



## **Office of Internal Audit**

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### **Audit of the Accounts Receivable Process**

**Report No. 19/20-05  
January 30, 2020**

**Date:** January 30, 2020

**To:** Kenneth A. Jessell, Senior Vice President and Chief Financial Officer  
Katharine Brophy, University Controller  
Thomas Hartley, Assistant Vice President Parking & Transportation  
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**From:** Trevor L. Williams, Chief Audit Executive



**Subject: Audit of the Accounts Receivable Process – Report No. 19/20-05**

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We have completed an audit of the University's Accounts Receivable Process for the period July 1, 2017, through June 30, 2018, and an assessment of the current practices through December 2019. The primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that accounts receivable are properly recorded, related allowances for doubtful accounts are reasonable, and collection and write-off processes are adequately managed.

Various University departments have responsibilities relating to managing recorded accounts receivable and their related allowances. The units with accounts receivable responsibilities are Student Financials, Housing and Residential Life, Parking and Transportation, and the Office of Research and Economic Development. Our audit included an examination of the total gross accounts receivable balance as of June 30, 2018, totaling \$40.6 million.

Our audit concluded that the University's accounts receivable process is generally operating effectively. Nevertheless, we identified opportunities for improvement related to unrecorded accounts receivable not reported in the University's general ledger, as there was no integrated system to capture those balances. The audit resulted in six recommendations, which management has agreed to implement.

We want 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

Javier I. Marques, Vice President and Chief of Staff, Office of the President

Elizabeth Bejar, Vice President Student Affairs

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## **OBJECTIVES, SCOPE, AND METHODOLOGY**

Pursuant to the approved annual plan for the 2019-2020 fiscal year, we have completed an audit of the University Accounts Receivable Process for the period July 1, 2017, through June 30, 2018, and an assessment of the various units' current practices through December 2019. The primary objective of our audit was to determine whether there are adequate and effective controls and procedures in place to ensure that accounts receivable are properly recorded, related allowances for doubtful accounts are reasonable, and collection and write-off processes are adequately managed.

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, as we considered necessary under the circumstances. Audit fieldwork was conducted from June 2019 through December 2019.



Audited gross accounts receivable balance as of June 30, 2018, was \$40.6 million, composed of:

- \$17 million of student tuition and fees, including \$1.4 million in housing fees;
- \$11.1 million of contracts and grants;
- \$7.1 million of third-party receivables;
- \$1.2 million of parking citations;
- \$1.2 million of interest and related receivables; and
- \$3 million of various other types of receivable activities.

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;
- Tested selected transactions and obtained supporting documentation; and
- Reviewed operations from auxiliary units to identify potential unrecorded accounts receivable, and subsequently sent out questionnaires to selected identified units.

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

We reviewed all internal and external audit reports issued during the last three years to determine whether there were any prior recommendations related to the scope and objectives of this audit. There were no prior recommendations related to the University Accounts Receivable.



## BACKGROUND

The University's gross accounts receivable balance and the corresponding allowance for doubtful accounts between fiscal year 2016 and 2019 are depicted in the following table:

Fiscal Year Ended	Gross Accounts Receivable	Allowance for Doubtful Accounts	Allowance Percentage
June 30, 2016	\$ 38,784,285	\$ 11,772,871	30%
June 30, 2017	\$ 37,681,646	\$ 13,451,786	36%
June 30, 2018	\$ 40,586,085	\$ 8,797,052	22%
June 30, 2019 (unaudited)	\$ 56,535,413 <sup>1</sup>	\$ 9,760,782	17%

The allowance for doubtful accounts represents the portion of the University's gross accounts receivable that in management's estimation may not be collectible. Benchmarked against the other entities in the Florida State University System, FIU has the third highest allowance for doubtful accounts percentage as of June 30, 2018, as depicted in the following table:

Institution	Gross Accounts Receivable	Allowance for Doubtful Accounts	Allowance Percentage
Florida Agricultural and Mechanical University	\$ 26,802,026	\$ 11,056,507	41%
Florida Atlantic University	\$ 36,168,356	\$ 13,908,371	38%
<b>Florida International University</b>	<b>\$ 40,586,085</b>	<b>\$ 8,797,052</b>	<b>22%</b>
University of South Florida	\$ 87,665,322	\$ 16,940,741	19%
New College of Florida	\$ 513,439	\$ 82,713	16%
Florida Gulf Coast University	\$ 5,492,757	\$ 733,466	13%
University of Florida	\$ 100,440,567	\$ 11,090,825	11%
University of West Florida	\$ 8,082,282	\$ 650,502	8%
Florida Polytechnic University	\$ 677,239	\$ 38,690	6%
University of Central Florida	\$ 65,916,822	\$ 2,243,573	3%
Florida State University	\$ 61,534,598	\$ 2,056,804	3%
University of North Florida	\$ 16,316,931	\$ 284,022	2%

