

OFFICE OF AUDIT AND ADVISORY SERVICES

ANNUAL REPORT
FISCAL YEAR 2025 - 2026

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FSU | OFFICE OF AUDIT & ADVISORY SERVICES



Message from the Chief Audit Officer (CAO)



I am pleased to present the Fiscal Year (FY) 2025–26 (25-26) Annual Report for the Office of Audit and Advisory Services (OAAS). During this past FY, OAAS delivered another high-impact year characterized by enhanced productivity, collaborative risk management, and full compliance with Board of Governors (BOG) Regulation 4.002. Driven by technical rigor and strategic focus, OAAS fulfilled its core mission of evaluating controls, mitigating risks, and offering practical recommendations to safeguard the University's operational integrity and efficiency. We delivered high-value risk oversight and strategic insight across the University.

In FY25–26, OAAS completed 17 Operational and Information Technology (IT) audits, 7 of which were first-time engagements, and conducted 1 advisory project. We continue to track all corresponding corrective action plans to completion. In our investigative capacity, we evaluated 31 inquiries and hosted a table at the Student Union to increase awareness of fraud, waste, and abuse during International Fraud Awareness Week. Additionally, we led 5 Internal Controls and Fraud Awareness sessions, equipping 57 faculty and staff across 23 units with critical skills to detect and prevent financial irregularities. For the 1st time since 2022, OAAS is fully staffed for FY26-27 with 2 Directors of Audits, 1 Operational Manager, 5 Operational Auditors, 1 Investigations Manager, and 3 IT Auditors.

Strategic Risk Leadership & Team Culture

Through our expanding list of first-time audits, OAAS strengthened collaborative partnerships with colleges and administrative units University-wide. We also advanced University Leadership's adoption of the Institutional/Enterprise Risk Management (IRM) process to systematically mitigate operational vulnerabilities. This dedicated effort reflects our core identity: serving as a collaborative, proactive partner to the University community.

Following the **BOT Audit & Compliance (A&C) Committee's approval of our FY26–27 Annual Audit Plan** on August 27, 2026, OAAS is positioned to drive further innovation. In the upcoming FY, we will continue to incorporate expanded artificial intelligence (AI), data automation, and agile audit methodologies into our audit projects and processes.

Thank you to President McCullough, the BOT, and the A&C Committee for your continued leadership, partnership, and support of our mission.

Undra Baldwin

Undra Baldwin
MS CYBER, MBA, CIA, CISA, CDPSE, CFE, CIG
Chief Audit Officer
Florida State University

OFFICE OF AUDIT & ADVISORY SERVICES TEAM

The CAO reports functionally to the A&C Committee and administratively to the FSU President (President).



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MS CYBER, MBA, CIA, CISA, CDPSE, CFE, CIG
Chief Audit Officer



Heather Friend
CPA, CIA, CIG
Director of Audits



Jeffrey Caines
CIA, CFE, CGAP
Director of Audits



Curtis Henker
CIA
Audit Manager



Riley Pool
CFE
Investigations Manager



Hannah Jonas
CIA, CIGA
Senior Auditor



Dawson Lincecum
Staff Auditor



Robert Garner
Staff Auditor



Cole Brown
Staff Auditor



Joana Palmer
Administrative Specialist

AUTHORITY FOR OFFICE

In September 2003, the President and the BOT initially approved a charter for the Office of Audit Services. In November 2016, BOG adopted Regulation 4.002 – State University System Chief Audit Executives. BOG Regulation 4.002 states, "Each university shall have an office of chief audit executive as a point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the University."

The BOT reaffirmed the charter in June 2021. On July 1, 2023, the President and the BOT approved the Office name change to OAAS.



PURPOSE

OAAS 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. OAAS works in conjunction with other offices and departments to monitor the risk management processes and provide assistance as needed. OAAS assists employees of the University in the effective discharge of their responsibilities, thereby protecting the resources and the students it serves.

