



Item: AF: I-1

AUDIT AND FINANCE COMMITTEE

Wednesday, June 11, 2008

SUBJECT: REVIEW OF AUDITS: FAU 07/08-4, AUDIT OF THE LIFELONG LEARNING SOCIETY FOR THE FALL 2007 TERM.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

Our audit objectives were to determine whether money collections were properly accounted for, reconciled, accurately recorded in the university's accounting records, and timely deposited; student refunds were valid, properly supported and authorized, and accurately processed; proper accountability was maintained for all issued/unissued LLS parking permits and class admission tickets; and, physical security measures for the safeguarding of LLS personnel, monetary assets, and unissued parking permits and class admission tickets were adequate.

Thirteen recommendations were made to address transaction accountability, segregation of duties, and asset security issues for LLS programs at the Boca Raton, Jupiter, and Treasure Coast campuses.

IMPLEMENTATION PLAN/DATE

Management has agreed to implement the audit recommendations by October 31, 2008.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAU Report FAU 07/08-4.

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 07/08-4
Report Issue Date: May 30, 2008

FLORIDA ATLANTIC

UNIVERSITY™

Office of Inspector General

Audit Report: *Lifelong Learning Society*
For the Fall 2007 Term

Use of Report

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**REPORT ON THE AUDIT OF
LIFELONG LEARNING SOCIETY**

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OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

MEMORANDUM

TO: Frank T. Brogan
President

FROM: Morley Barnett 
Inspector General

DATE: May 30, 2008

SUBJ: AUDIT OF LIFELONG LEARNING SOCIETY

In accordance with the University's Internal Audit Plan for fiscal year 2007-08, we have conducted an audit of the fiscal operations of the Lifelong Learning Society at Florida Atlantic University for the Fall 2007 term. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made thirteen recommendations to address our findings. We concur with the responses of the auditees which have been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of our recommendations by management.

Please call me if you have any questions.

cc: University Provost
Vice Presidents
Auditees
FAU BOT Audit and Finance Committee
Chancellor, State University System of Florida
Florida Auditor General

EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2007-08, we have conducted an audit of the fiscal operations of the Lifelong Learning Society (LLS) at Florida Atlantic University for the Fall 2007 term.

Our audit objectives were to determine whether money collections were properly accounted for, reconciled, accurately recorded in the university's accounting records, and timely deposited; student refunds were valid, properly supported and authorized, and accurately processed; proper accountability was maintained for all issued/unissued LLS parking permits and class admission tickets; and, physical security measures for the safeguarding of LLS personnel, monetary assets, and unissued parking permits and class admission tickets were adequate.

Audit procedures included, but were not limited to, a review of written operating policies and procedures, inquiries of LLS employees, an evaluation of key internal controls, and compliance testing of selected money collection and student refund transactions.

Based on the testwork performed, we have concluded that the university's Lifelong Learning Society offices were in general compliance with applicable laws, rules, regulations, policies, and procedures, and sound business practices, pertaining to the audited fiscal operations. However, we did identify opportunities for improvement in the general areas of:

- Transaction documentation and accountability;
- Segregation of duties; and,
- Asset security.

The details of all findings, as well as suggestions for corrective action, can be found in the Comments and Recommendations section of this report.



OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

May 30, 2008

Frank T. Brogan
President
Florida Atlantic University
Boca Raton, Florida

Dear President Brogan:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2007-08, we have conducted an audit of the fiscal operations of the Lifelong Learning Society at Florida Atlantic University for the Fall 2007 term.

Our audit objectives were to determine whether money collections were properly accounted for, reconciled, accurately recorded in the university's accounting records, and timely deposited; student refunds were valid, properly supported and authorized, and accurately processed; proper accountability was maintained for all issued/unissued LLS parking permits and class admission tickets; and, physical security measures for the safeguarding of LLS personnel, monetary assets, and unissued parking permits and class admission tickets were adequate. Audit procedures included the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of money collection and student refund transaction documentation to determine whether control procedures were operating effectively.

We obtained an understanding of the operations of the Lifelong Learning Society's offices by reviewing written policies and procedures, interviewing key personnel, observing actual practices, and evaluating key internal controls.

