Date:       June 28, 2019

To:        Elizabeth Bejar, Senior Vice President for Academic and Student Affairs
           Matilde Gramling, Assistant Vice President Administrative Affairs

From:      Trevor L. Williams, Chief Audit Executive

Subject:   Audit of the Student Activity and Service Fee - Report No. 18/19-12

We have completed an audit of the Student Activity and Service (A&S) Fee for the period
July 1, 2017, through June 30, 2018, and an assessment of the current fee allocation
practices through February 2019. The primary objective of our audit was to ensure that
Activity and Service Fees collected by the University were appropriate and that funds
were disbursed properly as designated by Florida Statutes and University policies and
procedures.

For fiscal year 2017-2018, the University’s A&S fees gross revenue totaled approximately
$20 million. The A&S fee of $14.85 per credit affords benefits for the entire student body,
and provides for membership and maintenance of the recreation and student centers on
both the Modesto Maidique Campus (MMC) and Biscayne Bay Campus (BBC). It also
provides funding for student organizations and clubs, as well as various departments
within the University’s Student Affairs division and throughout the University.

Our audit concluded that there were adequate controls and procedures over the allocation
and use of A&S fees. However, opportunities for improvement exist. We concluded that
the calculation of the A&S fee increase could be refined. In addition, the manner in which
expenditures are accounted for and processed, including the timeliness of approving
payroll contracts needs enhanced diligence when being executed. The audit resulted in
nine recommendations for the A&S Business Office and one for the Office of Financial
Planning, which the management teams have agreed to implement.

We would like to take this opportunity to express our appreciation to you and your staff
for the cooperation and courtesies extended to us during the audit.

Attachment

C: FIU Board of Trustees
   Mark B. Rosenberg, University President
   Kenneth G. Furton, Provost, Executive Vice President, and Chief Operating Officer
   Kenneth A. Jessell, Senior Vice President and Chief Financial Officer
   Javier I. Marques, Vice President and Chief of Staff, Office of the President
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OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to the approved annual plan for the 2018-2019 fiscal year, we have completed an audit of the Student Activity and Service (A&S) Fee for the period July 1, 2017, through June 30, 2018, and an assessment of the current allocation practices through February 2019. The primary objective of our audit was to ensure that Activity and Service Fees collected by the University were appropriate and that funds were disbursed properly as designated by Florida Statutes and University policies and procedures.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. The audit included tests of the accounting records and such other auditing procedures we considered necessary under the circumstances. The audit also included an assessment of internal controls within the context of the audit objectives. Audit fieldwork was conducted from January through April 2019.

During the audit, we:

- reviewed University policies and procedures, and applicable Florida statutes, rules, and regulations;
- observed current practices and processing techniques;
- interviewed responsible personnel; and
- tested selected transactions.

Sample sizes and transactions selected for testing were determined on a judgmental basis applying a non-statistical sampling methodology.

As part of our audit, we reviewed our internal audit, Report No. 13/14-09, *Audit of the Student Activity and Service Fee*, issued January 7, 2014, to determine the status of any applicable prior recommendations related to the scope and objectives of this audit. Any repeat audit findings from the prior audit are indicated throughout this report.
BACKGROUND

As authorized by Florida Statute Chapter 1009.24, the University Board of Trustees (BOT) has established an activity and service (A&S) fee that is collected as a component of students’ tuition and fees. The fee is retained by the University and maintained in a separate A&S fund. Per the Statute:

The A&S fees “shall be expended for lawful purposes to benefit the student body in general. This shall include, but shall not be limited to, student publications and grants to duly recognized student organizations, the membership of which is open to all students at the university without regard to race, ethnicity, age, disability, sex, or religion. The fund may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts. The allocation and expenditure of the fund shall be determined by the student government association [SGA] of the university, except that the president of the university may veto any line item or portion thereof within the budget when submitted by the student government association legislative body.”

A&S fees support student organizations and enhance student services and student engagement, which benefit the entire student body. The A&S fees afford benefits for the students, and provide for membership, and maintenance of the recreation centers and student centers on both the Modesto Maidique Campus (MMC) and Biscayne Bay Campus (BBC). They also provide funding for student organizations and clubs, as well as various departments within the University’s Student Affairs division and throughout the University.