STRATEGY

The strategy for OAAS focuses on three key areas:

STRATEGIC AND OPERATIONAL RISK MANAGEMENT

The systematic identification and assessment of enterprise risks protects the University's operations, financial standing, and reputation. Through continuous evaluation of internal controls, business processes, and governance frameworks, OAAS promotes an organizational culture of accountability, ensures full regulatory compliance, and uncovers strategic opportunities for operational efficiency and cost savings.

IMPLEMENT SUPPORTING INITIATIVES

Execution of a risk-based annual audit plan aligned with the University's strategic goals, encompassing financial, operational, IT, and compliance reviews. By integrating data analytics and artificial intelligence, the audit process optimizes accuracy and efficiency while delivering clear, actionable reports. Ongoing follow-up ensures effective recommendation implementation, while active stakeholder collaboration and adherence to industry best practices strengthen governance across the institution.

PROFESSIONAL DEVELOPMENT & TALENT MANAGEMENT

Continuous investment in staff development through targeted training, professional certification support, and active engagement with national auditing organizations. Fostering strong collaborative relationships across University leadership builds organizational capability, while proactive succession planning ensures long-term leadership continuity for all critical audit roles.

MISSION, VISION, & CORE VALUES

OAAS' MISSION IS TO:

Provide an independent, objective, and comprehensive program of auditing and investigations.

Improve the University's operations through the provision of assurance and consulting services and investigations.

Actively work with University Boards and Committees, management, faculty, and staff.

Identify risks, evaluate controls, and make recommendations that promote economic, efficient, effective, unbiased, and ethical delivery of services.

Evaluate and improve the effectiveness of risk management, control, and governance processes.

VISION

OAAS' vision is to add value and be trusted advisors for the University and the BOT. We will accomplish our vision by being an exemplary, professional audit and investigative office that implements innovative processes, utilizes automation, performs robust risk-based assessments, and promotes ethical behavior.

CORE VALUES

Integrity – Ensure projects are performed with confidentiality, fairness, and objectivity. The basis of our existence is credibility and effectiveness.

Quality and Accuracy – Demonstrate excellence by performing audits/investigations that are accurate and timely and provide results and recommendations that will enhance operations.

Innovative – Utilize automation and data analytics to support our systematic, disciplined approach of completing audits/investigations.

Teamwork – Accomplish goals and objectives through collaborative efforts with faculty, staff, and external teams.

Value Added – Identify process improvements and promote efficiencies that will result in the overall improvement for the University and/or quantifiable cost savings.

AUDITS ISSUED FOR FY25-26

AUDITS ISSUED FOR FY25-26

Internal audits are conducted in conformance with the Global Internal Audit Standards. OAAS performs various types of audit projects. Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the University. Examples include:

