



Item: AF: I-4

AUDIT AND FINANCE COMMITTEE
Tuesday, May 17, 2016

SUBJECT: REVIEW OF AUDITS: FAU 15/16-3, AUDIT OF THE LIFELONG LEARNING SOCIETY FOR THE 2015 SPRING 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 processed were valid, and supported by proper documentation and management approval; 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 non-monetary assets (unissued parking permits, class admission tickets, membership cards, and guest passes/explorer tickets) were adequate.

Seven recommendations were made to address transaction documentation, accountability for money collections, and security issues for LLS programs at the Boca Raton and Jupiter campuses.

IMPLEMENTATION PLAN/DATE

Management has agreed to implement all recommendations by October 1, 2016.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: OIG Schedule of Follow-up on Audit Recommendations

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 15/16-3
Report Issue Date: April 4, 2016

FLORIDA ATLANTIC
UNIVERSITY™

Office of Inspector General

Audit Report: *Lifelong Learning Society*
For the Spring 2015 Term

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

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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.

DATE: April 4, 2016

SUBJ: AUDIT OF LIFELONG LEARNING SOCIETY

In accordance with the University's Internal Audit Plan for fiscal year 2015-16, we have conducted an audit of the fiscal operations of the Lifelong Learning Society at Florida Atlantic University for the spring 2015 term. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made seven 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
Inspector General, Florida Board of Governors
Florida Auditor General

Executive Summary

In accordance with the University's Internal Audit Plan for fiscal year 2015-16, we have conducted an audit of the fiscal operations of the Lifelong Learning Society (LLS) at Florida Atlantic University for the spring 2015 term.

The primary objectives of this audit were to determine whether:

- Money collections processed by LLS personnel were properly recorded, reconciled, and deposited;
- Student refunds processed by LLS were valid, and supported by proper documentation, explanation, and management approval;
- Proper accountability was maintained for all issued/unissued LLS parking permits, class admission tickets, membership cards, and guest passes/explorer tickets; and,
- Physical security measures for the safeguarding of LLS personnel, monetary assets, and non-monetary assets (unissued parking permits, class admission tickets, membership cards, and guest passes/explorer 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;
- Accountability for money collections; and,
- Security of personnel, information, and monetary assets.

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



April 4, 2016

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 2015-16, we have conducted an audit of the fiscal operations of the Lifelong Learning Society (LLS) at Florida Atlantic University for the spring 2015 term.

The primary objectives of this audit were to determine whether:

- Money collections processed by LLS personnel were properly recorded, reconciled, and deposited;
- Student refunds processed by LLS were valid, and supported by proper documentation, explanation, and management approval;
- Proper accountability was maintained for all issued/unissued LLS parking permits, class admission tickets, membership cards, and guest passes/explorer tickets; and,
- Physical security measures for the safeguarding of LLS personnel, monetary assets, and non-monetary assets (unissued parking permits, class admission tickets, membership cards, and guest passes/explorer 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 judgmentally 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.

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

BACKGROUND

The Lifelong Learning Society (LLS) at Florida Atlantic University is dedicated to offering intellectually enriching educational experiences to adults of all ages. The community of adult learners enjoy a diverse and creative non-credit curriculum, along with concerts and other entertainment events. In establishing the program, FAU recognized the still unfulfilled demand for educational and intellectual stimulation for adults who are beyond the traditional university years. The LLS program has been in place at the Boca Raton campus since 1980 and at the Jupiter campus since 1997. Program events are available from October through June and are taught by FAU professors and guest lecturers. Program offerings include such varied subjects as foreign policy, music, art, history, science, literature, philosophy, current events, and films. Each LLS campus office is an independent auxiliary unit that is responsible for planning, coordinating, directing, and controlling its own academic and fiscal operations.