Various University departments have responsibilities relating to managing recorded accounts receivable and their related allowances, the following are the units with accounts receivable responsibilities:

- Student Financials;
- Housing and Residential Life ("Housing");
- Parking and Transportation ("Parking"); and
- Office of Research and Economic Development (ORED).

<sup>1</sup> Accounts Receivable increase of \$16 million in FY 2019 was primarily due to a \$9.9 million receivable from the Florida Bright Futures Scholarship Program for FY 2018-2019 receivable that was received in July 2019.



## OBSERVATIONS AND RECOMMENDATIONS

Our overall assessment of internal control is presented in the table below. In summary, we noted that the University's accounts receivable process has adequate and effective controls and procedures in place for those receivables recorded in the University's books. However, opportunities for improvement exist, primarily as it relates to those unrecorded accounts receivable not reported in the University general ledger, as there was no integrated system to capture those balances. Our observations and recommendations pertaining to these identified areas are detailed on the following pages of this report. We have also included management's response to our observations and recommendations, along with their implementation dates.

CRITERIA	SATISFACTORY	OPPORTUNITY TO IMPROVE	INADEQUATE
<b>Process Controls</b>		X	
<b>Policy &amp; Procedures Compliance</b>	X		
<b>Effect</b>	X		
<b>Information Risk</b>		X	
<b>External Risk</b>	X		
INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	OPPORTUNITY TO IMPROVE	INADEQUATE
<b>Process Controls</b> (Activities established mainly through policies and procedures to ensure that risks are mitigated and objectives are achieved.)	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
<b>Policy &amp; Procedures Compliance</b> (The degree of compliance with process controls – policies and procedures.)	Non-compliance issues are minor	Instances of non-compliance are evident	Non-compliance issues are pervasive, significant, or have severe consequences
<b>Effect</b> (The potential negative impact to the operations- financial, reputational, social, etc.)	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
<b>Information Risk</b> (The risk that information upon which a business decision is made is inaccurate.)	Information systems are reliable	Data systems are mostly accurate but need to be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
<b>External Risk</b> (Risks arising from events outside of the organization's control; e.g., political, legal, social, cybersecurity, economic, environment.)	None or low	Moderate	High



The areas tested during the audit and our observations and recommendations are detailed below.

### **Areas Within the Scope of the Audit Tested Without Exception:**

#### **Student Tuition and Fees**

The University recorded \$17 million of student tuition and fees at June 30, 2018, consisting of \$1.4 million derived from housing fees, and \$15.6 million from tuition and course fees. With the exception of Office of Research and Economic Development (ORED) and Parking and Transportation, the Student Financials group is responsible for all the University's student tuition and fees collection activities, including third-party receivables.

Students are responsible for all charges posted to their accounts and are required to pay those charges by the stated payment deadline. Student Financials will take progressive action to resolve any past due student accounts receivable greater than \$200. These actions include notifying the student of the past due balance, offering the student the option to pay past due balance in installments, and assisting the student in resolving any disputes related to those charges. A student's account is deemed past due if payment is not received by the payment deadline as set by Student Financials. Students who have a past due balance are subject to enrollment cancellation or are prevented from registering for future terms, as required by The Florida Board of Governors (BOG) Regulation 7.002(7). The student will be sent at least one notification by mail to the last known address prior to the commencement of outside agency collection efforts. If the student does not settle the balance or enter into a payment arrangement upon receiving the notification, the collection agency will initiate an active collection process.

