



Item: AF: I-4b

**AUDIT AND FINANCE COMMITTEE**  
Tuesday, October 20, 2015

**SUBJECT: REVIEW OF AUDITS: FAU 14/15-6, AUDIT OF GRADUATE ADMISSIONS  
FOR THE 2014 FALL SEMESTER.**

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**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

The primary objective of our audit was to determine whether graduate students applying for admission were evaluated in accordance with FAU's admissions standards. Other objectives included evaluations of controls over documentation and monetary transactions involved in the admissions process.

Overall, the results of our audit lead us to conclude that the primary mission of the Graduate College was being achieved in an organized, effective, and efficient manner.

Three recommendations were made to improve accountability for money collections and security of personnel and monetary assets.

**IMPLEMENTATION PLAN/DATE**

Management has agreed to implement two of our recommendations by August 1, 2015 and the remaining recommendation in two phases - 8/1/15 and February 1, 2016.

**FISCAL IMPLICATIONS**

Not Applicable.

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**Supporting Documentation:** Audit Report FAU 14/15-6

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

**Phone:** 561-297-3682

Report No. FAU 14/15-6  
Report Issue Date: June 30, 2015

FLORIDA ATLANTIC  
UNIVERSITY™

*Office of Inspector General*

Audit Report: *Graduate Admissions*  
For the Fall 2014 Semester

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  
GRADUATE ADMISSIONS**

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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: June 30, 2015

SUBJ: AUDIT OF GRADUATE ADMISSIONS

In accordance with the University's Internal Audit Plan for fiscal year 2014/15, we have conducted an audit of graduate student admissions for the fall 2014 semester. 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 auditee 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  
Auditee  
FAU BOT Audit and Finance Committee  
Inspector General, Florida Board of Governors  
Florida Auditor General

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## Executive Summary

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In accordance with the University's Internal Audit Plan for fiscal year 2014/15, we have conducted an audit of graduate student admissions for the fall 2014 semester. The scope of the audit did not include, among other things, the testing of admissions for non-degree-seeking graduate student candidates, applicants to executive graduate programs of the College of Business, applicants to the medical degree program of the College of Medicine, or post-admissions acceptance processing for international graduate student candidates.

The objectives of this audit were to determine whether:

- Graduate student candidates applying for admission to the university were required to submit an online application form and all applicable supporting documents; pay the nonrefundable application fee; and, satisfy the published academic entrance criteria for their selected graduate programs, as conditions for admission;
- Graduate student applicants accepted for admission to the university complied with FAU's student immunization policy and had their residency status appropriately determined, prior to registering for classes at the university; and,
- Adequate procedures were in place to record, safeguard, deposit, and reconcile all application fee monies collected from graduate student candidates by the Graduate College (GC).

Audit procedures included, but were not limited to, a review of written operating policies and procedures, inquiries of GC employees, an evaluation of key internal controls, compliance testing of manual/computerized records for a sample of graduate students accepted for admission to the university, and a review of samples of money collection records for application fees.

Based on the results of the tests performed, it is our opinion that the audited graduate admissions processes were being conducted in general compliance with applicable laws, rules, regulations, policies and procedures, and sound business practices. In addition, our testwork indicated the Graduate College was generally operating in an organized, effective, and efficient manner with regard to its role in the processing and evaluation of graduate student applications. Notwithstanding this assessment, we did identify opportunities for improvement in the general areas of accountability for money collections, and security of personnel 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.



June 30, 2015

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

Dear President Kelly:

SCOPE AND OBJECTIVES

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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 samples of graduate student applicants and monetary 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.

## BACKGROUND

The Graduate College (GC) is responsible for promoting quality graduate education at Florida Atlantic University. It serves as the initial point of contact for recruiting prospective students and coordinating the admissions process for graduate student applicants. The GC supports enrolled graduate students by hosting professional development workshops, distributing fellowships and tuition support, ensuring compliance with the university's thesis and dissertation guidelines, certifying all degree requirements are met, and awarding graduate degrees.

The GC admissions unit works to facilitate the application process between prospective students and individual graduate programs. Admissions staff performs the preliminary review of all applications prior to submitting them to the colleges for review, and finalizes the rest of the process once an applicant has been accepted by the college. In addition to reviewing, processing, and evaluating significant volumes of graduate applicant data, the GC is responsible for recording, depositing, and reconciling admissions application fees remitted by graduate student applicants.

