UNIVERSITY of SOUTH FLORIDA

Board of Trustees Audit & Compliance Committee

Tuesday, August 10, 2021
9:15-10:15am
Microsoft Teams Virtual Meeting

Trustees: Sandra Callahan, Chair; Oscar Horton, Shilen Patel

A G E N D A

I.	Call to Order and Comments	Chair Sandra Callahan
II.	Public Comments Subject to USF Procedure	Chair Callahan
III.	New Business – Action Items	
	a. Approval of May 25, 2021 Meeting Notes	Chair Callahan
	b. Internal Audit Work Plan FY22	Exec Director Virginia Kalil
IV.	New Business – Information Items	
	a. Internal Audit Annual Report 2020-21	Exec Director Virginia Kalil
V.	Adjournment	Chair Callahan

UNIVERSITY of SOUTH FLORIDA

USF Board of Trustees
Audit & Compliance Committee
NOTES
May 25, 2021
Microsoft Teams Virtual Meeting

I. **Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan at 10:11am. Chair Callahan asked Dr. Cindy Visot to call roll. Dr. Visot called roll with the following committee members present: Sandra Callahan, Oscar Horton and Shilen Patel. A quorum was established.

II. **Public Comments Subject to USF Procedure**

No requests for public comments were received.

III. **New Business – Action Items**

a. **Approval of February 23, 2021 Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval, it was seconded and the February 23rd meeting notes were unanimously approved as written.

IV. **New Business – Information Items**

a. **Internal Audit Update**

Virginia Kalil, Executive Director and Chief Internal Auditor, gave an update on internal audit activities, to include work plan progress and strategic planning efforts. As a bit of background, the Office of Internal Audit (IA) typically prepares and creates a two-year work plan. As IA was beginning to prepare for its risk assessment and work plan development last year, the coronavirus broke out. Due to the circumstances and surrounding uncertainty, IA, in consultation with the committee chair, developed a one-year plan for FY2021. This plan was approved by the committee last August. No changes have been made to the work plan; however, progress in completing the work plan has been impacted by limited resources due to unplanned vacancies and a focus on investigations during the plan year. Of the 14 audit and consulting engagements on the approved IA Work Plan, 5 engagements have been completed, 3 engagements are in progress and expected to be completed by the end of the fiscal year, 1 engagement is in progress and expected to be completed during the first quarter of next fiscal year, and 5 engagements are deferred for completion in FY2022. IA does not recommend any changes to the approved work plan and is actively recruiting for the vacant positions. IA will true up the plan in August and bring forward another one-year work plan for the remainder of FY22. It is

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expected that by next summer, for FY23, IA will be able to return back to its planning process for two-year work plan cycles.

Ms. Kalil noted that the hours from this work plan that will move forward or carry over into next year, are actually less than the hours associated with the team's vacancies as well as the additional time that the team has had to spend on investigations (that has far exceeded what was planned on the work plan for investigations). The net gain was only possible by the IA team members that are in place and continue to be in place, putting in additional time and effort. They were able to put in additional effort that equated to about 0.75 FTE. Ms. Kalil expressed her appreciation for the team during this difficult time.

IA is beginning its triennial strategic planning process. Every three years, IA reassesses its strategic plan. Strategic planning is important in ensuring IA's vision and mission align with the organization's goals and objectives. IA needs to ensure it is progressing and moving forward in the same direction as the university in relation to the university meeting its aspirational goals. As part of the strategic planning process, IA will reassess the strengths and opportunities of internal audit resources and activities across the university, including direct support organizations, and identify areas of focus for the new strategic plan. This is not IA's work plan regarding what IA does, but this is how IA goes about doing their work. Updating IA's strategic plan was scheduled to take place this summer. However, in response to the board chair's request at the February board committee meetings to evaluate the internal audit coverage related to the university's direct support organizations (DSOs), IA began their strategic planning process early. IA is currently evaluating the internal audit activity across the entire university landscape, including the DSOs. In starting the assessment, IA noted USF's approach to internal audit coverage at DSOs is a bit unique from other SUS universities. USF provides more coverage of its DSOs; however, that activity is a bit more decentralized than others in the SUS. As part of IA's strategic planning process, IA wants to ensure the university's approach to the overall internal audit coverage embodies best practices and sufficiently covers the collective needs of both the university as well as the DSOs. Any recommended changes will be brought forward to leadership and to the committee chair as appropriate for further review, discussion and possible implementation.

Chair Zimmerman thanked Ms. Kalil for her incredible and thorough update. He stressed that it is very important that USF have a university-wide, disciplined approach that yields a robust risk-based program. IA is taking a comprehensive approach to this.

Chair Callahan explained that Ms. Kalil does not have a direct role in terms of oversight and involvement with the plans with the DSOs. The Board thinks this is a negative characteristic or one that it would like to change somewhat. Ms. Kalil and her team are looking at all DSOs and workplans and will provide recommendations. IA has put together objectives and laid out next steps. The goal is to enhance the oversight of the BOT and strengthen the independence of the DSO internal auditors.

b. **2020 Compliance & Ethics Annual Report**

Caroline Fultz-Carver, Chief Compliance Officer, presented the 2020 Compliance & Ethics Annual Report. The report summarizes the activities of the Office of Compliance & Ethics for calendar year 2020. This report is organized under the "essential elements" of an effective compliance program as prescribed by Federal Sentencing Guidelines and fulfills

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annual reporting requirements contained in BOG Regulation 4.003 and the Office of Compliance & Ethics Program Plan.

Dr. Fultz-Carver presented highlights from the annual report of work done during the past year. These highlights touched on Foreign Influence (which continues to be an evolving compliance area), including study sponsor disclosures, foreign gifts to/contracts with USF disclosures, and state disclosure requirements for researchers (outside activities related to researchers' expertise and financial interests); Higher Education Opportunity Act (HEOA), including Clery Act; and data privacy (GDPR, CCPA, etc.). Compliance & Ethics continues to monitor employee compliance with the annual Florida Code of Ethics (FCOE) disclosure requirements through the online reporting system, eDisclose. USF is not at 100% FCOE disclosure compliance. All faculty and administration employees and certain staff employees are required to complete this disclosure, equating to approximately 6,700 employee disclosures annually. Overall, the university's compliance rate was 92%.

Dr. Fultz-Carver reviewed EthicsPoint reporting for calendar year 2020. EthicsPoint is the anonymous reporting system for violations of USF policies and regulations. There were 102 reports received – 89 were closed and 13 were open at year end and rolled over to this calendar year. Of those reports which were closed, 14 reports (16%) were substantiated. The bulk of them, 63 reports (71%) were unsubstantiated. The remaining 12 reports (13%) were referred. To give context to these numbers, over the past 5 years, the number of reports received ranged between 102 to 164 per year. This equates to about 125 reports received on average annually.   Reporters may choose to remain anonymous or may identify themselves (it is not required that they identify themselves). The percentage of anonymous reports received over the past five years ranged between 73% to 84%, with the mean running around 79%.

