FAU
BOARD OF TRUSTEES
Florida Atlantic University

Item: AF: I-1b

AUDIT AND FINANCE COMMITTEE

Wednesday, October 22, 2008

SUBJECT: REVIEW OF SUMMARY OF FOLLOW-UP ON AUDIT RECOMMENDATIONS SCHEDULED TO BE IMPLEMENTED DURING THE PERIOD OF APRIL 1 THROUGH JUNE 30, 2008.

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 June 30, 2008, we reviewed a total of 24 audit recommendations resulting in the following conclusions:

- 11 recommendations were deemed to be fully implemented;
- 12 recommendations were partially implemented; and,
- 1 recommendation had not been effectively implemented

We have obtained new expected implementation dates from the auditees responsible for all partially implemented and not 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 04/01/08 – 06/30/08

IMPLEMENTED (11)

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
FAU – Operational Audit	AG08-048	2.3	Decentralized Collections – Pharmacy	Cathie Wallace	Dr. Charles Brown	N/A	N/A
FAU – Operational Audit	AG08-048	10	Cellular Telephones	Dr. Ken Jessell	President Frank Brogan	N/A	N/A
FAU – Operational Audit	AG08-048	15	Pharmaceutical Inventory	Cathie Wallace	Dr. Charles Brown	N/A	N/A
FAU – Operational Audit	AG08-048	16	Property Inventory and Accountability	Stacey Semmel	Dr. Ken Jessell	N/A	N/A
FAU – Operational Audit	AG08-048	21	Physical Controls	Dr. Jeff Schilit	Dr. John Pritchett	N/A	N/A
Athletics Ticket Revenue	FAU04/05-6	3.7	Non-Verification of Employee Payroll Deductions for Football Season Ticket Purchases	Michael Boele	Craig Angelos	N/A	N/A
Travel	FAU05/06-3	4	Inadequate Centralized Monitoring of Outstanding Travel Advances	Stacey Semmel	Dr. Ken Jessell	N/A	N/A
Traffic and Parking Services	FAU06/07-2	3.6	Lack of Independent Follow-up on Delinquent Customer Accounts	Charles Lowe	Dr. Ken Jessell	N/A	N/A
Lifelong Learning Society	FAU07/08-4	3.1	Untimely Endorsement of Payment Checks Received – LLS Treasure Coast	Derek Gisburne	Gerri McPherson	N/A	N/A
Lifelong Learning Society	FAU07/08-4	10.2	Inadequate Physical Security for Class Admission Ticket “LLS” Stamps – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	N/A	N/A
Lifelong Learning Society	FAU07/08-4	12.2	Non-Use of Employee Key and Combination Control Logs – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	N/A	N/A

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PARTIALLY IMPLEMENTED (12)

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
FAU – Operational Audit	AG08-048	2.1	Decentralized Collections – Campus Recreation	Eric Hawkes	Dr. Charles Brown	Management needs to ensure that money collections are delivered to the cashier's office within five business days after receipt, and the *Departmental Bulk Deposit* forms are always signed/initialed and dated by a preparer, a reviewer, and the employee who delivers the deposit to the cashier's office.	10/31/08
FAU – Operational Audit	AG08-048	12	Insurance Coverage	Dr. Ken Jessell	President Frank Brogan	To ensure that the insurance coverage on each building does not exceed the actual cash value, independent commercial real estate appraisers need to evaluate the buildings on all the campuses.	01/01/09
FAU – Operational Audit	AG08-048	14	Institutes and Centers Reporting	Dr. Howard Hanson	Dr. John Pritchett	The Institute/Center Directors need to submit their financial information to the Board of Governors database, which is anticipated to be in December 2008.	12/31/08
Federal Awards	AG08-141	1	Allowable Costs/Cost Principles – Time-and-Effort	Edwin P. Bemmel	Dr. Michael Moriarty	A Time-and-Effort reporting system that complies with OMB Circular A-21 needs to be acquired; related policies and procedures need to be established.	06/30/09
Construction	FAU07/08-2	4	Unlocated/Incomplete Trade Contractor Records	Robert Richman	Tom Donaudy	Management needs to ensure that the FAU Bid Tabulation Sheet is always used to document trade contractor bids; the subcontract award recommendation letters reconcile to the bid tabulation sheets; all required attendees at the bid openings sign the bid tabulation sheets; and, trade contracts are always awarded to the lowest qualified bidder, all other things being equal.	12/31/08

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PARTIALLY IMPLEMENTED (continued)

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
Construction	FAU07/08-2	5	Incomplete Verification of Licenses and Insurance for Subcontractors	Robert Richman	Tom Donaudy	Management needs to revise the current policy and procedure (E&U #11) to indicate that the Division of Facilities should monitor construction managers to ensure they only execute trade contracts with bidders who are appropriately licensed, bonded (as applicable), and insured.	12/16/08
Lifelong Learning Society	FAU07/08-4	3.2	Untimely Endorsement of Payment Checks Received – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	No checks were received as payment for guest passes during the summer. The OIG will review checks received as payment for guest passes during the Fall 2008 term to verify that they are restrictively endorsed with the department's bank deposit stamp promptly upon receipt.	09/30/08
Lifelong Learning Society	FAU07/08-4	4.2	Inadequate Accountability for LLS Monies Delivered to the Campus Cashier's Office – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	No fees for registration, membership, or guest passes were collected during the summer. The OIG will review the Cash Receipt Summary Reports for Fall 2008 term to verify that they were signed/initialed and dated by the LLS Jupiter employee who delivered the money deposits to the Jupiter cashier's office.	09/30/08
Lifelong Learning Society	FAU07/08-4	5.2	Undocumented Reconciliation of Guest Pass Fee Monies – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	There were no classes for the summer. The OIG will review the guest pass lists for Fall 2008 term to verify that they properly document the reconciliation process.	09/30/08

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Lifelong Learning Society	FAU07/08-4	9.2	Inadequate Physical Security for Checks/Credit Card Information – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	There were no money items in the file cabinet to review for the summer. The OIG will observe whether the computer room door is locked at all times and the restrictively-endorsed checks and credit card information in the file cabinet are adequately secured during the Fall 2008 term.	09/30/08
Lifelong Learning Society	FAU07/08-4	10.1	Inadequate Physical Security for Class Admission Ticket "LLS" Stamps – LLS Boca Raton	Virginia Huntzinger	Dr. Norman Kaufman	The employee who maintains the key to the locked desk drawer where the two "LLS" stamps are kept was on vacation until September 2008. The OIG will observe the location of the "LLS" stamps during the Fall 2008 term.	09/30/08
Lifelong Learning Society	FAU07/08-4	11	Inadequate Physical Security for Unissued Parking Permits – LLS Jupiter	Rene Friedman	Dr. Kristen Murtaugh	There were no parking permits in the file cabinet to review. The OIG will observe whether the computer room door is locked at all times and the unissued parking permits in the file cabinet are adequately secured during the Fall 2008 term.	09/30/08

NOT IMPLEMENTED (1)

AUDIT TITLE	AUDIT REPORT #	AUDIT RECOMMENDATION #	COMMENT TITLE`	AUDITEE	RESPONSIBLE MANAGER	PENDING ISSUES	NEW EXPECTED IMPLEMENTATION DATE
NCAA Compliance - Recruiting	FAU06/07-3	3	Lack of Sufficient Compliance Personnel to Monitor the Recruiting Process	Ed Hayward	Craig Angelos	The State of Florida budget situation needs to improve before adequate funding may become available to increase the staffing for the Compliance Office as a means of better ensuring compliance with NCAA regulations.	07/01/09