As indicated above, the University’s A&S fee is authorized by Florida Statute Chapter 1009.24. Along with the health and athletic fees, A&S fees are to be accounted for separate from other funds and the total fees charged students should not exceed 40 percent of the set tuition. Increases to student fees can only be done once a year at the beginning of the Fall term and cannot exceed 5 percent. Any increases to the fee must be recommended by an A&S Fee Committee comprising of at least one-half students appointed by the student body president. The Committee’s recommendations take effect only after approval by the University President and the final approval of the BOT. During the 2017-2018 fiscal year, the University recorded $19,661,267 in A&S fees revenue, net of $629,715 for BOT approved dual enrollment waivers allowance.

The current A&S fees of $14.85 per credit hour was established by the A&S Fee Committee, with the President and BOT’s approval, beginning Fall 2015. Illustrated below is the A&S fees established by the University since Fall 2009.

<table>
<thead>
<tr>
<th>Fee Implemented</th>
<th>A&amp;S Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2009</td>
<td>$11.60</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>$12.87</td>
</tr>
<tr>
<td>Fall 2015</td>
<td>$14.85</td>
</tr>
</tbody>
</table>
In addition, the table below shows the increase in A&S fees gross revenue since Fall 2009.

A&S FEES GROSS REVENUE

![Graph showing A&S fees gross revenue from 2009-2010 to 2017-2018]

* FIU Online students started to incur the A&S fee

Illustrated below is the University’s established A&S fee compared to the other State University System (SUS) institutions in 2018-2019. The average of all A&S fees charged by the SUS is $13.38 per credit, making the FIU’s established A&S fee approximately 11 percent above the state average and the third highest among the group.

A&S FEES CHARGED BY SUS INSTITUTIONS FOR 2018-2019

![Bar chart showing A&S fees charged by SUS institutions for 2018-2019]

* University of South Florida has a distinct A&S fees per campus. We used the Tampa per credit A&S fee since 84 percent of that university's student enrollment attends the Tampa Campus. In addition, the Tampa campus charges an a $7 per term fee, not included in the $12.08 figure above.
FIU’s Activity and Service Business Office monitors the revenue receipts monthly. They also monitor expenditure variances (by fund). Depending on actual revenue flows, there is flexibility to transition any revenue shortages from one year to the next if the actual revenues are less than the budgeted expenditures.

Funds are allocated by the Student Government Association (SGA) during Spring for the following academic year. Departments and student organizations submit Budget Request forms to the SGA for review. These forms include how the prior year's allocation was used and their request for funding for the following year. For fiscal year 2017-2018, $19,055,746\(^1\) was allocated by SGA as follows:

![A&S Fee Allocation by Function](image)

- **Student Centers** include funding for the Graham Center and the Wolfe Center, including salaries and benefits.
- **Recreation Centers** include the MMC and BBC recreation centers, and the BBC aquatic center, including salaries and benefits.
- **Student Government Council (SGC)** includes the student government council for both MMC and BBC campuses. This includes organizations such as Student Bar Association, Fraternity and Sorority Life, Residence Hall Association, Model United Nations, etcetera.
- **Salaries and Operating Expenses** include salaries and benefits for positions in Student Affairs, Campus Life, and the A&S Business Office, as well as their operating expenses.
- **Student Affairs (SA) Departments** includes Orientation and Parent Program, Center for Leadership, Women’s Center, Student Conduct & Conflict Resolution, and Multicultural Program & Services.
- **Student Groups** includes University-wide events like Homecoming, Freshman Luau, Alternative Breaks, Mr. and Miss FIU Scholarship Pageant, Student Media, Honors College, etcetera.
- **Accumulated Cash Balance (ACB) Commitment** represents unused account balances, which are swept and accumulated herein and used for contingencies and emergencies.

\(^1\) In addition, the SGA also set aside $194,401 for bad debt expenses and $593,501 for dual enrollment waivers to account for uncollected A&S fees.
Subsequent Event

During the Spring 2019 semester, the University Fee Committee met to discuss a reduction to the A&S fee by $0.40, the total salary expenses for the positions in Career and Talent Development (approximately $535,000), and an increase to the Athletic fee by the same amount. This would decrease the A&S fee from $14.85 to $14.45, and increase the Athletics fee from $16.10 to $16.50.

