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FLORIDA ATLANTIC
UNIVERSITY™

Office of Inspector General

Audit Report: Student Government Association
For the Fall 2008 Semester

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**REPORT ON THE AUDIT OF
STUDENT GOVERNMENT ASSOCIATION**

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FAU
OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

MEMORANDUM

TO: Frank T. Brogan
President

FROM: Morley Barnett
Inspector General



DATE: May 19, 2009

SUBJ: AUDIT OF STUDENT GOVERNMENT ASSOCIATION

In accordance with the University's Internal Audit Plan for fiscal year 2008-09, we have conducted an audit of select fiscal operations of the Student Government Association (SGA) at Florida Atlantic University. 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 current 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, as applicable.

Please call me if you have any questions.

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

EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2008-09, we have conducted an audit of select fiscal operations of the Student Government Association (SGA) at Florida Atlantic University for the Fall 2008 semester. The scope of the audit did not include, among other things, testing of payroll, pCard, and telephone expenses given that these areas are addressed during other periodic audits and/or special reviews conducted by the OIG and/or the Auditor General's Office.

Our audit objectives were to determine:

- The adequacy of internal controls over the fiscal operations of the SGA designed to ensure that budgets, expenditures, and revenues were appropriate, and properly authorized, supported, recorded, and accounted for; and,
- Compliance with applicable laws, rules and regulations, SGA and university policies and procedures, and sound business practices relating to the fiscal functions of the SGA.

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 budget, expenditure, transfer, and revenue transactions in order to determine whether control procedures were operating effectively.

Based on our observations and tests performed, we are of the opinion that the evaluated fiscal operations of the Student Government Association were being conducted in general compliance with all applicable laws, rules and regulations, SGA and university policies and procedures, and sound business practices. However, we identified several opportunities for improvement in the following areas:

- Annual budget preparation process;
- Expenditure transaction documentation and accountability; and
- Money collection procedures.

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

FAU

OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

May 19, 2009

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

Dear President Brogan:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2008-09, we have conducted an audit of select fiscal operations of the Student Government Association (SGA) at Florida Atlantic University for the Fall 2008 semester. The scope of the audit did not include, among other things, testing of payroll, pCard, and telephone expenses given that these areas are addressed during other periodic audits and/or special reviews conducted by the OIG and/or the Auditor General's Office.

Our audit objectives were to determine:

- The adequacy of internal controls over the fiscal operations of the SGA designed to ensure that budgets, expenditures, and revenues were appropriate, and properly authorized, supported, recorded, and accounted for; and,
- Compliance with applicable laws, rules and regulations, SGA and university policies and procedures, and sound business practices relating to the fiscal functions of the SGA.

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 budget, expenditure, transfer, and revenue transactions in order to determine whether control procedures were operating effectively.

We obtained an understanding of the fiscal operations of the SGA by reviewing written policies and procedures, interviewing key personnel, performing analytical reviews of selected financial information, observing actual practices, and evaluating key internal controls.

Our assessment of compliance with applicable laws, rules and regulations, and established policies and

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procedures was based on reviews of pertinent supporting documentation for judgmentally selected samples of fiscal transactions. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgement.

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

BACKGROUND

The SGA represents the student body at the university. It is responsible for providing a meaningful forum for student expression and promoting the general welfare of the student population. In order to ensure that the interests of students are represented in a fair and equitable manner, the SGA is divided into two levels; a University-Wide level to represent the interests of all FAU students, and a Campus-Based level to represent the interests of students on each individual campus grouping. Each level is comprised of an Executive Branch and Legislative Branch, along with a university-wide Judicial Branch. The Executive Branch of the SGA includes the university-wide Student Body President and Student Body Vice President, as well as the four Campus Governors. The Legislative Branch consists of the university-wide Senate and the Campus Houses of Representatives of the Boca Raton, Broward, MacArthur, and Treasure Coast campuses. The Judicial Branch consists of a Student Court of five justices which has jurisdiction over violations of the Student Body Constitution and Student Body Statutes, cases of impeachment of Student Government officials, and violations of the Student Government Code of Ethics.

