Florida Gulf Coast University Board of Trustees
April 20, 2010

SUBJECT: Orientation Fees and Family Weekend Internal Audit Report

PROPOSED BOARD ACTION

Accept the internal audit report of Student Orientation Fees and the Family Weekend Program provided to President Wilson Bradshaw, Vice President for Student Affairs Michael Rollo, and Director of New Student Programs Andrew Cinoman on February 23, 2010.

BACKGROUND INFORMATION

This is the second internal audit completed during the current 2009 – 2010 fiscal year. The date on the front page of Orientation Fees and Family Weekend Audit report was the last day of fieldwork, while the date on the respective transmittal memo was the date the report, including Management’s Response to the report’s observations and recommendations, was issued to President Bradshaw.

The audit was part of the 2009 – 2010 internal audit plan approved by the Board of Trustees at its June16, 2009 meeting.


Prepared by: Internal Audit Director Carol Slade

Legal Review by: General Counsel Vee Leonard (March 29, 2010)

Submitted by: President Wilson Bradshaw
INTEROFFICE MEMORANDUM

To: Dr. Michael Rollo, Vice President Student Affairs  
Dr. Andrew Cinoman, Director of New Student Programs
Cc: Dr. Wilson Bradshaw, President  
Susan Evans, Chief of Staff

From: Deborah McEwan, Internal Auditor  
Through: Carol Slade, Director of Internal Audit

Date: February 23, 2010

Re: Orientation Fees and Family Weekend Audit

Please see the attached final report of the subject review, which includes the management response.
Florida Gulf Coast University
Orientation Fees and Eagle Family Weekend Audit
Internal Audit
Report Date: January 8, 2010
ORIENTATION AND EAGLE FAMILY WEEKEND AUDIT

EXECUTIVE SUMMARY

Overall, the University’s assessment and management of orientation fees for both students and guests are considered adequate. Most activities are conducted out of two Banner auxiliary indexes, 14076 and 14071. Most fees are collected through the automated online “GullLine” payment system, which requires payment via credit card. However, fees for the annual Eagle Family Weekend event cannot be processed through “GullLine” and a manual collection process is necessary. Although the internal controls for the annual family weekend event are also adequate, recommendations are provided to enhance accountability and consistency in subsequent years.

OBJECTIVES

A. To evaluate the adequacy of the University’s procedures in assessing and managing orientation fees for students and parents, and to determine if applicable procedures are being followed.

B. To evaluate the adequacy of internal controls over revenue and expenditures for the annual Eagle Family Weekend held November 6-8, 2009.

This 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 findings and recommendations.

BACKGROUND

This audit was a result of management input from the annual risk assessment in April 2009. However, this audit is considered a first-time routine audit as reflected in the approved FY10 Internal Audit Plan.

Orientation and Family Weekend represent major activities performed by New Student Programs, which was formerly known as Freshman Advising. Dr. Alice Brunner, the long standing Director of the program retired in August 2009 and the position has been filled by Dr. Andrew Cinoman in January 2010. Cal Majure, the Assistant Director of New Student Programs was the primary contact person during the audit, which was conducted during the Fall 2009 term.
SCOPE

General

- Section 1009.24, Florida Statutes, pertaining to State University student fees was reviewed.
- FGCU Policies and procedures related to orientation fees and the annual family weekend were reviewed.
- The student method for payment of student orientation and guest orientation fees through “Gulfline” was reviewed.

Eagle Family Weekend 2009

- Eagle Family Weekend November 6th onsite revenue collection was observed.
- All operating expenditures related to Eagle Family Weekend 2009 were reviewed.

Student Orientation Fees (Banner Index 14076)

- A random sample of 171 newly enrolled Fall 2009 freshman and transfer student accounts was reviewed to ensure that the orientation fees were automatically assessed and paid by students prior to class registration. The population was 2,791. This sample size provides an 80% confidence level that all student fees are accurately assessed.

- A judgmental sample of 30 Fall 2009 fees totaling $5,320 was tested for appropriateness and compliance. The sample was extracted from a population of 150 general ledger entries totaling $28,843 between July 1, 2009 and October 31, 2009.

- A judgmental sample of 40 refreshment expenditures from the Fall 2009 fees totaling $18,156 was reviewed for appropriateness and compliance. Since refreshments represented the largest volume of expenditures at 56% of total expenditures, the sample was extracted from a population of the 146 (refreshment account #7721) general ledger entries totaling $64,361 between July 1, 2009 and October 31, 2009.

Guest Orientation Fees (Banner Index 14071)

- Banner Index 14071 is an auxiliary account for both guest orientation fees and the annual Eagle Family Weekend.
• A judgmental sample of 30 guest orientation fee entries in Fall 2009 totaling $5,810 was tested for appropriate assessment. The sample was extracted from a population of 80 general ledger entries totaling $20,865 between July 1, 2009 and October 31, 2009.

• All Eagle Family Weekend expenditures of approximately $42,100 were reviewed for appropriateness and compliance.

OBSERVATIONS

Eagle Family Weekend 2009

1) The 2009 event mailers indicate checks only, but do not state that checks must be payable to FGCU. Consequently, some checks were incorrectly listed the payee as Eagle Family Weekend 2009 or FGCU Eagle Family Weekend 2009. A review of the event mailer for 2008 also indicated that it did not include a clear statement to make checks payable to FGCU.