Chair Zimmerman asked how USF gets to 100% compliance in eDisclose. Dr. Fultz-Carver explained that her office reviews this every year and is trying to get to 100%. Her Looking at progressive discipline options as USF has a small pool of individuals that are consistently non-compliant or areas that are consistently not at the desired goal.

Chair Callahan commented on the totality of the report that was included in the materials. She stated that when you read through the report, it becomes very clear just the absolute magnitude of activity that is going on across the university literally every day as relates to compliance. And what is also obvious is the sheer volume of laws and regulations and their complexity that USF has to comply with. Chair Callahan commended Dr. Fultz-Carver and the entire team of people across the university for the job they do in keeping us in compliance. Dr. Fultz-Carver explained that higher education is one of the most heavily regulated industries. There are over 498 separate federal and state laws to which USF must comply based on analysis from a sister institution within the State University System.

c. **Compliance Training Initiative**

Dr. Fultz-Carver provided an overview of the Compliance Training Initiative. This initiative aims to improve the process by which employees access, complete, and receive notification regarding their required compliance trainings under federal or state law as well as USF regulations and policies. This initiative intends to strengthen regulatory compliance, improve training compliance monitoring, and reduce risk to the university. Historically USF has used a decentralized model where employees must reach out to multiple compliance areas across the university to see what training they need. What the

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Compliance Training Initiative seeks to do is to implement a centralized, role-based, employee-centric training, delivery and compliance monitoring tool. Dr. Fultz-Carver reviewed the mapping process for Federal and State training requirements and then explained the next steps in the initiative which will leverage the existing Canvas system (USF was able to expand the current license for a very nominal cost in order to use canvas catalog for all employees). Dr. Fultz-Carver will update the Committee on the progress of this initiative in future meetings.

Trustee Patel explained that when you look at this through the lens of rising compliance demands and the budget goals, efficiencies like these that are received through systems and improved processes are going to be very important to meeting the demands without needing to explode staffing and those types of things. Learning management systems can be extremely expensive. It was a big win to be able to expand on Canvas in this way. Trustee Patel hopes USF can make more smart, strategic investments like this in systems and processes. Dr. Fultz-Carver explained that while this is not a learning management system, that is the long-term goal for the University. Having a learning management system is the long-term strategic goal and is part of Human Resources' long-term strategy for making compliance more streamlined, efficient and effective.

Trustee Boaz stated that as an employee who goes through the compliance training, this new plan will be a big help. Dr. Fultz-Carver explained USF has high-performing researchers who want to do the right thing, however, they need to know where to disclose, what they need to disclose and when. And currently there are multiple information systems where they need to do that the latter. While it may be efficient in terms of compliance oversight and monitoring, it makes it quite confusing for faculty members to know if they have met their compliance obligations.

V.   Adjournment

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting at 11:03am.

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Agenda Item: IIIb

USF Board of Trustees
August 24, 2021

Issue: USF Internal Audit (IA) Work Plan for FY 2022

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Proposed action: Approval of the IA Work Plan and allocation of available staff hours.

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Executive Summary: In accordance with the USF IA Charter, the USF Board of Trustees' Audit and Compliance Committee and the President have the responsibility to review approve the IA Work Plan. Additionally, the International Standards for the Professional Practice of Internal Auditing (Standards), Board of Governors' regulations, and the IA Charter require the Chief Audit Executive to communicate the plans and resource requirements to senior management and to the board for review and approval.

The Board should consider whether the IA Work Plan is aligned with USF's strategic plans, objectives, and enterprise risk. Consider whether this plan optimizes the use of IA resources and the value added by the audit activity in the following areas: results of operations, programs, or projects, including accomplishment of objectives and effective use of resources; reliability and integrity of financial and operating information; compliance with policies, laws, regulations, and ethical standards; the means to safeguard assets; loss prevention; fraud detection; and process improvement.

Financial Impact: N/A

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Strategic Goal(s) Item Supports: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

BOT Committee Review Date: Audit & Compliance - 8/10/2021
Supporting Documentation Online (please circle): Yes   No
   FY22 IA Work Plan 081021 FR.pdf
Prepared by: Virginia Kalil, Executive Director/Chief Internal Auditor, USF Internal Audit

UNIVERSITY of SOUTH FLORIDA
Office of Internal Audit

Work Plan Fiscal Year 2022	% of Effort	Total Hours
DIRECT SERVICES		
Audit Services		
Core Processes:		
Attractive Assets		500
Procure to Pay (Jaggaer)		700
Procurement Card Program		External
Academic & Research Areas:		
PBF Data Integrity		400
Preeminence Data Integrity		500
Information Technology:		
IT - TBD		1,350
COVID-19:		
CARES Act Institutional Aid		400
Emerging Risks:		
Resource Management Development - Student Success		100
Direct Support Organizations		
Institute of Applied Engineering		625
University Medical Services Association		1,250
Follow-up; Coordinate External Audits		500
Subtotal		6,325
Consulting & Other Direct Services		
USFH Compliance Assessment Validation		450
Other Services - compliance, financial, IT, risk assessment		1,050
Investigations @ 10%		1,878
Contingency @ 7%		1,306
TOTAL DIRECT SUPPORT	48%	11,009
INDIRECT SUPPORT		
University Meetings, In-House Training, Professional Orgs		963
Administration (including DSO Transition of IA Activities)		2,890
TOTAL INDIRECT SUPPORT	17%	3,853
OTHER		
CPE		359
Holidays		933
Leave (Annual/Sick)		2,513
Vacancy		4,213
TOTAL OTHER	35%	8,018
TOTAL HOURS AVAILABLE (CAE + 10 STAFF)	100%	22,880

Agenda Item: IVa

USF Board of Trustees
Audit & Compliance Committee
August 10, 2021

Issue: USF Office of Internal Audit (IA) Annual Report for 2020-21
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Proposed action: Informational
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Executive Summary:

The IA Work Plan for fiscal year 2020-21 was approved by the Audit & Compliance Committee on August 10, 2020. This Annual Report describes the internal audit, consulting, and investigative activities and allocation of resources as compared to the approved Work Plan.

In FY 2021, the audit team completed 7 audits, including 2 Information Technology projects, 2 consulting projects, and 12 investigations. Project summaries are included in the report. Additionally, semi-annual reports were produced summarizing the status of management's implementation of IA's recommendations.