Based on information provided by Institutional Effectiveness and Analysis (IEA), the GC received and processed a total of 3,958 (non-medical program) graduate applications for entry to the fall 2014 semester. Of these applicants, a total of 1,503 individuals were accepted for admission to the university, and a total of 1,150 of these students actually enrolled for classes. According to GC management, the university collected approximately \$116K and \$120K respectively in graduate application fees pertaining to the fall 2013 and fall 2014 semesters. The Graduate College staff collected approximately 1% (\$1,170) of these fees – in the form of checks/money orders – relating to the fall 2014 semester, since most application fee payments are submitted online. The GC admissions unit uses multiple computer information systems in its daily operations, including the *OwlApp* online application system and the admissions module of *Banner Student*. During the course of the audit, the GC was staffed by approximately 22 full-time employees of whom two (one AMP and one SP employee) were 100% dedicated to admissions operations and five (two AMP and three SP employees) were only partially involved in varying degrees in graduate admissions operations.

## COMMENTS AND RECOMMENDATIONS

### Current Findings and Recommendations

#### Money Collections Control Weaknesses

The Graduate College (GC) collects approximately 1% of the nonrefundable application fees (\$30 per applicant) from graduate student applicants on an ongoing basis, with the remainder of the fees collected online. Reception area personnel initially collect the nominal amount of cash/check/money order payments received in-person/via mail. These money collections are subsequently transferred to the Assistant Director of Admissions who manually posts them to the applicant's record on *Banner Student*. Subsequent to posting, the money collections are transferred to the Business Manager who temporarily stores the funds in the departmental safe. When ready for further processing and delivery to the central cashier's office, the monies are transferred to the Administrative Services Coordinator who records each payment on the *Daily Deposit List* and types her initials next to each entry. The *Departmental Bulk Deposit* form is then prepared and submitted – along with the deposit – to the central cashier's office for posting to the appropriate Banner Finance fund/organization/account codes, and subsequent delivery to the bank for deposit to FAU's main clearing account.

The TouchNet Payment Gateway (TPG) *Credit Card Batch Details Report* – which records credit card payments for application fees received *online* – is generated weekly by GC personnel. These online payments are automatically posted to the applicant's record on *Banner Student*. The weekly credit card payments, less any credit card refunds (if applicable), are recorded on the GC-prepared *TouchNet Payment Gateway Deposit Slip* and *Journal Entry Form*. These approved forms are submitted to the Cash Management Unit of the Controller's Office for posting to the appropriate Banner Finance fund/organization/account codes. Authorized GC employees process credit card refunds via the TouchNet Marketplace system for student applicants entitled to refunds of application fees originally paid online via credit card. According to management, most refunds of application fees occur when a student inadvertently makes a payment twice or applies for admission to a graduate program instead of an undergraduate program. The supporting documentation for credit card refunds should indicate the reason for the refund and the approval of a GC managerial employee.

Discussions with management, as well as *compliance testing* of available money collection records for graduate admissions application fees received in-person/via mail by the GC for the 12-month period ending September 2014 (a total of 20 check/money order payments); a sample of ten business days during the first quarter of calendar year 2014 judgmentally selected from the weekly TPG *Credit Card Batch Details Reports* for online credit card payments; and, available supporting documentation for seven credit card refunds processed during the first quarter of calendar year 2014, indicated that:

- The GC employee responsible for posting cash/check/money order payments to applicants' records on *Banner Student* was not independent of money handling;
- The *Daily Deposit List* was not signed/initialed by a separate preparer and/or reviewing supervisor;
- The *Departmental Bulk Deposit* form (for cash/checks/money orders) was not signed/initialed and dated by a preparer, reviewing supervisor, and the departmental employee who delivered

the money deposits to the central cashier's office;

- 19 of 20 check/money order payments tested were not delivered to the central cashier's office within three business days of receipt by the GC as required by established university practice. The 19 payments totaling \$570 were not remitted to the central cashier's office until approximately 23 to 220 business days after the collections were received by the GC;
- The GC employee who performed the monthly reconciliations of the money collections recorded on the *Departmental Bulk Deposit* forms (for cash/checks/money orders) and the *TouchNet Payment Gateway Deposit Slips* (for online credit cards) to the appropriate Banner Finance *Organization Detail Activity* reports to verify the timely and accurate posting of the funds, was not independent of collections and custody of money; and,
- The supporting documentation for two of seven credit card refunds tested did not indicate the approval of a GC managerial employee, and there was no reason noted for one of these two refunds.