Our assessment of compliance with applicable laws, rules and regulations, and established policies and procedures, was based on reviews of pertinent supporting documentation for judgementally selected fiscal transactions. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent university records, and other factors including auditor judgement.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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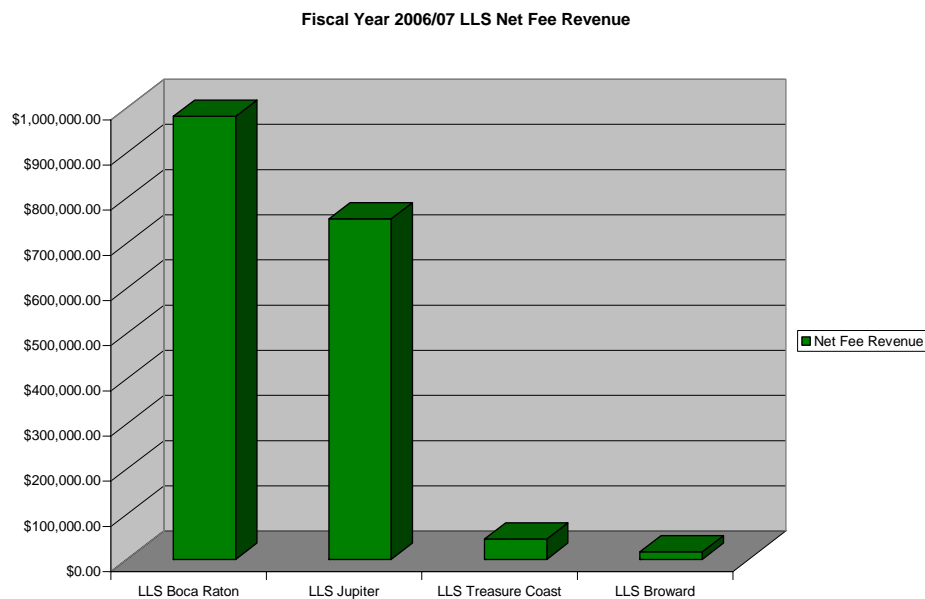
BACKGROUND

FAU's Lifelong Learning Society consists of discrete multi-campus operations that share a common objective of developing and offering university-level, non-credit courses to a predominantly older population throughout the institution's service area. During the 2006-07 fiscal year, approximately 19,000 lifelong learners accounted for an estimated 35,000 class registrations on four FAU campuses.

During the Fall 2007 term, LLS operations were conducted by separate offices at the Boca Raton, Jupiter, Treasure Coast, and Broward (Davie) campuses. Each LLS campus office is an independent auxiliary unit that is responsible for planning, coordinating, directing, and controlling its own academic and fiscal operations. The Assistant Provost in charge of LLS Boca Raton reports to the Associate Provost for Academic Budget and Planning, while the directors/coordinators of LLS Jupiter, LLS Treasure Coast, and LLS Broward report to their respective campus vice presidents. During the audit period, staffing levels at the various LLS campus offices ranged from one full-time employee with part-time support personnel for the smaller operations at LLS Treasure Coast and LLS Broward, to 14 full-time and temporary employees for LLS Jupiter, and 19 full-time and temporary employees for LLS Boca Raton.

The LLS program has been in place at the Boca Raton campus since 1980 and at the Jupiter campus since 1997. Both the Treasure Coast and Broward campuses initiated their respective LLS programs in 2006. Because of fiscal constraints, LLS Broward terminated its LLS program at the end of the Winter 2008 term, i.e., at the end of March 2008. For fiscal year 2006/07, the university's LLS programs generated revenue from course registration, membership, and guest pass fees – net of student refunds – as follows:

<u>LLS Campus Office</u>	<u>Net Fee Revenue (Approximate)</u>
Boca Raton	\$981K
Jupiter	\$754K
Treasure Coast	\$45K
Broward	\$17K



COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Lack of Written Operating Procedures – LLS Treasure Coast

We noted that LLS Treasure Coast did not have written operating policies and procedures addressing, among other things, the collection, handling, processing, and reconciliation of course registration/membership/guest pass fee forms and monies.

Recommendation No. 1

We recommend that management develop and implement the use of a comprehensive desktop manual documenting important policies and procedures relating to LLS Treasure Coast operations. Such a document would supplement existing forms and other available information, and be valuable for helping to ensure proper segregation of conflicting duties, correct processing of transactions, continuity of operations, and reference/training support for employees.

Management's Response – LLS Treasure Coast

Action Plan:

We have requested and received copies of written procedures from the Boca and Jupiter campus LLS programs. During the summer, as time permits, we will begin compiling an appropriate written Policies and Procedures manual for the TCC LLS operation.