As part of the department's Quality Assurance and Improvement Program (QAIP), internal assessments performed throughout the year confirmed Audit's conformance with the Institute of Internal Auditors' _International Standards for the Professional Practices of Internal Auditing_ and _Code of Ethics_.

Financial Impact: N/A
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Strategic Goal(s) Item Supports: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.
BOT Committee Review Date: Audit & Compliance **-** 08/10/2021
Supporting Documentation Online (*please circle*):   (Yes)   No
        2020-21 Annual Report Overview 081021 FR.ppt
        2020-21 Internal Audit Annual Report 081021 FR.pdf
Prepared by: Virginia Kalil, Executive Director/Chief Internal Auditor, USF Internal Audit

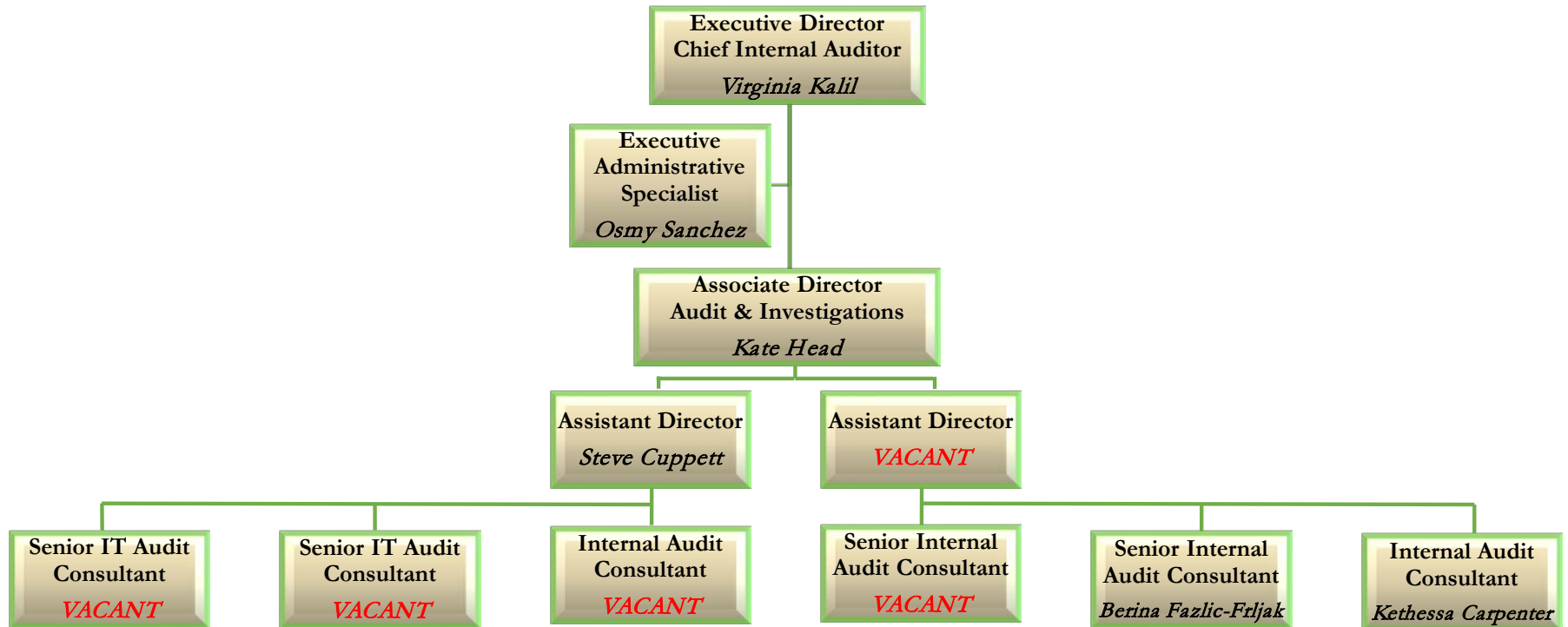# Annual Report FY2020-21

Virginia L. Kalil
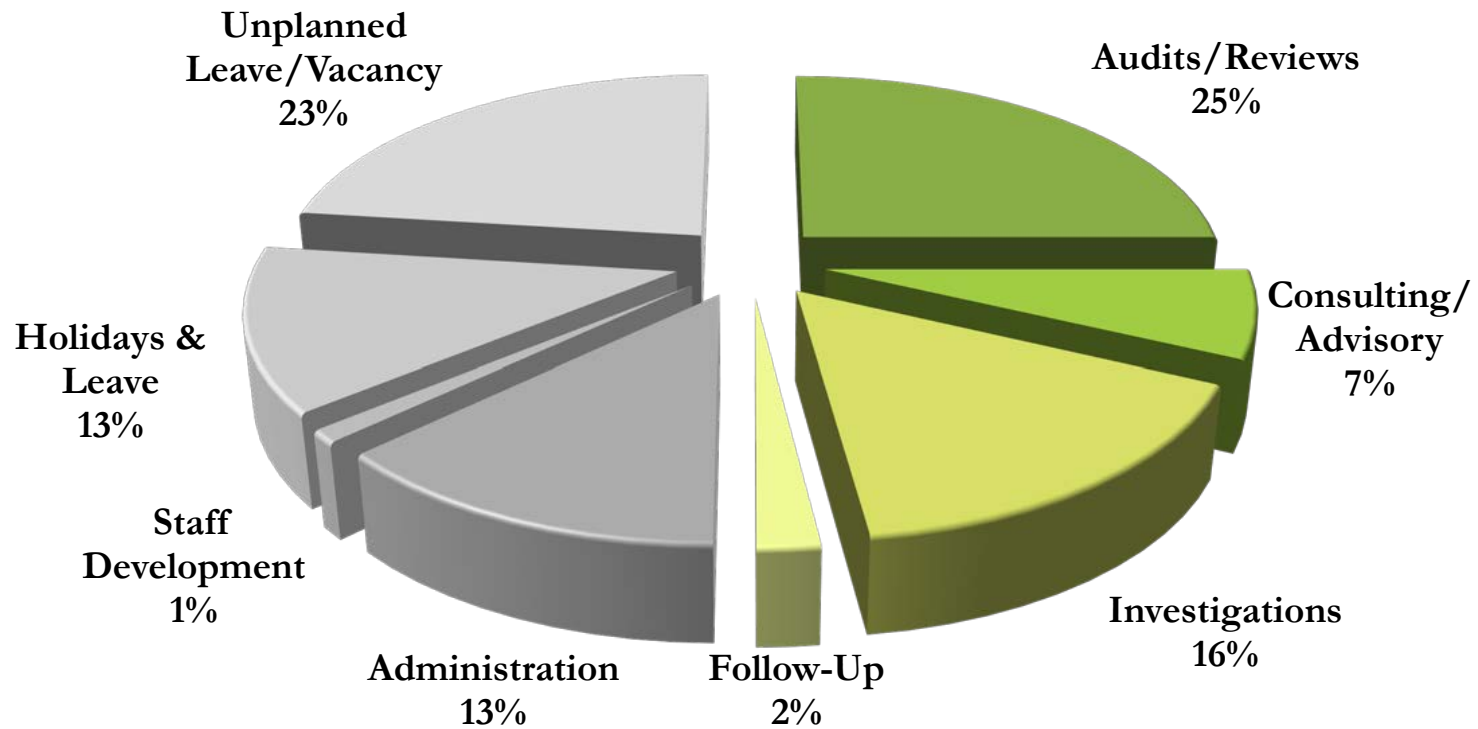**Executive Director/Chief Internal Auditor**

