Office of Inspector General Services

Annual Report

2019-2020
Office of Inspector General Services

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

CHIEF AUDIT OFFICER

Kitty J. Aggelis, CIA, CGAP, CRMA, CIG

DIRECTOR OF AUDITS

Janice L. Foley, CPA, CISA, CFE, CRMA, CIG

DIRECTOR OF AUDITS

Jeffrey L. Caines, CIA, CFE, CGAP

SENIOR AUDITOR/INVESTIGATOR

Sudeshna Aich, CISA

SENIOR IT AUDITOR

Pamela Damitz, CIGI

INVESTIGATIONS MANAGER

Heather Friend, CPA, CIA

SENIOR AUDITOR

Natalia Salnova, CPA, CIA, CIGA, CIGI, CRMA

SENIOR AUDITOR

Candace Tibbetts

ADMINISTRATIVE ASSISTANT

Thomas Key

STUDENT INTERN

Table of Contents

MESSAGE FROM THE CHIEF

AUDIT OFFICER 2

AUTHORITY FOR OFFICE 3

PURPOSE, MISSION, AND VISION 3

AUDITS 4

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM 14

INFORMATION TECHNOLOGY AUDIT FUNCTION 14

COMPLAINTS/INVESTIGATIONS 15

DIRECT SERVICES 19

ACTIVITY CHARTS 20

PROVISION OF TRAINING TO THE UNIVERSITY COMMUNITY 21

PROFESSIONAL ACTIVITIES AND CERTIFICATIONS 21

POST-PROJECT SURVEYS 23

UPCOMING YEAR 23

ALLOCATION OF TIME FOR 2020-21 24

ANNUAL WORK PLAN 2020-21 24

Westcott Fountain

Pictured Left to Right: Kitty Aggelis; Candace Tibbetts; Heather Friend; Sudeshna Aich; Natalia Salnova; Janice Foley; Sam McCall; Pamela Damitz; Jeffrey Caines; and Thomas Key, Student Intern (not pictured).
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 2019-20. During the year, staff worked very diligently to issue audit, control and compliance, and investigation reports important to University operations.

We issued sixteen reports to include thirteen audit reports and three control and compliance reports. Two of the thirteen audit reports were follow-up reports issued to show management’s level of implementation of recommendations made in previously issued audit reports. 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.

We also processed 40 investigative inquiries during the year. In addition, we worked on a major administrative investigation during the year and provided separate assistance to the FSU Police Department in their criminal investigation of the issue. This matter is currently under review by other law enforcement organizations as it proceeds through the judicial system.

Of significance, during the year we issued our sixth Performance Based Funding (PBF) Audit and issued our first Preeminent Research University Metrics 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, verifiable, and reliable.

Also, during the year the Audit and Compliance Committee addressed significant audits issued by the Florida Auditor General and by the OIGS to include, cybersecurity training and logical and security access controls at the Northwest Regional Data Center.

We are very pleased with the leadership and accountability efforts provided by Trustees Gonzalez, Alvarez, Henderson, Sembler, Steinburg and Levin. We look forward to continuing to work with Committee members, seeking their guidance, and assisting in the accomplishment of Audit and Compliance Committee responsibilities.

In addition, in January 2020, 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.

Of special note, Kitty Aggelis, Audit Director within our Office, retired effective August 31, 2020. Ms. Aggelis had been employed by the Office for almost 20 years and had significant state government experience prior to that time. With this retirement, the Office lost significant institutional knowledge and experience. The benefits of audits she has led will be seen for many years to come. We wish Ms. Aggelis well and thank her for her unwavering dedication to Florida State University.

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 auditing and investigations that add 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 2020-21 fiscal year. The 2020-21 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 revised in June 2019 and reaffirmed by the BOT in June 2020.
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 2019-20. 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.

