Florida Gulf Coast University Board of Trustees  
September 18, 2012

SUBJECT: Activity and Service (A&S) Fee Audit

PROPOSED BOARD ACTION

Accept the internal audit of Activity and Service (A&S) fees provided to President Wilson Bradshaw and Vice President for Student Affairs Michael Rollo on August 17, 2012.

BACKGROUND INFORMATION

This report presents a limited scope audit of the 2011 – 2012 budget allocations of Activity & Service (A&S) fees and expenditure of the funds during Fall Semester 2011. The audit’s chief objectives were to determine whether 1) allocations of A&S funds were made according to documented policies and procedures, and 2) A&S fees were spent for allowable purposes according to documented policies and procedures.

The audit was part of the 2011 - 2012 internal audit work plan approved by the FGCU Board of Trustees at its June 21, 2011 meeting.

Supporting Documentation Included: Activity and Service Fee Audit Report Issued August 17, 2012

Prepared by: Director of Internal Audit Carol Slade

Legal Review by: General Counsel Vee Leonard (July 15, 2012)

Submitted by: President Wilson G. Bradshaw
INTEROFFICE MEMORANDUM

To: Dr. Michael Rollo, Vice President for Student Affairs

Cc: Dr. Wilson Bradshaw, President
    Susan Evans, Chief of Staff

From: Carol Slade, Director of Internal Audit
      Jena May, Accountant

Date: August 17, 2012

Subject: Activity and Service Fee Audit (FINAL REPORT)

Please see the attached final report of the Activity and Service Fee Audit, which includes the management response. The report is dated June 27, 2012, which is the date Internal Audit received the management response from the Vice President for Student Affairs.

Vee Leonard, General Counsel, completed a legal review of the audit report. The audit was performed by Carol Slade, Director of Internal Audit and Jena May, Accountant. It was reviewed by Deborah McEwan, Senior Auditor.
Florida Gulf Coast University

Activity & Service Fee Audit

Internal Audit Report

Report Date: June 27, 2012
ACTIVITY AND SERVICE FEE AUDIT

EXECUTIVE SUMMARY

This Report represents a limited scope audit of the 2011-2012 budget allocations of Activity & Service (A&S) fees and expenditure of the funds during Fall Semester 2011. A&S fees are controlled by Student Government and used by University departments, Student Government, Registered Student Organizations (RSOs), and sport clubs. Our report includes four observations with recommendations regarding the allocation process (Observations 1 – 4) and three observations regarding the expenditures of fees (Observations 5 – 7).

There are also two additional observations (Observations 8-9) with recommendations regarding procedures and two observations (Observations 10-11) regarding interpretations of regulations and policies pertaining to the use of A&S fees currently specified in the Student Government Finance Code.

Overall, however, A&S fees were allocated and expended in accordance with the applicable Finance and Accounting Policies and Procedures, the Student Government Finance Code, Student Affairs internal department manuals, FGCU Regulations 4.005, 4.006 and 7.001 and Section 1009.24(10), Florida Statues. In the opinion of the Office of Internal Audit, Student Affairs has generally effective processes that operate to educate and support Student Government in the appropriate uses of A&S funds.

OBJECTIVES

A. Obtain an understanding of:
   • Allowable use policies for A&S fees.
   • A&S fee budget allocation procedures.
   • Disbursement procedures for A&S fees.
B. Determine whether:
   • Allocations of A&S funds were made according to documented policies and procedures.
   • A&S fees were spent for allowable purposes according to documented policies and procedures.
C. Propose possible improvements or efficiencies to the A&S fee allocation or disbursement procedures.
D. Provide auditor interpretations, according to Florida Statutes, of appropriate uses of A&S fees regarding possible additional uses of A&S fees brought forward by Student Affairs Management during a meeting held with the audit clients prior to the start of the audit.
This limited scope audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors. The audit procedures provided a reasonable basis for our opinion and the following reportable observations and recommendations.

