



Item: AF: I-1B

## AUDIT AND FINANCE COMMITTEE

Wednesday, April 30, 2008

**SUBJECT: REVIEW OF SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF OCTOBER 1 THROUGH DECEMBER 31, 2007.**

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### PROPOSED COMMITTEE ACTION

Information Only.

### BACKGROUND INFORMATION

The Office of Inspector General performs follow-up procedures for all outstanding audit recommendations on a regular basis. For the quarter ended December 31, 2007, we reviewed a total of 43 audit recommendations resulting in the following conclusions:

- 22 recommendations were deemed to be fully implemented;
- 14 recommendations were partially implemented;
- 1 recommendations were not implemented; and,
- 6 recommendation no longer applicable

We have obtained new expected implementation dates from the auditees responsible for all partially implemented and not implemented recommendations. These recommendations will be subject to additional follow-up in the future.

### IMPLEMENTATION PLAN/DATE

Not Applicable

### FISCAL IMPLICATIONS

Not Applicable.

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**Supporting Documentation:** OIG Schedule of Follow-Up on Audit Recommendations

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-368

**FAU-OIG**  
**SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS**  
**SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF 10/01/07 - 12/31/07**

**IMPLEMENTED (22)**

<b>AUDIT TITLE</b>	<b>AUDIT REPORT #</b>	<b>AUDIT RECOMMENDATION #</b>	<b>COMMENT TITLE</b>	<b>AUDITEE</b>	<b>RESPONSIBLE MANAGER</b>	<b>PENDING ISSUES</b>	<b>NEW EXPECTED IMPLEMENTATION DATE</b>
FEFP – A.D. Henderson University School	AG07-199	1	Incomplete Individual Educational Plan (IEP)	Glenn Thomas	Dr. Gregory Aloia	N/A	N/A
Federal Awards	AG07-146	18	Schedule of Expenditures of Federal Awards (SEFA)	Edwin Bommel	Dr. Michael Moriarty	N/A	N/A
Federal Awards	AG07-146	96	Special Tests and Provisions – Return of Title IV HEA Funds – Unofficial Withdrawals	Carole Pfeilsticker	Dr. Michael Armstrong	N/A	N/A
Federal Awards	AG07-146	104	Allowable Costs/Cost Principles - Cost Accounting Standards (CAS) Exemptions	Edwin Bommel	Dr. Michael Moriarty	N/A	N/A
FAU – Operational Audit	AG08-048	1	Student Fees-Repeated Enrollment	Dr. John Pritchett	President Frank Brogan	N/A	N/A
FAU – Operational Audit	AG08-048	5	Severance Payment	President Frank Brogan	N/A	N/A	N/A
FAU – Operational Audit	AG08-048	11	Travel Expenses	Stacey Semmel	Dr. Ken Jessell	N/A	N/A
FAU – Operational Audit	AG08-048	13	Statement of Financial Interests	Dr. Jennifer O’Flannery	President Frank Brogan	N/A	N/A
FAU – Operational Audit	AG08-048	18	Property Trade-Ins	Stacey Semmel	Dr. Ken Jessell	N/A	N/A
FAU – Operational Audit	AG08-048	19	Contractual Services	Dr. Jeff Schilit	Dr. John Pritchett	N/A	N/A
Broward Cashier’s Offices	FAU06/07-1	4	Inadequate Accountability for Parking Decals/Permits Purchased via Deferred Payment Arrangements - Davie & Ft. Lauderdale Cashier’s Offices	Idiculla John	Dr. Joyanne Stephens	N/A	N/A
Broward Cashier’s Offices	FAU06/07-1	7	Inadequate Physical Security of Negotiable Assets – Davie & Ft. Lauderdale Cashier’s Offices	Idiculla John	Dr. Joyanne Stephens	N/A	N/A
Athletics Ticket Revenue	FAU04/05-6	1.4	Lack of Supervisory Approval and Proper Back-Up Documentation for Exception Transactions Processed by Ticket Sellers	Michael Boele	Craig Angelos	N/A	N/A
Athletics Ticket Revenue	FAU04/05-6	3.6	Untimely Periodic Reconciliations of Money Deposit Records	Michael Boele	Craig Angelos	N/A	N/A