<table>
<thead>
<tr>
<th>Audits Issued</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaggaer Requisition Manager Electronic Procurement System (Implemented as “SpearMart”)</td>
<td>5</td>
</tr>
<tr>
<td>Office of the University Registrar, Internal Controls over the Driver and Vehicle Information Database (DAVID)</td>
<td>5</td>
</tr>
<tr>
<td>Performance-Based Funding Data Integrity Certification Audit Fiscal Year 2019-20</td>
<td>6</td>
</tr>
<tr>
<td>Preeminent Research Data Integrity Certification Audit Fiscal Year 2019-20</td>
<td>7</td>
</tr>
<tr>
<td>Core Network Device Management</td>
<td>8</td>
</tr>
<tr>
<td>NEST and PCI DSS Network Device Configuration Management</td>
<td>9</td>
</tr>
<tr>
<td>College of Law</td>
<td>9</td>
</tr>
<tr>
<td>Graduate Student Tuition Waivers</td>
<td>10</td>
</tr>
<tr>
<td>College of Medicine Contract Management Software Agreements</td>
<td>11</td>
</tr>
<tr>
<td>Six Month Follow-up Report for the Period 1-1-19 to 6-30-19</td>
<td>12</td>
</tr>
<tr>
<td>Six Month Follow-up Report for the Period 7-1-19 to 12-31-19</td>
<td>12</td>
</tr>
</tbody>
</table>
This audit evaluated the University’s implementation of the Jaggaer Requisition Module, an online electronic procurement system that integrates with purchasing and approvals in the University’s Online Management of Networked Information system (OMNI). The University refers to their implementation of the system as “SpearMart.”

The primary objectives of the audit were to determine whether:

- The service provider, Jaggaer, had appropriate information system controls in place and the controls were working as intended;

- Internal controls over access to SpearMart were adequate, the University implemented SpearMart with an appropriate segregation of duties, and the implemented approval workflow correctly routed requisitions for review and approval; and

- Controls to ensure the accuracy and completeness of transactions were implemented and worked as intended.

Our audit concluded the Jaggaer Requisition system works as intended and as implemented by the University with logical access controls and system controls enabled to ensure that purchase requisitions were properly reviewed and approved and the data was accurate and complete. Although University information is handled by Jaggaer, and Jaggaer engaged an independent firm to audit their information systems services controls, the Procurement Services Office did not review the audit results to determine whether University information had been adequately secured.

Subsequent to our audit fieldwork, the Procurement Services Office requested and reviewed the Jaggaer information systems audit for September 1, 2018 to August 31, 2019, released on October 30, 2019. Jaggaer’s independent auditor opined that controls were suitably designed and operated effectively throughout the period if user entities applied the complementary user entity controls and those controls operated effectively throughout the period. University Procurement Services reviewed the report and accepted the auditor’s opinion.

We also identified a technical issue impacting limited purchase order information in the electronic procurement system not significant to our objectives and reported the issue to management for their disposition.

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

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

Office of the University Registrar
Internal Controls over the Driver and Vehicle Information Database (DAVID)

The primary objectives of our audit were to determine whether the information exchanged was safeguarded by the Registrar pursuant to the Memorandum of Understanding (MOU), Contract Number HSMV-0131-17, and whether internal controls over personal data had been
evaluated and were adequate to protect the data from unauthorized access, distribution, use, modification, or disclosure.

Specifically, our objectives were to determine whether:

- Quarterly quality control reviews of authorized users and DAVID usage had been conducted by the Registrar and whether all users and usage were authorized;
- DAVID information was protected by physical and logical access controls; and
- Personnel acknowledged their understanding of the confidential nature of DAVID information and the criminal sanctions specified in state law for unauthorized use, and the acknowledgements were current.

Our audit of testing of internal controls concluded that internal controls over personal data are adequate to protect the data from unauthorized access, distribution, use, modification, or disclosure.

Individuals using the system have to acknowledge their understanding of the confidential nature of DAVID information and the criminal sanctions associated with its misuse when they log in. The Office of Inspector General Services (OIGS) also concluded the information was physically secure and protected from access by unauthorized individuals.

The Office of Inspector General Services had no recommendations.

---

2019-2020 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 2, 2020. 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 2019 Metrics (along with their definitions), approved by the FSU Board of Trustees on March 26, 2019, and revised by the BOG in June 2019 (Final) 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 (FTIC) 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) Percent of Bachelor’s Graduates Ever Enrolled in an Entrepreneurship Class (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 2020 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 was filed with the BOG on March 2, 2020.

The overall purpose of the audit was to provide an objective basis of support for the University’s President and Board of Trustees Chair to sign the representations included in the Performance-Based Funding Metrics/Preeminent Research University Metrics – Data Integrity Certification, which was submitted to the University’s Board of Trustees and filed with the BOG on March 2, 2020.

