



Item: AC:I-1

**AUDIT AND COMPLIANCE COMMITTEE**  
Tuesday, May 15, 2018

**SUBJECT: REVIEW OF AUDITS: FAU 17/18-3, AUDIT OF MINORS ON CAMPUS  
FOR SUMMER 2017**

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**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

Our primary audit objective was to determine whether management had adequate and effective protocols in place to ensure FAU and non-FAU (third-party) sponsored camps and programs involving minor participants under the care and supervision of staffers on FAU facilities were conducted in accordance with applicable laws, rules, regulations, and university policies and procedures intended to protect the health, safety, and well-being of participants and staff

Three recommendations were made as a result of this audit, including improved oversight of third-party events, programs or contracts which are not specifically covered by University Policy 3.1, *Pre-Collegiate Programs*.

**IMPLEMENTATION PLAN/DATE**

Management has agreed to implement two of three recommendations by May 1, 2018 and the third by September 1, 2018.

**FISCAL IMPLICATIONS**

Not Applicable.

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**Supporting Documentation:**

Audit Report FAU 17/18-3

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

**Phone:** 561-297-3682

Report No. FAU 17/18-3  
Report Issue Date: April 13, 2018

FLORIDA ATLANTIC  
UNIVERSITY™

*Office of Inspector General*

Audit Report: *Minors on Campus*  
For Summer 2017

Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of the State University System and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

**REPORT ON THE AUDIT OF  
MINORS ON CAMPUS**

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MEMORANDUM

TO: Dr. John Kelly  
President

FROM: Morley Barnett  
Inspector General

A handwritten signature in black ink, appearing to read 'Morley Barnett', is written over the printed name of the Inspector General.

DATE: April 13, 2018

SUBJ: AUDIT OF MINORS ON CAMPUS

In accordance with the University's Internal Audit Plan for fiscal year 2017/18, we have conducted an audit of minors on campus at Florida Atlantic University for summer 2017. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made three 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, as applicable.

Please call me if you have any questions.

cc: Vice Presidents  
Auditees  
FAU BOT Audit and Compliance Committee  
Inspector General, Florida Board of Governors  
Florida Auditor General

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## EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2017/18, we have conducted an audit of minors on campus at Florida Atlantic University for summer 2017.

The primary objectives of this audit were to determine whether management had:

- Adequate and effective protocols in place to ensure FAU and non-FAU (third-party) sponsored camps and programs involving minor participants under the care and supervision of staffers on FAU facilities were conducted in accordance with applicable laws, rules, regulations, and university policies and procedures intended to protect the health, safety, and well-being of participants and staff; and,
- Adequate monetary controls in place to ensure fee revenue collected from minors participating in FAU-sponsored camps and programs were properly safeguarded, recorded, deposited, and reconciled.

Audit procedures included, but were not limited to, 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 youth camps and programs in order to determine whether control procedures were operating effectively.

Based on our observations and tests performed, we are of the opinion that FAU-sponsored camps and programs offered to minors were not always being conducted in consistent compliance with all applicable laws, rules and regulations, university policies and procedures, and sound business practices. In addition, we have identified an opportunity for the university to improve its oversight of non-FAU-sponsored youth camps and programs held on-campus. We noted exceptions in the following areas:

- Management oversight of third-party youth camps and programs operating on FAU facilities;
- Policy compliance by FAU-sponsored youth camps and programs; and,
- Controls over participant fee monies collected by FAU-sponsored youth camps and programs.

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

April 13, 2018

Dr. John Kelly  
President  
Florida Atlantic University  
Boca Raton, Florida

Dear President Kelly:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2017/18, we have conducted an audit of minors on campus at Florida Atlantic University for summer 2017.

The primary objectives of this audit were to determine whether management had:

- Adequate and effective protocols in place to ensure FAU and non-FAU (third-party) sponsored camps and programs involving minor participants under the care and supervision of staffers on FAU facilities were conducted in accordance with applicable laws, rules, regulations, and university policies and procedures intended to protect the health, safety, and well-being of participants and staff; and,
- Adequate monetary controls in place to ensure fee revenue collected from minors participating in FAU-sponsored camps and programs were properly safeguarded, recorded, deposited, and reconciled.

Audit procedures included, but were not limited to, 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 youth camps and programs in order to determine whether control procedures were operating effectively.