In order for the increase of the Athletics fee to be approved, the Committee required the University to identify alternative funding for the salary expenses for the Career and Talent Development positions that had previously been paid from the A&S fee. This would thereby allow the reduction of the A&S fee revenue generated by that same amount to be applied to the Athletics fee revenue. The result would be a net neutral (no fee increase) to the general student body for this action.

Since this is a student fee, the committee members have voted the transition be contingent on the following:

1. The Athletics Director (or representative) to report and present at the SGA Senate meeting (annually during Fall and Spring terms, once at MMC and once at BBC) an itemized listing of the expenditures.

2. Athletics would, if Conference regulations permit, live-stream at least one offering of FIU's major sports. They should work with FIU Online to provide giveaways (for their welcome box) to promote FIU Athletics to FIU Online students.

3. Contingent on a demonstration of need for services to support students, the A&S fee be given preferred consideration when an increase in-fees is next considered.

The BOT approved the change in fees at their June 19, 2019, meeting, and this action becomes effective for the Fall 2019 term.
Overall, our audit disclosed that there were adequate controls and procedures over the allocation and use of A&S fees. Our audit analyzed the revenues received from A&S fees collected and tested expenditures during the 2017-2018 fiscal year. No audit exceptions were noted relating to revenue; however, the calculation of the A&S fee increase cap can be refined. In addition, the manner in which expenditures are accounted for and processed can be improved, and the approval of payroll contracts can be timelier.

Our overall evaluation of internal controls over the A&S fee is summarized in the table below.

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>SATISFACTORY</th>
<th>FAIR</th>
<th>INADEQUATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Controls</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy &amp; Procedures Compliance</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Risk</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Risk</td>
<td>X</td>
<td></td>
<td></td>
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</tbody>
</table>

INTERNAL CONTROLS LEGEND

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>SATISFACTORY</th>
<th>FAIR</th>
<th>INADEQUATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Controls</td>
<td>Effective</td>
<td>Opportunities exist to improve effectiveness</td>
<td>Do not exist or are not reliable</td>
</tr>
<tr>
<td>Policy &amp; Procedures Compliance</td>
<td>Non-compliance issues are minor</td>
<td>Instances of non-compliance are evident</td>
<td>Non-compliance issues are pervasive, significant, or have severe consequences</td>
</tr>
<tr>
<td>Effect</td>
<td>Not likely to impact operations or program outcomes</td>
<td>Impact on outcomes contained</td>
<td>Negative impact on outcomes</td>
</tr>
<tr>
<td>Information Risk</td>
<td>Information systems are reliable</td>
<td>Data systems are mostly accurate but need to be improved</td>
<td>Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions</td>
</tr>
<tr>
<td>External Risk</td>
<td>None or low</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>
Areas within the Scope of the Audit Tested without Exception:

1. **Commingling of Funds**

In the prior audit, we found that A&S funds supporting the student and recreation centers were being commingled with auxiliary funds. Our recommendation that the Office of Student Affairs establish separate activity numbers for A&S and auxiliary funds for these centers has since been implemented.

Notwithstanding the above, per discussion with management, we were informed that some A&S funding activities posted to Fund 452 also included other types of revenues. Typically, at the end of each fiscal year, all unused A&S funds are swept and included in the following year's budget allocation. However, A&S funds managed in Fund 452 cannot be swept since these funds are commingled with other revenues. Management rectified this issue by creating new activity numbers in Fund 451 to account for A&S funding and maintaining activity numbers in Fund 452 to account for other types of revenue. These new activity numbers will be used starting July 1, 2019.
Areas within the Scope of the Audit Tested with Exception:

1. Fee Increase Tuition Cap Calculation

Per Florida Statute Chapter 1009.24, the sum of the A&S, health, and athletic fees required to be paid by a student to register for a course shall not exceed 40 percent of the tuition established in law or in the General Appropriations Act. Within the 40 percent cap, universities may not increase the aggregate sum of A&S, health, and athletic fees more than 5 percent per year. Any increase to the A&S fee must be recommended by the A&S Fee Committee before approval by the President and BOT.