We examined 10 students with outstanding student tuition and fees balance for courses, housing, miscellaneous and other type of course fees at June 30, 2018, to determine the adequacy of the University's collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts and noted that:

- All students with past due balances were properly sent to a collection agency and appropriate communication was sent to the student for their outstanding balance. Additionally, we found that the University had adequate collection efforts to restrict students with delinquent accounts from receiving their transcripts or diplomas.
- Three (3) of the 10 students selected had an outstanding balance from the prior term due to not meeting their financial aid eligibility for their loans, and applicable housing or excess credit surcharges that were added at the end of the term. However, students are able to register up to two terms in advance as part of early registration. For example, a student can register

during the spring term for both summer and fall classes. Thus, according to Student Financials management, the process permits students to register for upcoming terms without cancelling their enrollment resulting from prior outstanding balances.

### **Third-Party Receivables**

Third-party receivables are derived from third-party contracts in which an organization is billed for the student tuition, totaled \$7.1 million at June 30, 2018. We examined 10 invoices for multiple organizations totaling \$94,444 and noted that receivables were being properly recorded and effective controls and procedures were in place.

### **Interest and Related Receivables**

The University recorded \$1.2 million in interest and related receivables at June 30, 2018, composed of \$539,248 in interest and dividends receivable and \$697,618 in loans receivable. We examined the Controller's reconciliation at June 30, 2018, and noted that receivables were properly reconciled and appropriate support was maintained.

### **Other Receivables**

The University recorded \$3 million in accounts receivable for various other types of activities at June 30, 2018, composed mainly of \$1 million in football game claims, \$613,000 from the Florida Department of Health, \$523,000 from the Office of Business Services, \$325,000 from the National Forensic Science Technology Center (NFSTC), and \$206,000 from ShoreLight Education (FIU Global First Year). We examined the Controller's reconciliation and noted that other receivables were properly reconciled and appropriate support was maintained.

### **Allowance for Doubtful Accounts**

At June 30, 2018, the University's allowance for doubtful accounts totaled \$8.8 million, composed of: \$7 million of student financials fees (41% rate of allowance); \$1 million of parking citations (83% rate of allowance); \$658,000 of interest and related receivables (55% rate of allowance); \$108,000 of contracts and grants (1% rate of allowance); and \$35,000 for other types of receivable activities (1% rate of allowance).

Except for the ORED receivable, the Controller's Office analyzes accounts receivable from the departments reporting an accounts receivable and adjusts the allowance account each quarter. Our review disclosed that the Controller's Office had a comprehensive and reasonable step-by-step narrative of the procedures used to compute the allowance for doubtful accounts. We also noted that the narrative was adhered to in computing the allowance for the year ended June 30, 2018, and that outstanding balances were properly written-off and approved by the Chief Financial Officer (CFO).



ORED analyzes its receivables and forwards adjustments to the allowance account to the Controller's Office. The Controller's Office performs a review to determine if the amount provided by ORED is reasonable or if an adjustment is needed. We reviewed their step-by-step narrative of how they extract and analyze the data used to calculate the allowance and noted that it was properly documented and adequately supported.

### **Accounts Receivable Write-Offs**

Once a year the University will write-off uncollectable accounts receivable balances. An uncollectable balance is defined as an accounts receivable for which all efforts to collect the balance have been exhausted and any additional cost or effort to collect would exceed the expected amount to be recovered. The approximate time period to write-off an account for Student Financials is approximately 4 years from the last day to pay for a term, without any further account activity. The write-offs for accounts receivable are proposed by the University Controller and approved by the CFO.

During fiscal year 2017-2018, write-offs totaled \$4.3 million (11% of receivables), while \$2.7 million (5% of receivables) were written-off during fiscal year 2018-2019. These amounts were mainly composed of student related fees. We determined that the accounts receivable are properly reviewed for collectability. After six months from the last day to pay for a term, balances over \$200 are sent to a collection agency to increase collection efforts. After multiple placement attempts with differing collection agencies, student accounts are reviewed for write-off.

## Areas Within the Scope of the Audit Tested With Exception:

### 1. Unrecorded Accounts Receivable

We reviewed the University's auxiliary departments' activities from July 1, 2017, through June 30, 2019, and identified those departments with potential for generating accounts receivable. From these units, we selected 32 departments in which we sent out a questionnaire and found that 16 had an accounts receivable during the year. The table below depicts their balances at year-end:

- At June 30, 2018, we found that 11 of the departments had an accounts receivable balance totaling \$399,565 that was unrecorded in the University's general ledger. Three (3) of the departments had a \$0 balance and two (2) of the departments were unable to determine their balance as no record to track accounts receivable was maintained.
- At June 30, 2019, we found that 12 of the departments had an accounts receivable balance totaling \$664,218 that was unrecorded in the University's general ledger. Three (3) of the departments had a \$0 balance and one (1) department was unable to determine their balance as no record to track accounts receivable was maintained.

