentication, had been implemented for the Concur system. Workflow controls provided for an adequate segregation of duties. Confidential information was masked (hidden).
- There was sufficient evidence that appropriate controls in the Concur system existed or were enabled and provided adequate internal control over transactions. Data generated from vendor
data tables such as map mileage and exchange rates were found to be accurate. Information transferred from Concur to OMNI maintained its integrity.

- University Travel Policy 4-OP-D-2-D requires that travel be authorized in advance. While travel expenditures were adequately documented, 20% of the requests to approve travel (travel requests) in our test population were submitted after travel occurred. In November 2018, the Controller began including the number of travel requests submitted after travel occurred in its Monthly Compliance Report. Between November 2018, the first month of reporting, and March 2019, the rate of travel requests approved after travel was completed improved from 44% (853 of 1,948 requests) to 26% (629 of 2,393), but non-compliance increased to 35% (816 of 2,338 requests) in April 2019.

- Concur works as intended and implemented by the University. Addressing user needs identified during the audit may provide some efficiencies. However, some suggestions may require the University to reduce its network security while others would require each employee to have a separate travel card and to book their own travel, which may be inefficient.

We had two recommendations to address issues identified during the audit. We did not make any recommendations related to the remaining four objectives.

Management developed an action plan to address these recommendations.

Interim Audit of a Major Construction Project – Earth, Ocean, and Atmospheric Sciences Building

This interim audit evaluated the Facilities Design and Construction (FDC) Department’s management and administration of the Earth, Ocean, and Atmospheric Sciences (EOAS) construction project at mid-point.

Our primary objectives were to:

1) Determine if costs associated with a construction pay application qualified as reimbursable and were properly supported, billed at actual cost or in accordance with the construction agreement, and in compliance with applicable federal and state laws, as well as University policies and procedures governing capital construction and the construction agreement; and

2) Evaluate the allowability and appropriateness of the funding sources for this construction project, including Education and General (E&G) Carryforward funds.

We concluded that FDC performed a thorough review of Pay Application 16, as the majority of the costs associated with this pay application were reimbursable, properly supported, billed at actual cost or in accordance with the construction agreement, and in compliance with applicable federal and state laws, as well as University policies.
and procedures governing capital construction and the construction agreement.

In addition, we determined that construction costs for the EOAS construction project were budgeted and paid for with appropriate and allowable funding sources, including E&G Carryforward funds. However, we identified an area for improvement concerning the attestation of the multiplier template, which the Construction Manager uses in calculating the labor burden rate for each of its project employees. We offered recommendations for this area in this audit report. We also identified some immaterial billing issues, which we reported separately to FDC as management comments.

We had four recommendations to address issues identified during the audit.

Management developed an action plan to address these recommendations.

**Undergraduate Tuition and Fee Waivers**

The purpose of this audit was to verify whether FSU undergraduate students were appropriately awarded tuition and fee waivers. For our audit period of spring 2017, the University awarded $14 million in tuition and fee waivers for undergraduate students.

Our primary objectives were to:

1) Determine, through a review of processes, whether the University’s administration and oversight of undergraduate student tuition and fee waivers were in accordance with applicable laws, rules, and regulations, as well as University policies and procedures;

2) Assess the accuracy of undergraduate tuition and fee waivers awarded, i.e., made to the correct students and from the correct funding sources for the appropriate amount(s); and

3) Establish whether students met eligibility requirements to receive undergraduate tuition and fee waivers in accordance with applicable laws, rules, and regulations, as well as University policies and procedures.

Overall, we concluded the University generally had strong controls to ensure the awarding of undergraduate tuition and fee waivers is appropriate and in accordance with Florida Statutes, Florida Board of Governors (BOG) regulations, and University regulations. However, we did identify certain areas for improvement.

We had fourteen recommendations to address issues identified during the audit.

Management developed an action plan to address these recommendations.

**Follow-up**

In conformance with the *International Standards for the Professional Practice of Internal Auditing*, the OIGS follows-up on audit observations and other significant issues to determine if reported planned actions have been taken in response to our
observations. Follow-up is performed every six months and all observations are followed up on until final resolution. During the 2018-2019 fiscal year, two follow-up reports were issued for the six-month periods ending June 30, 2018 and December 31, 2018. The follow-up report for the January 1, 2019 through June 30, 2019 was still in progress at the time of this report release.