We obtained an understanding of the activities associated with the oversight of youth camps and programs by reviewing written policies and procedures, interviewing key personnel, observing actual practices, and analyzing key internal controls. Our assessment of compliance with established policies and procedures was based on reviews of pertinent supporting documentation for samples of youth camps and programs. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls and assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

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

The scope of the audit included FAU-sponsored and non-FAU-sponsored (third-party) camps and programs involving minor participants (i.e., individuals under 18 years of age who had not yet graduated from high school) under the care and supervision of staffers operated on-campus. *FAU-sponsored* was defined as programs or camps operated by, or affiliated with FAU, in which program staff participated through their university roles with the approved use of university trademarks and/or facilities. *Non-FAU-sponsored* was defined as programs or camps run by third-party organizations or individuals, where the university had no involvement in the operation of the program/camp but required a written contract for the use of its facilities for an agreed-upon fee and other pre-conditions intended to protect FAU's interests and mitigate its risks. The audit did not include sports camps and clinics – as defined by the NCAA (National Collegiate Athletic Association) – involving minor participants, owned or operated by FAU Athletics Department employees, as these camps/clinics were the subject of a 2014/15 fiscal year audit by the Office of Inspector General (OIG).

The Pre-Collegiate Programs Office (PcPO) - a one-person unit within the Division of Student Affairs - is responsible for providing the necessary oversight to help ensure FAU-sponsored camps/programs involving minor participants on FAU facilities (including off-campus sites) are conducted in accordance with applicable laws, rules, regulations, and university policies and procedures intended to protect the health, safety, and well-being of participants and staff. The PcPO works with FAU departments and affiliated partners to host a variety of educational immersion programs for non-enrolled minors from surrounding communities and is guided by oversight from the Pre-Collegiate Programs Advisory Committee. The office supports and oversees every aspect of program planning in order to ensure that Program Operating Standards - the FAU Office of the President University Policy #3.1, *Pre-Collegiate Programs* - are met and maintained. The policy focuses on broad areas of operations such as program staff screening and training, staff-to-participant ratios, medical care, transportation, and food and housing accommodations, if applicable.

We noted that FAU Office of the President University Policy #3.1 (Pre-Collegiate Programs) only applied to FAU operated or affiliated youth camps or programs, whether operated on or off campus, and the PcPO had no mandated oversight responsibility for third-party youth camps/programs held on university facilities. However, pursuant to the aforementioned policy, the PcPO has responsibility for the oversight of the university's NCAA-defined youth sports camps and clinics, which have been deemed as FAU-affiliated, although they are typically owned or operated by FAU Athletics Department coaches via their limited liability corporations (LLCs) – separate (third-party) for-profit legal entities.

From a statutory perspective, all youth camps/programs must comply with certain legal mandates, including Section 409.175, *Licensure of family foster homes, residential child-caring agencies, and child-placing agencies; public records exemption*, Florida Statutes, which requires any owners, operators, employees, and volunteers working in summer day and 24-hour camps in direct contact with minors to obtain a level 2 background screening, which includes state and national fingerprint checks. The screening must be performed annually unless the level 2 requirements were completed within the last five years and there has not been a break in employment/volunteer service of 90 days or more.

For summer 2017, management assisted the OIG in identifying a total of approximately 17 third-party youth camps/programs - including ten university NCAA-defined youth sports camps and clinics operated by LLCs - hosted on FAU facilities. The OIG, in collaboration with the PcPO, identified the following list of 14 FAU-sponsored youth camps/programs (which excluded FAU's NCAA-defined youth sports camps and clinics) for summer 2017 that fell within the scope of the audit:

PRE- COLLEGIATE PROGRAM	COLLEGE/DIVISION – DEPARTMENT/UNIT
Architecture Career Discovery*	College for Design & Social Inquiry – School of Architecture
Band Camp	College of Arts & Letters – Department of Music
Criminal Justice CSI	College for Design & Social Inquiry – School of Criminology & Criminal Justice
DuPuis Nature Center	College of Science – Florida Center for Environmental Studies
Henderson Enrichment	College of Education – A.D. Henderson School
iRise2	College of Education – Center for Autism & Related Disabilities
Pine Jog Camp*	College of Education – Pine Jog Environmental Education Center
Sci-Fi Creative Writing*	College of Arts & Letters – Dept. of English (Teaching Outstanding Performers)
SOAR. (Summer Opportunity for Adult Readiness) H.S.*	Division of Student Affairs – Davie Campus Life
SET (Summer Engineering Technology)*	College of Engineering – Student Services
STEAMgineer Camp*	College of Medicine – Office of Diversity & Inclusion
Summer Reading	Division of Student Affairs – Weppner Center for LEAD & Service - Learning
TOPS (Teaching Outstanding Performers)*	College of Arts & Letters – TOPS
Upward Bound*	Division of Student Affairs – Upward Bound

\*Denotes FAU-sponsored youth camp/program judgmentally selected for compliance testing.