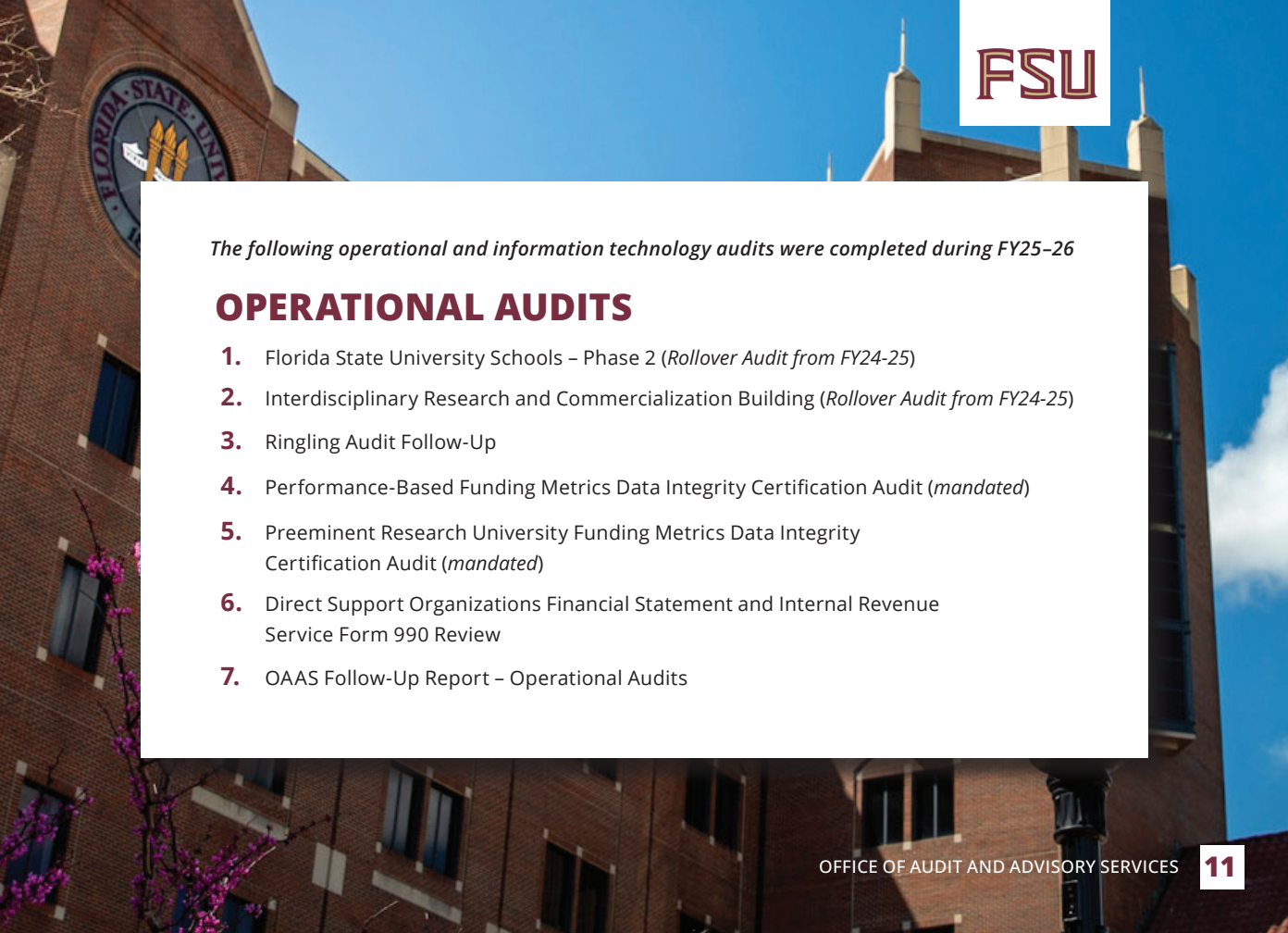
- **OPERATIONAL**

  Designed to evaluate the effectiveness, efficiency, and reasonableness of a department's operational processes.
- **INFORMATION SYSTEMS**

  Designed to examine the accuracy, reliability, access controls, and security of information systems.
- **COMPLIANCE**

  Designed to determine if activities are in compliance with applicable regulations, policies, procedures, and practices.
- **FINANCIAL**

  Designed to examine the accounting and reporting of financial transactions.



The following operational and information technology audits were completed during FY25–26

OPERATIONAL AUDITS

1. Florida State University Schools – Phase 2 (*Rollover Audit from FY24-25*)
2. Interdisciplinary Research and Commercialization Building (*Rollover Audit from FY24-25*)
3. Ringling Audit Follow-Up
4. Performance-Based Funding Metrics Data Integrity Certification Audit (*mandated*)
5. Preeminent Research University Funding Metrics Data Integrity Certification Audit (*mandated*)
6. Direct Support Organizations Financial Statement and Internal Revenue Service Form 990 Review
7. OAAS Follow-Up Report – Operational Audits