Implementation of recommendations during this fiscal year was at 57 percent. The pie chart below shows the percentage of recommendations for the six-month period ending December 31, 2018.

**Follow-up on the Implementation of Recommendations July 1 - December 31, 2018**

- Pending: 11%
- Started: 33%
- Implemented: 57%

*The OIGS closed out one finding and management was to follow-up independently.*

### Review of DSO Financial Statements

Each year, by Delegation of Authority from President Thrasher, the Chief Audit Officer (CAO) reviews audit reports issued by external auditors on Direct Support Organization (DSO) financial statements. A summary of the CAO’s review is prepared and distributed internally to the President, Board or Trustees, and applicable staff and externally to the Board of Governors, and the Auditor General.

Overall, DSO external auditors issued unmodified opinions on the 2017-2018 financial statements of all eleven DSOs meaning they were presented in accordance with general accepted accounting principles. For all DSOs, no material weaknesses or significant deficiencies in internal controls were noted and there were no reported compliance findings. DSOs are very important to the University and collectively account for over $1.38 billion in assets. An additional noteworthy accomplishment was that financial statement issues reported for the Seminole Boosters in the 2016-2017 fiscal year were addressed and corrected for in their 2017-2018 fiscal year report.

### In Progress and Carry Forward

At fiscal year-end, we had audits in various stages of progress. Some of them were close to being finished, while others were in the early stages of the process.

Audits in progress at fiscal year-end were:

- Performance-Based Funding;
- Seminole Boosters;
- Preeminent University Measures;
- College of Law;
- Graduate Tuition Waivers;
- College of Medicine;
- Network Security – Device Configuration;
- Athletics Financial.
Report Fraud, Waste, and Abuse

Make a Report Online at fsu.ethicspoint.com or by telephone – 855-231-7511 (toll free) or contact the Office of Inspector General Services directly at:
Office – 850-644-6031
FAX – 850-644-2576
Email – igs@fsu.edu

The Office of the Inspector General Services (OIGS) maintains the EthicsPoint Hotline for employees and contractors to report suspected acts of fraud, waste, and abuse, including mismanagement or violations of laws, rules, or procedures by University employees or contractors.

Reports can be made anonymously.

Complaints/Investigations

The OIGS receives complaints and allegations reported directly from internal and external parties, through the University’s EthicsPoint Hotline and via the complaint intake form on the FSU OIGS website. The OIGS occasionally initiates an investigation based on concerns arising from routine audits and existing investigations. In addition, the OIGS provides investigative assistance to the FSU Police Department and other law enforcement entities, when requested. Upon receipt, each complaint or request is evaluated to determine what type of investigative action is needed. Complaints that do not fall within the jurisdiction of the OIGS are referred to the appropriate entity. During 2018-19, approximately 8 percent of the OIGS’s direct effort was invested in reviewing complaints and conducting investigations.

TYPES OF INVESTIGATIVE ACTIVITY

Standard Investigations (SI) are opened when complaints allege violations of laws, rules, or policies and procedures related to suspected acts of fraud, waste, and abuse. Substantiated allegations are referred to management for their consideration and further action. If potential criminal activity is identified, the allegations are immediately referred to law enforcement.

Preliminary Inquiries (PI) are opened when a complaint is received and additional information needs to be obtained to determine whether an investigation is warranted. Once the OIGS completes additional fact-finding, a determination is made whether to proceed with an investigation, close the complaint, or address the complaint without investigation.

Management Referrals (MR) are complaints received by the OIGS that are the responsibility of management and do not require investigation. Our office refers these complaints for review and action deemed appropriate. The OIGS closes the case if the management response appears to address the concerns satisfactorily. However, if the concerns, in our opinion, are not adequately addressed or if management identifies other issues, our office may initiate an investigation.

No Investigative Action (NI) is taken when complaints are not supported by facts, are not violations of law or policy, or have already been investigated or resolved. These complaints are closed on receipt.

