Florida State University
Board of Trustees
Audit and Compliance Committee
Meeting Agenda
October 31, 2019

1. Welcome to Attendees

2. Approval of September 19, 2019, Committee Minutes

3. Office of Compliance and Ethics
   a. Updates since September 19, 2019 Committee meeting

4. Office of Inspector General Services
   a. Request to Extend Contract for the FSU Alumni Association
   b. OIGS Annual Report
   c. Discussion of FSU Regulation 2.025
   d. Beta Alpha Psi Review of Selected Student Government Association Programs
   e. Audit of Performance Based Funding and Preeminence for 2019-2020
   f. Audit Follow-up Report for the Six-month Period Ending June 30, 2019

5. Listing of Audits Issued, In Progress, and Status

6. Motion to Adjourn
Audit and Compliance Committee Meeting

September 19, 2019
2:30 p.m.

Florida State University Conference Center
Augusta B Turnbull III
Room 215
Tallahassee, Florida

Trustee Members Present: Jorge Gonzalez, Brent Sembler, Jim Henderson, Max Alvarez and Evan Steinberg.

1. Call to Order and Welcome

Mr. Jorge Gonzalez, Chairperson, called the meeting to order at 2:29 pm.

2. Approval of June 6, 2019, meeting minutes

Audit and Compliance Committee minutes were approved for the meeting held June 6, 2019.

3. Office of Compliance and Ethics (OCE)

a. Professional Development

i. June 2019 Society of Corporate Compliance and Ethics Higher Education Compliance Conference

Ms. Blank explained that she attended the Society of Corporate Compliance and Ethics Higher Education Compliance Conference on June 9, 2019. She explained topics discussed were issues with GDPR, privacy, and data. She further explained that the conference was a great opportunity to get together, network, and discuss important issues that concern each university. Ms. Blank also explained that the OCE has a 5-year efficiency and effectiveness review coming up and that most of the universities are looking into obtaining peer reviews.

ii. August 15, 2019, State University System Consortium conference call

Ms. Blank explained that she attended a conference call of all the State University System Compliance and Ethics Officers. The main agenda item was the every fifth-year
external assessment required by BOG Regulation 4.003. She explained that the OCE has not been established for a full five years, and there may be difficulties in benchmarking against other programs that are ready for peer review, and have had more time and growth. Another topic of interest was that the BOG hired Crowe Consulting to conduct a system-wide review of processes and financial accounting controls at each university. Ms. Blank further explained that they have already conducted on-site visits with all universities and have interviewed a variety of administrators at the universities, including the compliance officers. The full report is expected to be provided at the October BOG meeting.

b. Old Projects

i. Title IX Audit Follow-up

Ms. Blank explained that the Office of Compliance and Ethics continues to make progress following up on the areas identified by the OIGS issued in the audit report, including identification and training of individuals at Florida State University Schools (FSUS).

ii. Hazardous Chemicals Audit Follow-up

Ms. Blank explained that the main issue with university compliance was there being no centralized database and no uniform way of keeping track of hazardous chemicals held in laboratories. She further explained that FSU’s Department of Environmental Health and Safety (EH&S) currently has software that is capable of creating an online inventory of all chemical items. She also explained that EH&S has developed a position description for a Chemical Inventory Officer who would be responsible for updating the inventory database, training, providing records needed, piloting the program, and keeping up with policy. That position description is currently being reviewed by the Office of Human Resources.

iii. Outside Employment/Conflict of Interest process

1. Ms. Blank explained that the Form 1 filing responsibility has been moved from the Office of Human Resources to the Office of Compliance and Ethics. Ms. Blank also explained that the OCE is continuing to move toward an electronic solution for submitting the forms for easier management. Mr. McCall further elaborated on the current faculty form by noting significant weakness in the form which results in the university knowing very little about faculty outside employment.

