

# FLORIDA STATE UNIVERSITY

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## Operational Audit

For the Fiscal Year Ended  
June 30, 2009



## BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

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Dr. Eric C. Walker from 4-18-09 (1)

Dr. T. K. Wetherell, President

Notes: (1) Faculty senate chair.  
(2) Student body president.

The audit team leader was Kimberly S. Ferree, CPA, and the audit was supervised by Cheryl B. Pueschel, CPA. For the information technology portion of this audit, the audit team leader was Bill Allbritton, CISA, and the supervisor was Nancy Reeder, CPA, CISA. Please address inquiries regarding this report to James R Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## FLORIDA STATE UNIVERSITY

### SUMMARY

Our operational audit for the fiscal year ended June 30, 2009, disclosed the following:

**Finding No. 1:** The University needed to improve its procedures for identifying courses and correctly charging students who are subject to repeat enrollment fees.

**Finding No. 2:** The University did not adequately monitor compliance with auxiliary food services, vending, and bookstore contract provisions related to commissions and insurance requirements.

**Finding No. 3:** Contrary to law, the University did not always provide individuals with a copy of a written statement explaining the purpose for the collection and use of social security numbers.

**Finding No. 4:** Certain information in the University's annual reporting to the Board of Governors for its institutes and centers was incorrect.

**Finding No. 5:** The University needed to improve controls over its purchasing card program.

### BACKGROUND

Florida State University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The faculty senate chair and student body president also are members.

The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

The results of our financial audit of the University for the fiscal year ended June 30, 2009, will be presented in a separate report. In addition, the Federal awards administered by the University are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2009, will be presented in a separate report.

### FINDINGS AND RECOMMENDATIONS

#### **Finding No. 1: Repeat Enrollment Fees**

Section 1009.285, Florida Statutes, states that unless granted an exception due to extenuating circumstance, a student enrolled in the same undergraduate college-credit course more than twice, is required to pay tuition (repeat enrollment fee) to cover 100 percent of the full cost of instruction. Any exception granted would require approval in accordance with the University's Board of Trustees' policies. The University's policy generally considers students as enrolled in the course and fee liable after the fourth day of classes when the add/drop period ends for schedule changes.

The Registrar's Office identifies students enrolled in courses that are subject to the repeat enrollment fee and provides this information to the Central Cashiering Office for collection. The Registrar's Office identified 1,322 students for

the Fall 2008 and Spring 2009 terms, subject to the repeat enrollment fee. Waivers were granted to 351 students, while 971 students were charged the repeat enrollment fee assessed at \$175.84 per credit-hour.

We reviewed the enrollment files for five students identified by the Registrar's Office as being subject to the repeat enrollment fee. The University granted fee waivers to two of the five students, based on their appeal and approval in accordance with University policy. However, for the three remaining students, enrollment files indicated that fees were assessed as a repeat enrollment fee, in error. These students had not been previously enrolled in, or fee liable for the respective courses twice before.

University personnel stated that the computer program used to identify courses subject to the repeat enrollment fee contained an error, resulting in the inclusion as a repeat enrollment for courses that were added but subsequently dropped during the schedule change period for both the Fall 2008 and Spring 2009 terms. This resulted in the University collecting the repeat enrollment fee for some students in error.

The University reviewed enrollment files and determined that a total of 513 students from the Fall 2008 and Spring 2009 terms were assessed and overcharged a total of \$262,002, in repeat enrollment fees. Subsequent to our inquiry, the repeat enrollment fee overcharges were refunded to the applicable students.

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**Recommendation:** The University should enhance and monitor procedures to ensure that repeat enrollment fees are charged only to applicable students.

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**Finding No. 2: Auxiliary Food Services, Vending, and Bookstore Contract Monitoring**

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The University contracted for the operation of its food services, snack and soft drink vending, and bookstore with four private contractors. Written agreements with the contractors contained numerous terms and conditions, which described the responsibilities of the parties related to commission and rent, insurance, accounting records, and audits. The University received commissions and rental income for these services totaling approximately \$3 million for the 2008-09 fiscal year.