The operations of the SGA are funded through the collection of Activity and Service (A&S) fees which are charged to all registered FAU students. Florida statutes require that A&S fees be expended for lawful purposes to benefit the student body in general. For the 2008/09 fiscal year, the A&S fee was \$10 per credit hour, and the total SGA expenditure budget was \$6.3 million. Totals of approximately \$5.9 million and \$337K were projected as A&S fee revenue and miscellaneous revenue respectively for the fiscal year 2008/09.

COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Need for Expanded SGA Internal Fiscal Policies and Procedures

Currently, the SGA's fiscal operations are primarily governed by Chapter 200 (*Fiscal and Finance Code*) of the Student Body Statutes, and FAU Regulation 4.006 (*Student Government and Student Organizations*), as well as relevant university policies and procedures. Notwithstanding the availability of this guidance, SGA management has elected to develop an *A&S Budget Policy Update for 2008-09* document to provide necessary supplemental support.

Our review and evaluation of the aforementioned SGA fiscal policies and procedures document indicated that it should be strengthened to provide enhanced guidance to all SGA stakeholders. Among other things, the policies and procedures could be expanded to address:

- Proper completion of departmental budget request forms;
- Departmental guidelines for preparing revenue (other than A&S fee) budget estimates;
- Internal review and approval requirements for inter-fund/intra-fund money transfers;
- Minimum procedures governing the receipt, recording, control, and safeguarding of revenue monies (other than A&S fees) collected by SG departments/agencies/programs from their business activities;
- Minimum internal controls for SG campus offices using QuickBooks (or other bookkeeping software) to account for SGA expenditures; and,
- Current website references to relevant university fiscal policies and procedures such as the Purchasing manual, WOLF manual, Accounts Payable procedures, and Payroll procedures, among others.

Recommendation No. 1

We recommend that the SGA fiscal policies and procedures document be enhanced to provide more guidance to constituents regarding the unique aspects of the SG's financial operations. Notwithstanding the availability of university fiscal policies and procedures, expanded internal SGA guidelines will help to ensure correct processing of monetary transactions across all campuses, continuity of operations, and reliable reference/training support for SGA employees.

Management's Responses

Action Plan:

The SG Accounting and Budget Office's manual will be reviewed and revised to reflect current University fiscal policies and procedures. The SG Accounting and Budget Office will also coordinate a training program to educate SG Account Managers on these policies and procedures and provide routine updates from the University Controller's Office. The SG Accounting and Budget Office will collaborate with the Student Involvement and Leadership Office to facilitate a student clubs and organizations' training for club leaders.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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Improvement Needed in Annual SGA Budget Preparation and Recording Processes

Student Body Statute *Chapter 200: Fiscal and Finance Code* documents the budget preparation and approval processes for the annual SGA budget, including budgets for Activity and Service (A&S) fees, university-wide expenditures, and campus-based expenditures. The A&S fee (\$10 per credit hour) is collected as a component of tuition and fees. The expenditure allocation of A&S fee revenue is determined by the Student Senate for university-wide expenses and the individual Campus Houses of Representatives for their respective campuses. The annual SGA budget, including budgets for university-wide and campus-based accounts are required to be reviewed and approved by appropriate SGA personnel and university officials, including the University President. In addition, certain SG departments will generate revenue – other than A&S fees – from their business operations during the fiscal year.

Based on compliance testing performed on a judgmentally selected sample of 25 budgetary allocations (17 expenditure allocations totaling \$2,552,301 and *eight* revenue allocations – other than A&S fees - totaling \$336,934) from the SGA budget for fiscal year 2008/09, we noted the following exceptions:

- For *one* of 17 expenditure allocations in the amount of \$352,254 (organization code D00702), the initial budget amounts posted to the budgetary accounts of the organization code on the Banner Finance system did not agree with the amounts approved by the budget committee;
- For *six* of 17 expenditure allocations totaling \$944,010 (organization codes S00103, S00308, S00311, S00330, S00343, and S00520), the budget committee approval sheets indicated the total amounts approved, but did not show a breakdown of the amounts for the individual budgetary accounts (i.e., expenses, salaries & benefits, and OPS/temporary employees). As such, we were unable to determine if the initial budget amounts posted to the budgetary accounts of the applicable organization codes on the Banner Finance system were accurate;
- For *one* of the abovementioned six expenditure allocations in the amount of \$112,750 (organization code S00103), the budget rider indicated on the budget committee approval sheet was not indicated on the budget document;
- For *one* of 17 expenditure allocations in the amount of \$854,806 (organization code S00758), the budget committee approval sheet indicated a consolidated total amount (\$1,578,209) approved for organization codes S00783, S00758, S00759, and S00760. As such, we were unable to verify the total amount approved for organization code S00758 and determine if the initial budget amounts posted to the budgetary accounts of this organization code on the Banner Finance system were accurate;
- For *one* of 17 expenditure allocations in the amount of \$375,000 (organization code S00520), the budget allocations did not agree with the initial budget amounts posted to the budgetary accounts of the organization code on the Banner Finance system;
- For all *eight* revenue allocations totaling \$336,934, there was no supporting documentation - such as properly completed budget request forms - and the budgeted revenue (for each

organization code) was not approved by the appropriate budget committee. In addition, an analysis of the entire revenue (other than A&S fees) budget indicated that it was materially overstated and only a minor percentage of the projected revenue was likely to be collected by the end of the current fiscal year;

- For all *eight* revenue organization codes, the initial budget amounts posted to the expenditure budgetary accounts of the organization codes on the Banner Finance system were not indicated on the budget document or supported by budget request forms;
- There was no supporting documentation for the *Prior Spending Authority (07-08)* amount (\$991,622) indicated on the budget document;
- The *Broward Student Government Revenue* fund code (STGV10) had a negative fund balance of \$1,869.92 as of 3/16/09. In addition, an expense of \$1,870.20 was incurred despite the lack of an expenditure budget for the fund; and,
- The *Broward Owl Productions Revenue* fund code (STGV11) – which had a fund balance of \$9,357.66 as of 3/16/09 – had revenue transactions (\$145) despite the lack of a revenue budget for the fund for fiscal year 2008/09.

Recommendation No. 2

We recommend management ensure the following:

- A budget & appropriations committee approval sheet – indicating a breakdown of the amounts approved for the individual budgetary accounts - is completed for all organization codes with budgeted revenues and expenditures;
- The amounts approved by the budget committee agree to the budgetary allocations (per the budget document) and are accurately posted to Banner Finance;
- Expenditure budget allocations for the revenue organization codes are indicated on the budget document;
- Supporting documentation is retained for any *Prior Spending Authority* amounts indicated on future annual SGA budgets;
- The negative fund balance in the *Broward Student Government Revenue* fund (STGV10) is corrected;
- Appropriate budgetary allocations are made for all STGV funds which anticipate revenue/expenditure transaction activity; and,
- To improve forecast accuracy, all revenue (other than A&S fees) budgetary allocations are supported by historical analyses and budget request forms.

Management's Response

Action Plan:

The University-wide and campus budget and appropriation committees' approval sheets, including a breakdown of the amounts approved for the individual accounts, will be completed with organizational codes and budgeted reserves, revenues, and expenditures. The approved budget, by the budget and appropriation committees, will be consistent with the "printed report" and accurately posted on Banner Finance. All supporting documents will be provided for expenses, projected revenues and reserves, and prior year spending authority that will be indicated in the "printed report" and Banner Finance. A more conservative methodology and historical analyses will be used to forecast revenues from areas such as tickets sales, services, and revenue generating ventures. A detailed standardized form will be created to forecast and capture potential revenues.

A budget workshop sponsored by the SG Accounting and Budget Office, Student Involvement and Leadership and Council of Student Organizations (COSO) will be required to educate account managers and student leaders. These workshops will be completed in the end of the fall semester, or as indicated in the SG Budget construction timeline.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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Untimely Submission of WOLF TARs

Under current university procedures, electronic travel authorization requests (TARs) for travelers are required to be submitted on the WOLF system prior to the commencement of travel. In addition, both manual and electronic travel reimbursement vouchers (as applicable) for travelers are required to be submitted within 60 days of completion of travel **or** 30 days of completion of travel if the traveler received a travel advance. Pursuant to the *A&S Budget Policy Update for 2008-2009* document, all TARs for SGA travelers are required to be approved by the (Senior) Vice President for Student Affairs.