INFORMATION TECHNOLOGY AUDITS

1. Facilities Data Exchange Memorandum of Understanding with the Florida Department of Highway Safety and Motor Vehicles Audit (*Public*)
2. Facilities Data Exchange Memorandum of Understanding with the Florida Department of Highway Safety and Motor Vehicles Audit (*Confidential*)
3. Department of Computer Science – IT Security Processes and Procedures Audit (*Rollover Audit from FY24-25*)
4. Department of Computer Science – IT Security Processes and Procedures Audit (*Confidential*)
5. Registrar's Office – DAVID System Memorandum of Understanding (*Confidential*)
6. Northwest Regional Data Center Audit Follow-Up (*Confidential*)
7. IT Infrastructure Review of the Herbert Wertheim Center for Business Excellence – Advisory Project (*Rollover Audit from FY24-25*)
8. College of Medicine – Audit of IT Systems and Data Security Controls (*Confidential*)
9. OAAS Follow-Up Report – Information Technology Audits (*Public*)
10. OAAS Follow-Up Report – Information Technology Audits (*Confidential*)

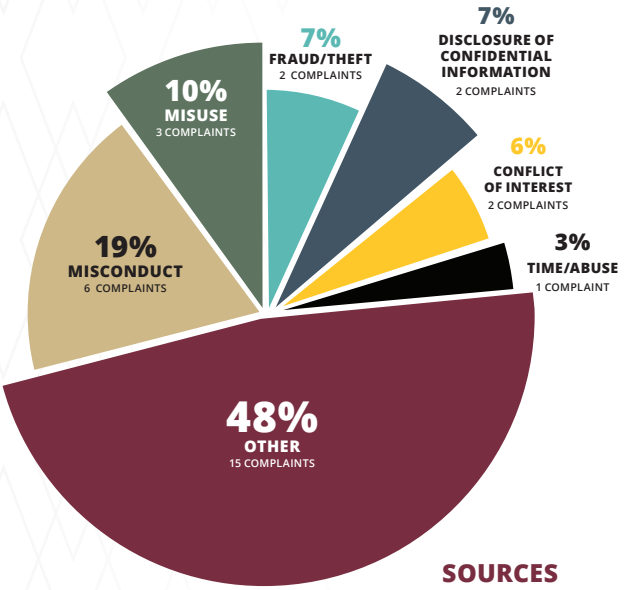
INVESTIGATIONS

OAAS receives complaints and allegations reported directly from internal and external parties and through the University's EthicsPoint Hotline (Hotline). The Hotline is available for the reporting of suspected acts of fraud, waste, and abuse, including, but not limited to, mismanagement, violations of laws, rules, or procedures by University employees or contractors, etc. Investigations may be based on concerns arising from existing investigations and audits. In addition, OAAS provides investigative assistance to the FSU Police Department (FSUPD) 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 OAAS are referred to the appropriate entity.

Complainants can provide their contact information (if desired) or file a report anonymously.

For FY25-26, OAAS received 31 total complaints/intakes as compared to 34 complaints/intakes for FY24-25. Additionally, OAAS received 3 informational complaints that did not require further review through a formal intake.

FY25-26 INVESTIGATIVE CASES/INTAKES



SOURCES

EMPLOYEES	26%
EXTERNAL	39%
ANONYMOUS	29%
STUDENTS	6%

WHISTLE-BLOWER PROTECTION

The CAO's responsibilities 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.

FOLLOW-UP

In conformance with the Standards, OAAS follows up on audit observations and other significant issues to determine if planned actions communicated by the college or department have been implemented. The follow-up process is performed annually. All observations and issues are followed up on until final resolution. As of March 31, 2026, there were 31 outstanding operational audit corrective action items identified by OAAS. Of those 31 action items, 13 have been implemented/closed, and 18 are still outstanding/open. As of March 31, 2026, there were 39 (6 public and 33 confidential) outstanding IT audit corrective action items identified by OAAS. Of those 39 action items, 29 (3 public and 26 confidential) have been implemented/closed, and 10 (3 public and 7 confidential) are still outstanding/open.