2. Ms. Blank explained that the form needs updating to better determine whether there is or is not a conflict of interest with outside employment.

iv. HIPAA & GDPR Gap Analysis
Ms. Blank explained that the two projects have been completed and the findings have been presented to the FSU Chief Information Officer and ITS. She further explained that a major finding for both GDPR and HIPAA is the need for a centralized privacy function at the university. She also explained that the only way to comply with the GDPR analysis is to create a new data governance regulation that meets the GDPR for all universities.

c. New Projects

i. Universities Library Training

Ms. Blank explained that she learned about librarians' codes of ethics, privacy applicable to people that come into the libraries, and the types of books permitted to read without being added to a watch list.

ii. California Distance Learning issue

Ms. Blank explained the disagreement on whether distant learning students could receive financial aid. She explained the legal ruling, the impact on the university and its students, and how to communicate with those students to resolve the issue.

d. Annual Report

i. Preview of BOT Presentation (1st Year)

Ms. Blank provided and explained to the BOT the OCE's annual report for the 2018-2019 fiscal year, as well as its work plan for the 2019-2020 fiscal year.

4. Office of Inspector General Services

a. Discussion, Review and Acceptance of the 2019-2020 OIGS Annual Audit Plan with Committee Recommendation for Full BOT Acceptance on the BOT Consent Agenda

Mr. McCall requested review and acceptance of the 2019-2020 OIGS Annual Audit Plan for full BOT acceptance on the BOT consent agenda. The Committee accepted the plan for approval of the BOT Consent Agenda.

b. Auditor General Report(s) on the Northwest Regional Data Center

i. Tim Brown, NWRDC Director

Mr. McCall introduced Tim Brown, Northwest Regional Data Center's Executive Director. Mr. Brown provided to the BOT an explanation on what the NWRDC does, whom it serves, the issues identified in the Auditor General's report, and what is being
done to address the issues. Mr. Brown also explained that the NWRDC annual reports are available for review if needed.

c. RSM Consulting Services for Two Construction Services Contracts

Mr. McCall explained that FSU entered into a contract with RSM Consulting Services to conduct the capital construction audits of Doak Campbell Stadium and University Housing. Mr. McCall provided the final three-page report to the BOT in which RSM noted no payment exceptions.

d. Recently Issued OIGS Audits

i. Interim Audit of a Major Construction Project – Earth, Ocean and Atmospheric Sciences Building

Mr. McCall commended Heather Friend for her work on the audit. He explained the issues found during the interim audit.

ii. Control and Compliance Memorandum on the Florida State University Schools

Mr. McCall explained the Control and Compliance memorandum that was recently issued regarding FSUS’ student astronaut program. Issues were noted related to controls over purchase cards and there have been issues and concerns related to program administration.

e. Listing of Audits Issued, In Progress, and Status

Mr. McCall provided a report of OIGS’ audits issued, in progress, and the status.

5. Adjournment

Trustee Gonzalez adjourned the meeting at 3:40 pm.
MEMORANDUM

TO: President John Thrasher

FROM: Sam M. McCall, Chief Audit Officer

Date: October 18, 2019

SUBJECT: Agenda Item for the November 1, 2019, BOT Meeting:

FSU Alumni Association request for approval for RSM to extend its auditing contract for 4 years, including the rotation of RSM’s lead audit partner as required by BOT Regulation 2.025

Request for Approval to be placed on the BOT Consent Calendar

Please find enclosed the FSU Alumni Association’s request for approval for the above audit firm to extend its contract for 4 years, including the rotation of its lead audit partner. The extension will include the periods ending June 30, 2020, through June 30, 2023. I respectfully request this item to be included on the BOT Consent Agenda for the November 1, 2019, BOT meeting.

Thank you

Attachment
MEMORANDUM

TO: Sam McCall, Chief Audit Officer

FROM: Michael Williams, Associate Vice President

DATE: October 7, 2019

SUBJECT: Request for President and BOT Approval
Contract Extension for Alumni Association Independent Auditor

The Florida State University Alumni Association National Board of Directors recently approved a four-year contract extension with a rotation in lead audit partner for RSM as their independent auditor. As required under regulation FSU-2.025 Direct Support Organizations, the contract extension must be approved by the Florida State University President and then forwarded to the Florida State University Board of Trustees for review and final approval.

Please accept this memo as the Alumni Associations formal request for approval.
Submission of DSO Audit Reports to the President and Board of Trustees

Relevant Florida Statutes

1004.28 Direct-support organizations; use of property; board of directors; activities; audit; facilities.—

(5) ANNUAL AUDIT; PUBLIC RECORDS EXEMPTION; PUBLIC MEETINGS EXEMPTION.—

(a) Each direct-support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year, to the Auditor General and the Board of Governors for review. The Board of Governors, the university board of trustees, the Auditor General, and the Office of Program Policy Analysis and Government Accountability shall have the authority to require and receive from the organization or from its independent auditor any records relative to the operation of the organization. The identity of donors who desire to remain anonymous shall be protected, and that anonymity shall be maintained in the auditor’s report.