Implementation Date:

September 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Undocumented Reconciliation of Course Registration/Membership/Guest Pass Fee Payment Information - LLS Treasure Coast

Compliance testing of the collection records for course registration/membership fee monies processed by LLS personnel for seven judgmentally selected business days - as well as the corresponding records for all three guest passes sold - during the audit period, and discussions with management, indicated the following exceptions:

- The LLS Treasure Coast employee responsible for input of the customer's payment information to the LLS information system did not initial/sign and date the appropriate source documents (i.e., course registration/membership forms, or class enrollment lists in the case of guest passes);
- Check/credit card deposit reports were not being generated from the LLS information system for the purpose of (documented) reconciliation to the course registration/membership forms and payment items; and,
- Guest passes reports were not being generated from the LLS information system for the purpose of (documented) reconciliation to the guest pass information recorded on the class enrollment lists and the guest pass monies.

Recommendation No. 2

We recommend management ensure that check/credit card deposit reports and guest passes reports are generated, as applicable, and documented reconciliations (initials/signature and date) of the reports to the source documents and payment items are performed. These reconciliations should be performed by either an independent employee, or two LLS employees. In addition, we recommend that the LLS Treasure Coast employee responsible for posting the customer's payment information to the LLS information system initials/signs and dates the appropriate source documents.

Management's Response – LLS Treasure Coast

Action Plan:

We will generate Check/Credit Card Deposit reports, and Guest Passes reports, and complete documented reconciliations as recommended. In addition, the LLS person posting the payments will initial and date the appropriate source documents.

Implementation Date:

September 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Untimely Endorsement of Payment Checks Received – LLS Treasure Coast & LLS Jupiter

LLS Treasure Coast

Based on discussions with LLS personnel, we noted that checks received as payment for *course registration/membership/guest pass fees* were not being restrictively endorsed immediately upon receipt because of the unavailability of a bank deposit stamp in the LLS Treasure Coast office. After initial processing by LLS Treasure Coast, the checks were subsequently delivered to the Treasure Coast cashier's office where they were endorsed and further processed.

LLS Jupiter

Based on discussions with management, we noted that checks received as payment for *guest passes* were not being restrictively endorsed immediately upon receipt because of the unavailability of a bank deposit stamp in the LLS Jupiter auditorium. After receipt, the checks were temporarily stored in a safe in the audiovisual room of the auditorium pending delivery to the LLS office where the checks were endorsed and processed.

Recommendation No. 3

We recommend that management responsible for the abovementioned departments ensure the appropriate bank deposit stamps are acquired to facilitate prompt endorsement of all payment checks upon receipt. Immediate endorsement would limit negotiability of the checks should they become lost or stolen.

Management's Response – LLS Treasure Coast

Action Plan:

A new stamp has already been purchased, and all checks are being restrictively endorsed immediately upon receipt by LLS staff.

Implementation Date:

May 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Management's Response – LLS Jupiter

Action Plan:

We have provided a bank stamp at the guest pass desk in the Auditorium to be locked in the safe when not in use.

Implementation Date:

May 5, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Inadequate Accountability for LLS Monies Delivered to the Campus Cashier's Office – LLS Treasure Coast & LLS Jupiter

LLS Treasure Coast

Compliance testing of the collection records for course registration/membership fee monies processed by LLS personnel for seven judgmentally selected business days - as well as the corresponding records for all three guest passes sold - during the audit period, and discussions with management, indicated that the LLS Treasure Coast employee who delivered the money deposits to the Treasure Coast cashier's office did not sign/initial and date an appropriate transfer document to acknowledge receipt of the funds.

LLS Jupiter

Compliance testing of the collection records for course registration/membership fee monies (for ten judgmentally selected business days) and guest pass fee monies (for 18 judgmentally selected business days) processed by LLS personnel during the audit period, and discussions with management, indicated that the LLS Jupiter employee who delivered the money deposits to the Jupiter cashier's office did not sign/initial and date an appropriate transfer document to acknowledge receipt of the funds.

Recommendation No. 4

We recommend that management responsible for the abovementioned departments ensure the LLS employee who delivers the money deposits to the campus cashier's office signs or initials and dates the deposit transmittal report - or other appropriate transfer document - in order to maintain proper accountability for the monies. To facilitate this process, we further recommend that the deposit reports be revised to indicate a field for the signature/initials of the employee who delivers the funds to the campus cashier's office.