Our review disclosed that the University had not established adequate procedures for monitoring compliance with the terms and conditions of these agreements, as follows:

- All four contractors' agreements provided that the University could review the contractors' records. However, University personnel indicated that they had only reviewed monthly or yearly financial reports provided by the contractors and had not examined contractors' records to determine the validity of the reports.
- The soft drink vending contractor agreement provided for a minimum guaranteed commission of \$380,000, and provided for a monthly accounting of sales and moneys to the University. Our review of the soft drink vending contractor's file with the University indicated that the last monthly accounting of sales and moneys provided to the University was for November 2006.
- The food services, snack vending, and bookstore agreements required the contractors to provide proof of insurance; and that all required insurance policies name the University, Board of Trustees, and State of Florida as additional insureds. Our review of the insurance certifications on file indicated that the food services contractor did not name the University, Board of Trustees, and the State of Florida as additional insureds on their insurance policies.

In the absence of periodic verification of contractor records and monthly accounting of soft drink vending sales from the contractor, the University cannot be assured they have received all commissions to which they are entitled. In

addition, without documentation to evidence they are included as an additional insured on the contractors' insurance policies, the University is at an increased risk of loss under these agreements.

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**Recommendation:** The University should enhance its procedures for monitoring contactors' compliance by reviewing contractor records supporting commissions and fees paid. In addition, the University should ensure that the University, Board of Trustees, or the State of Florida are named as an additional insured on all insurance required under the terms of the contracts.

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### **Finding No. 3: Collection of Social Security Numbers**

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Sections 119.071(5)(a)2. and (a)3., Florida Statutes, provides that agencies may collect an individual's social security number (SSN) when it is specifically authorized by law or it is imperative for the performance of their duties and responsibilities. The Statute further requires the agency to provide the individual with a copy of a written statement explaining the purpose and use of the collection of an individual's SSN. Section 119.071(5)(a)4., Florida Statutes, requires agencies to review whether its collection of SSNs is in compliance with the requirements noted in Section 119.071(5)(a)2., Florida Statutes, and to immediately discontinue the collection of SSNs if the agency determines they are not in compliance. The University has established Policy OP-H-12, Primary Identifier Policy to provide for safeguarding of SSNs and eliminate of the use of SSNs as a primary identifier. To accomplish this, the University provides that a unique identifier be used in place of a SSN for the conduct of routine University business. Our review disclosed that University procedures generally provided for compliance with applicable laws and University policy regarding the collection of SSNs. However, we did note one campus function where SSNs were collected, but the individuals were not notified of the purpose for which this information was collected.

The University requires students, employees, and vendors doing business with the University to obtain an FSUCard to be used as a method of identification for persons on campus and to access various information applications and campus locations. The FSUCard may also be used as a debit card by the cardholder for certain purchases with the University. Individuals receiving an FSUCard must fill out an FSUCard Agreement form, which requests the applicant to provide either the FSU student number, if applicable, or their SSN. University personnel indicated that when the FSUCard Agreement form was completed by an applicant using their SSN, contrary to the requirement of Sections 119.071(5)(a)2. and (a)3., Florida Statutes, the FSUCard Center did not provide the applicant with the required written disclosure explaining the purpose for its collection, including an assurance that the collection will not be used by the agency for any purpose other than the purpose provided.

The collection and storage of SSNs, when not necessary in the performance of the agency's responsibilities, increases the risk that this information can be inappropriately disclosed or used to perpetuate a fraud.

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**Recommendation:** The University should strengthen procedures over its collection of SSNs and ensure compliance with applicable laws regarding the required disclosure when collecting SSNs. If the University determines it is not in compliance, it should immediately take steps to discontinue the collection of SSNs pursuant to Section 119.071(5)(a)4., Florida Statutes.

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### **Finding No. 4: Institutes and Centers Reporting**

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Universities establish institutes and centers to coordinate intra- and inter-institutional research, service, or educational and training activities that supplement and extend existing instruction, research, and services. The Board of Governors (BOG) has established policy guidelines for approving, classifying, operating, reviewing, and disbanding

university institutes and centers. These guidelines require each university to annually report, via an on-line reporting system, the number of full-time equivalent positions (FTE) by funding source and type of position, actual expenses by funding source for the previous year, and estimated expenses for the current fiscal year, as well as other information for all the institutes and centers at the University.