With over 25,000 patron registrations per year, the LLS program in Boca Raton is a national model of exemplary lifelong learning. The majority of its offerings are held in the Barry and Florence Friedberg Lifelong Learning Auditorium, an attractive 500-seat auditorium donated by the generous support of the Friedbergs and hundreds of LLS patrons. It is a custom-designed auditorium with wide aisles, an outstanding audiovisual system, superior acoustics, and standards providing accessibility and comfort for the physically challenged. Programs are presented in the fall, winter, and spring. One-time lectures and four and eight week lecture series are offered during the fall and winter terms. During the spring term, one-time lectures and four week lecture series are offered.

The Lifelong Learning Society at Jupiter offers non-credit, university-level courses for learners of all ages, backgrounds, and interests. Classes are held at the Elinor Bernon Rosenthal Lifelong Learning Complex located on FAU's John D. MacArthur Campus in Jupiter. This building was completed in 2005 with major gifts from the Bernon-Rosenthal, Milton Maltz, and Pearl Perloff families. The facility houses the 500-seat Tamar and Milton Maltz Center for Education auditorium and the Pearl Perloff East and West wings with three classrooms and the LLS administrative offices. Programs are presented in the fall, winter, and spring. One-time lectures and four, six, and eight week courses are offered during the fall and winter terms. One-time lectures and four and six week courses are offered during the spring term.

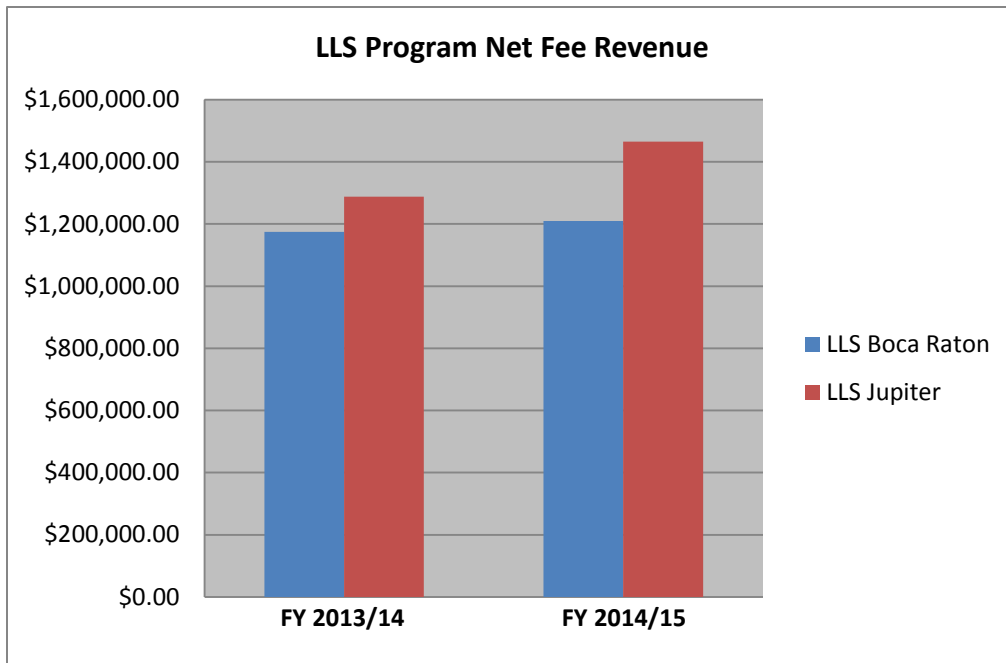
The Associate Provost in charge of LLS Boca Raton reports to the University Vice Provost, while the Director of LLS Jupiter reports to the Associate Provost for the Northern Campuses. During the 2014/15 fiscal year, LLS Boca Raton and LLS Jupiter had approximately 5,100 and 7,800 lifelong learning members respectively. According to management, for fiscal year 2014/15, approximately 48% of LLS Boca Raton program registrations, and 42% of LLS Jupiter lecture/course registrations, were made online.