When an increase is proposed to the A&S fee, the A&S Fee Committee meets in early spring in order to provide it with sufficient time to complete its approval process before its recommendation is presented to the BOT in June. The University’s Office of Financial Planning (OFP) calculates the projected fee cap using actual fall and projected spring student credit hours. During our prior audit, we recommended that OFP re-perform the analysis of the fee increase calculation prior to the BOT meeting using current actual billable student credit hours\(^2\) rather than projected figures to ensure that an approved increase does not exceed statutory limits.

In our review of the latest A&S fee increase, which went into effect in Fall 2015, we found that when OFP re-performed the fee cap calculation, they used student credit hours for both Fall 2014 and Spring 2015 as identified in their action plan. However, in an oversight, OFP only included fundable credit hours for Fall 2014.

Notwithstanding the above, the calculation presented to the BOT at the June 3, 2015 meeting had projected a 5% increase cap of $1.98 per credit hour. Coincidentally, the same $1.98 per credit hour cap was calculated when using billable credit hours. Nonetheless, to reduce the risk of exceeding the cap in the future, the BOT should be provided with calculations based on the current actual billable credit hours.

Recommendation

<table>
<thead>
<tr>
<th>The Office of Financial Planning should:</th>
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<tbody>
<tr>
<td>1.1 Re-perform the analysis of any future fee increase calculation for the maximum cap before the BOT meeting using current actual billable credit hours (including both fundable and non-fundable) to ensure that the approved increase does not exceed statutory limits.</td>
</tr>
</tbody>
</table>

\(^2\) Billable student credit hours are the actual A&S fees billed for the semester and include fundable and certain non-fundable credits, of which students benefit from the A&S fee. They have been deemed the most appropriate measure of student credit hours for the calculation. Fundable credit hours are student credit hours for which the University receives E&G funding authority from the State.
Management Response/Action Plan:

1.1 The Office of Financial Planning (OFP) will implement the recommendation to use current, actual billable credit hours (including both fundable and non-fundable credit hours) when re-performing the future fee maximum cap increase calculation before the Board of Trustees meeting.

The Board of Trustees (BOT) approved on June 19, 2019, a $0.40 per credit hour reduction to the A&S fee and corresponding $0.40 per credit hour increase to the Athletic Fee. Even though there was no fee increase to the general student body, OFP re-performed the fee cap analysis in May 2019, prior to the BOT meeting, using the recommended methodology.

Implementation date: Immediately
2. **Expenditure Controls**

We obtained details of the allocation of the $19 million approved by the SGA and established the following thresholds for selecting disbursement transactions for testing:

- **University-wide** – Units/programs receiving more than $1 million
- **MMC Campus** – Units/programs receiving more than $400,000
- **BBC Campus** – Units/programs receiving more than $200,000

The stratification resulted in a sample population of $10,995,307, from which we judgmentally selected a sample of 77 expenditure transactions, totaling $1.6 million, for testing to ensure that A&S funds were used as designated by Florida Statute and in compliance with University policies and procedures. In general, most expenditures tested were deemed appropriate and allowable per statute, but the following exceptions were noted during our testing:

**Purchase Orders**

Per the University *Procurement Manual*\(^3\), “*FIU entities are not authorized to place orders directly with suppliers for goods or services for which a purchase order [PO] is required. Procurement Services is the only authorized purchasing agent for the University… In the event that goods or services are received prior to a purchase order being issued, an explanation/justification shall be provided with the requisition and it will be considered a confirming purchase order.*"

We found two instances, totaling $9,352, where the PO was approved after the services had been provided and no explanation/justification was provided.

**Acquisition of University Vehicle**

Per University Policy No. 540.005, *Acquisition, Assignment and Use of University Vehicles*, all University vehicle acquisitions must be routed through the University Fleet Manager. A University Vehicle Justification Form must be completed by the requesting department and approved by the Department Head and Dean or Vice President. The University Fleet Manager will forward the Justification Form through the proper channels for final approval by the CFO or Provost, whichever is appropriate.

We found one instance where a golf cart vehicle was purchased for a total of $7,967. Our review of the Justification Form and inquiry of management disclosed that no approval from the CFO or Provost was obtained as required.