CHAPTER 10.700 AUDITS OF CERTAIN NONPROFIT ORGANIZATIONS EFFECTIVE 6-30-19
10.740 DELIVERY OF AUDIT REPORT AND MANAGEMENT’S RESPONSE

(1) Audit reports of direct-support and citizen-support organizations shall be submitted as required by Sections 215.981(1), 288.1226(7), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes.

BOG Regulation 9.009 Preparation of the State University System Financial Statements

(4) Each university shall submit to the Board of Governors financial statements prepared in conformity with generally accepted accounting principles (GAAP) by the 31st day of October. This deadline is for the primary university financial statements, which should include the most current financial information (audited or unaudited) of all university component units.

BOG Regulation 9.011 University Direct Support Organizations and Health Services Support Organizations

(4) Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of
trustees or designee, the Board of Governors, and the Auditor General for review. The university board of trustees or designee, the Board of Governors, the Auditor General, and the Office of Program and Policy Analysis and Government Accountability may require and receive any records relative to the operation of a support organization from the organization or its independent auditors.

FSU-2.025 Direct Support Organizations.

(6) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization’s fiscal year. Annual audits shall be further governed as provided in paragraph (8).

The Issue:

1. **Current Practice** - DSO external audit reports have traditionally been submitted to the FSU Chief Audit Officer, the Auditor General, and to the BOG (through the Office of Institutional Research) subsequent to acceptance by the DSO Audit Committee and prior to October 31, but we are now aware they are submitted sometimes before acceptance by the DSO Full Board which may meet after October 31 of a given year. The current FSU DSO regulation requires the President to submit the DSO audit reports to the BOT no later than the end of the fourth month following the close of the organizations fiscal year.

   **Issue for consideration:** Is the President comfortable submitting audit reports to the BOT that have not been accepted by the full DSO Board? If so, no change is needed to the FSU regulation. If the President is not comfortable with the current process, then Regulation 2.025 should be changed going forward to clearly require audit reports to be accepted by the full DSO Board prior to submission to the President and for that to be done prior to October 31, of each year. As an option, if the full Board cannot meet prior to October 31, then the Chair of the DSO can accept the report on behalf of the DSO for which he/she shall take responsibility for the report submitted to the President and prior to the October 31 deadline.

2. **Submission of Audits to the President.** There are four full DSO Boards that will not meet before October 31, 2019. The Committees are the FSU Foundation that meets November 1, the College of Business Student Investment fund that meets November 1, 2019, the FSU Research Foundation, Inc. that meets November 14, and the Seminole Boosters that will meet after October 31. The Audit Committees of each of these Boards will have already met by October 31.
Proposal for the period ending October 31, 2019. Submit all audit reports to the Auditor General, BOG, BOT by October 31. Allow the four DSO Boards to meet this year only after October 31 and accept the audits. Have the Chief Audit Officer contact affected DSO Board Chairs and make clear that the chair is taking responsibility for the audits being submitted. While there may be “temporary” non-compliance by FSU of its own policy, there will be no Florida Statute, Auditor General, or BOG violation. Arguably, audit acceptance by the DSO Audit Committee is sufficient; however, best practice would suggest the full DSO Board should accept the audit report prior to submission of the report to the President.

Note: Sam McCall met with President Thrasher on Wednesday October 16, 2019, and he was comfortable with the CAO proposal for 2019 reports. President Thrasher instructed the CAO to discuss the issue with Chair Gonzalez to make him aware of the issue and discussions.
FSU-2.025 Direct Support Organizations,

(1) The President of the University may recommend to the Board of Trustees that an organization meeting the requirements of Section 1004.28(1)(a), F.S., be designated a Florida State University Direct Support Organization ("DSO"). Upon approval by the Board of Trustees, a DSO shall be considered to be certified and authorized to use the property, facilities and personal services of the University.

(2) In order to be considered for certification as a DSO, an organization must fulfill the requirements of Section 1004.28(1)(a), F.S., and must have Articles of Incorporation and Bylaws that together:

(a) Provide that any person employed by the organization shall not be considered to be an employee of the Florida State University Board of Trustees by virtue of employment by the DSO.