During the course of the audit, LLS Boca Raton was staffed by approximately four full-time and nine

part-time employees, while LLS Jupiter was staffed by approximately ten full-time and eight part-time employees. For LLS Boca Raton, the spring 2015 term was the period 3/1 – 4/9/15. The spring 2015 term for LLS Jupiter was the period 3/19 – 5/16/15.

For fiscal years 2013/14 and 2014/15, the university’s LLS programs generated revenue from course registration, membership, and guest pass fees – net of student refunds – as follows:

<i>LLS Office</i>	<i>FY 2013/14 Net Fee Revenue (Approx.)</i>	<i>FY 2014/15 Net Fee Revenue (Approx.)</i>
Boca Raton	\$1.17 million	\$1.21 million
Jupiter	\$1.29 million	\$1.46 million



COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Money Collections Control Weaknesses – LLS Boca Raton & LLS Jupiter

LLS data entry employees are responsible for posting student information/payments received in-person, via mail, or fax to the LLS online registration system. Cash/check/money order deposits are delivered to the central cashier’s office for posting to the appropriate Workday Finance accounting codes and subsequent transfer to Bank of America for processing and posting to FAU’s clearing account.

Discussions with management, as well as *compliance testing* of available money collection records for course registration/membership fees for a judgmentally selected sample of ten business days, guest pass ticket fees for a judgmentally selected sample of 20 business days, and 60 available course registration forms processed by LLS Boca Raton personnel for the spring 2015 term, indicated the following exceptions:

- Nine of 60 manual course registration forms reviewed were not signed by the students;
- Forms for 40 of 100 manual course registrations selected for testing were unavailable for review;
- All 20 guest pass deposit reports reviewed did not indicate the LLS employees who received and posted the check and credit card payments, and did not consistently indicate the employees who received and posted the cash payments;
- For all ten business days reviewed for course registration/membership fees, the *reconciliations* of the money collections recorded on the cash/check and credit deposit reports to the corresponding course registration/membership forms and payment items, and the money collections recorded on the credit deposit reports, online deposit reports, and walk-in online deposit reports to the corresponding *TouchNet Marketplace uPay Revenue Reports* were not documented;
- For all 20 business days reviewed for guest pass ticket fees, the *reconciliations* of the cash/check payments to the tickets and the guest pass deposit reports were not documented. In addition, the credit card payments recorded on the guest pass deposit reports were not reconciled to the *TouchNet Marketplace uPay Revenue Reports* during the spring 2015 term. According to management, this process was not implemented until the fall 2015 term;
- 36 of 50 cash/check/money order payments tested for course registration/membership fees were not delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice. The 36 payments totaling \$1,284 were not remitted to the central cashier's office until approximately 4 to 10 business days after the payments were received by LLS;
- 177 of 226 cash/check/money order payments tested for guest pass ticket fees were not delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice. The 177 payments totaling \$10,621 were not remitted to the central cashier's office until approximately 4 to 14 business days after the payments were received by LLS;
- All six *Departmental Deposit Forms* for course registration/membership/guest pass fees reviewed were not signed/initialed and dated by a preparer and reviewing supervisor;

- For all ten business days reviewed for course registration/membership fees and 20 business days reviewed for guest pass ticket fees, an LLS employee did not reconcile the cash/check collections recorded on the LLS computer-generated cash/check deposit and guest pass deposit reports to the appropriate Banner Finance *Organization Detail Activity* reports to verify the timely and accurate posting of the funds;
- Management could not locate documentation to verify that a \$200.00 bank adjustment increasing a 3/13/15 cash/check deposit for course registration/membership/guest pass fees from \$6,238 to \$6,438 was recorded on the university's books; and,
- Management could not locate documentation to verify that cash payments totaling \$135 received on 4/2/15 and 4/9/15 for guest pass fees were deposited to the central cashier's office and recorded on the university's books as of 2/2/16. On 2/2/16, we observed that the total cash in the office safe was \$657.75. Management was neither able to indicate how long this cash had been in the safe nor link it to any specific course registration/membership/guest pass fee transactions.