AUDIT SCOPE – End of Fieldwork was May 30, 2012

The scope of this audit includes a review of the budget allocation process for 2011 - 2012 and expenditure process of A&S funds during Fall Semester 2011. The A&S budget allocation for fiscal year 2011-2012 was passed as a Student Government Senate Bill during the 2010-2011 school year on March 1, 2011. Each entity that sought A&S funding was required to submit their Annual Budget Application for A&S fees to the Student Government Executive Secretary by January 14, 2011. A&S fees were allocated by the Student Government Appropriations Committee to Student Government (SG), Registered Student Organizations (RSOs), the Sports Club Council, and various university departments.

BACKGROUND

The University assesses all students an activity and service fee per credit hour. As required by Section 1009.24(10)(a), Florida Statutes, the Board of Trustees is required to establish such a fee. An activity and service fee committee, at least one-half of whom are students appointed by the student body president must recommend any adjustment to the fee. Effective July 5, 2011, FGCU-PR7.001 regulation established a fee of $11.24 per credit hour.

A&S fees are to be allocated and expended for lawful purpose to benefit the student body in general. These funds are administered by the FGCU Student Government Appropriations Committee and the Student Government Senate.

The primary means of allocating A&S fees is through the Student Government’s Annual Budget Application process. Entities requesting funds must submit an Annual Budget Application then attend a mandatory budget hearing meeting. At this meeting entities requesting funding have the opportunity to further explain their requests. During the year, funded entities are able to request additional funds through a separate Senate Bill.

As registered student organizations and sport club teams need to make purchases with their A&S fees, they must seek approval from the A&S Accountant and the Sport Club Coordinator, respectively. Additionally, A&S expenditures for RSOs must be approved by the Student Body Treasurer and the Office of Student Involvement. University sport clubs must also obtain approval from the Sport Club President or the Sport Club Treasurer.

When expending A&S fees, the purchasing procedures for university departments and Student Government are the University Finance & Accounting purchasing procedures that apply to all
purchases regardless of fund source. University departments and Student Government utilize both purchasing cards (P-cards) and Procurement Services when making purchases with A&S fees as specified in Finance and Accounting’s policies and procedures. The department directors are also responsible for ensuring compliance with the Student Government Finance Code. Student Government must have their purchases signed by the Student Government Treasurer as well as the Dean of Students before payment is made.

OBSERVATIONS AND RECOMMENDATIONS

Objective B- Allocation of A&S Fees

1. Observation

When an entity requests funds during the Student Government annual budget process, officers or staff must complete an annual budget application. These applications do not always provide for an adequate and/or transparent explanation as to the planned use of the A&S fees. Therefore, budget hearings are held to give each entity the opportunity to clarify and expand upon its request and purpose.

For 2011 – 2012 the Student Government Senate Appropriations Committee did not keep minutes of the budget hearings or provide written explanations as to why the Committee awarded a department or registered student organization its allocation. Minutes or notes would make the decision making more publically transparent to current and future students interested in the A&S allocations.

Recommendation

It is recommended that the Student Government consider adding a section to the Finance Code that requires the Senate Appropriations Committee to maintain minutes or other written evidence to provide increased transparency regarding its allocation decision.

It is also suggested that the Student Government consider adding to the Finance Code criteria for making allocation decisions, such as the number of club participants, to further demonstrate allocation fairness or equity.

Management Response

Student leaders who conducted the appropriations work had knowledge of the FL Sunshine Law by way of formal training sessions and briefings by staff who act as advisors to Student Government. The A&S Accountant reported that committee members took personal notes and referred to them in appropriations decision making. In the final bill submitted to Senate, the bill included the compilation of approved standards that they had agreed upon in committee.

Staff in the Dean of Students Office (The Assistant Dean of Students Multicultural and Leadership Development (MLD) and the Student Government Coordinator) will work with the
Student Government Appropriations Committee to require that formal minutes (not personal notes) are kept of all meetings and posted in compliance with the FL Sunshine Law. The Assistant Dean of Students MLD and the Student Government Coordinator will also work with the Student Government leaders as well as the A&S Accountant to include written evidence in the minutes to provide increased transparency regarding its allocation decisions.