## COMMENTS AND RECOMMENDATIONS

### Current Findings and Recommendations

#### *Oversight of Third-Party Youth Camps and Programs*

Based on inquiry of the Pre-Collegiate Programs Office (PcPO), we determined the university did not have specific policies, procedures, or practices governing the operation of third-party camps and programs involving minor participants under the care and supervision of staffers on FAU facilities. Indeed, FAU Office of the President - University Policy #3.1 (*Pre-Collegiate Programs*) only applied to FAU-operated or affiliated camps or programs designed for individuals under 18 years of age, whether operated on or off campus, and the PcPO had no mandated oversight responsibility for third-party youth camps/programs held on FAU facilities.

Currently, protection of the university's interests in the case of third-party youth camps/programs held on FAU facilities is primarily limited to the requirement for these camps/programs to execute a written facilities use agreement. Key contract clauses include, among other things, requirements for the user to provide a *release of liability* to the university, Florida Board of Governors, the State of Florida, and their respective officers, agents, volunteers, and employees; and, furnish to the university, an appropriate certificate of liability insurance naming the university as the certificate holder and issued in a form and by a company acceptable to the university.

Notwithstanding the protections offered by the facilities use agreement, we recognize a need for management to adopt a best practice to further mitigate the university's risk associated with third-party youth camps/programs held on-campus. Cost-beneficial options could include the development and implementation of a facilities use contract addendum, or additional contract terms, for third-party youth camps/programs. At a minimum, additional contract terms should



require certain key measures such as the screening and training of new and continuing, paid and unpaid, personnel with unsupervised access to minor participants, consistent with FAU Office of the President - University Policy #3.1 and/or applicable statutory requirements. Upon the university's request, evidence of compliance with these new contract terms should be required of the facility user.

#### Recommendation No. 1

To further mitigate the risks associated with minors on campus, we recommend the Pre-Collegiate Programs Advisory Committee – in consultation with the General Counsel's Office – develop and implement appropriate policies, procedures, and/or contractual enhancements as a best practice for additional oversight and monitoring of third-party youth camps/programs hosted on FAU facilities.

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### **Management's Response**

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#### **Action Plan:**

Currently, the Pre-collegiate Programs Office (PcPO) does not oversee or monitor third-party events, programs, or contracts, as these are specifically excluded from University Policy 3.1. Instead, third-party youth camps/programs hosted on FAU facilities are managed in accordance with University Policy 4.2.1 through the Office of Space Utilization and Analysis. However, in an effort to mitigate the risks associated with having minors on campus, the PcPO has collaborated with the Office of Space Utilization and Analysis and the General Counsel's Office to update University Policy 4.2.1 and the Facilities Use Agreement to include applicable Florida Law as it relates to safeguarding minors. Additionally, facilities Users will be required to sign and submit an attestation indicating compliance with applicable laws and regulations.

#### **Implementation Date:**

September 1, 2018.

#### **Responsible Auditees:**

Pre-collegiate Programs Office, Office of Space Utilization and Analysis, and the General Counsel's Office.

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#### **Policy Compliance by FAU-Sponsored Youth Camps/Programs**

Compliance testing of the records for a judgmentally selected sample of eight FAU-sponsored camps/programs offered to minors during the summer 2017 audit period, resulted in the following procedural exceptions:

- For all eight youth camps/programs, all 30 continuing paid and volunteer camp/program staffers with unsupervised access to minor participants did not complete the annual *FAU Disclosure Statement for Pre-Collegiate Programs* form, used to identify any criminal charges or convictions they may have had since the prior year, and FAU Human Resources had not been requested to conduct an annual check of the National Sex

Offender Registry for these individuals, as required by FAU Office of the President University Policy #3.1 (Pre-Collegiate Programs). However, initial level 2 criminal background checks had been conducted for the aforementioned staffers within the past five years as required by statute;

- For two (*Architecture Career Discovery Summer Program & Upward Bound Summer Enrichment Program*) of the three *resident* youth camps/programs where insurance was required, the camps/programs did not purchase accident and illness insurance for the minor *resident* participants as required by FAU Office of the President University Policy #3.1 (Pre-Collegiate Programs); and,
- For two (*Architecture Career Discovery Summer Program & Summer Opportunity for Adult Readiness High School*) of eight youth camps/programs, the PcPO did not issue a *final* program approval letter to the program directors as required by established practice. However, *provisional* program approval letters - which authorized the program directors to begin the process of securing contracts for housing and food service (as applicable), and initiating requests for criminal background checks for staffers - were issued by the PcPO.