LLS Jupiter

Discussions with management, as well as *compliance testing* of available money collection records for course registration/membership fees for a judgmentally selected sample of ten business days, explorer ticket fees for a judgmentally selected sample of 20 business days, and 100 course registration forms processed by LLS Jupiter personnel for the spring 2015 term, indicated the following exceptions:

- Seven of 84 manual course registration forms where the payment method was credit card, were not signed by the students;
- Six of 100 manual course registration forms reviewed were not signed/initialed and dated by the recipients of the collections, and did not indicate the source of the money collected (i.e., mail, fax, walk-in, etc.);
- The Pitney Bowes courier who delivered the money deposits (cash/checks/money orders) and deposit transmittal reports to the central cashier's office did not sign/initial and date an appropriate transfer document to acknowledge receipt of the monies from LLS Jupiter;
- 20 of 50 cash/check/money order payments tested for course registration/membership fees were not delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice. The 20 payments totaling \$2,046 were not remitted to the central cashier's office until approximately 4 to 11 business days after the payments were received by LLS;
- 14 of 20 cash/check/money order payments tested for explorer ticket fees were not delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice. The 14 payments totaling \$1,390 were not remitted to the central cashier's office until approximately 4 to 8 business days after the payments were received by LLS;

- All 17 *Departmental Deposit Forms* reviewed were not signed/initialed and dated by a preparer and reviewing supervisor; and,
- For two of ten business days reviewed for course registration/membership fees, the applicable deposit reports (i.e., cash, check, online, and/or online staff) were not signed and dated by the data entry employee(s) who performed the reconciliation of the money collections recorded on the LLS computer-generated deposit reports to the corresponding course registration/membership forms (if applicable) and payment items.

Recommendation No. 1

We recommend management ensure:

- The manual course registration forms are always completed for the cash/check/credit card payments processed by LLS staff, and indicate the signature of the students (*LLS Boca Raton*);
- The guest pass deposit reports are signed/initialed and dated by the LLS employee who receives and posts the guest pass ticket payment information to the LLS online registration system. To facilitate compliance, an appropriate column could be added to the *Guest Pass Deposit Report (LLS Boca Raton)*;
- The deposit reports for course registration/membership fees are signed and dated to document that the *reconciliations* of the money collections recorded on the cash/check and credit deposit reports to the corresponding course registration/membership forms and payment items, and the money collections recorded on the credit deposit reports, online deposit reports, and walk-in online deposit reports to the corresponding TouchNet *Marketplace uPay Revenue Reports* are performed. These reconciliations should be performed by either an independent employee, or two LLS employees (*LLS Boca Raton*);
- The guest pass deposit reports are signed and dated to document that the *reconciliations* of the cash/check payments to the tickets and the guest pass deposit reports, and the credit card payments to the TouchNet *Marketplace uPay Revenue Reports* are performed. These reconciliations should be performed by either an independent employee, or two LLS employees (*LLS Boca Raton*);
- Cash/check/money order deposits are delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice (*LLS Boca Raton & LLS Jupiter*);
- The *Departmental Deposit Form* is signed/initialed and dated by a preparer and reviewing supervisor. To facilitate compliance, appropriate fields could be added to the *Departmental Deposit Form (LLS Boca Raton & LLS Jupiter)*;
- The reconciliations of the money collections recorded on the LLS computer-generated cash/check deposit reports to the appropriate Workday Finance accounting reports are

properly documented and performed on a monthly basis. These reconciliations should be performed by either an independent employee, or two LLS employees (*LLS Boca Raton*);

- The \$200.00 bank adjustment for the 3/13/15 cash/check deposit is researched and recorded on the university's books, as applicable (*LLS Boca Raton*);
- The cash on hand in the office safe is promptly deposited to the central cashier's office and recorded on the university's books (*LLS Boca Raton*);
- The course registration forms always indicate how the monies are received (i.e., mail, fax, walk-in, etc.), when the monies are received, the initials of the employee who received the monies, and the signature of the students (*LLS Jupiter*);
- The Pitney Bowes courier who delivers the money deposits (cash/checks/money orders) and deposit transmittal reports to the central cashier's office signs/initials and dates an appropriate transfer document to acknowledge receipt of the monies from LLS personnel (*LLS Jupiter*); and,
- The LLS computer-generated deposit reports are always signed and dated by the data entry employee who performs the reconciliations of the money collections recorded on the deposit reports to the corresponding course registration/membership forms (if applicable) and payment items (*LLS Jupiter*).