Compliance testing of a judgmentally selected sample of *seven* travel expenditures and *one* encumbered payment to a travel vendor (a total of \$1,257.02) for the period 8/1 – 12/31/08, resulted in the following reportable documentation issues:

- For *six* travel expenditures totaling \$1,081.01 (organization codes S00113, S00145, S01300, and K00701), the electronically submitted TARs completed for the *six* travelers who incurred the expenses were not approved by the traveler's supervisor and an authorized

signor on the organization code to be charged with the expenses *prior to travel*, and the justifications for late submittal were considered insufficient;

- For the encumbered payment to the travel vendor in the amount of \$79 (organization code S00520), neither the purchase requisition (for the blanket purchase order) nor the vendor's invoice supporting the expenditure had been approved by the appropriate campus SG advisor and the Senior Vice President for Student Affairs; and,
- For *one* of the abovementioned travel expenditures in the amount of \$168.21 (organization code K00701), the TAR was not reviewed and approved by the Senior Vice President for Student Affairs.

Recommendation No. 3

We recommend that management remind all SG departments of the importance of submitting TARs for their travelers prior to travel. WOLF initiators should have valid written justifications for late submittal if an electronic TAR for a traveler cannot be generated prior to commencement of travel.

Management's Response

Action Plan:

All travelers on SG funded business trips will comply with FAU travel policies and SG Accounting and Budget Office policies and procedures manual. Travelers will be required to request for travel in advance and present all appropriate and valid documentation prior to travel. WOLF initiator will have valid written justification for late submittal if an electronic TAR for a traveler cannot be generated prior to travel. The SG Accounting and Budget Office, Student Government and SG Advisors will create blanket TARs for student elected officials for business related travel.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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Expenditure Transaction Approval Deficiencies

FAU Regulation 4.006, *Student Government and Student Organizations*, requires all Student Government purchases, contracts, expenditures, and disbursements to be made in accordance with university procedures. In addition, SGA management has established internal practices and procedures which require the supporting documents (i.e., purchase requisitions/check request forms/expense justification forms) for all expenditures to be approved by a separate account signor and SG campus advisor, and the Senior Vice President for Student Affairs.

Compliance testing of a judgmentally selected sample of 37 *other operating* expenditures totaling \$160,627.62 for the period 8/1 – 12/31/08, resulted in the following reportable documentation issues:

- For *one* expenditure in the amount of \$400 (organization code S00520), the vendor was paid prior to the department's receipt of the services;
- For *three* expenditures totaling \$3,432.39 (organization codes J01103, S00317, and S00757), the purchase orders were issued after the university's receipt of the goods/services and/or invoices. The purchase orders were issued 25, 11, and 334 days respectively after receipt of the goods/services;
- For *one* expenditure in the amount of \$2,700 (organization code S00324), the purchase order was issued four days after the receipt of the goods;
- *Eight* expenditures totaling \$26,856.25 (organization codes J01103, J01107, T01110, J01113, and K01102) had not been reviewed and approved by the Senior Vice President for Student Affairs; and,
- *Nine* expenditures totaling \$21,837 (organization codes S00307, S00311, and S00520) had not been reviewed and approved by the campus SG advisor and Senior Vice President for Student Affairs, and had not been processed through the SG Accounting & Budget Office.

Recommendation No. 4

We recommend that management remind all SG departments of the importance of submitting approved requisitions for purchase orders prior to accepting receipt of goods/services and incurring obligations to pay vendors. We further recommend that all departments comply with existing internal practices and procedures relating to the requisite management review and approval of SG expenditures.

Management's Response

Action Plan:

This is a continuing concern that we grapple with each year. The SG Accounting and Budget Office policies and procedures manual, Student Involvement and Leadership's student clubs and organizations manual, and University Regulation 4.006 will enforce proper requisite management review and approval of SG expenditures. Any failure to comply with or violate these policies and procedures will subject the individual or student organization(s) to be referred to the Associate Vice President and Dean of Students Office for university action and potential sanctions.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

Inter-Fund Transfer Approval Documentation Deficiencies

Inter-fund cash transfers are transfers of monies from one fund to another fund via approved journal entry or expenditure transfer forms. SGA management has established internal practices which require outgoing transfers of monies from a SGA fund to another fund to be approved by a separate account signor and SG campus advisor, and the Senior Vice President for Student Affairs. In addition, these transfers are required to be reviewed and processed through the appropriate campus SG Treasurer's Office or the SG Accounting & Budget Office (as appropriate), with the approval of the SG campus advisor and the Senior Vice President for Student Affairs being documented on the journal entry/expenditure transfer form *and/or* an expense justification form.