Criminal Assistance Investigations (CI) are opened when the OIGS receives allegations of a criminal nature that are referred to the appropriate law enforcement agency. They also occur when our assistance is requested in an ongoing criminal investigation by law enforcement. In these cases, the law enforcement agency is the lead and the OIGS provides investigative assistance as requested.
TYPES OF INVESTIGATIVE WORK PRODUCT

Investigative Reports communicate the results of an investigation into allegations determined to be significant to University operations and that reflect a violation of law or University policy. Investigations are conducted in accordance with the Principles and Standards of Office of the Inspector General, Quality Standards for Inspections, Evaluation and Reviews, commonly known as the Green Book, the Standards for Complaint Handling and Investigations for the State University System of Florida, and the Commission for Florida Law Enforcement Accreditation Standards for Florida Inspectors General. The Investigative Report will conclude as to whether allegations(s) made are determined to be substantiated, unsubstantiated, or unfounded.

Controls and Compliance Reports are used to report internal control and/or compliance weaknesses. These weaknesses are most often identified by staff during an investigative project but may be brought to the attention of the OIGS during an audit. Such limited scope services are not integral or directly related to an investigation and are not integral to the scope, objectives, or findings of a specific audit project. Such findings are provided to management for information, consideration, and corrective actions. In such instances, a full audit is not warranted and the limited scope of services provided is clearly identified.

INVESTIGATIVE ACTIVITY
For Fiscal Year 2018-19

At the close of the prior fiscal year ended June 30, 2018, we had one (1) Standard Investigation and one (1) Complaint Intake that remained open, for a total of two (2) cases continuing into the 2019-20 fiscal year.

Between July 1, 2018 and June 30, 2019, the OIGS opened 36 new cases, which included fourteen cases that were brought to us by management and employees. Together with the two cases carried over from the prior fiscal year, the OIGS managed 38 investigative cases during 2018-19.
The OIGS reviews and evaluates each complaint received to determine how it should be processed. The OIGS made the following determinations for complaints received during fiscal year 2018-19: fourteen (14) complaints required further information and a preliminary inquiry was conducted; thirteen (13) were referred to management for resolution, including cases to be managed by Human Resources and Ethics and Compliance; seven (7) complaints were closed at intake because the allegations were not a violation of law or policy, were not sufficiently supported by fact, or were not within our jurisdiction and two (2) Controls and Compliance Memorandums were completed.

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<th>NEW CASES OPENED 2018-19</th>
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<tr>
<td>Misuse of University Resources</td>
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<td>Misconduct</td>
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<td>Lack of Compliance with Policy</td>
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<td>Information</td>
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<td>Academic</td>
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<td>Controls and Compliance Memorandum</td>
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<td><strong>TOTAL</strong></td>
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The Chief Audit Officer’s responsibilities also include the analysis of all complaints to determine if the criteria is met for whistle-blower protection pursuant to Section 112.3189, Florida Statutes. The complainant must be a current or former employee, contractor or contractor employee, or applicant for University or contractor employment. During the fiscal year, ten (10) complainants were in this category. The OIGS determined that none of the complaints were found to qualify for investigation under the Whistle-Blower Act and the complainants were notified by letter.

Of the 38 active investigative projects during the year, 36 were closed in fiscal year 2018-19. Two cases were carried over into the 2019-20 fiscal year.

The OIGS was accredited as an Inspector General office by the Commission for Florida Law Enforcement Accreditation during the 2016-2017 fiscal year. The Commission requires annual reporting of information related to accreditation compliance by January 31 each year. The OIGS submitted our annual report to the Commission on January 15, 2019.
Investigation of the Center for Academic Retention and Enrichment (CARE) Employee Concerns

In March 2018 (prior to the 2018-19 fiscal year), the OIGS initiated an investigation to address allegations that a CARE employee submitted falsified documentation to the FSU Office of Financial Aid in support of a falsified FAFSA to obtain maximum financial assistance for a family member’s matriculation at FSU. Additionally, the OIGS investigated allegations against a different CARE employee for allowing Federal Work Study Program students to enter time on their timesheets that they did not actually work.

The OIGS substantiated the allegation against the first employee after an admission during the interview confirmed that falsified documentation in the form of a notarized statement was submitted to the FSU Office of Financial Aid to obtain maximum financial assistance for a family member’s matriculation at FSU. Additionally, the OIGS investigated allegations against a different CARE employee for allowing Federal Work Study Program students to enter time on their timesheets that they did not actually work.

The OIGS had three recommendations to address the issues identified in the Controls and Compliance Memorandum. Management developed an action plan to address each of the recommendations.