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**IMPLEMENTED (continued)**

<b>AUDIT TITLE</b>	<b>AUDIT REPORT #</b>	<b>AUDIT RECOMMENDATION #</b>	<b>COMMENT TITLE</b>	<b>AUDITEE</b>	<b>RESPONSIBLE MANAGER</b>	<b>PENDING ISSUES</b>	<b>NEW EXPECTED IMPLEMENTATION DATE</b>
Housing and Residential Life	FAU06/07-6	1.1	Ineffective Monitoring of Residents Revenue	Jill Eckardt	Dr. Charles Brown	N/A	N/A
Housing and Residential Life	FAU06/07-6	2	Inadequate Documentation of Security Walk-Throughs	Jill Eckardt	Dr. Charles Brown	N/A	N/A
Housing and Residential Life	FAU06/07-6	6	Incomplete Employee Key Control Logs	Jill Eckardt	Dr. Charles Brown	N/A	N/A
Traffic and Parking Services	FAU06/07-2	1.1	Untimely/Undocumented Supervisory Review of Daily Money Collections	Charles Lowe	Dr. Ken Jessell	N/A	N/A
Traffic and Parking Services	FAU06/07-2	3.3	Untimely/Undocumented Periodic Reconciliations of Web Credit Card Payments	Charles Lowe	Dr. Ken Jessell	N/A	N/A
Traffic and Parking Services	FAU06/07-2	3.8	Inventory Control Weaknesses for Reserve Supplies of Parking Permits	Charles Lowe	Dr. Ken Jessell	N/A	N/A
Northern Campuses Cashier's Offices	FAU07/08-1	1	Need for Updated Operating Procedures – MacArthur & Treasure Coast Cashier's Offices	Crystal Atkinson	Dr. Kristen Murtaugh	N/A	N/A
Northern Campuses Cashier's Offices	FAU07/08-1	5	Inadequate Physical Security of Cash Drawers – MacArthur & Treasure Coast Cashier's Offices	Crystal Atkinson	Dr. Kristen Murtaugh	N/A	N/A

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**PARTIALLY IMPLEMENTED (14)**

<b>AUDIT TITLE</b>	<b>AUDIT REPORT #</b>	<b>AUDIT RECOMMENDATION #</b>	<b>COMMENT TITLE</b>	<b>AUDITEE</b>	<b>RESPONSIBLE MANAGER</b>	<b>PENDING ISSUES</b>	<b>NEW EXPECTED IMPLEMENTATION DATE</b>
FAU – Operational Audit	AG08-048	2.1	Decentralized Collections – Campus Recreation	Eric Hawkes	Dr. Charles Brown	Testwork to verify that collections are delivered to the cashier's office within five business days after receipt, employees who deliver the deposits to the cashier's office sign/initial the <i>Official Deposit Form</i> to acknowledge receipt of the monies, voided sales transactions are approved in writing by a supervisor, and departmental personnel at the Fitness Center issue receipts in consecutive order.	04/30/08
FAU – Operational Audit	AG08-048	2.2	Decentralized Collections – Athletics	Michael Boele	Craig Angelos	Testwork of baseball and softball order forms to verify that the source of the ticket orders (i.e., phone, mail, fax, or walk-in), and the date and initials of the employee who received the orders and payments are documented on the customer's ticket order form. In addition, testwork of the deposit logs to verify that the individual who delivers the deposit to the cashier's office is indicated on the logs.	03/31/08
FAU – Operational Audit	AG08-048	2.3	Decentralized Collections – Pharmacy	Cathie Wallace	Dr. Charles Brown	Testwork to verify that transfer documents are used to evidence the transfer of collections between employees.	06/30/08
FAU – Operational Audit	AG08-048	2.5	Decentralized Collections – College of Business	Dr. Dennis Coates	Dr. John Pritchett	Testwork to verify that the employees who initially receive the checks initial/sign an appropriate control document to accept custody of the checks, and the employees who deliver the deposits to the central cashier's office initial/sign an appropriate transfer document to acknowledge receipt of the checks.	03/03/08

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**PARTIALLY IMPLEMENTED (continued)**

<b>AUDIT TITLE</b>	<b>AUDIT REPORT #</b>	<b>AUDIT RECOMMENDATION #</b>	<b>COMMENT TITLE</b>	<b>AUDITEE</b>	<b>RESPONSIBLE MANAGER</b>	<b>PENDING ISSUES</b>	<b>NEW EXPECTED IMPLEMENTATION DATE</b>
FAU – Operational Audit	AG08-048	4	Complimentary Tickets	Michael Boele	Craig Angelos	The Athletics Department staff who receive complimentary season tickets are not signing an appropriate control document to acknowledge the receipt of the tickets in accordance with current written policies and procedures. In addition, there is no documented reconciliation process in place to account for the issuance/return of complimentary tickets on game days.	09/30/08
FAU – Operational Audit	AG08-048	9	Energy Performance-Based Agreement	James Baker	Tom Donaudy	Testwork to verify establishment of an escrow account and required annual reconciliation of the account for a newly-planned a/c energy performance-based contract with Trane.	09/30/08
FAU – Operational Audit	AG08-048	14	Institutes and Centers Reporting	Dr. Howard Hanson	Dr. John Pritchett	Adoption of policies for establishing, operating, evaluating, reviewing, and disbanding institutes and centers by the University BOT. Further review to determine if the issues of “double counting” personnel and funding, in the case of organizations embedded within other organizations, have been adequately addressed.	06/30/08
FAU – Operational Audit	AG08-048	15	Pharmaceutical Inventory	Cathie Wallace	Dr. Charles Brown	Testwork to verify that quarterly and fiscal year-end inventory counts of prescription medications and over-the-counter items are properly performed.	06/30/08
FAU – Operational Audit	AG08-048	16	Property Inventory and Accountability	Stacey Semmel	Dr. Ken Jessell	Verification of documentation evidencing that all four phases of the inventory process have been completed timely for all property items.	06/30/08