Compliance testing of a judgmentally selected sample of *eleven* outgoing inter-fund cash transfers totaling \$519,007.50 for the period 8/1 – 12/31/08, resulted in the following reportable documentation issues:

- For *four* transfers totaling \$6,870.50 (charged to organization codes J01107, K00701, S00309, and S00324), there was no documented evidence of approval by the Senior Vice President for Student Affairs;
- *Two* transfers totaling \$16,700 were not reviewed and approved by an authorized signor (on the organization codes S00324 and S20012 that were charged);
- The *two* abovementioned transfers (totaling \$16,700), as well as *two* other transfers totaling \$1,474 (organization code S00520), had not been processed through the SG Accounting & Budget Office, and there was no documented evidence of approval by the SG campus advisor and the Senior Vice President for Student Affairs; and,
- For *two* transfers totaling \$2,963 (organization codes S00154 and S00306), there was no documented evidence of approval by the SG campus advisor and the Senior Vice President for Student Affairs.

Recommendation No. 5

We recommend SG management ensure that all inter-fund cash transfers of SGA monies are reviewed and approved by an authorized signor (on the SG organization code charged); processed through the applicable SG campus office; and, supported by the documented approval of the appropriate SG campus advisor and the Senior Vice President for Student Affairs.

Management's Response

Action Plan:

The SG Accounting and Budget Office will ensure that all inter-fund cash transfers of SG funds are reviewed and approved by an authorized signor (on the SG organization code charged); processed through the applicable SG campus office; and, supported by the documented approval of the appropriate SG campus advisor and the Senior Vice President for Student Affairs or designee.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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Incomplete Compliance with Statutory Requirements for SGA Reserve Funds

Pursuant to Chapter 212 (*Vice President for Student Affairs Reserve Account*) of the Student Body Statutes, the (Senior) Vice President for Student Affairs is required to maintain an A&S (activity and service) fee-funded reserve account (fund) to be used for cash flow needs, enrollment shortfalls, and budgetary emergencies. This A&S fee reserve is required to be maintained at a level no less than ten percent (10%) of the annual (SGA) budget.

Pursuant to Chapter 213 (*Campus Student Union and Campus Recreation Reserve Accounts*) of the Student Body Statutes, each student union and campus recreation facility is to set aside a minimum of five percent (5%) of the (annual) cost of operating the facility in a replacement and renovation (R&R) account (fund) starting in fiscal year 2007/08 and continuing each fiscal year thereafter. These R&R reserve accounts (funds) are required to be used for depreciation of the respective facilities and budgetary emergencies, as well as for repair and replacement of furniture and equipment.

Testing of the SGA's eight facility replacement and renovation reserve funds (STGV16, STGV17, STGV18, STGV19, STGV20, STGV21, STGV22, & STGV23) and A&S fee reserve fund (STGV24), to determine compliance with the aforementioned SGA statutes resulted in the following deficiencies:

- No transfers of at least the minimum amounts (5% of the annual cost of operating the facility) had been made to any of the *eight* R&R reserve funds during the current (2008/09) fiscal year, *as of 2/28/09*. In addition, the SGA budget for fiscal year 2008/09 did not include allocations to fund (at least) the minimum required amounts - based on the requisite supporting computations - for the *eight* R&R reserve funds;
- No transfers of at least the minimum amounts (5% of the annual cost of operating the facility) were made to *six* of the R&R reserve funds during the 2007/08 fiscal year. In

addition, the SGA budget for fiscal year 2007/08 did not include allocations to fund (at least) the minimum required amounts - based on the requisite supporting computations - for any of the *eight* R&R reserve funds. The reserve amounts transferred to *two* of the R&R reserve funds (STGV18 & STGV23) during fiscal year 2007/08 were funded by A&S fee monies and approved by SGA management but were not supported by the requisite computations or the appropriate budgetary authority;