The PBF Metric Definitions in the BOG’s Preeminent Metrics Methodology Document, released October 7, 2019, to the SUS universities included the following. The Academic and Research Excellence Standards for a preeminent state research universities program, as written in Florida Statutes Section 1001.7065(2), were also presented.

1) Average Grade Point Average (GPA) and Scholastic Aptitude Test (SAT) Score;

2) National Public University Rankings;

3) Freshman Retention Rate;

4) Four-Year Graduation Rate;

5) National Academy Memberships;

6) Total Annual Research Expenditures;

7) Total Annual Research and Development (R&D) Expenditures in Non-Health Sciences;

8) National Ranking in Research Expenditures;
9) Patents Awarded;
10) Doctoral Degrees Awarded Annually;
11) Number of Post-Doctoral Appointees; and
12) Endowment Size.

This audit solely addressed the integrity of the University’s data submissions to the BOG that support the University’s Preeminent Research University Metrics for the 2020 Accountability Plan. In the event certain of these data were not available, we planned to use the most recent data for the pertinent metrics.

Overall, we concluded that the University had adequate processes for collecting and reporting Preeminent Research University Metrics data to the BOG. In addition, we could provide an objective basis of support for the University’s President and Board of Trustees Chair to sign the Performance-Based Funding Metrics/Preeminent Research University Metrics – Data Integrity Certification, which was filed with the BOG on March 2, 2020.

Core Network Device Management

The primary purpose of this audit was to evaluate the sufficiency of the University’s core network device configuration management process including the implementation and administration of secured configurations. Configurations should represent the most stringent security standards that can be applied in the network environment to prevent unauthorized access to University data. The core network devices include routers, switches, firewalls, intrusion detection and prevention devices and building entry switches.

The scope of this audit also included evaluating the network device inventory and inventory lifecycle management process to determine if the inventory list is complete, accurate, and up to date, and if network devices continue to be supported by the vendors.

The primary objectives of our audit were to:

- Determine whether there was adequate configuration management planning for core network devices;
- Determine whether configuration management controls were adequate to provide assurance that core network device configuration weaknesses were identified and remediated in a timely manner; and
- Evaluate the effectiveness of inventory lifecycle management controls over core network devices and building entry switches.

We made two publicly reportable recommendations to address issues identified during the audit.

We also identified additional opportunities to improve core network configuration control and inventory and inventory lifecycle controls. These observations were provided to management in a separate confidential report.

An action plan was developed by the University to address each of these identified issues/recommendations.
NEST and PCI DSS Network Device Configuration Management

The primary purpose of this audit was to evaluate the sufficiency of device configuration management processes including the implementation and administration of secured configurations for network devices in two networks that were established to comply with federal regulations and payment card industry requirements the Noles Environment for Secure Technology (NEST) and Payment Card Industry Data Security Standards (PCI DSS) Technology Environment networks. Both networks are isolated for security purposes and are not accessible from the University’s core network. Device configurations should represent the most stringent security standards that can be applied in the network environment to prevent unauthorized connections to these networks and subsequent unauthorized access to University’s research data and payment card data.

The scope of our audit also included evaluating the PCI and NEST network device inventories and inventory lifecycle management processes to determine if the inventory list was complete, accurate and up to date, and if network devices continue to be supported by the vendors.

The primary objectives of our audit were to:

- Determine whether there was adequate configuration management planning for the NEST and PCI DSS network devices;
- Determine whether configuration management controls were adequate to provide assurance that the NEST and PCI DSS network device configuration weaknesses are identified and remediated in a timely manner; and
- Evaluate the effectiveness of inventory and inventory lifecycle management controls over the NEST and PCI DSS network devices.

We concluded that the Network Communications (NCT) team has adopted network device configuration management plans and procedures to adequately manage and secure network devices throughout the lifecycle of the NEST and PCI DSS networks. They also established configuration, inventory and inventory lifecycle management controls to adequately secure network devices and provided assurance that only authorized vendor managed devices have access to these secured isolated networks.

We commended NCT for their effort and had no recommendations for this audit.

College of Law

The primary purpose of this audit was to evaluate the College of Law’s (the College) internal controls over admitting Juris Doctor (J.D.) students, awarding scholarships, and recording and securing grade information. The College generally receives 1,500 – 2,000 applications during each admissions cycle. For first year law applicants, the admissions cycle begins each year in September or October for entry the following Fall. The deadline for first year law applications
is usually in June or July. During the 2018-2019 admission cycle, the College received 1,598 applications for admission and admitted 522 applicants. Of those admitted, 192 were accepted and subsequently enrolled at FSU.