Overall, the unrecorded accounts receivable balances represented 1 percent and 1.2 percent of the gross accounts receivable at June 30, 2018 and 2019, respectively:

Department	Balance as of June 30, 2018	Balance as of June 30, 2019
College of Business	\$ 7,661	\$ 19,166
South Beach Wine & Food Festival (SOBE)	-	1,600
Athletics	58,411	60,723
Continuing Education/Dual Enrollment	26,144	58,760
Hospitality Management	4,253	1,524
Division of IT <sup>2</sup>	6,008	117,454
Media Technology	-	-
College of Law	36,093	30,304
Graham Center	2,560	516
Children Creative Learning Center	2,320	1,380
Communication, Architecture + The Arts (CARTA)	2,800	2,426
Metropolitan Center	-	-
Center for Academic Success	Unable to determine	Unable to determine
Pre-Collegiate and College Program	2,494	-
Center for Children's and Families (CCF)	Unable to determine	28,454
Center for Internet Augmented Research and Assessment (CIARA)	250,821	341,911
<b>Total Unrecorded Accounts Receivable</b>	<b>\$ 399,565</b>	<b>\$ 664,218</b>

<sup>2</sup> Balance as of June 30, 2019, includes PantherTECH employee payroll deduction of \$111,268 for purchases from PantherTECH.



At the outset of the audit, we found that the University relies on departments' systems to record their accounts receivable since there was no central accounts receivable module for PantherSoft. However, aside from the departments identified above, there may be others whose operations potentially result in an unrecorded accounts receivable. Additionally, we noted that 15 of the 16 departments did not have policies or procedures in place to track or manage accounts receivable within the department. Since the process is decentralized, each department should have detailed policies and/or procedures to formulate their practices and ensure consistent treatment of transactions.

Accounts receivable balances were provided by management. We relied on management's assertion and supporting documentation of year-end balances. In addition, we noted that departments with a \$0 balance were the result of receipt of payments prior to year-end. However, we are accounting for these departments as they have a potential to generate an accounts receivable balance at year-end due to the collection of payments after goods/services are rendered.

The Controller's Office has recently implemented an Accounts Receivable and Billing module to allow for departments to bill and collect on the sale of goods and services. A pilot program was implemented in July 2019 and currently includes the following units: (a) College of Business; (b) Division of IT; (c) SOBE Wine and Food Festival; and (d) FIU Global First Year Program.

### **Recommendations**

The Controller's Office should:	
1.1	Work with the units that generate accounts receivable to ensure those balances are captured at year end, and to integrate as many of the units as possible within the Accounts Receivable and Billing module.
1.2	Ensure that the Accounts Receivable Procedures are revised to account for the new Accounts Receivable and Billing module; and provide guidance to departments with the potential to generate an accounts receivable to develop departmental procedures that are in line with the revised Controller's procedures to manage their process.

### **Management Response/Action Plan**

- 1.1 The Accounting and Reporting team of the Controller's Office will add a section on the year-end memorandum for the process by which departments can communicate any receivables they need accrued at June 30<sup>th</sup>. We will also communicate this in the final finance managers meeting in FY2020 (this portion of the recommendation will be completed by June 30, 2020). In FY2020 we have three more units for deployment into the Accounts Receivable and Billing Module of PeopleSoft, we continue to work with the sponsors of this project, Auxiliary and Enterprise Development, on the coordination of units to be integrated. We will evaluate all the units noted in your internal audit report during FY2020 with the goal of integrating

any units that are candidates for integration by June 30, 2021. It should be noted that integration into this module will be a continuous process as new or existing departments may commence the sale of goods and services to customers. We in the Controller's Office will strive to get as many of these departments to use this module, but there are factors such as functional limitations of PeopleSoft that will prevent 100% integration.

**Implementation date:** June 30, 2021

- 1.2 Controller's Office will update the Accounts Receivable Procedures by June 30, 2020. The Accounting and Reporting team will coordinate with Quality Assurance team within the Controller's Office to identify all units that will be completing the Cash Collection Point approval process to understand if those units have the potential to generate accounts receivable. For the units that meet this criteria we will provide guidance to them so they can develop their departmental procedures. This will be an ongoing process since potentially there will be new departments in the future providing goods and services to external customers but in the short-term we strive to have any departments identified through June 30, 2020 to have their procedures updated by December 31, 2020.