Student Government chooses not to write specific criteria into the Finance Code that limits or restricts its ability to allocate A&S funds to Registered Student Organizations.

Date to be Completed: Spring Semester 2013
Person Responsible for Implementation: Vice President for Student Affairs

2. Observation

The registered student organization, Phi Alpha Delta, requested and received funds for four private initiation ceremonies to welcome the incoming members. Because the term “private ceremonies” suggests that the ceremonies were not open to all students and did not appear to benefit the student body as a whole, the allocation would appear to violate Section 1009.24(10)(b), Florida Statutes which states that “the student activity and service fees shall be expended for lawful purposes to benefit the student body in general.”

Recommendation

It is recommended that, for future A&S allocations, the review of supporting documentation submitted with an allocation request be strengthened by looking for questionable wording of events like “private ceremonies.” Either the activity is not eligible for A&S fees or the description should be corrected to demonstrate that the activity benefits “the student body in general.”

Management Response

The use of the words “private ceremony” does not mean “secret ceremony”. Private ceremonies can be open to the public but it is unlikely anyone not invited would want to attend an installation ceremony of an honor society or student organization. Phi Alpha Delta is a student business organization that is open to all students, not a “secret society”. The initiation ceremony is eligible for A&S Fees. The Student Government Treasurer monitors the compliance of all expenses submitted for Registered Student Organizations. Additionally, the A&S Accountant will work with the Student Government Treasurer to be sure that descriptions of events like induction ceremonies are appropriately worded so that legitimate expenses do not appear ineligible. The Student Government Coordinator will incorporate this into training programs designed in conjunction with the A&S Accountant and the Student Government Treasurer.

Date Completed: Added to SG Training Fall 2012
Person Responsible for Implementation: Vice President for Student Affairs
3. Observation

The Office of Student Involvement requested $8,000 to pay the chargebacks from telephone and fax machine usages for areas including Eagle Newspaper, SGA Executive Branch and Campus Involvement. For instance, October 2011 had charges for 10 telephone lines and 3 fax lines. The 10 telephone lines were 3 lines for Eagle Newspaper and 7 lines for staff in Campus Involvement. The 3 fax lines were assigned to Campus Involvement and titled “Student Act. Fax,” Student Involvement-Fax,” and “SA Accounting Fax.”. The SGA Executive Branch also requested $5,150 to cover the costs of another 8 telephone lines and a fax line. The eight lines were the Student Government Association (SGA) Main Line, lines for the Student Government President, Vice-President, and Treasurer (1 each), a line for the SGA Senate, one line for the SGA Executive Secretary, a line for the A&S Accountant, and a line titled “Student Government Executive.” The fax line is titled “SGA-fax.”

Recommendation

It is suggested that the Office of Student Involvement and Student Government conduct a review of the number of telephone lines and fax machines in use to determine if efficiencies may be obtained by eliminating some communication lines. Every line incurs a monthly equipment charge. For instance, it may be that more use of scanning could lessen the need for some fax lines. Faxes made through copiers might also be considered. Fewer monthly charges for equipment will provide more A&S fees for student events and activities.

Management Response

The Office of Student Involvement funds 10 phone lines and three fax lines for use by Eagle News, Student Government Executive Branch, and Student Involvement. The Assistant Dean of Student Involvement will contact telecommunications to identify the phone and fax lines currently being paid for by Student Involvement. Any lines belonging to Eagle News or Student Government Executive Branch will be moved to the correct FOAPAL. Any unnecessary lines will be discontinued. The Office of Student Involvement utilizes 8 phone lines and one fax line.