Management's Response – LLS Treasure Coast

Action Plan:

The LLS staff person delivering deposits to the cashier's office will initial and date an appropriate deposit transmittal report (The reports will be revised to include a field for this information).

Implementation Date:

September 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Management's Response – LLS Jupiter

Action Plan:

We have redesigned the Cash Receipt Summary Report to include the delivery date, and signature of the employee delivering the monies to the cashier's office.

Implementation Date:

May 5, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Undocumented Reconciliation of Guest Pass Fee Monies - LLS Boca Raton & LLS Jupiter

LLS Boca Raton

Based on discussions with LLS management, we noted that the reconciliations of sold guest passes to the guest pass lists and monies collected, as well as the accounting for all unsold guest passes, are performed by two LLS personnel (a volunteer who sells guest passes and a supervisor) and documented on guest pass envelopes. However, based on testwork performed, we determined that the supervisor involved in the reconciliation process was not signing/initialing the guest pass envelopes. Only the volunteers who sold the guest passes were signing/initialing the guest pass envelopes. In addition, the envelopes were being discarded after the guest pass lists were reconciled to the corresponding monies.

LLS Jupiter

According to LLS Jupiter management, two LLS personnel (a volunteer who sells guest passes and a supervisor) reconcile all sold guest passes to the guest pass list and the monies collected, and account for all unsold guest passes. However, based on testwork performed, we noted that the reconciliations were not being documented. In addition, seven of 32 guest pass lists reviewed were not signed by the volunteers who issued the guest passes.

Recommendation No. 5

We recommend that management responsible for the abovementioned departments ensure the two LLS personnel involved in the reconciliation of sold guest passes to the guest pass lists and monies collected, and the accounting for all unsold guest passes, document their reconciliation process on the guest pass lists. To facilitate compliance, we further recommend that management consider revising the guest pass list to indicate the number of guest passes initially issued to the volunteer at the beginning of the class, the number of unsold guest passes at the conclusion of the class, and the signatures/initials of the two LLS personnel involved in the reconciliation process.

Management's Response – LLS Boca Raton

Action Plan:

A new master sheet will be used for guest passes. The number of passes issued and the number of unsold passes will be documented and the two LLS personnel will sign the sheet.

Implementation Date:

October 31, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response LLS Jupiter

Action Plan:

We have redesigned the guest pass sheet to include the number of passes made available for sale, the number of unsold passes, and signature lines for reconciliation. We have instructed the class coordinator & part-time class coordinator to reconcile the guest passes and the sheet at all classes, and for both the volunteer and coordinator to sign the guest pass sheet.

Implementation Date:

May 13, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Untimely Delivery of LLS Deposits to Campus Cashier's Office – LLS Boca Raton & LLS Jupiter

LLS Boca Raton

Compliance testing of the collection records for course registration/membership fee monies processed by LLS personnel for 21 judgmentally selected business days during the audit period, indicated that all five check deposits (for the funds) were not delivered to the Boca Raton cashier's office within five business days after the payments were received by the LLS office. The five deposits (totaling \$21,273) were not remitted until six to 43 business days after the monies were received by LLS personnel.

Similarly, compliance testing of the collection records for guest pass monies processed by LLS personnel for ten judgmentally selected business days during the audit period revealed that nine of ten cash/check deposits were not delivered to the Boca Raton cashier's office within five business days after the payments were received by the LLS office. The nine deposits (totaling \$12,550) were not remitted until six to 15 business days after the monies were received by LLS personnel.

LLS Jupiter

Compliance testing of the collection records for guest pass fee monies received by LLS personnel for classes held over 18 business days during the audit period indicated that three of four cash/check deposits (for the funds) were not delivered to the Jupiter cashier's office within five business days after the payments were received by the LLS office. The three deposits (totaling \$840) were not remitted until six to eight business days after the monies were received by LLS personnel.

Recommendation No. 6

To mitigate the risk of loss, theft, or misappropriation of funds, we recommend that management responsible for the abovementioned departments ensure all money collections are delivered to the campus cashier's office within five business days after the payments are received by the LLS office.

Management's Response – LLS Boca Raton

Action Plan:

Due to the volume and complexity of the LLS registration during peak periods, LLS recommends using a ten-business day turnaround; with the exception of the non-members, who cannot register early, and problem registrations that hold-up the process. These exception items will be documented with the date that non-member registration begins or the date the problem is resolved, as recommended by the Inspector General's Office. The guest pass monies will be processed with a ten-business day turnaround during peak periods.