Management's Response – LLS Boca Raton

Action Plan:

A full-time business manager will be hired in the coming months so that, beginning in the Fall 2016 term (next available term), LLS Boca Raton can enact policies to ensure that:

- The manual "course" registration forms are always completed for the cash/check/credit card payments processed by LLS staff, and indicate the signature of the LLS patrons/audience/students;
- The guest pass ("at door ticket") deposit reports are signed/initialed and dated by the LLS employee who receives and posts the guest pass ticket payment information to the LLS online registration system. To facilitate compliance, an appropriate column will be added to the Guest Pass Deposit Report;
- The deposit reports for course registration/membership fees are signed and dated to document that the reconciliations of the money collections recorded on the cash/check and credit deposit reports to the corresponding program (course) registration/membership forms and payment items, and the money collections recorded on the credit deposit reports, online deposit reports, and walk-in online deposit reports to the corresponding TouchNet Marketplace uPay Revenue Reports are performed. Two LLS employees will perform these reconciliations;
- The guest pass deposit reports are signed and dated to document that the reconciliations of the cash/check payments to the tickets and the guest pass deposit reports, and the credit card payments to

the TouchNet Marketplace uPay Revenue Reports are performed. Two LLS employees will perform these reconciliations;

- Cash/check/money order deposits are delivered to the central cashier's office within three business days of receipt by LLS as required by established university practice;
- The Departmental Deposit Form is signed/initialed and dated by a preparer and reviewing supervisor. To facilitate compliance, appropriate fields will be added to the Departmental Deposit Form;
- The reconciliations of the money collections recorded on the LLS computer-generated cash/check deposit reports to the appropriate Workday Finance accounting reports will be properly documented and performed on a monthly basis. Two LLS employees will perform these reconciliations;
- The \$200.00 bank adjustment for the 3/13/15 cash/check deposit will be researched and recorded on the university's books, as applicable;
- The cash on hand in the office safe will be promptly deposited to the central cashier's office and recorded on the university's books.

Implementation Date:

October 1, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

Management's Response – LLS Jupiter

Action Plan:

LLS Jupiter has hired and trained additional staff so that deposits are processed every day to ensure that said deposits are delivered within three business days of receipt.

The Departmental Deposit Form has been reformatted to include preparer's and reviewer's signatures and date so that every form is signed by the person preparing the deposit and the person reviewing the deposit. Front desk personnel have been retrained so proper documentation is provided on registration forms. A staff meeting at the beginning of each semester will continue to remind staff to document all forms. A procedure has been implemented to ensure the deposit form is signed and dated for every deposit when it is picked up by Pitney Bowes for transfer to the Boca cashier. The signed document is retained and filed in the data entry room daily.

New staff have been trained to sign and date all reports and deposits that are processed. All of the above policies and procedures have been updated and included in the Data Entry Training Manual.

Implementation Date:

August 1, 2016.

Responsible Auditee:

Josette Valenza, Director – LLS Jupiter.

Inadequate Accountability for Student Refunds – LLS Boca Raton & LLS Jupiter

During the audit period, the LLS office was responsible for electronic processing of credit card refunds for LLS students - who originally paid their fees via credit card - upon receipt of appropriate refund request documentation from the student. Students requesting refunds of fee payments originally made via cash/check/money order were required to be paid via direct deposit upon electronic submittal of an approved payment request by LLS to the Controller's Office.