Audit & Compliance Committee | August 10, 2021

UNIVERSITY of SOUTH FLORIDA

Organizational Chart

UNIVERSITY of SOUTH FLORIDA

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Executive Director
Chief Internal Auditor
Virginia Kalil
        |
Executive
Administrative
Specialist
Osmy Sanchez
        |
Associate Director
Audit & Investigations
Kate Head
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Assistant Director	Assistant Director
Steve Cuppett	VACANT

Senior IT Audit Consultant	Senior IT Audit Consultant	Internal Audit Consultant	Senior Internal Audit Consultant	Senior Internal Audit Consultant	Internal Audit Consultant
VACANT	VACANT	VACANT	VACANT	Berina Fazlic-Frljak	Kethessa Carpenter

UNIVERSITY of
SOUTH FLORIDA

Total Resource Allocation

Unplanned Leave/Vacancy 23%

Audits/Reviews 25%

Holidays & Leave 13%

Consulting/Advisory 7%

Staff Development 1%

Administration 13%

Follow-Up 2%

Investigations 16%

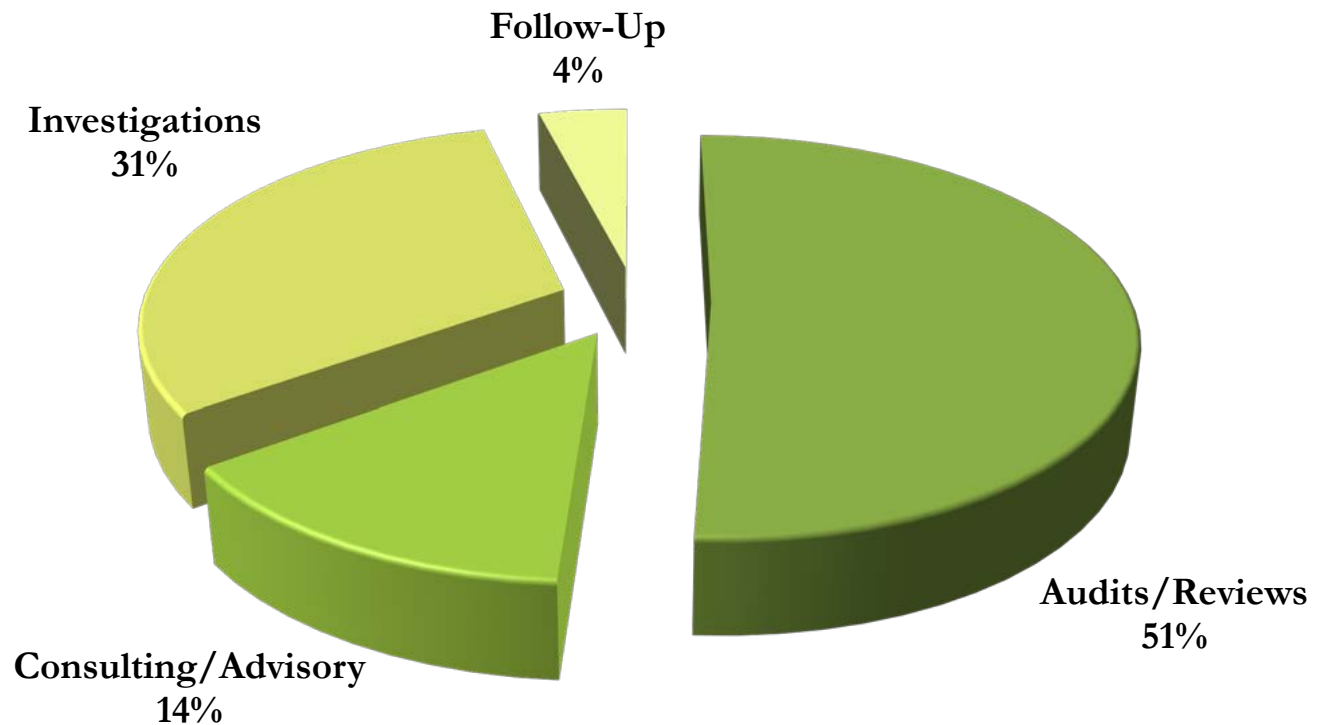UNIVERSITY of
SOUTH FLORIDA

Direct Services Highlights

Completed

- *7 audits, including 2 IT*
- *2 consulting projects*
- *12 investigations*

In Progress

- *1 audit*
- *1 consulting project*
- *6 investigations*

Pie chart:
- Follow-Up 4%
- Investigations 31%
- Consulting/Advisory 14%
- Audits/Reviews 51%

UNIVERSITY of
SOUTH FLORIDA

Audits Completed

- Performance-Based Funding Data Integrity

- Preeminence Data Integrity

- Coronavirus Aid, Relief, and Economic Security (CARES) Act Student Financial Aid

- Payroll

- Human Subjects Regulations

- USF Health Information Technology – Epic Access

- Cloud Computing

UNIVERSITY of
SOUTH FLORIDA

Recommendations & Implementations

- Categories:
  - *Assignment of Responsibility*
  - Authorization: Adequacy & Timeliness
  - *Compliance with Federal Laws*
  - Effective & Efficient Operations
  - IT: Confidentiality, Integrity, & Availability of Data
  - Reporting: Accuracy, Completeness, & Timeliness
  - Safeguarding of Assets
  - Separation of Duties
  - Training & Guidance: Accuracy, Completeness, & Timeliness
- 57% implementation rate of audit recommendations

UNIVERSITY of SOUTH FLORIDA

Quality Assurance & Improvement Program

- Internal assessments confirmed conformance with IIA Standards

- External assessment required every five years and last one conducted in 2018 confirmed conformance with IIA Standards

2020-21 ANNUAL REPORT

Office of Internal Audit

UNIVERSITY of SOUTH FLORIDA
Office of Internal Audit

EXECUTIVE SUMMARY

It is my pleasure to present the USF Office of Internal Audit's (IA's) Annual Report for fiscal year 2020-21. IA concluded the year by completing the following:

- ✓ *seven audits, including two related to Information Technology (IT),*
- ✓ *two consulting projects, and*
- ✓ *12 investigations.*

Also, projects in progress at year-end included:

- ○ *one audit,*
- ○ *one consulting project, and*
- ○ *6 investigations.*

The IA team's efforts throughout the year assisted university leadership with ensuring the appropriate internal control structure was in place to: minimize the risk of asset loss, including fraud; promote effectiveness and efficiency of institutional resources; comply with applicable laws, rules, and regulations; and ensure data supporting the preeminence and performance-based metrics could be relied upon. Summaries of the work performed are included within this report.