Date to be Completed: August 30, 2012
Person Responsible for Implementation: Vice President for Student Affairs

4. Observation

During the review of 6 sport club budgets, some observations were made regarding the supporting documentation for the budgets. Each club completes the budget application form differently. Some clubs fill out their entire budget, regardless of funding source, for the year while other clubs only include their A&S expenditure requests. For example, the hockey club includes total estimated expenditures to be paid from all sources, not just their needs from A&S fees.
Recommendation

The Sport Club Office has implemented a new Annual Funding Application for the 2012-2013 year. The new form appears to provide greater clarity for those completing the form. However, it is recommended that, when sport clubs submit their Annual Funding Applications, they only include the specific A&S requests.

The 2011 – 2012 Sport Club Team Manual specifies that, although Sport Clubs are allowed to have outside bank accounts, these accounts are still subject to Sport Club policies and disciplinary procedures. Balance and transaction history for these accounts may be requested by the Sport Clubs Office and/or Student Government. Internal Audit recommends that each sport club submit information about any cash and outside bank accounts. This will help the Sport Club Council and Student Government understand all funding sources for each sport club so they are able to make a more informed and equitable decision when allocating A&S funds.

Management Response

The Student Government Appropriation Committee decides what information they want to see on their internal budget application. The Assistant Dean of Students MLD, new Student Government Coordinator, and the A&S Accountant will assist them with their forms so that the Committee feels that they are receiving the proper criteria to make informed decisions.

To make informed decisions the Student Government Appropriations Committee has determined it needs to see all information available regarding how the Sports Clubs are funded and not limit their review to A&S allocations. By having the Sports Clubs submit all criteria available there will be greater transparency in the allocation process of their decision making.

Budget Hearings are held for the process of gathering additional information and to answer questions the Student Government Appropriations Committee has about the individual budget applications.

Date to be Completed: Fall Semester 2012
Person Responsible for Implementation: Vice President for Student Affairs

Audit Follow-Up to Management Response

We agree with Management that “To make informed decisions the Student Government Appropriations Committee has determined it needs to see all information available regarding how the Sports Clubs are funded and not limited their review to A&S allocations. By having the Sports Clubs submit all criteria available there will be greater transparency in the allocation process of their decision making.”
Objective B- Expenditure of A&S Fees

5. Observation

A test of approximately 70 A&S disbursements was conducted to determine adherence with applicable FGCU procedures. The A&S disbursements included approximately 50 non-payroll transactions and 20 payroll transactions. Examples of procedures include, but are not limited to, proper authorizations and appropriate and sufficient documentation to support transactions and their receipt.

The payroll test of approximately 20 transactions disclosed no instances of non-adherence to procedures.

The test of approximately 50 non-payroll A&S expenditures included four expenditures that did not include any documentation that the goods had been received. Two additional expenditures were made before University approval to pay was obtained. The details of the six expenditures were reviewed with the appropriate Student Affairs staff and were discussed at the conference with the Vice-President for Student Affairs at the end of Internal Audit testing before drafting a report.

Recommendation

Documenting University approval of a purchase before it is made and documenting that goods or services are received before payment is made are essential controls for the protection of University resources. Recurring education about and enforcement of the requirements of any University purchase are essential.

It is suggested that, if practicable, a club that does not provide documentation that goods or services were received should be restricted from additional requests for payment processing until all outstanding issues have been resolved.

Management Response

In many instances packing slips for items ordered on line or by Registered Student Organizations were not kept by student organizations and the A&S Accountant to be attached to the invoice documentation when those goods or services were received. In the future packing slips will be kept to prove that the goods or service are received. The Student Government Coordinator and Treasurer Training will emphasize the importance of documentation for essential controls in order to protect University resources.

The Office of Student Involvement staff (Assistant Dean and the Registered Student Organizations Coordinator) with the assistance of the A&S Accountant will monitor and enforce the practice of restricting additional requests for payment processing in the future if packing slips or an equivalent delivery document is not submitted appropriately upon delivery.

Date Completed: July 1, 2012
Person Responsible for Implementation: Vice President for Student Affairs
6. Observation

Six expenditures made by purchasing card (P-card) in a test of approximately 50 non-payroll A&S expenditures did not comply with purchasing card procedures. The six expenditures that did not comply with purchasing card procedures were discussed with Student Affairs staff members at the exit conference.