**Implementation date:** December 31, 2020



## **2. Recorded Accounts Receivable**

At June 30, 2018, the University's gross accounts receivable balance totaled \$40.6 million, composed of: \$17 million of student tuition and fees (including \$1.4 million of housing fees); \$11.1 million of contracts and grants; \$7.1 million of third-party receivables; \$1.2 million of parking citations; \$1.2 million of interest receivable; and \$3 million for other types of receivable activities. The results of our testing are as follows:

### **Office of Research and Economic Development (ORED)**

The University recorded \$11.1 million in accounts receivable related to contracts and grants at June 30, 2018, of which \$6.3 million was derived from unbilled<sup>3</sup> accounts receivable. ORED receives awards from various sources including federal, state, local and private sponsors. The department is responsible for the billing and collecting of funds for all awards. The collection process for awards can vary depending on the type of award: cost reimbursable, fixed price, prepayments, or scheduled payments.

We reviewed the reconciliation performed by ORED and noted that the accounts receivable figure included 32 negative balances at June 30, 2018, that resulted in an a \$103,313 understatement of accounts receivable and deferred revenue. Two awards accounted for 74% of the understatement total. A review of the June 30, 2019, reconciliation which totaled \$16 million in accounts receivable, similarly reflected 33 negative balances resulting in an understatement of \$239,307, with one award accounting for 65% of that total. Management stated that this was due to grant prepayments larger than the actual amount billed. These amounts, which represent approximately 1% of the total receivable each year, should have been recorded as deferred revenue for payments received in advance; however, they were recorded as a contra accounts receivable, within the accounts receivable net balance.

From the \$11.1 million recorded as accounts receivable, we judgmentally examined 15 awards with outstanding receivables totaling to \$2.4 million (\$1.9 million billed and \$477,000 unbilled) at June 30, 2018, and found no exceptions.

Further, we also examined the June 30, 2019, balances to determine if there were any significant changes and noted that unbilled receivables had increased by 44 percent, from \$6.3 million at June 30, 2018, to \$11.3 million at June 30, 2019. We examined all unbilled balances over \$100,000, consisting of nine (9) awards related to 14 projects, which totaled \$4.5 million. Of these, we found no reportable issues with the receivables for four (4) projects related to four (4) awards totaling \$846,453. However, among the remaining 10 projects, we found instances where management did not bill the sponsor on a basis consistent with what the contract permitted by the award. This included the following:

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<sup>3</sup> Unbilled expenditures represent those expenses incurred but not yet billed to the sponsor.

- Five projects totaling \$874,045 related to two awards. Of this amount, \$397,571 was incurred during May 2019 and remained unbilled as of June 30, 2019. The contract permits billing to occur as early as every two weeks.
- One project totaling \$199,265 for expenses incurred between January 2019 and June 2019. The contract permits billing on a quarterly basis. At June 30, 2019, we noted that January through March 2019 unbilled expenditures amounted to \$175,410. However, we also noted that \$46,486 of this amount, relating to payroll charges, was subsequently reversed.
- One project totaling \$175,044, included \$84,831 of expenses incurred during May 2019 which remained unbilled at June 30, 2019. Although the contract does not provide a specific billing period, we were informed by the sponsoring agency that they allow for billing “as expeditiously as possible, even daily, if requested.”
- Finally, there were three (3) projects totaling \$2.4 million related to one award for which expenses from November 2018 through June 2019 had not been billed. Although the sponsoring agency [Health and Human Services (HHS)] allows monthly billings, management explained that the award did not allow the University to bill the sponsor until the sponsor had reviewed and preapproved the bills, thus creating a delay in the billing. This was a recent award and the University had only submitted one prior bill for \$312,019 for September and October 2018 expenditures and were having issues collecting. We examined email communications reflecting the diligence and continued effort on the part of the University to resolve this matter with the sponsor. Management also explained that they made a decision to hold back on billings for two of the projects until they had worked out the billing details of the first project. As a result of these extenuating circumstances, December 2018 through March 2019 expenditures totaling \$2,007,819 remained unbilled at June 30, 2019.