The primary objectives of our audit were:

- To determine whether there were adequate internal controls over the admissions process;

- To evaluate the processes for awarding donor scholarships, including determining whether scholarship awards were made in accordance with donor criteria, and determining whether scholarship disbursements were made in the correct amount and to the student(s) selected to receive the scholarships; and

- To evaluate security over the College of Law’s grading process.

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

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

Graduate Student Tuition Waivers

The purpose of this audit was to evaluate the University’s administration and oversight of graduate student matriculation (in-state) and out-of-state tuition waivers, in accordance with applicable laws, rules, regulations, and other legal authority, and written policies and procedures.

Our audit objective was to determine whether recipients of graduate student tuition waivers met all eligibility requirements and received the correct waiver amounts (i.e., they were made to the correct students and from the correct funding sources for the appropriate amount(s)).

The scope of our audit encompassed all graduate student tuition waivers governed by the Graduate School for the Fall 2017 semester. These ultimately included what are referred to as “exception waivers,” however, the audit did not include tuition waivers received as part of fellowships. Fees associated with enrollment (facility use, parking, etc.) are not covered by graduate waivers, but are instead the responsibility of the student. Thus, they are not included in this audit. When possible, for a given audit test, testing was performed on the whole population.

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

An action plan was developed by the University to address each of these identified issues/recommendations.
College of Medicine Contract Management Software Agreements

The purpose of our audit was to review the College of Medicine (CoM) contracts in selected areas, as well as contract management.

Our primary objectives were to:

1) Determine whether the CoM management has managed and monitored software contracts in compliance with University policies and procedures; and

2) Determine whether FSU’s College of Medicine and its contractors complied with selected key terms of the contracts.

The scope of our audit:

- Consisted of examining records for the CoM’s software contracts, as well as contract monitoring processes of the College of Medicine and the University; and

- Encompassed the audit period of July 1, 2017, through June 30, 2018, and in some cases through the more recent present.

We identified opportunities for improvement and offered eight recommendations to address the issues identified during the audit.

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

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:

- Cybersecurity – Continuous Vulnerability Management;
- Federal Family Educational Rights and Privacy Act (FERPA);
- National High Magnetic Field Laboratory;
- Crime Prevention at the National High Magnetic Field Laboratory;
- Admissions Acceptance – Compliance;
- Athletics Financial; and
- FAMU/FSU College of Engineering.
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.

Implementation of recommendations during this fiscal year was at 44 percent. The pie charts below show the breakdown for implementation for each six-month period and the total for the year.

*** 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 2018-2019 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.

Review of Additional Entities’ Financial Statements other than DSO

In June 2020, the Chief Audit Officer (CAO) issued a report on his review of five additional entities within the University that received external audits of their issued financial statement for the year ending June 30, 2019. These entities are component entities of the University but are not Direct Support Organizations (DSO’s). The entities include the Department of Intercollegiate Athletics, the Florida State University School (FSUS), the Florida Medical Practice Plan, and WFSU TV and FM radio stations.

Overall, the external auditors issued unmodified opinions on the 2018-2019 financial statements of the above entities, meaning their financial statements were presented in accordance with generally accepted accounting principles. For all five, no material weaknesses or significant
deficiencies in internal control were noted and there were no reported compliance findings. These entities are very important to the University and collectively have combined assets in excess of $120 million.

Quality Assurance and Improvement Program (QAIP)

The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (Standards) require the establishment of a quality assurance program to evaluate the operations of the internal auditing department. To this end, the OIGS conducts ongoing monitoring primarily through continuous activities such as engagement planning and supervision, standardized working practices, work paper procedures and signoffs, report reviews, as well as identification of any weaknesses or areas in need of improvement. These processes support quality on an audit-by-audit basis. Based on our ongoing internal QAIP, we believe our Office complies with the Standards. In addition, the OIGS participates in an external quality control review program that is conducted once every five years. The last external review, conducted in 2017, concluded the OIGS fully complied with the Standards. Another external QAIP review will be conducted in 2022.