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**PARTIALLY IMPLEMENTED (continued)**

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FAU – Operational Audit	AG08-048	17	Property Deletions	Stacey Semmel	Dr. Ken Jessell	Testwork of Prop-1 Forms to verify that two Property Management Department employees signed for and witnessed proper disposal of deleted property item(s); and a user department employee signed for and witnessed the pick-up of the property item(s) and approved the removal of assets from the department.	03/31/08
Travel	FAU05/06-3	4	Inadequate Centralized Monitoring of Outstanding Travel Advances	Stacey Semmel	Dr. Ken Jessell	Travel advances are still not being booked as receivables. Management indicated that the outstanding travel advances would be manually booked as receivables at fiscal year end only, and this manual (year-end) process would continue until the new Banner 8.0 system is implemented. Upon implementation of the new Banner 8.0 system, they are hoping that the travel module will interface with receivables.	06/30/08

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**PARTIALLY IMPLEMENTED (continued)**

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Athletics Ticket Revenue	FAU04/05-6	3.7	Non-Verification of Employee Payroll Deductions for Football Season Ticket Purchases	Michael Boele	Craig Angelos	Testwork to verify that the biweekly reconciliations of the deduction register reports for the payroll deductions for the purchase of football season tickets to the payroll deduction order forms submitted by employees, and the total payroll deductions (per the deduction register report) to the corresponding total amount posted (by the Controller's Office) to the appropriate Banner Finance fund/organization/account codes of the Athletics Department are properly documented. The ticket office will not implement the use of the aforementioned procedures until March 2008 when the season tickets for the 2008/09 football season are made available for purchase by faculty/staff via payroll deduction.	06/30/08
Housing and Residential Life	FAU06/07-6	4	Inadequate Documentation of Health and Safety Inspections	Jill Eckardt	Dr. Charles Brown	Testwork to verify that the health and safety inspections for the Spring 2008 semester are performed properly.	02/20/08
Construction	FAU07/08-2	4	Unlocated/Incomplete Trade Contractor Records	Raymond Nelson	Tom Donaudy	Testwork to verify that copies of all signed-off bid tabulation sheets and trade contract award recommendation letters are obtained.	06/30/08

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**NOT IMPLEMENTED (1)**

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE`	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
Athletics Ticket Revenue	FAU04/05-6	3.4	Incomplete Documentation and Accountability for End-of-Shift Balancing of Daily Money Collections of Ticket Sellers	Michael Boele	President Frank Brogan & Craig Angelos	Testwork to verify that appropriate TM-Archtics reports are being used to document the end-of-shift balancing of all monetary and non-monetary ticketing transactions processed by each ticket seller, and are signed-off by both the preparer and the reviewer. The ticket office will not implement the use of the reports for complimentary tickets and consignment tickets until the 2008/09 football season.	09/30/08

**NO LONGER APPLICABLE (6)**

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE`	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
SCT Banner System Payroll Module	AG06-018	1	University Security Program	Dr. Jeff Schilit	Dr. John Pritchett	N/A *	N/A
FAU – Operational Audit	AG08-048	2.4	Decentralized Collections – OWL CARD Center	Stacy Volnick	Dr. Ken Jessell	N/A **	N/A
Broward Cashier's Offices	FAU06/07-1	5	Inadequate Segregation of Conflicting Duties - Davie & Ft. Lauderdale Cashier's Offices	Idiculla John	Dr. Joyanne Stephens	N/A ***	N/A
Broward Cashier's Offices	FAU06/07-1	12	Inventory Control Weaknesses for Parking Decals/Permits Issued/Sold - Davie & Ft. Lauderdale Cashier's Offices	Idiculla John	Dr. Joyanne Stephens	N/A ****	N/A
Central Cashier's Office	FAU05/06-5	2	Inadequate Segregation of Conflicting Duties	Stacey Semmel	Dr. Ken Jessell	N/A ***	N/A
Northern Campuses Cashier's Offices	FAU07/08-1	4	Inadequate Segregation of Conflicting Duties – MacArthur & Treasure Coast Cashier's Offices	Crystal Atkinson	Dr. Kristen Murtaugh	N/A ***	N/A



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\* The Auditor General's (AG) office had performed the follow-up for the recommendations from the audit report no. 2006-018 during the FAU – Operational Audit for the fiscal year ended June 30, 2007 (report no. 2008-048). Since the issues had not been effectively implemented, the AG issued an additional finding – finding no. 22. We will perform testwork on this new recommendation during the next follow-up cycle (January – March 2008).

\*\* Management indicated that there is not a cost-beneficial way to fully implement the recommendation, as intended. Management has elected to accept the residual risk of conducting the Owl Card Center's cashiering operations in its current form.

\*\*\* Management has reviewed access for all cashier personnel after Banner for Students was implemented in November 2007 and found that limiting access to Banner for Students would adversely affect operations. Management accepts the risk based on the cost/benefit ratio.

\*\*\*\* All the deficiencies cited for the Davie cashier's office have been addressed and corrected. However, the Ft. Lauderdale cashier's office was permanently closed on 2/29/08.