Demonstrating their commitment to excellence, university leadership responded to improve the control environment. Semi-annual reports were distributed summarizing university leadership's average implementation rate of the audit recommendations open during the fiscal year to be 57%.

Along with the internal work performed, the team continued to support external services received from the State Auditor General and the Board of Governors' Office of Inspector General and Compliance. Also, IT audit services were provided at the request of USF Health Care for approximately an 0.3 full-time resource equivalent.

As part of the Quality and Assurance Improvement Program, IA's internal assessments confirmed conformance to the Institute of Internal Auditors International Standards for the Professional Practice of

Internal Auditing (IIA Standards) and Code of Ethics. Additionally, an external assessment, which is required at least once every five years, was performed in 2018. Based on the external assessment, it was determined IA "generally conforms" to the IIA Standards and Code of Ethics, which is the highest level of achievement in the assessment process.

The team was also proud to celebrate one team member attaining both their Certified Cloud Security Professional (CCSP) and Certified Data Privacy Solutions Engineer (CDPSE) designations. Also, in alignment with the team's strategic objective to improve advanced data analytical skills, one team member achieved the Analytics Certified Data Analyst (ACDA) designation.

Additionally, one team member participated in USF's Diversity, Equity and Inclusion in the Workplace Certificate program developed to educate business and community leaders on the essential practices designed to increase employee diversity and to create a sustainable business model that embraces equity and inclusion.

Lastly, in support of the profession, the team provided subject matter experts to share their knowledge and experience at one training event and various workgroups during the year.

Congratulations to the team for a job well done, especially during quite a challenging year! Thank you to the Board of Trustees, President, and senior leadership for their support in this year's accomplishments.

Virginia Kalil

Virginia L. Kalil
CIA, CFE, CISA, CRISC

USF INTERNAL AUDIT

Virginia Kalil, Executive Director/Chief Internal Auditor
- Certified Internal Auditor
- Certified Fraud Examiner
- Certified Information Systems Auditor
- Certified in Risk and Information Systems Control
- BS Accounting, USF

Kate Head, Associate Director
- Certified Public Accountant
- Certified Fraud Examiner
- Certified Information Systems Auditor
- Certified Inspector General
- BS Accounting, Oklahoma State

Steve Cuppett, Assistant Director
- Certified Public Accountant
- Certified Internal Auditor
- Certified Information Systems Auditor
- Master of Accountancy, USF
- BS Accounting, USF

Amy Rollie, Assistant Director
- Certified Public Accountant
- Certified Fraud Examiner
- Master of Accountancy, USF
- BS Accounting, USF

Mariana Souza, Senior Audit Consultant
- Certified Accountant, Brazil
- Master of Control/Finance, Universidad de Brasilia, Brazil
- Bachelor of Accounting, Universidad de Brasilia, Brazil

Ivan Viamontes, Senior Information Technology Audit Consultant
- Certified Public Accountant
- Certified Information Systems Auditor
- Certified Information Systems Security Professional
- MBA, University of South Florida
- BS Business in Accounting and MIS, University of South Florida

Berina Fazlic-Frljak, Senior Audit Consultant
- Certified Internal Auditor
- Certified in Risk Management Assurance
- MBA, Louisiana State University
- BS, International Trade and Finance, Louisiana State University

Eric Harmon, Audit Consultant
- Certified Public Accountant
- Certified Internal Auditor
- Certification in Control Self-Assessment
- MBA, University of Florida
- BSBA Finance, University of Florida

Kethessa Carpenter, Audit Consultant
- Certified Public Accountant
- Certified Internal Auditor
- BA Business Administration & Accounting, St. Leo University

Osmaida Sanchez, Executive Administrative Specialist
- BS Business Administration, Florida International University

2021 Internal Audit Team

TABLE OF CONTENTS

MISSION, PURPOSE, AND ORGANIZATION

USF Office of Internal Audit (IA) provides the University of South Florida (USF) with independent and objective assurance and advisory services that promote stewardship, accountability, integrity, efficiency, and compliance. These services assist the University in evaluating and improving risk management, control, compliance, and governance processes.

In order to effectively fulfill its responsibilities, IA is organizationally independent from the University's operational activities and structurally reports at an appropriate level within the organization. IA reports functionally to the Audit and Compliance Committee (ACC) of the Board of Trustees (BOT) and administratively to the University President. This reporting relationship ensures responsibilities are carried out in a manner free from actual or perceived impairment.

The nature and scope of services provided by IA include audits, compliance reviews, management advisory services, consulting, and investigations. IA is committed to upholding the values of integrity, objectivity, respect, confidentiality, excellence, and collaboration in the performance of their duties.

AUDITS

IA projects are performed in accordance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the "IIA Standards"). The IIA is the recognized authority for those in the internal audit profession and the IIA standards are required by the Florida Board of Governor's Regulation 4.002 (6)(a) State University System Chief Audit Executives.

USF has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Control Framework which is utilized by IA to assess the effectiveness of the University's internal control systems in place. USF's internal control objectives are communicated to all USF employees via USF Policy 0-023 Internal Control.

Human Subjects of Regulations

IA reviewed the control infrastructure of Human Subjects Regulations. The audit focused on validating the infrastructure had been updated to ensure compliance with the revised Federal Policy for the Protection of Human Subjects (revised Common Rule), effective January 21, 2019.

Based on the review, IA concluded the overall control infrastructure was adequate.

USF Health (USFH) Information Technology (IT) – Epic Access

IA reviewed the user privileges to the Epic system providing significant value in identifying the control structure and associated risks for the primary application that supports the mission-critical USFH Clinical operations. The focus of this audit was to review user privileges to the Epic system to evaluate if access was appropriately limited to those with a business need, and whether user roles were properly designed and documented.

Based on the review, recommendations were made to address three risks identified. This report was classified as confidential due to the sensitive nature of the IT issues disclosed.