Information Technology Audit Function

Information Technology audit (IT audit) is a function within the Office of Inspector General Services (OIGS). The IT audit function supports the University-wide effort to protect the University from sophisticated cyber-attacks by identifying opportunities to improve cybersecurity controls.

The IT audit team provides consulting and advisory services when University-wide IT security controls and new technologies are being implemented and regularly meets with Information Technology Services (ITS) management for updates on significant IT initiatives.

To ensure IT audit efforts are focused on the cybersecurity controls that have been determined to be of highest risk to the University, the IT audit team has developed a three-year rolling IT Audit Work Plan based on the Center for Internet Security (CIS) top 20 controls. CIS prioritizes the 20 information security controls that should be in place in an organization to protect against the most pervasive and dangerous cyberattacks and map to many other frameworks including the National Institute of Standards and Technology (NIST) Cybersecurity Framework, Payment Card Industry Data Security Standard (PCI DSS), and the Health Insurance Portability and Accountability Act (HIPAA). IT audits prioritized in the IT Audit Work Plan are included in the OIGS Annual Work Plan.

In addition to the dedicated IT audits performed by the IT audit team, select general IT controls are regularly included when auditing processes that depend on IT systems, such as:

- The audit of the Jagger Requisition Manager Electronic Procurement System (AR 20-02); and
- The audit of the Office of the University Registrar – Internal Controls over the Driver and Vehicle Information Database (DAVID) (AR 20-03).

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 2019-20, approximately 9 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 2019-20**

At the end of the prior fiscal year June 30, 2019, we had one (1) Standard Investigation which continued into the 2020-21 fiscal year.

Between July 1, 2019 and June 30, 2020, the OIGS opened 40 new cases, which included 20 cases that were reported to us anonymously. Together with the two (2) cases carried over from the prior fiscal year, the OIGS managed 42 investigative cases during 2019-20.

The OIGS reviews and evaluates each complaint received to determine how it should be processed. During fiscal year 2019-20, of the complaints received: one (1) was immediately determined to require a standard investigation; eleven (11) complaints needed further information and a preliminary inquiry was conducted; seventeen (17) were referred to management for resolution, including cases to be managed by Academic Administration, Human Resources, and Ethics and Compliance; two (2) were referred to FSUPD; six (6) 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 three (3) complaints were closed and referred for audit review.
The Chief Audit Officer’s responsibilities also include the analysis of all complaints to determine if the criteria are 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, six (6) 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 42 new and active investigative projects during the year, 41 were closed in fiscal year 2019-20. One (1) investigation was carried over into the 2020-21 fiscal year and three (3) Controls and Compliance Memorandums were completed for a total of 45 projects for fiscal year 2019-20.

The OIGS was accredited as an Inspector General Office by the Commission for Florida Law Enforcement Accreditation (CFA) during the 2016-17 fiscal year. On July 10, 2020, the OIGS was evaluated by a team of assessors from the CFA via an electronic assessment plan process to determine our continued compliance with the CFA standards and requirements for reaccreditation. The assessors did not identify any compliance deficiencies and made a recommendation to the Commission for reaccreditation which will be officially reviewed and voted upon at the next Commission meeting in October 2020. The Commission requires annual reporting of information related to accreditation compliance by January 31st each year. The OIGS submitted our annual report to the Commission on January 21, 2020.
Controls and Compliance Memorandums

Florida State University Schools (FSUS) Student Astronaut Challenge Accounting Issues and Incorporation

In February 2019, the OIGS initiated a review as requested by FSUS Administration to address internal controls associated with reimbursement to faculty and staff for items purchased, specifically for the Student Astronaut Challenge Program.

The OIGS determined that FSUS should provide enhanced guidance associated with the review of check requisitions and receipts submitted by faculty and staff associated with the Student Astronaut Challenge Program. These improvements should include acceptable usage of personal and other credit cards by faculty/staff, verification of who made purchases, reconciliation of purchased items, and the segregation of duties between the faculty/staff member that made a purchase and the member that received the items purchased. These improvements will eliminate an environment in which faculty/staff could be reimbursed for purchased items that are never actually received or reimbursement prior to receipt.

In February 2019, FSUS began to reconcile funds paid from the FSUS internal account with funds from various Foundation accounts on a monthly basis which will also assist in identifying discrepancies between these accounts moving forward.