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\(^3\) Procurement Manual effective October 2017 was used for our review.
Competitive Solicitation

Per the University *Procurement Manual*, purchases with a total cost under $75,000 can be obtained through an informal competitive process by obtaining:

- one quote for purchases under $15,000,
- two or more quotes for purchases ranging from $15,000 to $30,000, or
- three or more quotes for purchases over $30,000 up to $74,999

Management was unable to provide the required support to determine if the two quotes were obtained for two transactions, each over $15,000, and totaling $34,000. According to management, for one of these transactions, more than one quote was obtained but only the quote from the supplier chosen was retained.

Attractive Property

Per the University *Property Control Manual*, “Attractive items are University property costing less than the threshold amount of $5,000, but which are particularly vulnerable to theft and misuse. ‘Attractive’ items will vary from department to department but might include such items as laptops, iPads, or video recorders. Departments should evaluate “attractiveness” in the context of their own environment...These items should be marked as University property and cataloged by the user department.” Asset Management has special property tags and software (MyAssetTracker) available for tracking property.

We found three instances, totaling $127,874, for the purchase of audiovisual and computer equipment where the department was not tracking the items purchased as attractive property. Inadequate tracking of attractive property may result in theft or misuse of items without detection.

Insufficient Documentation

Per the University *Departmental Card Guidelines and Procedures Manual*, accurate and detailed records of purchases are required to verify and audit purchases for compliance with University, State, and Federal policies, statues, rules, and regulations. All receipts for purchases using the University credit card must contain the following information:

- Vendor name and address
- Date of purchase and/or date of goods received
- Description of each item purchased
- Unit cost of each item
- Total cost of the purchase charged to the departmental card

One invoice submitted, totaling $488, was not itemized and had no details of items purchased. A written quote was provided upon request, but we could not agree it

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4 *Procurement Manual* was updated June 2018 (after our audit period) to require one quote for purchases under $10,000 and two quotes for purchases between $10,000 and $75,000.
to the amount charged. The quote was for graduation stoles at a price of $23.50 each but it appears the University was charged $24.38 each. In addition, a list of graduation stole recipients was not provided. Furthermore, as noted below, the purchase was deemed unallowable.

Unallowable Purchases

Florida Statute 1009.24 states that A&S fees shall be expended for lawful purposes to benefit the student body in general. This includes, but is not limited to, student publications and grants to duly recognized student organizations, the membership of which is open to all students at the university without regard to race, sex, or religion. The fund may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts.

We found two instances where the expenditure did not comply with the Statute and should not have been paid with A&S fees.

1. One expenditure, totaling $3,720, for the purchase of archery supplies used for a fee based workshop given at the MMC Recreation Center using A&S funds. Class attendees were charged $18 per class. Expenditures incurred for fee-based programs like these purchases should be made with auxiliary funds.

2. An expenditure, totaling $488, for the purchase of 20 graduation stoles distributed to SGA Council does not appear to benefit student body in general as required by the Statute. (Refer to the previous subsection titled Insufficient Documentation.)

If expenditures are not properly approved, adequately documented, or allowed, then inappropriate expenses may be posted to the University's accounting records, resulting in non-compliance with Florida Statute and University policies and procedures, as well as the potential for misuse of A&S funds.

Recommendations

<table>
<thead>
<tr>
<th>The A&amp;S Business Office should convey to all units using A&amp;S fee funds that they:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Ensure all purchases have the proper Purchase Order and required approval prior to goods or services being provided.</td>
</tr>
<tr>
<td>2.2 Ensure compliance with the Procurement Manual and the Departmental Card Guidelines and Procedures.</td>
</tr>
<tr>
<td>2.3 Ensure that all attractive property is logged into the attractive property log and that the log is updated in a timely basis.</td>
</tr>
<tr>
<td>2.4 Ensure all purchases benefit the student body as required by Florida Statute.</td>
</tr>
</tbody>
</table>
Management Response/Action Plan:

2.1 In order to ensure that policies and procedures are known and followed, the Assistant Vice President for Administration will have an informational session about Purchasing policies and procedures at an Academic and Student Affairs Leadership meeting. In addition to the meeting, an email refreshing the knowledge of Purchasing policies and procedures will be distributed to all directors and departmental budget managers. To ensure compliance, this process will be repeated at the beginning of each fiscal year in order to capture the transition of employees. The information will also be included as part of the Student Affairs on-boarding process.