Coronavirus Aid, Relief, and Economic Security (CARES) Act Student Financial Aid

IA reviewed the design and effectiveness of the administrative and financial controls related to

the CARES Act Student Financial Aid. The audit focused on those controls performed by the Enrollment Planning & Management's Office of Financial Aid (OFA), over the distributions of the student portion of the CARES Act Higher Education Emergency Relief Fund (HEERF) received by USF to ensure compliance with federal regulations, including its reporting requirements.

Based on the review, IA concluded there was an adequate system of internal controls in place, assuming corrective actions were taken timely to address the two medium-priority risks related to the improvement of CARES Act reporting and documentation of internal procedures.

Performance-Based Funding Data Integrity

IA reviewed the processes and controls established to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) in support of the Performance-Based Funding measures.

Based on the review, IA concluded there was an adequate system of internal controls in place.

Preeminence Data Integrity

IA reviewed the processes and controls established to ensure the completeness, accuracy, and timeliness of data submissions relied upon by the BOG to support calculations for the 12 preeminence metrics and assess USF's eligibility under the Florida Statute 1001.7065 Preeminent state research universities program.

Based on the review, IA concluded there was an adequate system of internal controls in place, over nine of the 12 metrics (Metrics A-E and I-L).

Regarding the remaining three metrics (F-H), all relying on data from the National Science Foundation (NSF) Higher Education Research & Development (HERD) survey, IA concluded the system of internal controls in place was inadequate. Recommendations were made for continued improvement to address the one high-priority risk identified related to data governance over the HERD survey.

Cloud Computing

IA reviewed cloud-based resources to ensure that appropriate controls have been designed and implemented.

Based on the review, recommendations were made to address five risks identified. This report was classified as confidential due to the sensitive nature of the IT issues disclosed.

Payroll

IA reviewed the design and effectiveness of the system access and financial controls related to payroll processing from the point of payroll certification to payment. IA's review included payments to employees in accordance with federal regulations and University procedures enacted to address the COVID-19 crisis.

Based on the review, recommendations were made to address six risks identified. This report was classified as confidential due to the sensitive nature of the IT issues disclosed.

INFORMATION TECHNOLOGY

Forty-four percent (44%) of the IA team is certified with IT-related designations. IA's information system projects are performed in accordance with the ISACA (formerly Information Systems Audit and Control Association) standards and guidelines. ISACA

has designed this guidance as the minimum acceptable level of performance required to meet the professional responsibilities set out in the ISACA Code of Ethics for Auditing and Control Professionals. ISACA standards and guidelines are consistent with the Control Objectives for Information and Related Technology (COBIT), an IT governance framework which enables management to bridge the gap between control objectives, technical issues, and business risk.

The IT IA Team focuses on factors which impact the confidentiality, integrity, and availability of the university's information systems as well as the resources held within those systems. Confidentiality not only addresses the security of sensitive data, but also whether access to such data is effectively controlled. IA performed IT audits of Cloud Computing and USF Health IT Epic Access.

IA utilizes an integrated audit approach whereby the IT IA Team assists the general IA Team on audit and consulting projects with significant information systems components. Integrated audit projects this year included Payroll, Performance-Based Funding Data Integrity, and Preeminence Data Integrity.

CONSULTING SERVICES

Consulting services are collaborative projects between university leadership and IA. These services may be requested in advance and included as part of the annual work plan; however, many requests are made throughout the year. A project's objective will vary depending on the needs of leadership, but may include: improving a process or procedure; assisting in the implementation of a new system; interpreting laws, rules, policies, and other guidance; or facilitating education/training programs. These services are proactive in nature and can be helpful to any university function or department.

The following two consulting projects were completed this year:

- ✓ Quasi-Endowments
- ✓ Financial Analysis

ADVISORY SERVICES

IA is committed to providing proactive advice on internal controls, operations, and compliance. Requests for advisory services may come from various management levels throughout the University and often involve emerging issues in research, IT, or compliance. The information we provide through these services assists management in decision-making and improving operations. Results of these types of services are communicated verbally or through a memorandum.

INVESTIGATIONS

The BOT and President have charged IA with performing investigations related to the University and its associated organizations. Investigations are an objective review of evidence related to a complaint or allegation.

IA may receive complaints or allegations from EthicsPoint, the University's anonymous reporting system, or directly from an individual. Concerns may also be referred by various university offices or state and local government agencies.

Reports of complaints, allegations, or concerns may or may not be supported by the facts. That is why it is critical that the investigative process be managed discreetly and confidentially to ensure the integrity of the process and protect the reputations of named individuals. Florida law supports the need for confidentiality during investigations and permits active investigations to be classified as exempt from public record. Only those with a legitimate business need are

provided with information related to ongoing investigations.