Recommendation

It is recommended that appropriate Student Affairs staff routinely review the Purchase Card Manuals for users and reconcilers. It is also recommended that exceptions noted in the observations above are corrected before the next purchase card audit by Procurement Services.

Management Response

The auditor recommendation is noted, and Student Affairs staff will comply with the recommendation.

Date Completed: July 1, 2012
Person Responsible for Implementation: Vice President for Student Affairs

7. Observation

During the course of the audit, we observed expenditures charged to the Miscellaneous Employee Reimbursement account code by at least 12 clubs.

The account code “Miscellaneous Employee Reimbursement” has been used to classify an expenditure that was paid to an individual or club as reimbursement for an allowable FGCU expenditure. Miscellaneous Employee Reimbursement is an account code that identifies the expenditures as having been paid to students as reimbursement for authorized expenditures on behalf of the University.

For expenditures made with A&S fees, it is important to know if the expenditures are made for the allocated purpose. For example, allocated purposes or budget categories include, but are not limited to, travel, refreshments, and materials and supplies. The Student Government Finance Code specifies a ceiling of $7,500 for a club’s travel allocation.

- As an example of the importance of using the correct account code, during Fall Semester 2011 the Hockey Club was reimbursed the maximum allowable $7,500 for travel, but the expenditure was charged to account code “Miscellaneous Employee Reimbursement.” This type of incorrect account coding does not allow Banner budget controls to prevent travel expense that exceeds the allowable limit established by the Student Government Finance Code.
- A reimbursement for the purchase of pizza and soda for an Eco-Action Club meeting was charged to “Miscellaneous Employee Reimbursement.” This should have been
charged to the more appropriate account code entitled “Refreshments.” This is significant to the future budgeting process because a charge to the Refreshments account code would better reflect the large sums of money spent on food with A&S fees.

- A reimbursement for the purchase of meals during an out-of-state trip for the Gender Equity Club members was charged to account code “Miscellaneous Employee Reimbursement.” This should have been charged to account code “Out of State Travel” so that the expenditure would post against the travel budget limitation of $7,500.

**Recommendation**

It is recommended that additional attention be paid to the assignment of account codes. Procurement Services has agreed not to use the account code “Miscellaneous Employee Reimbursement” except when there is truly no more appropriate category for the nature of the expenditure (not to whom the payment is made). It is strongly recommended that, when travel is involved, special care be taken in assigning the appropriate account code.

It is also suggested that Student Affairs assist the clubs to consider using expenditure histories when estimating current allocation requests and Student Government to consider past expenditures when requesting or making current allocations.

**Management Response**

In the past, Procurement Services had advised staff to use account code “Miscellaneous Employee Reimbursement” whenever an individual was receiving a reimbursement check regardless of the reason for the expense. This accounting requirement caused problems in reimbursing individuals for travel expense as all the A&S budget for all travel expense was posted in Pool 7300T. Account code “Miscellaneous Employee Reimbursement” was in Pool 7300 and not Pool 7300T. At times obtaining approval for budget transfers between the pools became problematic due to the Finance Code, and thus, it delayed payment to the individuals. Student Government then had to change their finance code requirements to allow for budget transfers between the pools for the purpose of adhering to accounting requirements and not compliance requirements to make payments to individuals for travel expenditures that were being paid out of the Other Operating Expense Pool 7300. Student Government will gladly follow the recommendation as it will keep all travel expenditures in the proper pool and will make the analysis process easier for monitoring expenses.

The Student Government Appropriations Committee does use past expenditures as part of its decision making process when allocating funds during the Budget Hearings. The Student Government Appropriations Committee looks at the current request, previous requests and allocations, and the usage of the funds previously allocated. The Committee also looks at the funds swept back from the departments and organizations as part of their analytical process.
All changes in the Finance Code of Student Government will be reviewed by Student Affairs staff and be submitted for legal review prior to final approval.