LLS is willing to accept the responsibility of the ten-day policy. In both instances, all monies will be properly secured until deposited.

Implementation Dates:

Registration monies - August 29, 2008

Guest pass monies - October 31, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response – LLS Jupiter

Action Plan:

We will process guest pass monies twice each week instead of once to allow delivery to the cashier's office within the five-day period.

Implementation Date:

July 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Improper/Undocumented Reconciliation of Money Deposit Records – LLS Jupiter & LLS Treasure Coast

LLS Jupiter

According to management, a LLS employee was reconciling the LLS computer-generated guest passes reports to the Banner Finance *Organization Detail Activity* reports and the cashier's office receipts twice a month to determine that the monies had been timely and accurately posted to the Banner Finance system. However, based on testwork performed, we noted that the aforementioned reconciler was not signing/initialing and dating the Banner Finance reports to document the reconciliations, and was not independent of the handling and processing of guest pass fee monies.

LLS Treasure Coast

Based on discussions with LLS personnel, we noted that an undocumented reconciliation of the cash receipts summary reports (prepared by LLS Treasure Coast) to the cashier's office receipts was being performed for those days when the office had course registration/membership/guest pass fee money collections. Effective with the Winter 2008 term, a LLS Treasure Coast employee began performing a reconciliation of the LLS Treasure Coast collection records to the appropriate Banner Finance reports on a biweekly basis. However, we noted that the aforementioned reconciler was not signing/initialing and dating the Banner Finance reports to document the reconciliations, and was not independent of payment handling and processing.

Recommendation No. 7

We recommend that management responsible for the abovementioned departments ensure periodic (at least monthly) reconciliations of the LLS computer-generated check/credit deposit reports and guest passes reports to the Banner Finance *Organization Detail Activity* reports and the cashier's office receipts are performed and properly documented (initials/signature and date) by either two LLS employees, or an independent employee.

Management's Response – LLS Jupiter

Action Plan:

Data entry personnel will now be in charge of entering and processing guest pass monies; they will sign and date the report. The Associate Director will reconcile the monthly Banner report and will sign and date the reconciliation.

Implementation Date:

July 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Management's Response – LLS Treasure Coast

Action Plan:

We will perform periodic reconciliations of Check/Credit Card deposit reports, and Guest Passes reports, to the Banner Organization Detail Activity reports and cashier's receipts, to be initialed by both LLS staff members.

Implementation Date:

September 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Inadequate Documentation for Student Refund Transactions - LLS Treasure Coast

During the audit period, the Treasure Coast cashier's office was responsible for processing the credit card refunds for LLS Treasure Coast students upon receipt of appropriate approved documentation from LLS Treasure Coast personnel. Currently, all LLS Treasure Coast student refunds are paid via check disbursed from the Controller's Office, irrespective of whether the student originally paid his/her fees by cash, check, or credit card.

Compliance testing of the refund records maintained by LLS for the two credit card refund transactions processed during the audit period indicated the following exceptions:

- The refunds were not posted to the LLS information system. As such, LLS Treasure Coast was not using the LLS information system to generate check/credit card refund reports for the purpose of (documented) reconciliation to the source documents for the check/credit card refund transactions.
- For one refund transaction, we were unable to locate correspondence, or the original class ticket, from the student to authorize the refund.

Recommendation No. 8

We recommend management ensure that refunds are posted to the LLS information system, and check/credit card refund reports are generated and reconciled to the source documents for the refund transactions. These reconciliations should be performed by either an independent employee, or two LLS employees. In addition, we recommend that appropriate documentation (i.e., a written refund request signed by the student and original class tickets) is received prior to processing the refund.

Management's Response – LLS Treasure Coast

Action Plan:

All refunds will be posted to the LLS information system, and Check/Credit Card Refund reports will be generated and reconciled to the source documents as recommended. In addition, written requests and original tickets will be required prior to refunds being issued.

Implementation Date:

September 1, 2008

Responsible Auditee:

Derek Gisburne, Program Coordinator - LLS Treasure Coast

Inadequate Physical Security for Checks/Credit Card Information – LLS Boca Raton & LLS Jupiter

LLS Boca Raton

We noted that monies and registration/membership forms received by LLS Boca Raton were reviewed and initially processed by front desk/mailroom clerks who maintained visual control of the items. After initial processing, the restrictively-endorsed checks and credit card information for registration/membership fees were placed in folders which were delivered to a file cabinet in the computer room where they were held pending computerized processing.