Out of 26 such reports of complaints, allegations, or concerns received by IA, eight were referred to other units and six remained open as of June 30, 2021. Of the 12 completed investigations, two were substantiated and three resulted in recommendations to improve the control environment. The substantiated recommendations related to personal charges on travel expenditure reports and the transfer of funds between auxiliaries inconsistent with the auxiliaries' restrictions.
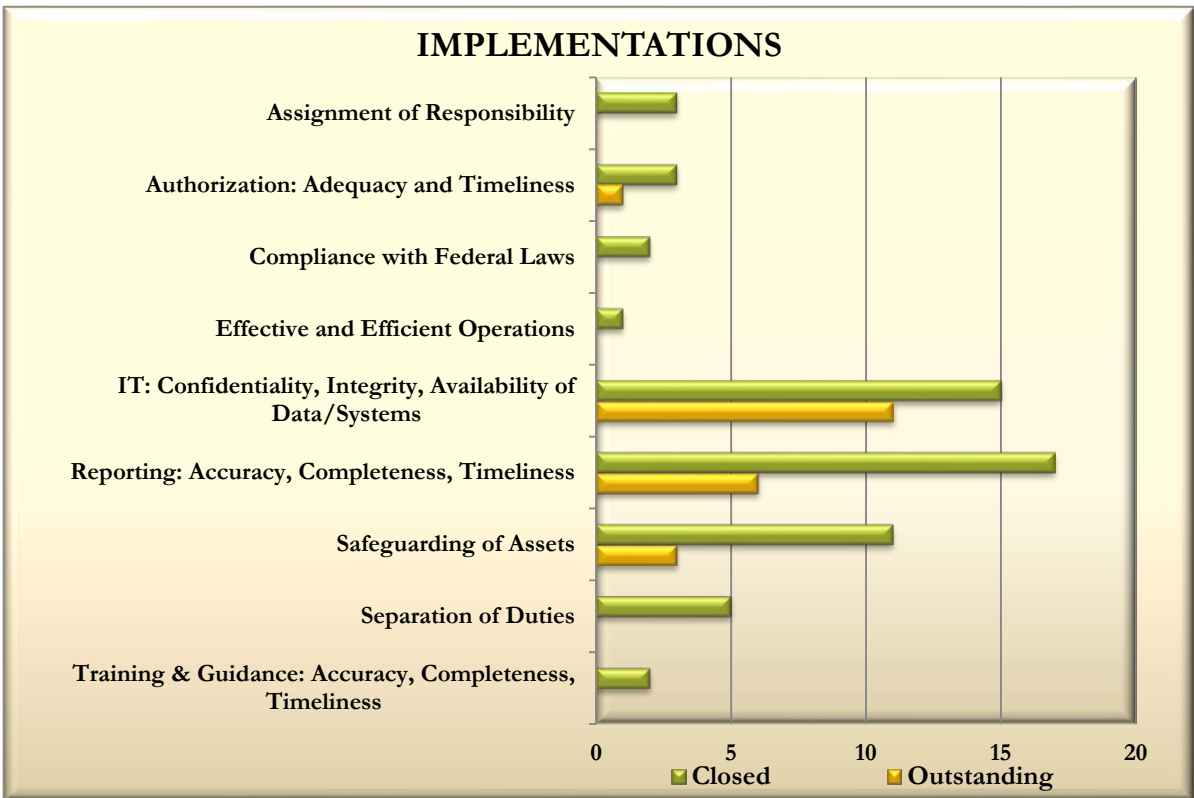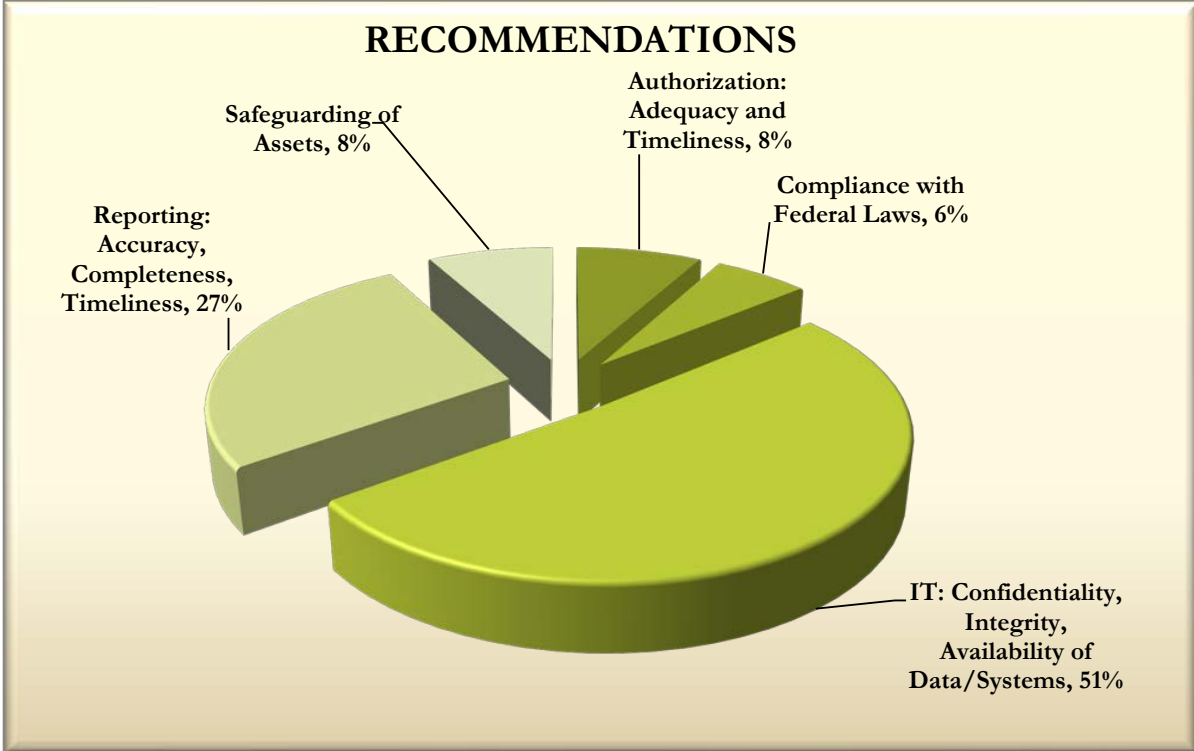
FOLLOW-UP ACTIVITY

In accordance with IIA Standards, IA follows up on all IA recommendations to determine if corrective actions have been taken. Utilizing a web-based tracking system, university leadership can continuously update the status of their corrective actions, including action plans and target implementation dates, and IA can efficiently and effectively monitor their progress. Two Follow-Up Reports, covering activity from July 1 through December 31, 2020, and January 1 through June 30, 2021 were issued during the fiscal year demonstrating an average implementation rate of 57%.

During this fiscal year, leadership implemented corrective actions related to open recommendations in the following categories:

- Assignment of Responsibility
- Authorization: Adequacy & Timeliness
- Compliance with Federal Laws
- Effective and Efficient Operations
- IT: Confidentiality, Integrity, Availability of Data/Systems
- Reporting: Accuracy, Completeness, Timeliness
- Safeguarding of Assets
- Separation of Duties

- Training & Guidance: Accuracy, Completeness, Timeliness

The following graphs depict summaries of new recommendations made during the fiscal year and the status of implementing corrective actions for all outstanding recommendations, including those carried forward from the prior year.

RECOMMENDATIONS

- Safeguarding of Assets, 8%
- Authorization: Adequacy and Timeliness, 8%
- Compliance with Federal Laws, 6%
- Reporting: Accuracy, Completeness, Timeliness, 27%
- IT: Confidentiality, Integrity, Availability of Data/Systems, 51%