Date Completed: July 1, 2012
Person Responsible for Implementation: Vice President for Student Affairs

**Objective C- Suggested Improvements to Procedures**

8. Observation

A test of approximately 70 A&S disbursements was conducted to determine adherence with applicable FGCU procedures. The test disclosed four purchases made that were not specifically approved during the annual budget application process by the Appropriations Committee or by the Sports Club Council, as applicable. The details of these purchases were discussed at the audit exit conference.

**Recommendation**

Although it may be good policy to allow expenditures that were not approved on the initial budget but do not exceed the total allocation, we recommend that the current procedure be further discussed with Student Government. This procedure may be appropriately considered for inclusion in the Student Government Finance Code. For instance, the policy might be appropriate or "good" if a club was allocated an amount for travel to two conferences. One of the approved conferences is cancelled. However, another appropriate conference or event, not originally approved in the budget, is available. The existing allocation is sufficient to cover the costs of the substituted conference or event.

**Management Response**

The Student Government Appropriations Committee is in the process of amending the Finance Code, and if passed, would address some of the items in the audit report. The revision of the Finance Code will be reviewed by Student Affairs staff and the Office of the General Counsel prior to final approval by the Student Senate.

Student Government operates as a funding body of Registered Student Organizations and student groups. The management of these funds is provided by University staff in the Divisions of Student Affairs and Administrative Services and Finance. The Dean of Students and her staff as well as the A&S Accountant work with the members of Student Government to view their role as such. Some flexibility to allow for changes to the initial budget is needed for the Sports Clubs and Registered Student Organizations to best serve the needs of the student body. To comply with the SG Constitution budgets are established in November of the previous fiscal year for which the funds are allocated during spring semester. The fiscal year for the allocated funds begins on June 30 each year. During the time from request to allocation, student leaders change, the student body makeup may change due to the diversity of the organizations and their members
which may have greatly changed from the group of students who requested the funds. Flexibility is needed to meet the needs of the current students and not just what the anticipated needs were when the budgets were allocated. It is the responsibility of the Student Government Treasurer to monitor the compliance of these changes so that the needs of the current students may be met.

Date to be Completed: Fall Semester 2012
Person Responsible for Implementation: Vice President for Student Affairs

9. Observation

Student Affairs’ “The RSO Treasurer Manual” states one of the funded RSO’s responsibilities is that its treasurer attend a mandatory treasurer training. Although allocations for 2011 – 2012 were made in March 2011, treasurer training for 2011 – 2012 RSOs took place during Fall Semester 2011. Our review disclosed that, during 2011 – 2012, the treasurers of two RSOs failed to receive training. Existing procedures did not provide sufficient control to prevent this monitoring oversight by Student Affairs.

Recommendation

The Office of Student Involvement should implement a control that will prevent a club from receiving its A&S fee allocation before there is documented evidence that all applicants are eligible to receive funds. Said documentation should accompany the annual budget request applications.

Management Response

The Staff of the Office of Student Involvement (OSI) will keep better track of which organizations attend (or fail to attend) all mandatory Orientations and Trainings. This list will be double-checked before Budget Applications are signed off by the OSI. One of the issues we have had in the past is having the student organizations keep OSI updated of officer changes throughout the semester. The implementation of the CollegiateLink system (an on line data management system for oversight of student organizations) should help with this as student organizations can update their officer rosters on-line to a database that OSI staff can access. If a treasurer changes throughout the year, OSI can have the new Treasurer attend the spring training or offer a one-on-one training if the change occurs mid-semester.

There will be a new coordinator for Registered Student Organizations Development beginning at FGCU later this summer, and this staff person is accountable for overseeing this process.