During this review the OIGS also determined that a former FSUS faculty member, a current FSUS OPS employee and others unassociated with FSUS created a non-profit in 2013, entitled the Student Astronaut Challenge, Incorporated which was administered independent of FSUS. FSUS Administration was unaware of the Corporation and its involvement in the external administration of the Student Astronaut Challenge competition.

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.

College of Law Hotel Rate Justification Form

The OIGS initiated a Controls and Compliance Memorandum to address a weakness in internal controls identified by the OIGS while conducting a separate engagement.

The College of Law implemented a Hotel Rate Justification Form which denotes that travelers are to “attach additional documentation regarding other lodging options (e.g., map of hotel location showing comparable rates at nearby hotels)” for hotel lodging rates that exceed the Florida State University policy limit of $150.

The OIGS identified many instances in which at least one College of Law employee did not provide additional documentation for lodging rates in excess of the $150 limit and did not properly sign or date the justification form. In some instances, the hotel rates greatly exceeded the $150 rate and there were no attachments for comparison to support attestations that the elevated rate was the lowest possible government rate available at the time of travel.

1 The Student Astronaut Challenge Program is a program that was started by a former faculty member at FSUS and began in approximately 2010 as a result of a grant. The Program uses virtual immersion (in this case a space flight simulator) to further student STEM (science, technology, engineering, and mathematics) activity and interest. The Program has evolved into and is centered around an annual statewide competition held at Kennedy Space Center. Participating schools must pay a fee to compete in a test-based run-off competition and the results determine which teams advance to the next level and travel to Kennedy Space Center. Final competition costs must be paid for by the respective school. The Student Astronaut Challenge competition is conducted using scenarios which are played out in two enclosed cargo trailers (which belong to FSUS) that have been designed internally to replicate space flight simulators and a sky lab. The two trailers were purchased and outfitted with donations from an FSU alumnus which were deposited into an FSUS Foundation account for this purpose. The trailers are also used by faculty at FSUS to conduct research.
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.

*Enhanced Guidelines for Recognized Student Organizations (RSOs) Related to Association Agreements with Non-Profit Organizations, Financial Access and Faculty Advisors*

The OIGS initiated a Controls and Compliance Memorandum to address a weakness in internal control identified as part of a separate engagement.

The OIGS determined that additional guidance needs to be provided related to the role of an advisor in the direct administration of finances associated with an RSO. Additionally, there are no requirements in the RSO Manual for the execution of Memorandums of Understanding/agreements/contracts with associated/co-sponsoring non-profit organizations related to financial accountability and distribution.

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 2019-20 was 65 percent. During the year, we had 124 hours (2 percent of indirect time) relating to administrative leave. In addition, 335 hours (5 percent of indirect time) related to maintaining our investigation accreditation with the Commission for Florida Law Enforcement.

The three graphs that follow show the 2019-20 fiscal year level of effort, planned versus actual direct service effort for fiscal year 2019-20, and a nine-year trend of direct service effort for fiscal years 2011-12 through 2019-20.
Activity Charts

2019-20 LEVEL OF EFFORT

- DIRECT TIME TO AUDITS AND INVESTIGATIONS
- CPE TRAINING
- INVESTIGATION ACCREDITATION
- OTHER INDIRECT TIME (IE, OFFICE ADMINISTRATION, HOLIDAYS/LEAVE)

HISTORY OF DIRECT EFFORT
2011-12 THROUGH 2019-20

- AUDITS
- CONSULTING PROJECTS - STARTING IN 2013-14 HOURS WERE ADDED TO AUDITS
- GENERAL INVESTIGATIONS
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 in the following areas:

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

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 2019-20, 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.
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 Science – Instructional Systems.
Post-Project Surveys

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 2019-20 appear in the following chart:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AVERAGE RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionalism</td>
<td>4.86</td>
</tr>
<tr>
<td>Relations of Staff</td>
<td>4.81</td>
</tr>
<tr>
<td>Communications</td>
<td>4.69</td>
</tr>
<tr>
<td>Technical Knowledge</td>
<td>4.67</td>
</tr>
<tr>
<td>Helpfulness</td>
<td>4.69</td>
</tr>
<tr>
<td>Report was Unbiased</td>
<td>4.64</td>
</tr>
<tr>
<td>Report was Issued Timely</td>
<td>4.47</td>
</tr>
<tr>
<td>Clear and Accurate Report</td>
<td>4.61</td>
</tr>
<tr>
<td>Provided Value</td>
<td>4.78</td>
</tr>
<tr>
<td><strong>Overall Average</strong></td>
<td><strong>4.69</strong></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 2020-21 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 2020-21.
## Allocation of Time for 2020-21