LLS Boca Raton

Discussions with management, as well as *compliance testing* of available supporting documentation for a judgmentally selected sample of 12 refunds processed during March 2015, indicated the following exceptions:

- For all nine credit, online, and walk-in online refunds reviewed, an LLS employee did not reconcile the refunds recorded on the corresponding refund reports to the TouchNet *Marketplace uPay Revenue Reports* (credit card transaction reports); and,
- Two of 12 refund requests – originally paid via credit card - could not be located by management. As such, we were unable to determine why the administrative refund fees totaling \$20 for the lecture series were waived.

LLS Jupiter

Discussions with management, as well as *compliance testing* of available supporting documentation for a judgmentally selected sample of 12 credit card refunds processed during the period 2/1 – 5/1/15, indicated that nine of 12 written refund requests were not signed by the students.

Recommendation No. 2

We recommend management ensure:

- The credit, online, and walk-in online refund reports are signed and dated to document that reconciliations of the refunds recorded on these reports to the TouchNet *Marketplace uPay Revenue Reports* are performed. These reconciliations should be performed by either an independent employee, or two LLS employees (LLS Boca Raton); and,

- Signed written refund requests indicating the reason for the refund are always obtained from students (*LLS Boca Raton & LLS Jupiter*).

Management's Response – LLS Boca Raton

Action Plan:

A full-time business manager will be hired in the coming months so that, beginning in the Fall 2016 term (next available term), LLS Boca Raton can enact policies to ensure that:

- The credit, online, and walk-in online refund reports will be signed and dated to document that reconciliations of the refunds recorded on these reports to the TouchNet Marketplace uPay Revenue Reports are performed. Two LLS employees will perform these reconciliations;
- Signed written refund requests indicating the reason for the refund will be obtained from LLS patrons/audience members/students.

Implementation Date:

October 1, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

Management's Response – LLS Jupiter

Action Plan:

The front desk staff have been retrained to be sure that every refund form is signed by the student. The form has been revised so that the signature line has been made larger and bold so the form itself reinforces that a signature is required.

Implementation Date:

August 1, 2016.

Responsible Auditee:

Josette Valenza, Director – LLS Jupiter.

Incomplete Employee Key/Combination Control Logs - LLS Boca Raton & LLS Jupiter

Employee key/combination control logs are important in terms of recording the keys/combinations assigned to employees to allow them access to the entrance doors to the office/facility and/or critical areas such as safes or other money/information asset storage areas. 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

Our review of the departmental master *Key & Combination Logs* maintained for LLS Boca Raton employees indicated they were incomplete records since they did not indicate which employees had been assigned the entrance door key to the auditorium. According to management, four employees had possession of an entrance door key. In addition, one employee's key access to the storage closet within the audiovisual room in the auditorium, and the return of keys assigned to two terminated employees, were not recorded on the *Key & Combination Logs*. Further, the combinations to the two departmental safes - one located in an administrative office and the other located in the audiovisual room of the auditorium - were not being changed whenever employees with knowledge of them were terminated.

LLS Jupiter

Our review of the individual *Key & Combination Logs* maintained for each applicable LLS Jupiter employee indicated they were incomplete records since they did not indicate which employees had been assigned the entrance door key to the auditorium. According to management, a total of seven employees had possession of an entrance door key. In addition, one employee's combination access to the audiovisual room safe and key access to the audiovisual room in the auditorium, and another employee's key access to the audiovisual room in the auditorium, were not recorded on their respective *Key & Combination Logs*.

Recommendation No. 3

We recommend management ensure:

- Individual *Key & Combination Logs* are established and maintained for each employee with authorized access to the safes and other asset storage areas of LLS Boca Raton. The logs should be signed/initialed and dated by the employees to acknowledge receipt of assigned keys and/or combinations. Whenever an employee is required to turn-in his/her assigned keys, 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 dates on which combinations assigned to ex-employees are changed. To facilitate better control, the auditorium entrance door key should be added to the logs (*LLS Boca Raton*); and,
- The LLS Jupiter *Key & Combination Logs* are updated to reflect current employee access to the various safes/storage areas of the department. To facilitate better control, the auditorium entrance door key should be added to the logs (*LLS Jupiter*).