Management has informed us that even though they strive to bill monthly, that this is somewhat not always feasible due to various factors such as sponsor requirements or workload in a specific month. They added that the accounts receivable is reviewed monthly in detail and on a quarterly basis and that as long as items are not greatly in arrears, it does not cause great alarms. According to them, their concern would be much greater if billings were for a lesser known entity than a federal agency in which there had been routine communications.

Management has informed us that the December 31, 2019, balance for unbilled expenditures was \$6,467,617, a drop of 41% from the June 30, 2019 balance. Notwithstanding the decline in unbilled expenditures, and aside from the extenuating circumstances that may occur from time to time, as in the case of the HHS projects above, billings to sponsors which allow monthly billings, if not more frequently, should be submitted on a monthly basis. The findings from our sample testing reflected that the University was currently having to finance these costs for two or more months.



## Parking and Transportation

The Controller's accounts receivable procedures require all departments that have activities that give rise to receivables, other than those that are created within the PantherSoft Student Administration System, to develop guidelines for the management of those receivables. These guidelines should protect University assets and ensure the timely recognition and collection of those receivables.

The University recorded \$1.2 million in parking citations receivables at June 30, 2018, representing 53,658 outstanding citations. We reviewed the guidelines in place for Parking collections which state that when there is an outstanding citation balance:

- A "PKG Hold" will be placed on the customer's record, both in the "NuPark" system and in the PantherSoft Student Administration System for any unpaid citation over 14 days. This hold prevents the ability for students to receive their transcripts and/or diploma for any balance owed.
- A "PKR Hold" will be placed on a customer's record when a student has unpaid citations of \$250 or more. This hold prevents the student from being able to register for class, receive their transcripts and/or diploma.
- A customer with a balance above \$100 in unpaid citations is considered a bootable vehicle. The owner of the vehicle will receive an email communication that they have multiple outstanding citations and are on the threshold.

In addition, any citation outstanding for more than 45 days will be sent to an outside agency to increase collection efforts. The agency will work the file for at least one year before the file is recovered and switched to a different agency for added collection efforts.

Our review disclosed that the Controller's Office performed a reconciliation of the June 30, 2018, aging receivable report provided by Parking. We also noted that each quarter, Parking forwards detailed information about citations issued to the Controller's Office. From the \$1.2 million in parking citations, we judgmentally selected and examined 20 different customer accounts totaling 104 citations issued as of June 30, 2018, and noted that:

- 40 unpaid citations (38%) dated between 2015 and 2017 were not sent to the collection agency, contrary to Parking policy.
- Eight (8) of the citations (8%) were recorded improperly in the accounts receivable balance. We noted the citations had more than one person linked to them, which resulted in double counting the amount included in the accounts receivable balance. Management explained that this was due to a system error, as when an automobile tag was not registered in the system, the vehicle owner (registered with the Division of Motor Vehicle) would receive the citation. However, later on when the person registered his/her

vehicle in the system, the system would assign them the citation but not remove the previous citation issued to the owner of the vehicle. As such, the citation appeared twice in the listing. Through this inquiry and discovery, management corrected the NuPark report to ensure citations appeared only once when the vehicle is registered. Through a comparison of the revised and original reports, we were able to determine that \$68,678 had been improperly included in the original report that was used for recording Parking's accounts receivable for financial statement purposes at June 30, 2018.

- Seven (7) instances (7%) in which the customer had over \$100 in unpaid citations therefore it was considered a bootable vehicle. Although a boot alert was issued on the system, and the customer received multiple citations after this, the vehicle was never booted by the Parking Enforcement Officer.
- Three (3) instances (3%) where a student had over \$250 in unpaid citations and was still allowed to register for class. The PKR Hold was placed in Parking's NuPark system, however, since NuPark is not integrated with PantherSoft's Student Administration System, the hold was never reflected within PantherSoft, allowing the student to register for class.
- Three (3) instances (3%) where the students had an unpaid citation balance but transcripts were still sent to the students. Additionally, in one of those instances the student also received his/her diploma despite having an outstanding citation balance due. The PKR Hold was placed in Parking's NuPark system, and similarly, since NuPark is not integrated with the PantherSoft's Campus Solutions module, the hold was never reflected within PantherSoft, allowing the students to receive their transcripts and diploma.

The guidelines used by Parking are similar to those used by Students Financials in that students who have a past due balance are subject to enrollment cancellation or are prevented from registering for future terms, as required by The Florida Board of Governors (BOG) Regulation 7.002(7).