The University was required to report the 2007-08 fiscal year information to the BOG for 95 institutes and centers by September 30, 2008. Our review of the information included in the University's reports for five institutes and centers disclosed several instances of inaccurate or incomplete information, examples of which are disclosed below:

- Vacant positions that are assigned to the institutes and centers should be reported, even if there are no expenses being reported. One center indicated that the positions reported did not include 13 vacant positions on either the actual expense or the estimated expense forms.
- One center reported 24 FTE while supporting documentation indicated it should have reported 28.75 FTE.
- Only expenses from funds that come directly from the institutes' and centers' budgets should be reported. One institute reported in the private and other category \$212,691 that did not come directly from the institute's budget.
- The total for the reported actual and estimated expense should be the aggregate total for all of the universities affiliated with the institutes and centers. One center's 2007-08 fiscal year annual report did not list the University as an affiliated institution but, rather, listed four other affiliated institutions. However, the supporting expense records only contained the expense information for the University.
- The instructions for reporting existing institutes' and centers' directory information required the report preparer to review the information already available in the BOG database and to make edits to correct or update the information as needed. We noted missing or incomplete directory information in the 2007-08 fiscal year annual reports such as the lack of unit type information, year of origination, directors' titles, and indications of affiliation with the University.

Accurate reporting of actual expenses and positions would help ensure that the BOG makes effective and efficient decisions related to the future funding of institutes and centers.

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**Recommendation:** The University should enhance its review procedures to ensure that reports submitted to the Board of Governors for its institutes and centers are accurate and complete.

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#### **Finding No. 5: Purchasing Cards**

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The University administers a purchasing card (P-card) program in which credit cards are issued to personnel for procuring certain goods and services. The P-card provides the convenience of purchasing items without using the standard purchase order process. The University had 641 active P-card accounts with charges totaling approximately \$6.4 million during the 2008-09 fiscal year.

The University developed a comprehensive purchasing card manual that addresses management controls over P-cards. University policies provided dollar limits on individual transactions, and by an individual on a daily basis and on a monthly basis. University policies also provided for review and record retention of P-card transactions to be performed within each department. Post-audit reviews of transactions were to be done by the University's Accounts Payable Department. In addition, a P-card administrator was established who is responsible for follow-up for any questionable or unsupported charges that were noted on post-audit review.

The University's procedures require each department to reconcile P-card charge receipts to the bank reported charges on a monthly basis and track any disputed charges to ensure that appropriate credit is received or the disputed charge is settled. Our review of transactions for three cardholders disclosed the following:

- P-card charges for one cardholder for the period July 1, 2008, through December 31, 2008, totaling \$117,449, were not reconciled to monthly bank charges until February 2009. The reconciliations provided for our review were not complete. For example, the reconciliation for the month of August 2008, with P-card charges totaling \$23,313, had charges totaling \$2,753 which had not been supported or matched to charge receipts. In addition, the reconciliation did not contain the signature of the appropriate supervisory reviewer, although required by the University's P-card procedures.
- P-card charges for another cardholder for the months of September 2008 through November 2008, totaling \$55,350, were not reconciled until January 2009.
- Post-audit procedures performed by the Accounts Payable Department disclosed that one cardholder had purchased \$36,749 in capital outlay items, which are prohibited by the University's P-card procedures.

Additionally, the University's Office of Audit Services issued a report dated January 23, 2009, of its audit of its P-card program. In that report, the Office of Audit Services noted that many purchases were not supported by original and/or adequate documentation; several cardholders appeared to split purchases in order to circumvent the individual transaction limit of \$999; three instances were noted where one cardholder allowed someone else to use the P-card to make purchases; numerous instances where unallowed items were purchased; department personnel were not routinely reconciling the cardholder charge receipts to the monthly report from the bank; and department personnel were not approving transactions resulting in payment to the bank prior to approval of the transactions. In addition, the report stated that the Office of Audit Services believed that the University is at significant risk of fraud, waste, and abuse within its P-card program.

In the absence of timely reconciliations and approvals by appropriate personnel, the University is at risk of fraud, waste, and abuse within its P-card program.