During the course of fieldwork, we observed that the aforementioned file cabinet in the computer room was kept unlocked during the day. As such, multiple employees had access to the items during the day. Although management indicated that the file cabinet and computer room door were locked when the data entry clerks went to lunch, we noted that multiple employees had keys to the computer room and knowledge of the unsecure location of the file cabinet key in the computer room.

LLS Jupiter

We noted that monies and registration/membership forms received by LLS Jupiter were reviewed and initially processed by front desk clerks who maintained visual control of the items. After initial processing, the restrictively-endorsed checks and credit card information for registration/membership fees were transferred to folders which were delivered to a file cabinet in the computer room where they were held pending computerized processing.

During the course of fieldwork, we observed that the aforementioned file cabinet in the computer room was kept unlocked during the day. As such, multiple employees had access to the items during the day. In addition to the office's three data entry clerks, we noted that the LLS Jupiter Director and Associate Director, as well as three front desk clerks all had keys (or access to keys) to the computer room and the aforementioned file cabinet.

Recommendation No. 9

In order to minimize the risk of theft, loss, or misappropriation of restrictively-endorsed checks and credit card information, we recommend that LLS Boca Raton management ensure that copies of the computer room file cabinet key are assigned to, and maintained by, the minimum number of employees practicable. Similarly, we recommend that LLS Jupiter management ensure that copies of the key to the computer room file cabinet are assigned to, and maintained by, the minimum number of employees practicable, e.g., the three data entry clerks and the LLS Jupiter Associate Director. In addition, we recommend that the LLS Jupiter computer room door be kept locked during the day when unattended by the data entry clerks.

Management's Response – LLS Boca Raton

Action Plan:

Keys will be made for the file cabinet in room 207 and given to three front desk personnel, three data entry personnel, and two staff members. A key log will be maintained.

Implementation Date:

July 31, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response – LLS Jupiter

Action Plan:

In addition to data entry personnel, the LLS Director, Associate Director, and three receptionists need access to the registration filing cabinet in the data entry room. Individual door and registration cabinet keys will be distributed to the above personnel. We will keep the data entry room door locked at all times, and keep the cabinet locked when no data entry personnel are working. The eight people who need access to the data entry room and cabinet will have individual keys.

Implementation Date:

June 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Inadequate Physical Security for Class Admission Ticket “LLS” Stamps - LLS Boca Raton & LLS Jupiter

LLS Boca Raton

In accordance with established LLS Boca Raton practice, all class admission tickets are required to be stamped with a “LLS” stamp - to authenticate the tickets - at the time they are mailed or otherwise issued to registered students.

During the course of fieldwork, we observed that the two “LLS” stamps used by LLS Boca Raton were kept in an unlocked desk drawer in the office of the LLS Coordinator of Volunteer Services, the designated custodian. Although the aforementioned employee kept his office door locked when he was away from the office, we noted that multiple LLS employees had a generic office key that could be used to open his office. As such the “LLS” stamps were not adequately safeguarded from potential misuse.

LLS Jupiter

Based on discussions with LLS Jupiter management, we noted that the office's data entry clerks are required to stamp all class admission tickets with a "LLS" stamp - to authenticate the tickets - prior to their issuance or mailing to registered students. We observed that the office's two "LLS" stamps were kept in an unlocked file cabinet in the computer room. In addition to the three data entry clerks, we noted that the LLS Jupiter Director and Associate Director, as well as three front desk clerks all had keys (or access to keys) to the computer room. As such, the "LLS" stamps were not adequately safeguarded from potential misuse.

Recommendation No. 10

In order to minimize the risk of theft or misappropriation of class admission tickets, we recommend that management responsible for the abovementioned departments ensure the "LLS" stamps are kept in physically secure locations which should be kept locked at all times when not in use or otherwise under the visual control of the designated custodians. The number of authorized custodians with access to the secure storage locations for the "LLS" stamps should be kept to the minimum practicable.

Management's Response – LLS Boca Raton

Action Plan:

The desk drawer where the stamps are kept now has a key and will be locked when necessary.

Implementation Date:

May 30, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response – LLS Jupiter

Action Plan:

The stamps will be locked in the cabinet in the data entry room where the parking permits are kept. The only employees with key access will be the Associate Director and data entry personnel.