Management's Response – LLS Boca Raton

Action Plan:

Ms. Eleanor Moran (Operations Manager) will work with all applicable employees to create, sign, and date individual key & combination logs for each employee with authorized access to the safes and other asset storage areas of LLS Boca Raton. The logs will be signed/initialed and dated by the employees to acknowledge receipt of assigned keys, including the auditorium entrance door key, and/or combinations. Ms. Moran will also ensure that when an employee is required to turn-in his/her assigned keys, the logs will be signed/initialed and dated by the designated custodian who accepts the keys from the employee. The logs will also indicate the dates on which combinations assigned to ex-employees are changed.

Implementation Date:

June 1, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

Management's Response – LLS Jupiter

Action Plan:

All key logs for current employees have been updated to reflect current employee access to various safe/storage areas of the department.

LLS Jupiter has revised the individual key logs for each employee to include a line for the auditorium entrance key on each form.

Implementation Date:

April 1, 2016.

Responsible Auditee:

Josette Valenza, Director – LLS Jupiter.

Potential Operational Risks to LLS Boca Raton Information System - LLS Boca Raton

Based on discussions with management, we noted that the department's information system - used

daily to process registrations, memberships, and other transactions - was being maintained on a third-party vendor's web-hosting site. Upon further inquiry, we determined that server space for the assigned sub-accounts comprising the web-based system, the *lifelong-learning-society.org* and *llsreg.org* domains, were being leased from a LLS Boca Raton senior manager who had established a re-seller account with the third-party vendor for which he paid a periodic user fee, and from which he had created sub-accounts for lease to personal clients to host their websites. In addition, the manager indicated that there was no written lease agreement between LLS Boca Raton and himself or the third-party vendor, and he had elected to provide the sub-accounts free of charge.

Our assessment of the aforementioned arrangement indicated that the manager's informal uncompensated lease of a portion of his personal server space with the vendor to LLS Boca Raton represented a commingling of his personal and FAU job-related activities. Moreover, the use of a third-party vendor poses possible legal and operational issues should there be a data breach or extended service disruption.

Recommendation No. 4

To mitigate any potential risks to its data and operations, and avoid the appearance of a conflict of interest, we recommend LLS Boca Raton – as best practice and to the extent practicable – migrate its information system to a secure server housed and maintained by OIT (Office of Information Technology).

Management's Response – LLS Boca Raton

Action Plan:

Initial inquiries with OIT into the availability of web server space for the use of LLS Boca Raton have been positive. Over the next three months, new server space will be allocated by OIT for the use of LLS Boca Raton. Once server space is allocated, all files and data will be transferred to OIT servers. Extensive testing will be performed to ensure that all systems function as expected. Once management is satisfied that systems are reliably and safely in place, the domains *lifelong-learning-society.org* and *llsreg.org* will be re-directed to the new OIT server space and LLS Boca Raton's administrative database and online registration system will be "live" once again.

Implementation Date:

June 30, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

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

We noted that monies and registration/membership forms received by LLS Boca Raton were reviewed

and initially processed by front desk receptionists who maintained visual control of the items. After initial processing, the cash, 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 and 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 was locked when the data entry clerks were away, we noted that multiple employees had knowledge of the unsecured location of the file cabinet key in the computer room.

Recommendation No. 5

In order to minimize the risk of loss, theft, or misappropriation of cash, checks, and credit card information, we recommend management ensure the computer room file cabinet key is maintained in a secured location accessible by the minimum number of employees practicable.

Management's Response – LLS Boca Raton

Action Plan:

Ms. Moran, in coordination with Dr. Shapiro, will determine a secure location for the file cabinet key to ensure that it is accessible by the minimum number of employees practicable; we will permanently move the key to that location, and inform all necessary employees of the new, secure location.