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**Recommendation:** The University should enhance monitoring controls over the P-card program to ensure timely reconciliations of P-card charge receipts to bank charges, identification and resolution of any inappropriate charges, and approval of reconciliations by appropriate supervisory personnel.

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#### PRIOR AUDIT FOLLOW-UP

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The University had taken corrective actions for findings included in our report Nos. 2008-070 and 2007-129.

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#### OBJECTIVES, SCOPE, AND METHODOLOGY

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether University internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the University had taken corrective actions for findings included in our report Nos. 2008-070 and 2007-129.

Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2008-09 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing University personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the University's compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

**AUTHORITY**

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each university on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA  
Auditor General

**MANAGEMENT'S RESPONSE**

Management's response is included as Exhibit B.

**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Service Level Agreements at the Northwest Regional Data Center.	Obtained and reviewed the standard Memorandum of Understanding document that the Northwest Regional Data Center utilizes as a formal mechanism to specify roles and responsibilities, service level expectations, and mitigation procedures.
Disaster Recovery Plan at the Northwest Regional Data Center.	Obtained and reviewed the Disaster Recovery Plan for the Northwest Regional Data Center to determine if the plan contained key provisions essential for ensuring a timely and orderly resumption of operations should a disruption of information technology services occur.
Security awareness and training program regarding the confidentiality of information.	Examined supporting documentation related to the University's information technology security awareness and training program.
Procedures to timely prohibit former employees' access to electronic data files.	Tested former employees who separated from service during the audit period and examined supporting documentation evidencing when the University removed access privileges.
Fraud policy and related procedures.	Reviewed policies, procedures, and supporting documentation related to the University's fraud policy and related procedures.
Reporting of information for institutes and centers to the Florida Board of Governors.	Tested institutes and centers and determined whether: (1) information for the 2007-08 fiscal year was timely reported to the Board of Governors; (2) actual current fiscal year expenses reported were accurate and complete; (3) estimated expenses reported for the subsequent fiscal year were supported by University records and calculated using a methodology that was consistently used to estimate expenses for all institutes and centers tested; (4) the actual number of positions reported for the current fiscal year were accurate and complete; and (5) the estimated number of positions reported for the subsequent fiscal year were supported by University records.
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the University had provided individuals with a written statement as to the purpose of collecting their social security number.
Procedures for adopting and amending the budget.	Reviewed supporting documentation to determine whether budgets and amendments to budgets were prepared and adopted in accordance with Section 1011.40, Florida Statutes.
Procedures for textbook affordability.	Reviewed supporting documentation to determine whether the University procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
Procedures for petty cash and change funds.	Performed test cash counts and reviewed procedures to determine whether petty cash and change funds were adequately safeguarded.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Public deposit requirements of Section 280.17, Florida Statutes.	Reviewed supporting documentation to determine whether the University had complied with annual confirmations and filed the required annual report with the Chief Financial Officer.
Procedures for the electronic transfer of funds.	Reviewed electronic fund transfer agreements and procedures over electronic fund transfers, including vendor payments to ensure electronic fund transfers were properly authorized, processed, and documented.
Procedures for decentralized accounts receivable.	Tested decentralized accounts receivable and examined supporting documentation to determine the effectiveness of the due diligence of collection efforts.
Procedures over inventories and for the disposal of pharmacy inventory.	Tested pharmaceutical inventories and reviewed the supporting documentation and procedures to determine whether the inventories and inventory records were complete and accurate. Reviewed the supporting documentation for the disposal of pharmacy inventory.
Tangible personal property records and procedures.	Tested tangible personal property items and supporting documentation to determine the accuracy of tangible personal property records.
Auxiliary operations contract compliance.	Tested auxiliary vendor contracts and supporting documentation to determine whether the University properly monitored compliance with contract provisions.
Multi-purpose card procedures.	Reviewed procedures and supporting documentation over the use of the multi-purpose card, the custody of blank card stocks, accountability of issued and voided cards, and encoding devices. Examined supporting documentation to determine whether amounts added to the card reconciled to the amounts collected.