**Implementation date:** August 2019

2.2 Same as response to 2.1

**Implementation date:** August 2019

2.3 Same as response to 2.1. Furthermore, the Activity and Service Fee Office will develop an internal standard operating procedure to track and monitor attractive property, which includes a method to inventory such items yearly.

**Implementation date:** August 2019

2.4 Same as response to 2.1. Additional focus will be around the interpretation of the Florida Statute wording requirements to benefit the general student body.

**Implementation date:** August 2019
3. **Travel Expenditures**

Of the $1.6 million of total expenditure transactions selected for testing, $60,457 were travel related. Exceptions relating to travel disbursements are listed below by category:

**Travel Authorization**

Per the *Office of the Controller Travel and Other Expenses Manual* (Travel Manual), an approved Travel Authorization (TA) is the traveler’s permission to incur expenses and travel on behalf of the University and must be approved prior to incurring any expenses. This includes employees’ and students’ travels on behalf of the University. The Travel Manual states that the TA must include all travel expenses that are known or can be projected before the trip and is required when traveling to conferences, conventions, workshops, seminars, et cetera.

In reviewing the TA and the associated Expense Report (ER), we found three instances where the approved TA was significantly less than the actual expenses incurred. In all instances, not all expenses were included in the estimated travel costs. A total difference of $17,856 was found between the approved Travel Authorizations and Expense Reports. The differences between each TA and ER are detailed below:

<table>
<thead>
<tr>
<th></th>
<th>TA</th>
<th>ER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>171</td>
<td>13,364</td>
</tr>
<tr>
<td>2</td>
<td>289</td>
<td>3,169</td>
</tr>
<tr>
<td>3</td>
<td>2,695</td>
<td>4,478</td>
</tr>
<tr>
<td>Total</td>
<td>$3,155</td>
<td>$21,011</td>
</tr>
</tbody>
</table>

In addition, another TA was approved after the trip had commenced. The trip was taken from January 20, 2018, to January 27, 2018, and the TA was approved on January 26, 2018. The ER was made up of three payments totaling $1,189.

Furthermore, we found three transactions, totaling $37,847, where no TA or ER was prepared or submitted for two separate student trips taken ($4,852, $18,995, and $14,000).

Approving TAs prior to travel and including all known expenses improves budgetary controls and ensures management approves of the travel and the related expenses.
Expense Report Submission

The Travel Manual indicates that after returning from a trip or incurring an expense, reimbursement is made by completing an ER with all accompanying supporting documentation and receipts. The employee submitting the ER and all related supporting documentation certifies that the information provided in the ER is an accurate record of the expenses incurred. In addition, the ER must be submitted within 10 days after the completion of the trip or incurrences of the expense. The Manual further specifies that ER related to student travel must be submitted no later than 30 days after the completion of the trip.

We found one ER, totaling $13,364, where the reporting of expenditures incurred was incomplete. Two students’ flights, totaling $740, were not included in the ER and another student’s flight cost was incorrect. In addition, the ER was submitted 34 business days after the completion of the trip, four business days after the required 30 days.

Additionally, two ERs, totaling $1,595, were submitted between 14 to 25 business days after the required submission date.

Ensuring ERs include all trip costs provides management with the necessary information to make proper decisions, while timely submissions of ERs ensure expenses are recorded in a timely manner along with the processing of any necessary reimbursements.

Hotel Accommodations/Lodging

Per the Travel Manual, the most economical means for hotel accommodations should be considered. Justification is required if the hotel rate is in excess of $200 or does not comply with the U.S. General Services Administration (GSA) rates. For one ER, covering six rooms for three nights each, the hotel rate used was not in accordance with the GSA hotel rate of $119. No explanation for using a more expensive hotel rate of $185 per night, per room, was provided. Compliance with GSA rates ensures the most economical hotel accommodations.