#### Recommendation No. 2

We recommend the PcPO collaborates with the directors of FAU-sponsored youth camps/programs to ensure technical compliance with all applicable requirements of FAU Office of the President University Policy # 3.1 (Pre-Collegiate Programs). To maintain currency, the policy should be reviewed annually and updated as appropriate by the Pre-Collegiate Programs Advisory Committee.

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### **Management's Response**

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#### **Action Plan:**

Level 2 Screens, which include a check of the National Sex Offender Registry for continuing paid and volunteer camp/program staff with unsupervised access to participants, are conducted on a quinquennial basis. University Policy 3.1 is being updated to reflect this. The Pre-collegiate Programs Office will conduct additional follow-up communication with program directors to ensure compliance with applicable requirements. Currently, the Pre-collegiate Programs Advisory Committee meets monthly to review and update University Policy 3.1, and will continue to do so.

#### **Implementation Date:**

May 1, 2018.

#### **Responsible Auditee:**

Karen McDaniels, Director, Pre-collegiate Programs Office.

### Money Collection Controls – FAU-Sponsored Youth Camps/Programs

Effective controls over money collections mandate proper documentation from receipt through deposit with the central cashier's office, and timely transfer to the bank. Essential attributes of an effective system of money controls include proper segregation of conflicting duties, supervisory review and oversight of transactions, adequate safeguarding of monetary assets, and periodic independent reconciliations of monies collected.

Discussions with management, as well as compliance testing of available money collection records for all camp/program participant fees received by three judgmentally selected FAU-sponsored camps/programs - Architecture Career Discovery Summer Program, TOPS Piano and Creative Writing Camp, and S.O.A.R. (Summer Opportunity for Adult Readiness) High School - offered to minors during summer 2017, indicated the following exceptions:

- All 95 checks/money orders received as payment for the TOPS camp were not restrictively endorsed immediately upon receipt because of the unavailability of a bank deposit stamp;
- Payment checks/money orders received by the Architecture Career Discovery Summer Program were not recorded on an appropriate money collections log which indicated how the funds were received (mail/in-person), when the funds were received, and the signature/initials of the recipient/preparer and reviewing supervisor;
- The 2017 TOPS Checks electronic log did not indicate how the funds were received (mail/in-person), when the funds were received, and the signature/initials of the recipient/preparer and reviewing supervisor;
- For the Architecture Career Discovery Summer Program and TOPS camp, the *Departmental Deposit Forms* submitted to the central cashier's office with the check(s) were not signed/initialed and dated by a reviewer and the departmental employee who delivered the deposit to the central cashier's office;
- Two checks totaling \$800 for the Architecture Career Discovery Summer Program and 52 checks/money orders totaling \$18,525 for the TOPS camp were not delivered to the central cashier's office within three business days of the check/money order dates (used as approximations of the receipt dates given the absence of collections logs with this information). The deposits were not remitted to the central cashier's office until 28 business days (for the Architecture Career Discovery Summer Program) and four to twelve business days (for the TOPS camp) after the check/money order dates. In addition, the TOPS camp did not have copies (or other records indicating the actual or approximate receipt dates) of 13 checks/money orders totaling \$4,650. As such, we were unable to determine if they were delivered to the central cashier's office within three business days of payments being received; and,
- The departmental employees who performed the reconciliations of the Architecture Career Discovery Summer Program and TOPS camp money collections recorded on the deposit transmittal records (checks/money orders) and/or TouchNet Payment

Gateway/TouchNet MarketPlace credit card settlement reports (credit cards) to the appropriate Workday Finance accounting activity reports did not sign/initial and date the Workday Finance reports (or other appropriate records) to document the reconciliations.

Notwithstanding the exceptions cited above, our testwork indicated all recorded money collections were properly accounted for and there was no evidence of irregularities.