### **Recommendations**

ORED should:	
2.1	Ensure that year-end award balances are properly reflected as either accounts receivable or deferred revenue for financial statement purposes.
2.2	Analyze current resources in light of the billing volume and perform a cost analyses of workforce and/or other resource needs versus the cost of continuing to finance these cost-reimbursable expenditures.

Parking should ensure:	
2.3	That NuPark reports used to record month-end balances properly reflect the actual balances due.
2.4	Guidelines and procedures are properly followed to ensure: a) unpaid citations are timely sent to the collection agency; b) vehicles are properly booted; and c) students with unpaid citations are prevented from registering for class and receiving transcripts/diplomas.

### **Management Response/Action Plan**

- 2.1 Negative A/R can be caused by several factors based on the contract type. Some of the projects that had negative A/R balances were due to transfers being moved off projects that were more than current charges. For others, it should be noted that it is rare that payments are received from sponsors prior to invoices being generated or overpayments received but there were in fact a few of these such instances at June 30, 2019. As noted in the report these amounts represented approximately 1% of the total A/R balance. In the future, ORED will review any negative A/R balances and ensure they are properly classified at year end.

**Implementation date:** Immediately

- 2.2 Management maintains that ORED bills in a timely manner given the portfolio of awards. The A/R is a snapshot in time and as stated in the audit report and as an example the unbilled A/R as of December 31, 2019 is half of what it was at December 31, 2018. Bills are remitted to sponsors according to each award's terms and conditions. For 6 of the 10 projects, the award contract did not specify a billing due date and although the audit finding suggests ORED could bill weekly or daily, this is not feasible or a good use of University resources. [The report identified awards that permit bi-weekly billings and sponsors who permit daily billings; auditor suggested monthly billings in these cases]. All 6 projects were billed by the 3rd month and funds already received. For one of the remaining projects with unbilled A/R of \$175,410, it should be noted that due to issues with the sponsor requiring pre-approval of invoices and miscommunication, ORED did not receive the executed contract until almost one year after the continuation of the award. A delay of several months is unfortunately not uncommon with this sponsor, and was followed up on in a routine manner. Invoices could not be generated until the contract was executed by the University and therefore was timely. Because the University has a long standing relationship with this state agency and it was a continuation of a multi-year award, the delay did not cause management great concern as items were routinely followed up on and documented during our normal review frequency of A/R. The last finding (for the remaining 3 projects which totaled \$2.4 million) is one in which we could not bill until the sponsor pre-approved the draft invoices who requested specific formatting and an abundance of support documentation related to charges that was not specified in the contract but was necessary from their perspective before ORED could submit an invoice. This is not a common occurrence but was attributable for almost half of the entire unbilled A/R.



ORED has seen an increase of awards and as such, approved 2 additional positions in post award which are currently in the latter stages of recruitment. This should assist in distribution of workloads and facilitate timely follow-up to further minimize financing of any cost reimbursements.

**Implementation date:** Immediately

- 2.3 Parameters of report have been adjusted to only include one profile.

**Implementation date:** Immediately

- 2.4 a) As the University has the ability to offset wages to collect outstanding debt, employee subclasses are not part of the collection file transfer. 17 of the 40 samples noted in the findings have an “employee” sub classification which signals collection efforts to take place internally rather than being sent to a collection agency. File transfers are now being reviewed on a daily basis to ensure qualifying events are transferred to collections and will be reconciled against a report in NuPark. In addition, a dedicated resource is now in place to assist in A/R ensuring qualifying files are transferred. Process to ensure balances are transferred is to confirm and acknowledge current status of account. We now run 46th Day Aging report on all citations: (a) If Employee: Initiate internal collection efforts; and (b) If Any Other: verify that outsourced agency file is received. We will also run a quarterly aging report on all citations to ensure that all files are in collection process.
- b) We are currently rolling out an automated self-release immobilization system to provide 24/7 resources for collections for weekends and after hours of operations.
- c) As the University does not currently have a live integration with PantherSoft, Parking will run weekly NuPark reports identifying profiles that meet the criteria for which a service indicator should be placed or removed. A spreadsheet report will be submitted on a weekly basis to Student Financials for their cross-reference of the profiles which require the service indicator to be placed or removed for PKG/PKR. A monthly reconciliation process will be conducted as back-up with Student Financials to ensure the lists are accurate.

**Implementation date:** Immediately