- Although all *eight* R&R funds had reserve balances as of 2/28/09, we noted these balances were based on transfers of A&S fee monies which had occurred during fiscal years 2006/07 (when different SGA statutory requirements were in effect) and/or 2007/08. These transfers - although approved by SGA management - did not *all* represent statutory R&R reserve transfers. A total of \$783K had been transferred to the STGV21 fund during fiscal years 2006/07 and 2007/08 to finance the future purchase of furniture, fixtures, and equipment for the new Boca Raton campus recreation center, and a total of \$314,072 had been transferred to the STGV17 fund during fiscal year 2007/08 to finance the future purchase of furniture, fixtures, and equipment for the new Davie campus student union facility;
- Neither the current balance (\$239,000) as of 2/28/09, nor the fiscal year 2007/08 balance (\$239,000), of the A&S fee reserve fund represented at least 10% of the SGA budgets for fiscal years 2008/09 & 2007/08 respectively. In addition, the SGA budgets for fiscal years 2008/09 & 2007/08 did not include allocations to fund (at least) the minimum required amounts - based on the requisite supporting computations - for the A&S fee reserve fund; and,
- The current balance of the A&S fee reserve fund was based on transfers of A&S fee monies which had occurred during fiscal year 2006/07. These transfers - although approved by SGA management - were not supported by the requisite computations or appropriate budgetary authority.

The current (2/28/09) balances of all the reserve funds are as follows:

<u>SG Fund</u>	<u>Fund Name</u>	<u>Fund Type</u>	<u>Fund Balance (as of 2/28/09)</u>	<u>Reserve Component of Fund Balance</u>	<u>Fund Balance Allocated to Furniture, Fixtures, & Equipment Purchases for New Facilities</u>
STGV16	Boca Raton Student Union	Facility R&R	\$50,000	\$50,000	N/A
STGV17	Davie Student Union	Facility R&R	\$324,072	\$10,000	\$314,072
STGV18	Jupiter Burrow Student Union	Facility R&R	\$19,000	\$19,000	N/A
STGV19	Ft. Lauderdale Activity Center	Facility R&R	\$15,000	\$15,000	N/A
STGV20	Treasure Coast Activity Center	Facility R&R	\$10,372.25	\$10,372.25	N/A
STGV21	Boca Raton Campus Recreation	Facility R&R	\$728,871.06	\$25,000	\$703,871.06
STGV22	Davie Campus Recreation	Facility R&R	\$25,000	\$25,000	N/A
STGV23	Jupiter Campus Recreation	Facility R&R	\$19,000	\$19,000	N/A
STGV24	Activity & Service Fee Reserve	A&S Fee Reserve	\$239,000	\$239,000	N/A

Recommendation No. 6

We recommend management ensures that the facility replacement and renovation (R&R) reserve

funds, and the A&S fee reserve fund, are maintained in accordance with the applicable statutory requirements. Future reserve fund transfers should be supported by the requisite computations as well as budgetary allocations in the annual SGA A&S fee budget. In addition, A&S fee monies intended to finance the future purchase of furniture, fixtures, and equipment for new campus student

union or campus recreation facilities should not be commingled with the SGA's facility R&R reserve funds. Any operationally-necessary deviations from compliance with the SGA's statutory reserve fund requirements should be supported by written justifications signed-off by appropriate SGA management and university officials.

Management's Response

Action Plan:

The University Regulation 4.006 and SG Chapter 200 will be revised to be clear and consistent on policies and procedures for the SG facility replacement and renovation (R & R) reserve funds and university-wide A&S fee reserve accounts. We will ensure compliance with these revised and applicable statutory and regulatory requirements. All reserve fund transfers will be supported by the requisite computations as well as budgetary allocations in the annual SG Activities and Service (A&S) fee budget. The SG facility R&R reserve funds will not be commingled with expense and revenue accounts and will be reported as separate items in the SG A&S fee budget. Any operationally-necessary deviations from compliance with the SG statutory reserve fund requirements will be supported by written justification and signed-off by appropriate SG management and university officials.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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Money Collection Accountability Deficiencies