Memorandum Related to Unpaid Visiting Scholar Funds

The OIGS initiated a Controls and Compliance Memorandum to address issues identified as a part of a separate engagement. The OIGS identified that until the 2018-2019 school year, employees of the Upward Bound Program collected funds and provided for parent dues and fundraising monies from the Gadsden County High School Upward Bound Parent Association which is an unaffiliated third party. Some of these funds were deposited into an FSU Credit Union account (named FSU Upward Bound) which was established at the FSU Credit Union in 2004 by a previous Upward Bound Director. The account was established using the federal tax identifier number (FEIN) for the FSU Foundation without Foundation knowledge or approval. Upward Bound employees did not deposit all of the funds collected and undeposited funds were used for purchases within the program’s purpose but not included in the Upward Bound federal grant.

The OIGS initiated a Controls and Compliance Memorandum to address issues identified as a part of a separate engagement. The OIGS identified that the University’s Unpaid Visiting Scholar/Researcher Policy 3A-100, effective May 11, 2016, did not provide adequate guidance related to the acceptance, classification, accounting for and use of funds paid by an unpaid visiting scholar/researcher and/or by their home institution/government/funding body to the University. The OIGS determined there was
inconsistent accounting for these funds as some of the receiving colleges and schools deposited the funds into their FSU Foundation accounts as “gifts” while others deposited the funds as “non-gifts.” One school deposited funds into their Foundation account as “gifts” when the funds were requested from the unpaid visiting scholar and a review of supporting documentation provides no apparent basis for the gift designation. A review of internal school correspondence showed the funds were intended to be used for programmatic support, faculty summer salary, research travel and research expenses. In contrast, another college deposited requested funds from unpaid visiting scholars into their Foundation account as “non-gift” income. A review of internal college correspondence indicated these non-gift funds are used for departmental data, technology and administrative support associated with the unpaid visiting scholar. An additional concern was that some funds deposited into the Foundation as “gifts” should have been deposited as “non-gift” and assessed the Foundation’s administrative fee (currently 10 percent) as required by policy.

The OIGS had two recommendations to address the issues identified in the Controls and Compliance Memorandum. Management developed an action plan to address each of the recommendations.

Direct Services

Each year, the OIGS conducts a risk assessment of University activities and services. The risk assessment process includes interviews with the University President, Vice Presidents, key administrators, and the Chairperson of the Audit and Compliance Committee of the Board of Trustees. Feedback received through these interviews contributes significantly to the successful development of our Annual Work Plan.

The Annual Work Plan contains a detailed schedule of projects planned for the year. Estimated hours are allocated to each project in an effort to optimize utilization of OIGS staff. Our direct service level of effort for 2018-19 was 65 percent. During the year, we had 320 hours (4.6 percent of indirect time) relating to administrative leave, which was primarily due to University closures from Hurricane Michael. In addition, 423 hours (6 percent of indirect time) relating to maintaining our investigation accreditation with the Commission for Florida Law Enforcement.

The three graphs that follow show the 2018-19 fiscal year level of effort, planned versus actual direct service effort for fiscal year 2018-19, and a nine-year trend of direct service effort for fiscal years 2010-11 through 2018-19.
Activity Charts

2018-19 Level of Effort

- Direct Time to Audits and Investigations: 65%
- CPE Training: 29%
- Investigation Accreditation: 2%
- Other Indirect Time (i.e., Office Administration, Holidays/Leave): 3%

HISTORY OF DIRECT EFFORT
2010-11 THROUGH 2018-19

- AUDITS
- CONSULTING PROJECTS - STARTING IN 2013-14 HOURS WERE ADDED TO AUDITS
- GENERAL INVESTIGATIONS

Annual Report 2018-19
Provision of Training to the University Community

The OIGS is keenly aware of the importance of training and its benefits to the University and to its employees’ professional development. As such, we are fully committed to this essential component of our services.

The OIGS provides training to the University’s employees, including those outside Tallahassee at the Ringling Museum of Art in Sarasota and our Panama City Campus, in the following areas:

- Ethics;
- Internal controls;
- Fraud awareness, prevention, and detection; and
- Other topics of interest to the requesting entity.