### Recommendation No. 1

We recommend management ensure:

- The duty of update of applicants' records on *Banner Student* is segregated from the duty of money handling;
- The money collections log indicates how the monies (cash/check/money orders) are received (in-person or by mail), when the monies are received, the date and initials of the employee(s) to whom the monies are transferred, and the review date and initials of the reviewing supervisor documenting his/her verification that the payments have been deposited with the central cashier's office. To facilitate compliance, a new money collections log should be developed and implemented;
- The *Departmental Bulk Deposit* form is signed/initialed and dated by a preparer, reviewing supervisor, and the departmental employee who delivers the deposit to the central cashier's office. To facilitate compliance, appropriate fields should be added to the *Departmental Bulk Deposit* form;
- Cash/check/money order deposits are delivered to the central cashier's office within three business days of receipt by the GC as required by established university practice;
- Monthly reconciliations of the *Departmental Bulk Deposit* forms (for cash/checks/money orders) and the *TouchNet Payment Gateway Deposit Slips* (for online credit cards) to the appropriate accounting activity reports are performed and documented (signature/initials and date) by two GC employees, or one GC employee who is independent of money handling and processing. To facilitate compliance, the employee(s) performing the reconciliations could sign/initial and date the accounting activity reports and/or the money collections log; and,

- Supporting documentation for all credit card refunds of application fees indicates the reason for the refund, and the approval of a GC manager.

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### **Management's Response**

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#### **Action Plan:**

We accept the recommendations.

- The Assistant Director of Enrollment Management will continue to update applicant's records on Banner. A change in processing will be implemented whereby monies received will be given to the Graduate College Business Manager who will then process the deposits with the University cashier within three business days.
- The Graduate College Business Manager will develop a new money collection log to ensure the recommendations will be implemented.
- During the time period of the audit, the form was only initialed by one person. However, when the new Graduate College Business Manager began his duties in March 2015, he implemented a departmental bulk deposit form procedure where the preparer initials and it is reviewed by the Graduate College Business Manager. As of April 2015, the Graduate College has been in compliance with this recommendation.
- Cash/checks/money orders are currently being delivered to the cashier's office within three business days of receipt by GC.
- The monthly reconciliation of the appropriate accounting activity reports will include two sign offs. The Graduate College Business Manager and his coordinator will ensure compliance. The reports will be signed and dated to show documented compliance with the recommendation.
- All refunds will require approval of the Graduate College Director of Enrollment Management and will be reviewed, and documentation will be monitored, by the Graduate College Business Manager. The reasons for the refund will be indicated either as a comment on the Banner Screen or a document to be scanned to the University's document management solution (VIP) and linked to the student record.

#### **Implementation Date:**

August 1, 2015.

#### **Responsible Auditee:**

Dr. Deborah L. Floyd, Dean of the Graduate College.

Improvement Needed in Accountability for Employee Key/Code/Combination Assignments

Employee key/code/combination control logs are important in terms of recording the keys/codes/combinations assigned to employees to allow them access to the entrance doors to the general office area and/or critical areas within the office such as money asset storage areas or areas where confidential student records are stored. 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/codes assigned to ex-employees are changed.

Based on discussions with management, we noted that the aforementioned logs were not being maintained for employees with authorized access to the GC office area and/or critical areas within the office such as money asset storage areas or areas where hardcopy confidential student records are stored, and the combination to the departmental safe was not being changed whenever employees with knowledge of it were terminated.

Recommendation No. 2

We recommend that individual key/code/combination control logs be established and maintained for each employee with assigned access to the GC and/or its departmental safe. The logs should be signed/initialed and dated by the employees to acknowledge receipt of assigned keys/codes/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/codes assigned to ex-employees are changed.

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**Management's Response**

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**Action Plan:**

- The Graduate College administration agrees with the first recommendation, but this will require funding to update security so that each employee has an individual (office) access code. The Graduate College has requested funding for fiscal year 2015-16 to remodel and update the security controls in the office. Further, the Graduate College will request funds for updated security measures discussed such as alarm system and cameras.
- Assuming funding is available to install and implement state of the art key/code/combination control locks, the Graduate College Business Manager will ensure that a control log document will be developed to keep track of the key/code/combination assigned to each employee in GC. The control log will be kept by the Business Manager and updated whenever a change is made.
- The Graduate College Business Manager will develop and implement an onboarding checklist for new employees that includes a log of keys assigned, equipment assigned, orientation regarding the emergency plans (UCOOP and UERP), and other details such as secure access codes.