### Recommendation No. 3

To maintain proper accountability and mitigate the risk of loss, theft, or misappropriation of university funds, we recommend management ensure the following:

- A bank deposit stamp is ordered and all checks/money orders are restrictively endorsed with the stamp immediately upon receipt (*TOPS Camp*);
- All payment checks/money orders received are recorded on an appropriate money collections log which indicates – among other things – how the funds were received (mail/in-person), when the funds were received, and the signature/initials of the recipient/preparer and reviewing supervisor (*Architecture Career Discovery Summer Program & TOPS Camp*);
- The *Departmental Deposit Form* submitted to the central cashier’s office with the check(s) is signed/initialed and dated by a reviewer and the departmental employee who delivered the deposit to the central cashier’s office (*Architecture Career Discovery Summer Program & TOPS Camp*);
- Check/money order deposits are delivered to the central cashier’s office within three business days of receipt as required by established university policy (*Architecture Career Discovery Summer Program & TOPS Camp*); and,
- The reconciliations of the money collections recorded on the deposit transmittal records (checks/money orders) and/or TouchNet Payment Gateway/TouchNet MarketPlace credit card settlement reports (credit cards) to the appropriate Workday Finance accounting reports are properly performed and documented on a monthly basis (*Architecture Career Discovery Summer Program & TOPS Camp*).

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### **Management’s Response – Architecture Career Discovery Summer Program**

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#### **Action Plan:**

While we are aware of FAU’s check handling guidelines, no formal reviews have been conducted in CDSI (College for Design & Social Inquiry) to ensure that FAU policies have been followed. Written policies for management of checks received have been drafted and will be distributed to all divisions of CDSI that accept checks for payment. Training will be conducted annually within CDSI to review check handling guidelines. Stamps necessary to restrictively endorse checks received have been purchased and will be distributed to all sections of CDSI that accept checks for payment.

**Implementation Date:**

May 1, 2018.

**Responsible Auditee:**

Jerry Clinton, Assistant Dean – College for Design & Social Inquiry.

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**Management’s Response – TOPS Piano & Creative Writing Camp**

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**Action Plan:**

- A bank deposit stamp has been ordered for endorsement of checks;
- Our electronic log has been revised to include the following: how the funds were received (mail/in-person), when the funds were received, and the signature/initials of the recipient/preparer and reviewing supervisor;
- The Departmental Deposit Form submitted to the central cashier’s office with the check(s) will be signed/initialed and dated by a reviewer and the departmental employee who delivered the deposit to the central cashier’s office;
- Check/money order deposits will be delivered to the central cashier’s office within three business days of receipt as required by established university policy; and,
- The reconciliations of the money collections recorded on the deposit transmittal records (checks/money orders) to the appropriate Workday Finance accounting reports will be properly performed and documented on a monthly basis by our Business Office.

**Implementation Date:**

May 1, 2018.

**Responsible Auditee:**

Taina Teran-Campbell, Executive Assistant to the Dean & Coordinator, Administrative Services – Dorothy F. Schmidt College of Arts & Letters.

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**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.

Except for NCAA sports camps and clinics audited in fiscal year 2014/15, our office has not conducted any audits related to youth camps/programs within the past three years. All recommendations from this prior audit were found to be effectively implemented during the course of cyclical audit follow-up procedures performed by our office.

### CONCLUSION

Based on the results of the testwork performed, we are of the opinion that FAU-sponsored camps and programs offered to minors were not always being conducted in consistent compliance with all applicable laws, rules and regulations, university policies and procedures, and sound business practices. In addition, we have identified an opportunity for the university to improve its oversight of non-FAU-sponsored youth camps and programs held on-campus. Three recommendations have been made to strengthen the existing control environment pertaining to the operations of youth camps/programs on FAU facilities which we believe are cost-beneficial to implement and will serve to further mitigate the university's risks.

We wish to thank the director of the Pre-Collegiate Programs Office as well as applicable staff of the College for Design and Social Inquiry, College of Arts and Letters, and Davie Campus Student Affairs, for their kind cooperation and assistance which contributed to the successful completion of this audit.

A handwritten signature in black ink, appearing to read "Morley Barnett", is centered within a light gray rectangular box.

Morley Barnett, CPA, CFE  
Inspector General

Audit Performed By: Mike Hewett, CIA, CGAP, CBA, CFSA  
Allaire Vroman