Additionally, the OIGS offers presentations to academic classes at the request of instructors. This fiscal year, the CAO was guest speaker for the FAMU Governmental Accounting Class. In addition, the CAO is consulting with the Student Government Association and College of Business students that are members of Beta Alpha Psi in a joint accounting and auditing project.

Professional Activities and Certifications

The OIGS is proud of the experience and professionalism of its staff. During 2018-19, we continued our commitment to external organizations that support higher education and internal auditing activities. OIGS staff members belong to a number of professional organizations including the following:

- American Institute of Certified Public Accountants;
- American Society of Public Administration;
- Association of Certified Fraud Examiners;
- Association of College and University Auditors;
- Association of Government Accountants;
- Association of Inspectors General;
- Florida Institute of Certified Public Accountants;
- Information Systems Audit and Control Association (ISACA);
• Institute for Internal Auditors; and the
• Institute of Internal Controls.

Our staff is actively involved with several professional boards. These include the:

• Tallahassee Chapter of the Association of Government Accountants;
• Tallahassee Chapter of the Institute of Internal Auditors.

**Certifications**

Our staff maintains various professional certifications demonstrating their continued commitment to the audit profession. Current certifications held by staff include:

• Certified Fraud Examiner;
• Certified Government Auditing Professional;
• Certified Government Financial Manager;
• Certified Internal Auditor;
• Certified Internal Controls Auditor;
• Certified Information Systems Auditor;
• Certified Inspector General;
• Certified Inspector General Auditor;
• Certified Inspector General Investigator;
• Certified Public Accountant;
• Certification in Risk Management Assurance; and
• Sworn Law Enforcement Officer.

In addition to professional certifications, advanced degrees held by staff include:

• Doctor of Philosophy – Public Administration;
• Master of Accountancy;
• Master of Arts – Spanish;
• Master of Business Administration;
• Master in Public Administration; and
• Master of Social Work – Program Evaluation.
Upon completing our audits and major consulting engagements, the OIGS provides the individuals with whom we worked most closely on our projects the opportunity to evaluate our services through post-project surveys. These survey results provide the OIGS with valuable feedback and help us improve our operations.

Our University colleagues evaluate us on a scale from 1 to 5 (with 5 being the most favorable) in several categories, and provide an overall rating as to the value provided by the engagement. The compiled results of the surveys received for projects completed during 2018-19 appear in the following chart:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AVERAGE RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionalism</td>
<td>4.80</td>
</tr>
<tr>
<td>Relations of Staff</td>
<td>4.80</td>
</tr>
<tr>
<td>Communications</td>
<td>4.46</td>
</tr>
<tr>
<td>Technical Knowledge</td>
<td>4.65</td>
</tr>
<tr>
<td>Helpfulness</td>
<td>4.74</td>
</tr>
<tr>
<td>Report was Unbiased</td>
<td>4.54</td>
</tr>
<tr>
<td>Report was Issued Timely</td>
<td>4.43</td>
</tr>
<tr>
<td>Clear and Accurate Report</td>
<td>4.26</td>
</tr>
<tr>
<td>Provided Value</td>
<td>4.43</td>
</tr>
<tr>
<td>Overall Average</td>
<td>4.57</td>
</tr>
</tbody>
</table>

We constructively assess feedback received and continually strive to improve services provided.

Upcoming Year

We look forward to working with our colleagues as we implement our 2019-20 Annual Work Plan, and to the many challenges the new fiscal year will likely bring.

The chart below reflects our expected allocation of personnel resources during 2019-20.
Allocation of Time for 2019-20

Work Plan 2019-20

A. Audit Projects Carried Forward from 2018-19 Work Plan

<table>
<thead>
<tr>
<th>Audit Projects Carried Forward to Be Completed in 2019-20</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Tuition Waivers</td>
<td>320</td>
</tr>
<tr>
<td>Cybersecurity – Network Security</td>
<td>641</td>
</tr>
<tr>
<td>SpearMart/Jaggaer</td>
<td>460</td>
</tr>
<tr>
<td>Athletics Financials</td>
<td>364</td>
</tr>
<tr>
<td>College of Law</td>
<td>646</td>
</tr>
<tr>
<td>College of Medicine</td>
<td>388</td>
</tr>
<tr>
<td>College of Engineering</td>
<td>743</td>
</tr>
<tr>
<td>Seminole Boosters – Receivables</td>
<td>800</td>
</tr>
<tr>
<td><strong>Total Hours for Audit Projects Carried Forward from 2018-19 Work Plan</strong></td>
<td><strong>4,362</strong></td>
</tr>
</tbody>
</table>