- The Graduate College Business Manager will develop and implement an exit checklist for employees leaving the Graduate College that will include the return of keys, equipment, and any other Graduate College university property.

**Implementation Date:**

February 1, 2016 (for security remodeling updates - pending funding).

August 1, 2015 for implementation of new procedures/checklists for new employees and those leaving the Graduate College.

**Responsible Auditee:**

Dr. Deborah L. Floyd, Dean of the Graduate College.

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*Enhancement of Written Security Procedures*

Based on discussions with management, we noted that the GC has both a Unit Emergency Response Plan (UERP) and a Unit Continuity of Operations Plan (UCOOP) which are updated as needed, but at least one a year. A phone tree is included in the UERP and the UCOOP plans. Additionally, the Graduate College updates their employee directory quarterly, or as needed. However, the Graduate College did not have an office security procedures document, similar to the one utilized in the FAU Office of Undergraduate Admissions, addressing issues such as the actions to be taken by departmental employees in the event of a robbery, and end-of-day steps to secure the office and its assets.

**Recommendation No. 3**

In order to promote greater security awareness, and improve the protection of personnel, monetary, and information assets of the department, we recommend that an appropriate security procedures document be developed and communicated to all GC employees. We further recommend the security procedures be reviewed with all departmental personnel on at least a semi-annual basis. To facilitate compliance, a security meeting log or other appropriate record (e.g., meeting agenda, minutes, or attendee sign-in sheet) documenting details of the security meetings, such as the dates convened, topics discussed, and names of attendees, should be maintained.

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**Management's Response**

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**Action Plan:**

- The Graduate College will develop a Security Procedures document similar to the one in place in the FAU Undergraduate Admissions Office, which includes informing new staff members of

security procedures, protocol for opening and closing office spaces, as well as the appropriate use of public versus secure spaces within the college.

- The Security Procedures Document will be included in the onboarding checklist and process for new employees and will be emailed to all employees at least once each year. Additionally, the procedure will be posted on the bulletin board in the Graduate College. And, the Security Procedures Document will be added to the UERP and UCOOP notebooks which are distributed to each employee and available electronically on the secure Graduate College shared drive.
- The Graduate College will implement a procedure whereby the Director of Enrollment Management will ensure that a security meeting is held twice per year and a log of attendees will be filed with the Graduate College Business Manager and stored on the shared Graduate College hard drive.

**Implementation Date:**

August 1, 2015.

**Responsible Auditee:**

Dr. Deborah L. Floyd, Dean of the Graduate College.

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**Corrective Action Already Taken**

*Physical Security of Money Collections on Hand*

During the course of the audit, we observed that monies on hand in the department were not stored in an adequately secure location pending deposit with the central cashier's office. The monies were kept locked in a portable key and combination safe housed in an unlocked file cabinet – accessible to all GC employees – in the office supply storage area. Given this situation, the safe itself was susceptible to theft.

After we brought this issue to the attention of GC management, we observed that access to the money and safe was changed immediately. Currently, the filing cabinet housing the portable key and combination safe where funds are temporarily stored is locked at all times, with the Graduate College Business Manager as the only employee with access to the cabinet's keys, and the key and combination to the safe. To the extent we were able to verify this corrective action had been taken prior to the completion of our fieldwork, no further action or response from management is deemed necessary.

**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, our office has not conducted any audits related to graduate admissions. Accordingly, a follow-up on prior audit findings is not applicable.

### CONCLUSION

Based on the results of the tests performed, it is our opinion that the audited graduate admissions processes were being conducted in general compliance with applicable laws, rules, regulations, policies and procedures, and sound business practices. In addition, our testwork indicated the Graduate College was generally operating in an organized, effective, and efficient manner with regard to its role in the processing and evaluation of graduate student applications. Notwithstanding this assessment, we have made several recommendations to improve internal controls – in the general areas of money collections and asset security - which we believe are cost-beneficial to implement, and will serve to further enhance the department’s operations.

We wish to thank the staff of the Graduate College for their kind cooperation and assistance which contributed to the successful completion of this audit.

A handwritten signature in cursive script that reads "Morley Barnett".

Morley Barnett, CPA, CFE  
Inspector General

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