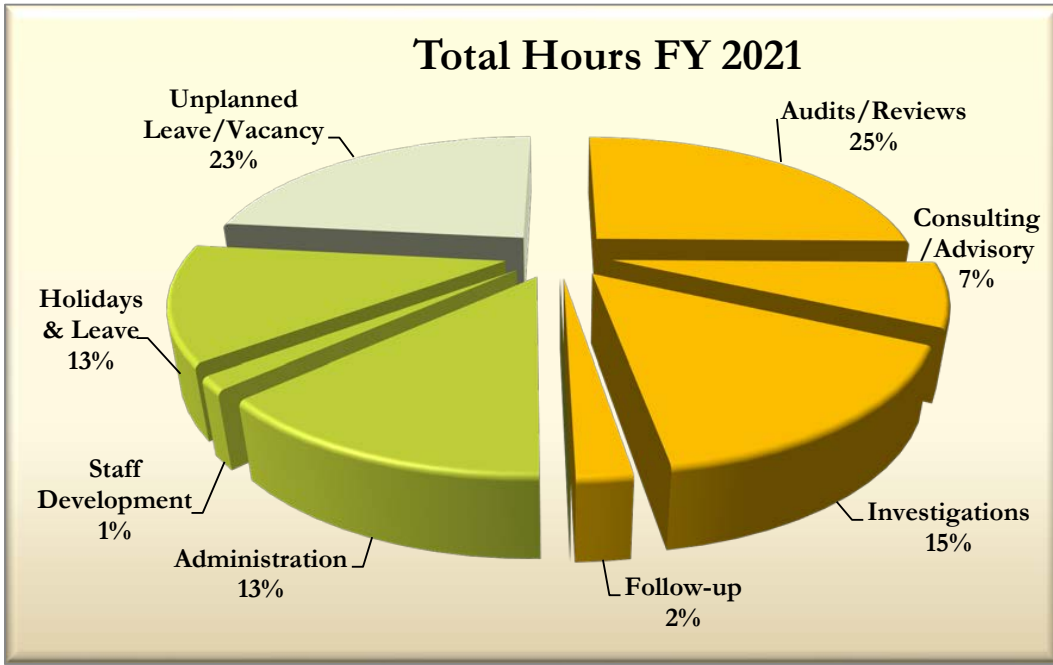## IMPLEMENTATIONS

Categories (top to bottom):
- Assignment of Responsibility
- Authorization: Adequacy and Timeliness
- Compliance with Federal Laws
- Effective and Efficient Operations
- IT: Confidentiality, Integrity, Availability of Data/Systems
- Reporting: Accuracy, Completeness, Timeliness
- Safeguarding of Assets
- Separation of Duties
- Training & Guidance: Accuracy, Completeness, Timeliness

Axis: 0, 5, 10, 15, 20

Legend: ■ Closed ■ Outstanding

ACTIVITY ANALYSIS

Total Hours FY 2021

PROJECT	BUDGET	%	ACTUAL	%
DIRECT SERVICES:				
Audits/Reviews	6,700	32%	5,253	25%
Consulting/Advisory	1,052	5%	1,466	7%
Investigations	2,080	10%	3,175	16%
Follow-up	500	3%	431	2%
Contingency	1,500	7%	0	0%
Total Direct Services	*11,832*	*57%*	*10,325*	*50%*
OTHER:				
Administration	3,894	19%	2,735	13%
Staff Development	390	2%	294	1%
Holidays & Leave	4,188	20%	2,628	13%
Unplanned Leave/Vacancy	496	2%	4,818	23%
Total Other	*8,968*	*43%*	*10,475*	*50%*
TOTAL	**20,800**	**100%**	**20,800**	**100%**

IA's direct services include activities related to the performance of audits, consulting and advisory projects, investigations, and follow-up. The fiscal year (FY) 2021 work plan budgeted 57% of IA's resources for direct services. Actual direct services of 50% fell less than budget due to a 23% loss of resources related to unplanned leave and vacancies. Direct services for resources in place during the fiscal year was 65%.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

In conformance with IIA Standards, BOG regulations, and the USF IA Charter, it is the responsibility of the Chief Audit Executive to develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and includes both internal and external quality components. Internal assessments were performed throughout the audit processes to confirm conformance with IIA Standards and Code of Ethics. Additionally, an external assessment, which is required at least once every five years, was performed in 2018. Based on the external assessment, it was determined Audit **"generally conforms"** to the IIA Standards and Code of Ethics, which is the highest level of achievement in the assessment process. The full report, USF Internal Audit Self-Assessment with Independent Validation, was issued on June 29, 2018, and is available on our website at www.usf.edu/audit/publications.

PROFESSIONAL ACTIVITIES

IA is proud of the experience and professionalism of its staff. During 2020-21, we continued our involvement with the following organizations that support higher education, internal auditing, information technology, and compliance activities.

- Association of College and University Auditors (ACUA)
- Institute of Internal Auditors (IIA)
- Association of Certified Fraud Examiners (ACFE)
- ISACA (formerly, the Information Systems Audit & Control Association)
- American Institute of Certified Public Accountants (AICPA)
- Association of Inspectors General (AIG)

The team's involvement included, but was not limited to, providing subject matter experts to share their knowledge and experience through working groups, speaking engagements, conferences, and specified training events with ACUA, the IIA, and the AIG.

The team was also proud to celebrate one team member attaining both their Certified Cloud Security Professional (CCSP) and Certified Data Privacy Solutions Engineer (CDPSE) designations. Additionally, in alignment with the team's strategic objective to improve advanced data analytical skills, one team member achieved the Analytics Certified Data Analyst (ACDA) designation.

Lastly, one team member participated in USF's Diversity, Equity and Inclusion in the Workplace Certificate program developed to educate business and community leaders on the essential practices designed to increase employee diversity and to create a sustainable business model that embraces equity and inclusion.

UPCOMING YEAR

The Work Plan for fiscal year 2022 was approved by the BOT ACC on August 10, 2021. Given current limited resources and continued uncertainty related to the pandemic, IA modified its risk assessment activities and shortened its work plan forecast to one year.

The IA Work Plan is aligned with USF's strategic plans, objectives, and enterprise risk, and optimizes the use of available IA resources. Significant changes to the plan will be communicated to the BOT ACC as appropriate.

Work Plan Fiscal Year 2022	% of Effort	Total Hours
DIRECT SERVICES		
Audit Services		
Core Processes:		
Attractive Assets		500
Procure to Pay (Jaggaer)		700
Procurement Card Program		External
Academic & Research Areas:		
PBF Data Integrity		400
Preeminence Data Integrity		500
Information Technology:		
IT - TBD		1,350
COVID-19:		
CARES Act Institutional Aid		400
Emerging Risks:		
Resource Management Development - Student Success		100
Direct Support Organizations		
Institute of Applied Engineering		625
University Medical Services Association		1,250
Follow-up; Coordinate External Audits		500
Subtotal		6,325
Consulting & Other Direct Services		
USFH Compliance Assessment Validation		450
Other Services - compliance, financial, IT, risk assessment		1,050
Investigations @ 10%		1,878
Contingency @ 7%		1,306
TOTAL DIRECT SUPPORT	48%	11,009
INDIRECT SUPPORT		
University Meetings, In-House Training, Professional Orgs		963
Administration (including DSO Transition of IA Activities)		2,890
TOTAL INDIRECT SUPPORT	17%	3,853
OTHER		
CPE		359
Holidays		933
Leave (Annual/Sick)		2,513
Vacancy		4,213
TOTAL OTHER	35%	8,018
TOTAL HOURS AVAILABLE (CAE + 10 STAFF)	100%	22,880

Approved by the USF Board of Trustees Audit and Compliance Committee on August 10, 2021