(b) Provide that the chief executive officer or director of the DSO shall be selected and appointed by the governing board of the DSO, with prior approval of the President of the University, and that the chief executive officer or director shall report to the President or a designee reporting directly to the President.

(c) Provide that any amendments to the Articles of Incorporation or Bylaws be submitted by the President of the University to the Board of Trustees for approval prior to becoming effective.

(d) Provide that the President of the University shall have the following powers and duties:

1. Monitor and control the use of University resources by the organization.
2. Control the use of the University name by the DSO.
3. Monitor compliance of the organization with federal and state laws.
4. Recommend to the governing board of the board of trustees an annual budget.
5. Review and approve quarterly expenditure plans.
6. Approve contributions of funds or supplements to support intercollegiate athletics.

(e) Provide that the organization shall provide equal employment opportunities to all persons regardless of race, creed, color, sex, religion, gender, age, disability, veteran status, marital status, sexual orientation, gender identity, gender expression, or national origin or any other legally protected group status.

(f) Prohibit the giving, directly or indirectly, of any gift to a political committee or committee of continuous existence as defined in Section 106.011, F.S., for any purpose other than those certified by a majority roll call vote of the organization’s governing board at a regularly scheduled meeting.
as being directly related to the educational mission of the University.

(3) The President of the University or a designee shall serve on the governing body and executive committee of each DSO.

(4) Each DSO shall submit an annual budget, which has been approved by its governing board and recommended by the President of the University to the Board of Trustees for review. Such proposed budget shall be submitted no later than ninety (90) days after the first day of the fiscal year to which the proposed budget pertains. Each proposed budget shall include therein:

(a) Expenditures for the construction of physical facilities, and

(b) Salary supplements, compensation and benefits provided to the President, University faculty, and staff, and to DSO employees to be paid with assets of the DSO, which shall be specifically identified.

(5) Each DSO shall prepare and submit to the President no later than the first day of each quarter of the organization’s fiscal year a quarterly expenditure plan that separately delineates planned actions which would cause a commitment of University resources or which represent a significant commitment of the resources of the DSO, including:

(a) Major fund raising events and campaigns and their purpose.

(b) Compensation and benefits to University employees and employees of the organization.

(c) Capital projects, including land acquisition, construction, renovation or repair.

(d) Other major commitments of the resources of the organization.

(6) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization’s fiscal year. Annual audits shall be further governed as provided in paragraph (8)

(a) Audits shall be conducted pursuant to Section 1004.28(5), F.S., and in accordance with rules adopted by the Auditor General pursuant to Section 11.45(8), F.S., and Florida State University regulations and policies.

(b) The President of the University shall submit the annual audit report to the Auditor General no later than nine (9) months after the close of the organization’s fiscal year.

(7) The President of the University may recommend to the Board of Trustees that an organization be decertified as a DSO if the President determines that the organization is no longer
serving the best interest of the University. The recommendation for decertification shall include a plan for disposition of the organization’s assets and liabilities.

(8) Audit Firm Selection and Approval Process.

(a) Each DSO shall have an audit committee made up of at least three members. All members shall be financially literate and at least one member shall have strong professional working experience in accounting, business, finance, audit, and internal controls. No member of the audit committee may be a member of DSO management. In the event the DSO is unable to identify a qualified audit committee member, the DSO Board may request the Board of Trustees Finance, Business and Audit Committee to appoint a qualified person to the DSO audit committee.

(b) Each DSO audit committee shall have an audit charter that shall be approved by the respective DSO Board.

(c) Each DSO audit committee shall select the audit firm to perform the DSO financial statement audit. The DSO audit committee shall forward its selection to the DSO Board for their approval. The DSO Board shall then forward the name of the selected audit firm to the University Board of Trustees for final approval.

(d) All new audit firm contracts will be for a five-year period. At the end of the five-year period, the DSO may elect to extend the first contract for an additional five-year period or, at its option, issue another Request for Proposal (RFP) for the next five-year period. If the DSO chooses to issue an RFP for the second five-year period, the current audit firm may respond to the RFP for consideration for the additional five-year period.

(e) An audit firm entering into a second five-year contract shall designate a new lead audit partner for the second five-year term.

(f) For current audit firms that have served more than five years but less than ten years, the DSO, at its option, may extend the current contract to a total of ten years to include the years previously served as the auditor.