Implementation Date:

June 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Inadequate Physical Security for Unissued Parking Permits – LLS Jupiter

We observed that the office’s supply of unissued parking permits was kept in a file cabinet - in the computer room - which was kept locked when not in use. However, we noted that the key to the cabinet was kept in an unsecured location in the computer room. As such, the eight employees with access to the computer room – the LLS Jupiter Director, LLS Jupiter Associate Director, three data entry clerks, and three front desk clerks – had access to the parking permits since they had access to the unsecured key to the file cabinet housing the permits.

Recommendation No. 11

In order to minimize the risk of loss, theft, or misappropriation of parking permits and/or university funds, we recommend that management ensure copies of the key to the computer room file cabinet are assigned to, and maintained by, the minimum number of employees practicable, e.g., the three data entry clerks and the LLS Jupiter Associate Director. In addition, we recommend that the computer room door be kept locked during the day when unattended by the data entry clerks.

Management’s Response – LLS Jupiter

Action Plan:

The computer room will be locked when unattended by data entry personnel. The parking permits will be kept locked in the cabinet with access restricted to the Associate Director and three data entry staff.

Implementation Date:

June 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Non-Use of Employee Key and Combination Control Logs - LLS Boca Raton & LLS Jupiter

Employee key and combination control logs are important in terms of recording the keys/combinations issued to employees to allow them access to the general office area, safes, and other asset storage areas of the LLS office. In addition, these logs serve to document the return of specific keys because of transfer, suspension, termination or other reasons as well as the dates on which combinations assigned to ex-employees are changed.

LLS Boca Raton

Based on discussions with management, we noted that logs were not being used to record the keys/combinations assigned to LLS Boca Raton employees to allow them access to the LLS facilities and asset storage areas.

LLS Jupiter

We noted that the Maintenance Specialist for the Northern Campuses maintained key control logs for certain LLS Jupiter employees which were signed-off by the employees. However, our review of the available key control logs for these employees indicated that they were incomplete records since they did not show all the asset storage facilities (e.g., file cabinets, office safes, etc.) to which the employees had been assigned access. Also, there were no fields on the key control logs to document the return of specific keys by the employees or the dates on which safe combinations were changed. In addition, no key control logs were available for two data entry clerks who had been assigned access to the file cabinets in the computer room.

Recommendation No. 12

We recommend management responsible for the abovementioned departments ensure that a key and combination control log is established and maintained for each employee with assigned access to the LLS facilities and/or its asset storage areas. The logs should be signed/initialed and dated by the employees to acknowledge receipt of assigned keys/combinations. Whenever an employee is required to turn-in his/her assigned keys because of transfer, suspension, termination or other reasons, the logs should be signed/initialed and dated by the designated custodian who accepts the keys from the employee. In addition, the logs should indicate the date on which combinations assigned to ex-employees are changed.

Management's Response – LLS Boca Raton

Action Plan:

The Key and Combination Log recommended by the Office of Inspector General will be used.

Implementation Date:

July 31, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response – LLS Jupiter

Action Plan:

We have implemented an internal LLS key log based on a sample provided by the Inspector General's Office. The logs will be maintained by the LLS Associate Director.

Implementation Date:

May 5, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Incomplete/Inadequate Accountability for Parking Permits – LLS Boca Raton & LLS Jupiter

Prior to the beginning of the fall and winter/spring terms, LLS Boca Raton and LLS Jupiter receive supplies of LLS parking permits on consignment from the Traffic and Parking (T&P) Department for issuance to registered students. Upon registration, students are assessed a mandatory university fee for parking, safety, and maintenance and are issued a LLS Fall or LLS Winter/Spring parking permit, as applicable. Sound business practice mandates that adequate inventory control procedures be established and maintained by the aforementioned LLS campus offices to properly account for the parking permits received from the T&P Department, issued to LLS students, and returned to the T&P Department.

LLS Boca Raton

Based on a review of LLS Boca Raton's inventory control log for LLS parking permits for Fall 2007 – the *Parking Decals-LLS Fall 2007 Boca* log - we noted the following exceptions:

- Two LLS employees did not initial the log to document the receipt of the incoming shipment of parking permits from Traffic & Parking;
- The date and/or initials of the employee(s) issuing the parking permits were not always indicated on the log; and,
- The return of unused parking permits to Traffic & Parking was not documented on the log.