Expenses Exceeded Allocation

The SGA budgets for student academic travel each year to assist students who would like to attend conferences and workshops to enrich their education. Students apply for funding and if approved, they are allocated a certain amount of funding. We tested two expense reports that were funded by the SGA. We found one of the approved allocations was for $300, but the entire expenditure of $1,189 was paid with A&S funds. Purchases that are not approved by the SGA could be a violation of State Statute.
Recommendations

The A&S Business Office should convey to all units using A&S fee funds that:

<table>
<thead>
<tr>
<th>3.1</th>
<th>Travel Authorization forms are completed prior to all trips and include all estimated costs of the trip.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>Expense Reports need to include all costs incurred and must be submitted within 10 and 30 days after the completion of the trip.</td>
</tr>
<tr>
<td>3.3</td>
<td>Hotel costs must be in accordance with the GSA rate or an explanation for any deviation must be included with the Expense Report, unless the lodging is at the same hotel as the conference.</td>
</tr>
<tr>
<td>3.4</td>
<td>Funds are only to be used as approved by the SGA.</td>
</tr>
</tbody>
</table>

Management Response/Action Plan:

3.1 Travel authorization forms will be discussed at the above mentioned leadership meeting. In addition to the meeting, an email restating travel policy will be distributed to all directors and budget managers. Informational messages will be sent to employees at the beginning of the academic year and will be included in the on-boarding employment process. Particular attention will be given to student travelers, their advisors, and the employees who work in preparing and processing student travel forms.

Implementation date: August 2019

3.2 Submission deadlines for expense reports will be discussed at a leadership meeting. In addition to the meeting, an email summarizing the policy will be distributed to all directors and budget managers. Informational messages will be sent to employees at the beginning of the academic year and will be included in the on-boarding employment process. Particular attention will be given to student travelers, their advisors, and the employees who work in preparing and processing student travel forms.

Implementation date: August 2019

3.3 As part of the discussion about travel, hotel reservations will be discussed at the above mentioned leadership meeting. In addition to the meeting, an email restating travel policy will be distributed to all directors and budget managers. Informational messages will be sent to employees at the beginning of the academic year and will be included in the on-boarding employment process. Particular attention will be given to student travelers, their advisors, and the employees who work in preparing and processing student travel forms.

Implementation date: August 2019
3.4 The Assistant Director of the Activity and Service Business Office will work with expense managers in the departments to ensure that when expense reports are approved, they have reviewed each line item to ensure accuracy of the activity number being charged pursuant to the SGA allocation. Also, it will be requested from the initiator of the travel authorization/expense report to attach the SGA Appropriation document which details the amount approved by SGA.

**Implementation date:** August 2019
4. **Dual Employment**

University Policy No. 1710.110, *Dual Employment and Compensation*, states:

“All employees may be approved for secondary employment which constitutes dual employment provided such employment does not interfere with the regular work of the employee, does not result in any conflict of interest between the two activities, and approval must be requested and granted by Human Resources prior to commencement of the secondary employment. For faculty members, approval for extra compensation must be secured from the employee’s supervisor, prior to contracting for services, including instructional and non-instructional activities. For twelve-month administrative employees who have been approved for extra compensation conducted during normal working hours, the individual must use accrued vacation leave for these hours.”

An electronic request for additional compensation (eRAC) must be created for approval of additional compensation. The eRAC includes a form with information the employee must enter for primary and additional compensation, which is then forwarded to the appropriate personnel for approval.

While reviewing a sample of 15 employees with payroll expenditures of $684,339, we found two instances where employee overload payments were made. Of the two employees with overload payments, we found that one eRAC was approved five business days after the employee’s start date. Approval of secondary employment contracts prior to the start date ensures that the secondary employment does not conflict with the employee’s primary employment duties and that their supervisor is aware and approves of the employee’s secondary employment.

**Recommendation**

The A&S Business Office should convey to all units using A&S fee funds that:

|   | 4.1 All overload contracts must be approved prior to the secondary employment start date. |

**Management Response/Action Plan:**

4.1 The topic of overload contracts will be discussed at a leadership meeting. The Activity and Service Business Office will send an email restating eRAC approval requirements to all HR Liaisons and budget managers.

**Implementation date:** August 2019