2) Although most participants pre-register and pay via check by mail, some monies including cash and checks were collected onsite during the weekend. The total amount collected throughout the weekend was $2,744, which was comprised of $1,514 in cash and $1,230 in checks. A discussion with the program coordinator disclosed that the funds were held over the weekend in a cash box which was placed in a locked office drawer.

3) *Eagle Family Weekend 2009 Summary Financial Activity*

<table>
<thead>
<tr>
<th>Revenue Collected</th>
<th>27,939.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts Owed</td>
<td>50.00</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(42,099.75)</td>
</tr>
<tr>
<td>Refunds</td>
<td>(600.00)</td>
</tr>
<tr>
<td>Net Intake (Loss)</td>
<td>(14,710.75)</td>
</tr>
</tbody>
</table>

This table captures the approximate revenue and expenses related to the annual family weekend event. As noted above, a financial deficiency was generated by the weekend event.
Student Orientation Fees Index 14076

4) Based on the audit samples, newly enrolled undergraduate student accounts were being appropriately assessed the $35 orientation fee. Registration holds were also implemented when the fee was not paid.

5) Based on the audit sample of student orientation fee expenditures, most expenses are for refreshments (56%) and student employees (32%). Orientation sessions routinely include breakfast and dinner for its participants, so the refreshment expenditures are reasonable. Also, student orientation leaders are provided a stipend to perform their duties, so the student employee expenses are also considered reasonable.

Guest Orientation Fees Index 14071

6) Banner Index 14071 is an auxiliary account for both guest orientation fees and the annual Eagle Family Weekend.

7) Based on the review of the sample of guest orientation fee expenditures, 45% of the expenses were for refreshments and the next largest expenditure was for other operating expenses at 21%. Based on the nature of orientation activities, the refreshment expenses are deemed reasonable. Also, the other operating expenses of $13,656 are reasonable since $8,415 or 62% was for rental of the tent during the annual family weekend event.
RECOMMENDATIONS

Eagle Family Weekend 2009

1) Written policies and procedures should be developed for the annual family weekend. Development of such procedures will enhance process flow and provide a baseline for consistency and improvement in subsequent years.

Management Response

- Determine set of procedures to develop: internal and external.

April 2010 Cal Majure, Asst. Director, Eagle View Orientation; Jillian Pawliczak, Program Assistant, Eagle View Orientation

- Draft copy for each procedure, noting who is responsible for each item.

September 2010 Jillian Pawliczak; Andy Cinoman, Director, New Student Programs

- Review drafts, and edit as needed to finalize procedures.

October 2010 Andy Cinoman; Jillian Pawliczak

2) Wristbands are issued to paid registrants as an access control into Eagle Family Weekend Events. After every annual event, the quantity of wristbands (or similar items) issued should be reconciled to incoming revenue to determine any potential loss due to wristbands that may have been obtained by unpaid participants.

Management Response

- If fees are different for family members and students, use different color wristbands to track the total amount of each type of fee collected.

October 2010 - Jillian Pawliczak

- Identify how many wristbands are given to volunteers and staff to track “freebies.”

November 2010 - Jillian Pawliczak

- After the event, reconcile total of remaining wristbands distributed with revenue collected

November 2010 - Jillian Pawliczak; Andy Cinoman
3) Based on Observation #1, and to minimize diversion of funds, all future event mailers should include explicit instructions for participants to make checks payable to FGCU.

Management Response

- Edit appropriate copy on mailers prior to printing.

August 2010 - Andy Cinoman; Jillian Pawliczak

- Upload PDF of events to the EFW Website once it is finalized.

August 2010 - Jillian Pawliczak

4) Based on Observation #2, the cash box locked in an office cabinet overnight does not provide for optimal security of funds. Future events in which funds are held in excess of 24 hours should include a provision to maintain the funds in a fireproof safe or arrange for placement in the Office of the Bursar's night depository. At minimum, the cash box should be placed into a locked fireproof structure.

Management Response

- Determine which option is the most feasible and make appropriate arrangements for this method of securing funds.

October 2010 - Andy Cinoman

- Determine who will be responsible for this procedure and note this in official procedures that are created for EFW.

October 2010 - Andy Cinoman; Jillian Pawliczak

5) Based on the financial deficiency noted in Observation #3, management should consider establishing a separate Banner index for the annual family weekend event. A separate index will provide enhanced transparency and expeditious monitoring of financial performance, which could impact future decisions.
Management Response

- Work with appropriate offices and individuals to establish this separate index for EFW.

May 2010 – Andy Cinoman

- Develop a separate budget for EFW for the next fiscal year that is represented in the overall budget for New Student Programs.

June 2010 – Andy Cinoman

6) If financially feasible, program staff should consider migrating to an automated online payment system for this annual event. An automated process will minimize the need for comprehensive manual controls and enhance security over the revenue generated.

Management Response

- Begin discussion with appropriate individuals regarding the development of an automated system of payment.

April 2010 - Jillian Pawlczak; Andy Cinoman

- Determine timeline for implementation after discussions take place.

August 2012 - Andy Cinoman

Performed by: Deborah McEwan, Internal Auditor

Reviewed by: Carol Slade, Director of Internal Audit