



Item: AF: I-1

AUDIT AND FINANCE COMMITTEE

Wednesday, June 15, 2011

**SUBJECT: REVIEW OF SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS
SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF JANUARY 1
THROUGH MARCH 31, 2011**

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

The Office of Inspector General performs follow-up procedures for all outstanding audit recommendations on a regular basis. For the quarter ended March 31, 2011, we reviewed a total of seven audit recommendations resulting in the following conclusions:

- 1 recommendation was found to be fully implemented;
- 4 recommendations were partially implemented; and,
- 2 (Auditor General) recommendations were not implemented and have been, or will be, replaced by similar comments in their reports. For one of these recommendations, management believes that, based on recent correspondence with federal agencies, the issue has been addressed pending review/follow-up by the Auditor General's office.

We have obtained new expected implementation dates from the auditees responsible for the partially implemented recommendations. These recommendations will be subject to additional follow-up in the future.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

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

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

FAU-OIG
SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS
SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF 1/1 - 3/31/11

IMPLEMENTED (1)

| AUDIT TITLE | AUDIT REPORT # | AUDIT RECOMMENDATION # | COMMENT TITLE | AUDITEE | RESPONSIBLE MANAGER | PENDING ISSUES | NEW EXPECTED IMPLEMENTATION DATE |
|--------------------------------|-----------------------|-------------------------------|---|----------------------------|----------------------------|-----------------------|---|
| Student Government Association | FAU08/09-4 | 1 | Need for Expanded SGA Internal Fiscal Policies and Procedures | Terry Mena/ Ayden Maher | Dr. Charles Brown | N/A | N/A |

PARTIALLY IMPLEMENTED (4)

| AUDIT TITLE | AUDIT REPORT # | AUDIT RECOMMENDATION # | COMMENT TITLE | AUDITEE | RESPONSIBLE MANAGER | PENDING ISSUES | NEW EXPECTED IMPLEMENTATION DATE |
|--------------------------------|-----------------------|-------------------------------|--|----------------------------|----------------------------|--|---|
| Student Government Association | FAU08/09-4 | 3 | Untimely Submission of Travel Authorization Requests | Terry Mena/ Ayden Maher | Dr. Charles Brown | Management needs to ensure that all travelers comply with FAU Travel Policy which states that all Travel Authorization Requests (TARs) are required to be submitted prior to the commencement of travel. | 10/31/11 |
| Student Government Association | FAU08/09-4 | 7 | Money Collection Accountability Deficiencies | Terry Mena/ Ayden Maher | Dr. Charles Brown | Management needs to ensure that the Check or Money Handling Policies in the Student Government (SG) Accounting & Budget Office Manual are revised to indicate the performance of a periodic, documented, independent reconciliation, and there is consistent compliance with the updated Check or Money Handling Policies. | 10/31/11 |
| Student Health Services | FAU09/10-3 | 1.1 | Billing to Students (Accounts Receivable) | Cathie Wallace | Dr. Charles Brown | Management needs to develop policies and procedures as part of implementing an automated system for student health charges. | 8/1/11 |

FAU-OIG
SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS
SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF 1/1 - 3/31/11

PARTIALLY IMPLEMENTED (continued)

| AUDIT TITLE | AUDIT REPORT # | AUDIT RECOMMENDATION # | COMMENT TITLE | AUDITEE | RESPONSIBLE MANAGER | PENDING ISSUES | NEW EXPECTED IMPLEMENTATION DATE |
|-------------------------|----------------|------------------------|---|----------------|---------------------|--|----------------------------------|
| Student Health Services | FAU09/10-3 | 1.2 | Third Party (Insurance) Billings and Payments | Cathie Wallace | Dr. Charles Brown | Management needs to develop policies and procedures to document the processes of entering insurance information, reviewing of services, preparing invoices, submitting invoices, and reconciling insurance payments. | 8/1/11 |

NOT IMPLEMENTED – See below for explanations (2)

| AUDIT TITLE | AUDIT REPORT # | AUDIT RECOMMENDATION # | COMMENT TITLE` | AUDITEE | RESPONSIBLE MANAGER | PENDING ISSUES | NEW EXPECTED IMPLEMENTATION DATE |
|--------------------------|----------------|------------------------|--|----------------|---------------------|----------------|----------------------------------|
| Operational Audit of FAU | AG10-131 | 12 | Pharmaceutical Inventory | Cathie Wallace | Dr. Charles Brown | N/A * | N/A |
| Federal Awards | AG10-165 | 107 | Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions | JoAnn Moretti | Dr. Barry Rosson | N/A ** | N/A |

* Based on inquiry of Auditor General personnel, we noted that during fieldwork for the Auditor General's current (fiscal year ended 6/30/11) Operational Audit of FAU, it was determined that the abovementioned recommendation was not implemented. As such, we anticipate that this recommendation will be replaced by one with similar comments. We will perform testwork on the new recommendation during the appropriate future follow-up cycle. The report for the Operational Audit is expected to be issued in March 2012.

** The Auditor General's most recent Federal Awards audit (Report No. 2011-167) indicated that follow-up had been performed for the abovementioned recommendation and a repeat comment was issued. As such, the audit recommendation has been replaced by a similar audit recommendation. We anticipate performing testwork on this new recommendation during the follow-up cycle 1/1 – 3/31/12. Management believes that based on recent correspondence with Federal agencies, this recommendation has been addressed pending review/follow-up by the Auditor General's office.