RISK ASSESSMENT PROCESS

Each year, OAAS conducts a risk assessment of University activities and services. The risk assessment process includes interviews with the President, Vice Presidents, key administrators, and the A&C Committee. Feedback received through these interviews contributes significantly to the successful development of our annual Audit Plan.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Standards require that the CAO develop and maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the internal audit activity to evaluate the operations of the internal auditing department. To this end, OAAS conducts ongoing monitoring primarily through continuous activities. Based on our ongoing internal QAIP, we believe OAAS complies with the Standards. In addition, OAAS participates in an external quality control review program that is conducted once every 5 years. The last external review, conducted in September 2022, concluded that OAAS "generally conforms[1]" with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*[2] and the Code of Ethics.

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1 The IIA's Quality Assessment Manual suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means the internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

2 The International Professional Practices Framework (IPPF) was updated in 2024 and became effective on January 9, 2025.

PROVISION OF TRAINING TO THE UNIVERSITY COMMUNITY

OAAS knows the importance of training and its benefits to the University and its employees' professional development. We are fully committed to this essential component of our services. OAAS provides training to faculty and staff, including those outside of Tallahassee, FL (e.g., Ringling Museum of Art in Sarasota, Panama City Campus, etc.), in the following areas:

- Internal controls
- Fraud awareness, prevention, and detection
- Other topics of interest to the requesting department or area
- Academic classes at the request of instructors

CERTIFICATIONS

Our staff maintains various professional certifications, demonstrating our continued commitment to the audit profession. Current certifications held by the team and the number of staff who hold them are:

- Certified Internal Auditor (5)
- Certified Information Systems Auditor (1)
- Certified Public Accountant (1)
- Certified Fraud Examiner (3)
- Certified Inspector General (2)
- Certified Inspector General Auditor (1)
- Certified Data Privacy Solutions Engineer (1)
- Certified Government Auditing Professional (1)

PROFESSIONAL ACTIVITIES

OAAS is proud of the staff's experience and the continued commitment to external organizations that support internal auditing and higher education and activities. OAAS staff belong to all of the following professional organizations:

- Association of Certified Fraud Examiners
- Association of College and University Auditors
- Association of Inspectors General
- Institute of Internal Auditors
- Information Systems Audit and Control Association

Post-Project Surveys

At the conclusion of every audit project and review, OAAS forwards a post-project survey to the auditee or requesting college or department. For the past 3 years, the Office's goal has been to continuously improve our audit process and performance and increase auditee satisfaction.

Our efforts continue to yield measurable improvements in auditee satisfaction ratings climbing for the third consecutive year. In FY24-25, the average overall rating was 4.68%. Thanks to key improvements in our processes and a more collaborative approach, our average rating has since increased to 4.87% in FY25-26. This shows our commitment to delivering a high level of service and professionalism. We use a rating scale of 1 to 5, with 5 being the most favorable rating, to measure our success.

The compiled results for FY25-26 ratings appear in the following chart:

CATEGORY	AVG RATING FOR FY24-25	AVG RATING FOR FY25-26	PERCENTAGE DIFFERENCE
AUDIT PROCESS	4.65	4.90	5.38% ↑
TECHNICAL KNOWLEDGE	4.52	4.60	1.77% ↑
REPORTING	4.39	4.90	11.62% ↑
COMMUNICATIONS	4.76	4.80	0.84% ↑
PROFESSIONALISM	4.74	5.00	5.49% ↑
ADDED VALUE	5.00	5.00	NO CHANGE
AVERAGE OVERALL RATING	4.68	4.87	4.06% ↑

For FY26-27, the CAO and/or Auditor-in-Charge will ensure auditees are continuously updated throughout the audit process to improve the reporting process. In addition, survey ratings will continue to be reviewed with staff to inform them of feedback received and to improve our auditing and advisory services.



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