B. New Audit Projects for 2019-20

<table>
<thead>
<tr>
<th>New Audit Projects for 2019-20</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>State University System Performance-Based Funding (Mandatory)</td>
<td>680</td>
</tr>
<tr>
<td>State University System Preeminence Funding (Mandatory)</td>
<td>725</td>
</tr>
<tr>
<td>Audit of the Office of the University Registrar’s Internal Controls over the Driver and Vehicle Information Database (DAVID) (Mandatory)</td>
<td>140</td>
</tr>
<tr>
<td>Cybersecurity – Continuous Vulnerability Management</td>
<td>800</td>
</tr>
<tr>
<td>Campus Safety with Focus on Boundary Properties</td>
<td>620</td>
</tr>
<tr>
<td>National High Magnetic Field Laboratory</td>
<td>893</td>
</tr>
<tr>
<td>Category</td>
<td>Hours</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Cybersecurity – Inventory and Control of Hardware Assets*</td>
<td>298</td>
</tr>
<tr>
<td>Major Construction Project – Earth, Ocean, and Atmospheric Sciences (EOAS) Building Closeout *</td>
<td>629</td>
</tr>
<tr>
<td>Family Educational Rights and Privacy Act (FERPA) – Compliance</td>
<td>535</td>
</tr>
<tr>
<td>Admissions Acceptance – Compliance*</td>
<td>282</td>
</tr>
<tr>
<td>Florida State University School (FSUS) – Business Practices Enhancement Program (BPEP)*</td>
<td>537</td>
</tr>
<tr>
<td>Foundation – Compliance with Donor Intent*</td>
<td>677</td>
</tr>
<tr>
<td>Direct Support Organizations (DSOs) External Audits – Financial Report Reviews (Required)</td>
<td>40</td>
</tr>
<tr>
<td>DSO’s IRS Form 990 Reviews (Required)</td>
<td>20</td>
</tr>
<tr>
<td>Fraud and Internal Controls Training to University Entities (Required)</td>
<td>40</td>
</tr>
<tr>
<td>Review of College Town Financial Statements</td>
<td>40</td>
</tr>
<tr>
<td>Advisory Services for University-wide Cybersecurity Initiatives</td>
<td>160</td>
</tr>
<tr>
<td>Research and Consulting</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Hours for New Audit Projects Begun in 2019-20</strong></td>
<td>7,216</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Hours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C. Follow-Up Projects for 2019-20</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follow-up activities for previously completed audits</td>
<td>635</td>
<td></td>
</tr>
<tr>
<td><strong>Total Hours for Follow-Up Projects for 2019-20</strong></td>
<td>635</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Hours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D. Contingency for 2019-20</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These hours are for new, unplanned projects given priority during the fiscal year.</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Sponsored Research Services – Post Award and Scisquest/Jaggaer (FSU SpearMart) Electronic Procurement System are two audits having priority status to begin during fiscal year 2019-20, provided we have unforeseen available hours for them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Hours for Contingency for 2019-20</strong></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Hours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E. Investigations for 2019-20</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This includes ongoing and new investigations that may result from faculty and/or staff requests, Whistleblower complaints, and complaints received from the Ethics Point hotline.</td>
<td>1,834</td>
<td></td>
</tr>
<tr>
<td><strong>Total hours for Investigations for 2019-20</strong></td>
<td>1,834</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Service Hours for 2019-20</strong></td>
<td>14,407</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Hours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F. Audit Management and Administration for 2019-20</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit management and administration includes administrative meetings, continuing professional development, and approved employee leave and holidays. It also, for this fiscal year, includes maintenance of audit software and efforts towards continued accreditation in investigations.</td>
<td>6,143</td>
<td></td>
</tr>
<tr>
<td><strong>Total Audit Management and Administration</strong></td>
<td>6,143</td>
<td></td>
</tr>
<tr>
<td><strong>Total Hours for 2019-20</strong></td>
<td>20,190</td>
<td></td>
</tr>
</tbody>
</table>