Tuition and other student fees.	Reviewed tuition fees charged to determine whether amounts approved comply with Board of Governors rules. Reviewed fee schedules and other supporting documentation to determine compliance with fee limits in the General Appropriations Act and Section 1009.24, Florida Statutes, and whether special fees were properly approved. Determined if the proper amount of fees were assessed and collected or properly waived.
President's compensation requirements of Section 1012.975, Florida Statutes.	Reviewed supporting documentation to determine whether the compensation was within the limits established by Section 1012.975, Florida Statutes.
Employee compensation.	Reviewed payroll and personnel policies and procedures and verified their adoption by the Board of Trustees. Compared the University's policies with the BOG Regulations, Chapter 5, for consistency. Obtained supporting documentation of extra compensation paid and determined compliance with Section 215.425, Florida Statutes.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Terminal pay policies and procedures.	Reviewed the University's policies and procedures for terminal pay. Tested terminal pay to former employees who terminated employment during the audit period and determined whether terminal pay was properly calculated in accordance with University policies and procedures.
Sabbatical leave policies and procedures.	Reviewed sabbatical leave policies, procedures, and supporting documentation to determine whether leave policies complied with University regulations and that sabbatical leave records were properly maintained.
Travel costs and review of travel to terrorist states.	Tested travel expenses, including out-of-country travel, to verify that travel was properly authorized and travel cost reimbursements were in accordance with Florida law and University policies. Reviewed the University's travel records and made inquiry of key personnel to determine whether University funds were not used for travel to a terrorist state.
Procedures for purchases, expenses, and disbursements.	Tested purchases and supporting documentation to determine compliance with bid requirements and other procurement rules and regulations, including P-card purchases. Reviewed transactions to determine whether purchases were made pursuant to bid requirements and other relevant purchasing procedures, and that sales tax exemptions were applied.
Procedures for telephone credit cards.	Reviewed policies and procedures for issuance, use, and cancellation of telephone credit cards. Reviewed supporting documentation to determine whether the issuance and cancellation of telephone cards were adequately controlled and that credit card calls were only for authorized University business.
Procedures for monitoring cellular telephone usage.	Determined whether the University provided for controls over the issuance and use of cellular telephones.
Contractual agreement procedures.	Reviewed policies and procedures and supporting documentation for independent contractor agreements to determine compliance with contract provisions.
Plant survey requirements of Section 1013.31(1), Florida Statutes.	Obtained the most recent plant survey and examined to determine whether the survey was compliant with the statutory requirements.
Annual safety inspections.	Determined whether the University complied with the building, life-safety, and sanitation standards prescribed by Section 1013.12, Florida Statutes, and Board of Governor Rules. Reviewed inspection reports to determine whether the deficiencies had been timely corrected.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Procedures for construction projects.	Reviewed documentation for a major construction project in progress during the audit period for compliance with Florida law, University policies, and contractual agreements related to the contract awarding process; selection of architects and engineers; approval of change orders; existence of required documentation, such as performance bonds; project accounting records including retainage amounts; certifications of completion, if applicable; and other project related transactions.
Procedures for the use of University facilities and property.	Reviewed procedures for organizations, other than direct-support organizations and student groups, which used University facilities and property to determine compliance with University policies regarding such use.
Procedures for insuring architects and engineers.	Reviewed recent construction projects to determine whether architects and engineers engaged during the audit period had provided evidence of required insurance.
Procedures for insuring buildings.	Determined whether insurance coverage was adequate for building and other fixed assets. Reviewed University procedures for determining the insurable values for major asset acquisitions and/or disposals occurring in the audit period.
Procedures for issuance of diplomas.	Reviewed controls and documentation over the safeguarding of diploma stocks, the official University seal, signature stamps, and other devices used to validate the document as official.

**EXHIBIT B**  
**MANAGEMENT'S RESPONSE**

FLORIDA STATE UNIVERSITY | OFFICE of the PRESIDENT



December 22, 2009

Mr. David W. Martin  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Our responses to your preliminary and tentative findings and recommendations, for the Operational Audit of Florida State University for the fiscal year ended June 30, 2009, are attached.

We continue to appreciate your audits, as they assist us in our continuing efforts to improve our operations. If you have any questions about the responses, please contact Mr. David Coury, Chief Audit Officer, at 644-6031 or [dpcoury@admin.fsu.edu](mailto:dpcoury@admin.fsu.edu). Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "T.K. Wetherell", written over a horizontal line.