Date Completed: July 1, 2012
Person Responsible for Implementation: Vice President for Student Affairs
Objective D - Interpretations

10. Observation

Section 1009.24(10)(b), Florida Statutes states that “The [A&S] fund[s] may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts.” A&S funds were allocated and used to pay 2011 Eagle Games expenses. Eagles Games is a Campus Recreation event for students that includes, but is not limited to, activities like Tug-O-War, Bean Bag Bullseye, and Trivia. According to the 2011 Eagle Games Entry Fee form, each team member was required to pay an entry fee of $15. The form also indicates that team members will receive a t-shirt, snacks, breakfast, lunch and Eaglepalooza ticket as additional benefits with their admission fee. The use of A&S fees for the Eagle Games appears to violate Section 1009.24(10)(b), Florida Statutes.

Recommendation

Campus Recreation should demonstrate the reason this expenditure of A&S funds was not a violation of the statute documenting that the 2011 “entry fee” was not equivalent to “admission fee charged to students.” If the entry fee was indeed a way of covering the costs of benefits over and above participation in the Games, for future events staff should consider a name for the charge that clearly reflects it is not a fee.

Management Response

The fee charged was not equivalent to an admission fee charged to students. The terminology of this fee was not categorized properly. The fee was a means for Campus Recreation to cover the additional expense for consumable items (t-shirts and promotional items) over and above the participation fee to discourage no shows at the event. The Director of Campus Recreation will be responsible for coming up with a new name for this fee.

Date Completed: Fall Semester 2012
Person Responsible for Implementation: Vice President for Student Affairs

Auditor’s Follow-Up to Management Response

Legal Counsel stipulates that it is not acceptable to charge students a required fee if Eagle Games is funded by A&S fees. Therefore, this fee for consumable items is still inappropriate. If Campus Recreation requires additional funding for Eagle Games, they need to request more funds from the Student Government Appropriations Committee.

11. Observation

Per Section 208.1 of the Student Government Finance Code, “A&S funds may not be used to generate funds, except for student-government-association-sponsored concerts, pursuant to Section 1009.24(9)(b)[sic], Florida Statute.”
Section 1009.24(10)(b), Florida Statutes [current reference] reads as follows: “The fund may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts.”

The prohibition wording for use of A&S funds in the Student Government Finance Code (“may not be used to generate funds”) is considerably more restrictive than in the referenced section of Florida Statutes: “The fund may not benefit activities for which an admission fee is charged to students.”

a) An allocation request may be inappropriately denied by the Senate Allocations Committee because the use of A&S fees may “generate funds” when the A&S funds use might meet the more liberal requirements of Sec. 1009.24(10)(b), Florida Statutes.

b) It may be that a more inclusive interpretation of allowable uses of A&S funds will provide students with more activities, goods, services or facilities than that they might otherwise receive.

Recommendation

We suggest that Student Government and Student Affairs Administration and, as necessary, the General Counsel consider readressing the use limitation of A&S funds specified in the Student Government Finance Code with the goal of providing for legal compliance and greater flexibility.

The following are three instances that do not currently appear to comply with the Student Government Finance Code:

a) Campus Recreation used A&S funds to purchase equipment for the Eagle Challenge Course. According to the Campus Recreation website, they charge a fee to anyone other than FGCU Student Groups/Organizations to use the Eagle Challenge Course. Although the Eagle Challenge Course purchased with A&S fees may therefore “generate funds,” it appears entirely appropriate that a nonstudent use of the Course should generate revenue for the benefit of the student body as a whole.

b) Eagle News receives A&S funds for its operations, and it generates revenue by the sale of advertisements in the paper.

c) The Video Game Club, an A&S funded registered student organization, attends tournaments where there is a possibility of receiving monetary “winnings.” At times, this has been construed as using A&S funds to generate funds by SG leaders.

Management Response

The Dean of Students (and Dean of Students staff) will work with Student Government to readdress the limitations of the Student Government Finance Code in accordance with the auditor recommendations.
The Dean of Students and/or the Vice-President for Student Affairs will approach the Office of the General Counsel and the Office of the Controller for advice as needed.

Date to be Completed: Fall Semester 2012
Person Responsible for Implementation: Vice President for Student Affairs

Audit Performed by: Carol Slade, Director of Internal Audit and Jena May, Accountant
Audit Reviewed by: Deborah McEwan, Senior Auditor