Implementation Date:

June 1, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

Lack of Periodic Review of Departmental Security Procedures - LLS Boca Raton

During the course of fieldwork, we observed that the *Hold Up! Do You Know What To Do?* robbery awareness notice was posted in the computer room of the LLS Boca Raton office. However, based on discussions with management, we noted that the robbery awareness notice and other written departmental security procedures were not being periodically reviewed with the LLS staff.

Recommendation No. 6

In order to promote greater security awareness, and improve the protection of personnel, monetary, and information assets of the department, we recommend the robbery awareness notice and related security procedures be reviewed with the LLS staff on *at least* a semi-annual basis. To facilitate compliance, a security log or other record documenting the security reviews,

including the dates performed and the names and signatures of the employees in attendance, should be established and maintained.

Management's Response – LLS Boca Raton

Action Plan:

Ms. Moran, in coordination with Dr. Shapiro, will schedule semi-annual LLS staff meetings to discuss the robbery awareness notice as well as related security procedures. In addition, Ms. Moran will establish and maintain a log documenting the security reviews, including the dates performed and the names and signatures of the employees in attendance.

Implementation Date:

June 1, 2016.

Responsible Auditee:

Dr. Herbert Shapiro, Associate Provost – Lifelong Learning Society.

Inadequate Accountability for Parking Permits - LLS Jupiter

In lieu of inventory control logs, a *TAF Log General* record is used to document the receipt of incoming shipments of parking permits from Parking and Transportation Services (P&T), the permits used, and the return of unused permits to P&T; and, the daily computer-generated *University Fee Listings/Reports* from the LLS online registration system and manual logs are used to document the permits issued to students/board members/volunteers/greeters, and as a basis for periodic remittance of parking fees to P&T.

Based on our review of the abovementioned records maintained for LLS parking permits for the Winter/Spring 2014-15 terms, we noted the following exceptions:

- Two LLS employees did not sign/initial the *TAF Log General* record to acknowledge receipt of the incoming shipment of parking permits from P&T and document the return of unused parking permits to P&T;
- We were unable to account for three parking permits indicated as used on the *TAF Log General* record;
- The manual logs used by the front desk personnel (OM) and the Director (DR) did not always indicate the issuance date, how the permits were handled (i.e., given or mailed), and/or initials of the employee who issued the permits;
- The manual logs used by the front desk personnel (OM) did not account for three parking permits;

- The *University Fee Listings/Reports* did not always indicate the issuance date and/or signature/initials of the employee who issued the permits;
- The *University Fee Listings/Reports* did not account for 23 parking permits;
- The *University Fee Listing* for 11/10/14 indicated that the same parking permit was issued to two different individuals; and,
- The *University Fee Reports* for 3/2/15 and 3/3/15 indicated that the same parking permit was issued to two different individuals.

Recommendation No. 7

In order to ensure proper accountability, and mitigate the risk of loss, theft, or misappropriation, we recommend the two LLS employees who receive the incoming shipments of parking permits from P&T and return the unused parking permits to P&T, sign/initial the *TAF Log General* record to acknowledge receipt and document the return. In addition, we recommend all issued parking permits be properly accounted for, i.e., the issuance dates, how the permits are handled (i.e., given or mailed), and/or the signatures/initials of the employees who issued the permits are consistently documented on the applicable logs/reports.

Management's Response – LLS Jupiter

Action Plan:

LLS Jupiter has implemented a new procedure in which two employees are responsible for the receipt of incoming and return shipments of parking permits. The TAF form has been reformatted to include dual signature lines.

The front desk and data entry staff have been retrained to be sure that all parking permits are properly accounted for with issuance dates, how handled, and include the initials of the employee who issued the permits.

Implementation Date:

August 1, 2016.

Responsible Auditee:

Josette Valenza, Director – LLS Jupiter.

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 LLS Boca Raton and LLS Jupiter campus offices.

We wish to thank the staff and management of LLS Boca Raton and LLS Jupiter 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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