### Annual Work Plan 2020-21

#### A. Audit Projects Carried Forward from 2019-20 Work Plan

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Educational Rights and Privacy Act (FERPA) – Compliance</td>
<td>587</td>
</tr>
<tr>
<td>Cybersecurity – Continuous Vulnerability Management</td>
<td>574</td>
</tr>
<tr>
<td>National High Magnetic Field Laboratory</td>
<td>474</td>
</tr>
<tr>
<td>Crime Prevention at the National High Magnetic Field Laboratory</td>
<td>460</td>
</tr>
<tr>
<td>Admissions Acceptance – Compliance</td>
<td>303</td>
</tr>
<tr>
<td>Athletics Financial</td>
<td>302</td>
</tr>
<tr>
<td>College of Engineering</td>
<td>143</td>
</tr>
</tbody>
</table>

Total Hours for Audit Projects Carried Forward from 2019-20 Work Plan: **2,843**

#### B. New Audit Projects for 2020-21

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity – Secure Configuration for Hardware and Software on Mobile Devices and Laptops Managed by ITS</td>
<td>830</td>
</tr>
<tr>
<td>Florida State University School (FSUS) – Business Practices Enhancement Program (BPEP)*</td>
<td>786</td>
</tr>
<tr>
<td>Foundation – Compliance with Donor Intent and Review of Non-Gift Revenue and Historical Endowments</td>
<td>740</td>
</tr>
<tr>
<td>Procurement Controls During the Pandemic</td>
<td>610</td>
</tr>
<tr>
<td>Seminole Boosters*</td>
<td>502</td>
</tr>
</tbody>
</table>

---

* Annual Report 2019-20 24
State University System Performance-Based Funding (Mandatory) 500  
State University System Preeminence Funding (Mandatory) 450  
University Acceptance and Expenditure of Funds as a Result of COVID-19 (CARES Act)* 285  
Campus Safety with Focus on Boundary Properties* 270  
Major Construction Project – Earth, Ocean, and Atmospheric Sciences (EOAS) Building Closeout* 237  
Advisory Services for University-Wide Cybersecurity Initiatives 160  
Cybersecurity – Controlled Use of Administrative Privileges* 150  
Periodic Self-Assessment of Internal Audit Activity 90  
Direct Support Organizations (DSOs) External Audits – Financial Report Reviews (Required) 40  
Additional Component Entity Financial Statements and External Audit Report Reviews 30  
Fraud and Internal Controls Training to University Entities (Required) 24  
DSOs IRS Form 990 Reviews (Required) 20  

<table>
<thead>
<tr>
<th>Total Hours for New Audit Projects Begun in 2020-21</th>
<th>5,724</th>
</tr>
</thead>
</table>

**C. Follow-Up Projects for 2020-21**

| Follow-up activities for previously completed audits | 535 |

| Total Hours for Follow-Up Projects for 2020-21 | 535 |

**D. Contingency for 2020-21**

| The following audits have priority status to begin during fiscal year 2020-21, provided we have unforeseen available hours for them: | 0 |

Sponsored Research Services, Student Union Construction, New Grants Management System, Health Insurance Portability and Accountability Act (HIPPA), Wellness Center, Student Housing, College of Music – BPEP.

| Total Hours for Contingency for 2020-21 | 0 |

**E. Investigations for 2020-21**

| 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. | 1,767 |

| Total hours for Investigations for 2020-21 | 1,767 |

| Total Direct Service Hours for 2020-21 | 10,869 |

**F. Audit Management and Administration for 2020-21**

| Audit management and administration includes administrative meetings, continuing professional development, and approved employee leave and holidays. The OIGS is also responsible for maintenance of and updates to the OIGS virtual servers and audit software, as well as efforts towards continued accreditation in investigations. | 5,133 |

| Total Audit Management and Administration | 5,133 |

| Total Hours for 2020-21 | 16,002 |

---

* We have planned that these six audit projects indicated by an asterisk (*) will be carried over with additional hours and completed in the next fiscal year, 2021-22.