We noted that certain SG departments will generate revenue – other than A & S fees – from their business operations during the fiscal year. Compliance testing of all *eleven* revenue collections totaling \$14,825.62 for the period 8/1 – 12/31/08 from *three* departments (Owl TV, Boca Program Board, and Broward Owl Productions), resulted in the following reportable documentation issues:

- For all *three* departments, checks totaling \$11,985.62 received as payment were not restrictively endorsed immediately upon receipt because of the unavailability of a bank deposit stamp in the departments. Rather, the checks were delivered to the cashier's office where they were endorsed and processed. In addition, the aforementioned checks were not recorded on appropriate money collection logs which indicated how the funds were received

(walk-in vs. mail), when the funds were received, and the signature/initials of the recipient/preparer and a reviewing supervisor;

- For the tested deposits of the Owl TV and Broward Owl Productions departments, and *one* tested deposit of the Boca Program Board, we were unable to determine if the collections totaling \$4,551.60 were deposited to the cashier's office within five business days after receipt by the department because of incomplete records. In addition, the SG departmental employees who delivered the money deposits to the central cashier's office did not sign/initial an appropriate deposit transmittal record to acknowledge receipt of the funds;
- For the Owl TV department, the reconciler of the money collection records to the applicable Banner Finance *Organization Detail Activity* reports and cashier's office receipts did not sign/initial and date the Banner reports to document the reconciliations, and the reconciler was not independent of money handling and processing;
- *One* check deposit for the Boca Program Board was not deposited to the central cashier's office within five business days after receipt by the department. The deposit in the amount \$7,423.76 was not remitted until ten business days after the collections were received by the department;
- For the Boca Program Board and Broward Owl Productions departments, periodic reconciliations of the money collection records to the applicable Banner Finance *Organization Detail Activity* reports and cashier's office receipts, to ensure that all collections were accurately posted to the university's accounting records, were not being performed and documented;
- For Broward Owl Productions, the transfer of checks totaling \$105 between departmental employees was not documented via a properly signed/initialed transfer document in order to maintain accountability; and,
- The revenue (\$105) for Broward Owl Productions was posted to a SG organization code which was not budgeted to receive revenue from business operations.

Recommendation No. 7

We recommend that all SG departments which collect revenue (other than A&S fees) – in the form of cash/checks - ensure the following:

- A bank deposit stamp is obtained and all checks are restrictively endorsed with the stamp promptly upon receipt;
- All monies (cash/checks) received are recorded on an appropriate money collections log which indicates how the funds were received (walk-in vs. mail), when the funds were received, and is signed/initialed by the recipient/preparer and a reviewing supervisor;
- The SG departmental employee who delivers the money deposits to the cashier's office signs/initials an appropriate deposit transmittal record to acknowledge receipt of the funds;

- Reconciliations of money collection records to the Banner Finance *Organization Detail Activity* reports and cashier's office receipts are performed and properly documented by a SG employee who is independent of money handling and processing;
- Money collections are delivered to the cashier's office within five business days after receipt by the department;
- A properly signed/initialed transfer document is maintained to evidence the transfer of collections between departmental employees in order to maintain accountability; and,
- Appropriate budget allocations are made for all STGV funds which anticipate revenue transaction activity.

Management's Response

Action Plan:

The SG Accounting and Budget Office policies and procedures manual will be revised and updated to reflect acceptable minimum guidelines in accordance with the auditor's recommendations.

Implementation Date:

January 15, 2010

Responsible Auditee:

Office of the Dean of Student Affairs

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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.

Within the past three years, our office has not conducted any audits related to the Student Government Association. Accordingly, a follow-up on prior audit findings is not applicable.

CONCLUSION

Based on our observations and tests performed, we are of the opinion that the evaluated fiscal operations of the Student Government were being conducted in general compliance with all applicable laws, rules and regulations, policies and procedures, and sound business practices. Notwithstanding this assessment, we have made several recommendations that we believe will improve the level of

fiscal oversight and accountability for the SGA. It is our belief that existing control weaknesses can be readily corrected in order to cost-effectively improve the overall internal control environment and enhance the mission of the Student Government Association.

We wish to thank the staffs of the Office of the Dean of Students and the Student Government Accounting and Budget Office, as well as SG advisory personnel from the various campuses, for their 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