T.K. Wetherell  
President

Attachment

cc: Larry Abele  
John Carnaghi

**Florida State University****Recommendation No. 1:**

The University should enhance and monitor procedures to ensure that repeat enrollment fees are charged only to applicable students.

**Response:**

During the audit and immediately following the auditors' identification of the five erroneous charges the Office of the University Registrar undertook a systematic review of the records of all students that were assessed a third repeat course surcharge during the academic year 2008 - 2009. After this research identified a number of other students with similar problems, programming staff were contacted and requested to investigate the method of tracking fee liable drops for inclusion in the third repeat course surcharge table. That research uncovered that the data had been corrupted as the result of an unintended consequence of programming changes made to the registration system and moved into use prior to the start of Fall 2008 semester. As noted in the audit findings 513 students were issued refunds as a result of correcting the corrupt data. In addition, the programming errors were corrected and the corrupt data purged from the third repeat surcharge storage table. The cleaned data was reloaded and the system brought back into use. The Office of the University Registrar will monitor third repeat surcharge activity in the Spring 2010 to ensure that that system works properly. Staff have been alerted to watch for any usual or erroneous charges and report them immediately.

**Responsible Person:**

Kimberly A. Barber, University Registrar

**Expected Implementation Date:** Completed Fall 2009

**Recommendation No. 2:**

The University should enhance its procedures for monitoring contactors' compliance by reviewing contractor records supporting commissions and fees paid. In addition, the University should ensure that the University, Board of Trustees, or the State of Florida are named as an additional insured on all insurance required under the terms of the contracts.

**Response:**

Business Services requested The Office of Audit Services to audit our contracts with the audit including an examination of contractor records. The audit is currently underway.

The additional insureds not listed was an oversight in one of our contract folders. All other contracts have the proper insureds listed on their Certificate of Insurance. The proper insurance certificate was acquired from the contractor several months ago.

**Responsible Person:**

Eddie Mills, Associate Director, Business Services

**Expected Implementation Date:** Completed

**Recommendation No. 3:**

The University should strengthen procedures over its collection of SSNs and ensure compliance with applicable laws regarding the required disclosure when collecting SSNs. If the University determines it is not in compliance, it should immediately take steps to discontinue the collection of SSNs pursuant to Section 119.071(5)(a)4., Florida Statutes.

**Response:**

The University has added a sentence on its FSUCard application stating why the individual is being asked for his/her SSN. These forms will be available during the Spring Semester. Until those forms are available, there is written notice at each Card Center window stating the reason for the SSN request.

**Responsible Person:**

Eddie Mills, Associate Director, Business Services

**Expected Implementation Date:** Completed

**Recommendation No. 4:**

The University should enhance its review procedures to ensure that reports submitted to the Board of Governors for its institutes and centers are accurate and complete.

**Response:** The Provost's Office will direct the centers and institutes to review their operations to make certain that procedures are in place to ensure the information in their annual reports is accurate and complete and the reports are completed in accordance with established instructions.

**Responsible Person:** Lawrence G. Abele, Provost and Executive Vice President for Academic Affairs

**Expected Implementation Date:** March 31, 2010

**Recommendation No. 5:**

The University should enhance monitoring controls over the P-card program to ensure timely reconciliations of P-card charge receipts to bank charges, identification and resolution of any inappropriate charges, and approval of reconciliations by appropriate supervisory personnel.

**Response:** The University agrees with the recommendation. The following actions have been or will be taken:

- To better monitor reconciliations, departments are now required, under a policy established in fiscal year 2009-2010, to fax their monthly reconciliations into the University's imaging system. Unless specifically exempted, departments are also required to fax a copy of the actual charge receipts.
- To reiterate the responsibilities of supervisory personnel with regard to financial and administrative duties, including the P-card, the University will establish and issue an official policy regarding responsibility and accountability. A copy of the policy will be distributed to deans, directors, and department heads.

**Responsible Individuals:**

Marcie Doolittle, Purchasing Director

Dawn Snyder, Associate Controller; Director of Payables and Disbursements

**Expected Implementation Date:** April 1, 2010