LLS Jupiter

In lieu of an inventory control log, LLS Jupiter maintains daily computer-generated *University Fee Listing* reports (from the LLS information system) to document the issuance of parking permits to students, and LLS volunteer lists and *TAF Record Forms* to document the issuance of complimentary parking permits to volunteers and LLS Jupiter Advisory Board members.

Based on a review of the aforementioned records for Fall 2007, we noted the following exceptions:

- Two LLS employees did not document the receipt of the incoming shipment of parking permits from Traffic & Parking;
- The *University Fee Listing* reports did not indicate the initials of the employee(s) who issued the permits;
- The LLS volunteer list and *TAF Record Form for 2007-08* did not indicate the issuance date(s) or initials of the employee(s) who issued the permits;
- The *TAF Record Form for 2007-08* did not always indicate how the permits were handled (i.e., given or mailed);
- The *University Fee Listing* reports did not account for hangtags L0861551 – L0861555, L0861563, L0861566 – L0861593, L0861598 – L0861600, L0861641 – L0861651, L0861665 – L0861698, and L0861709 – L0861740;
- The *University Fee Listing* reports did not always indicate the sequence numbers of the parking permits issued to students;
- The *University Fee Listing* report for 11/9/07 did not indicate the correct sequence numbers of the parking permits issued to three students;
- The *University Fee Listing* report for 8/31/07 and *TAF Record Form for 2007-08* indicated that the same parking permit (L0861221) was issued to two different individuals;
- The LLS volunteer list and *TAF Record Form for 2007-08* indicated that five parking permits (L0861043, L0861055, L0861058, L0861060, and L0861061) were issued to two different recipients;
- The *University Fee Listing* report indicated the student's last name in the "first name" column and the student's first name in the "last name" column;
- A perpetual balance of permits on hand was not documented; and,
- The return of unused permits to Traffic & Parking was not documented.

Recommendation No. 13

In order to ensure proper accountability, and mitigate the risk of loss, theft, or misappropriation, we recommend that LLS Boca Raton and LLS Jupiter document the initial receipt of parking permits from, and the return of unused permits to, the Traffic & Parking Department, on an appropriate

control record. In addition, we recommend that the aforementioned LLS departments ensure the issuance dates and initials of the employee(s) who issue the parking permits are consistently documented on the applicable logs/reports. In the case of LLS Jupiter, we further recommend that the permits be consistently issued in the proper numeric sequence, and a perpetual balance of permits on hand be maintained.

Management's Response – LLS Boca Raton

Action Plan:

An appropriate control record will be used as recommended by the Office of Inspector General. Employees who are responsible for the control record will date and initial all transactions.

Implementation Date:

August 29, 2008

Responsible Auditee:

Ely Meyerson, Assistant Provost

Management's Response – LLS Jupiter

Action Plan:

We will implement a log on which two employees will acknowledge (sign and date) receipt of the parking permits from Traffic & Parking. A permit disbursement log will be kept by data entry staff indicating the date issued, names of recipients, manner of disbursement, and disbursing employee. The TAF report will be dated and initialed by data entry person sending out the permits. All volunteers and advisory board members receiving complimentary decals will be noted on a separate log indicating the issuance date, initials of the issuer, and manner of issuance. A perpetual balance will be kept at all times and proper numeric sequence of issuance will be maintained.

Implementation Date:

July 1, 2008

Responsible Auditee:

Rene Friedman, Director – LLS Jupiter

Management Letter Comments

Given the discontinuance of LLS Broward operations at the end of March 2008, we elected not to include comments and recommendations pertaining to their program in the audit report herein. As an advisory service, we communicated recommendations pertaining to LLS Broward to appropriate Broward campuses management in a separate letter for consideration in the event of reinstatement of their LLS program.

Prior Audit Recommendations

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three fiscal years, there have not been any internal audits conducted that relate to the university's LLS operations. Accordingly, a follow-up on prior audit findings is not applicable.

CONCLUSION

Based on the results of the audit tests performed, it is our opinion that the evaluated operations of the university's Lifelong Learning Society were being conducted in general compliance with applicable laws, rules and regulations, university policies and procedures, and sound business practices. Notwithstanding this assessment, we have made several recommendations to improve internal controls which we believe are cost-beneficial to implement, and will help to streamline operations amongst the various LLS campus offices.

We wish to thank the staff and management of LLS Boca Raton, LLS Jupiter, LLS Treasure Coast, and LLS Broward for their kind cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE
Inspector General

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