(g) Unless approved by the Board of Trustees, no audit firm may have an audit contract for more than five continuous years including previous years already served through the 2015-2016 fiscal year.

(h) The RFP issued shall identify criteria for evaluation of audit firm proposals to include, for
example, areas such as: experience and ability; understanding of applicable laws, rules, and regulations; familiarity auditing similar organizations; project requirements, approach and method; and fee proposal.

(i) The audit committee shall first give consideration to the quality of the audit proposal in terms of work to be performed and after such deliberation the audit committee shall take into consideration the proposed fee. Weights and scoring processes shall be based on the priorities and needs of the DSO.

(j) Negotiations shall then be held with the first ranked audit firm to agree on a contract to include the audit fee and related expenses.

(k) If a contract cannot be agreed upon, negotiations shall be formally ended with that audit firm and negotiations shall be conducted with the second ranked firm and so on until a contract is agreed upon.

Analysis of the Student Government Association Resource for Travel Allocations (RTAC) Fund Allocation and Expenditure Procedures

May 31, 2019

Engagement Team:
Cody Mitchell, Paula Andrade, Luana Silva, and Mark Bejar

P.O. Box 3061110 Tallahassee, FL 32306-1110 | 850-645-3203
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Executive Summary

Overview

This engagement evaluated the University’s Student Government Association (SGA) Resource for Travel Allocations Committee (RTAC) operations. The RTAC is a student-run sub-committee of the SGA, which disburses a yearly pre-allocated fund to Registered Student Organizations (RSOs) to encourage beneficial educational experiences.

RTAC is a funding distribution committee within the Legislative Branch of the SGA. RTAC is headed by a chair and a new chair is elected annually. RSO travel fund requests are initially made to RTAC, once approved, they are presented to the Senate Finance Committee (SFC). Finally, a funding request is heard by the SGA Senate, headed by the SGA President. A request approved by the Senate is then forwarded to SGA Accounting where the funds are disbursed. For the 2017-2018 budget year, $55,000 was allocated to RTAC,

Objectives

The primary objectives of this engagement were to:

- Evaluate the Resource for Travel Allocation Committee system of record keeping.
- Evaluate the Resource for Travel Allocation Committee process of funding disbursement.
- Ensure that RSOs complied with the procedures outlined in the Financial Manual throughout the request process.
- Determine areas for improvement and make recommendations based on our findings.

Conclusions

Our procedures allowed us to conclude that having multiple stages of management review for the travel request process was beneficial to both the SGA and the RSOs. From the perspective of the RSO, the multi-stage reviews provided the RSOs with the opportunity to appeal denials and/or request further funding at the Finance Committee and the Senate approval stages. In the approval process RTAC served as a gateway for the RSOs and would answer questions and offer guidance to assist the RSOs in achieving their request for funding. The multi-stage review process also increased the likelihood that each request followed the applicable guidelines and provided the opportunity for issues to be identified and corrected thus maximizing the likelihood for approval.
We compared request compliance with applicable FSU rules and regulations, typically found in the Financial Manual and the Student Code. We concluded that the majority of requests followed these rules. If a request did not meet one rule, often a stated reason could be found in the applicable minutes of meetings. For example, the Biomedical Engineering Society submitted their Annual Meeting request to RTAC less than 30 days before the event, which is against university policy. In the SFC Minutes of Meetings the issue was reviewed, and the RSO reasoned that they were not able to solidify student schedules until Thursday of the first week of classes. The Committee accepted their reasoning and moved forward. Our procedures revealed that one rule was not typically enforced, the requirement for event flyers to provide the SGA/COGS logo. Our procedures determined that RSOs would submit the event’s generic flyer, without updating it to include applicable logos. An instance could also be found in the Biomedical Engineering Society’s Annual Meeting. From our observations of RTAC and Student Finance Committee meetings, we determined that each committee performs due diligence to ensure each travel request adheres to the rules.

Our engagement allowed us to conclude that while the SGA had controls in place to maintain consistency of information between committees, they were not adequate. In our tests of approved requests, we found multiple inconsistencies in funding approvals from the RTAC to the SFC and the Senate to SGA Accounting. On multiple occasions an RSO was reimbursed a greater amount than they were approved for by the Senate. Currently, after Senate approval the RSO submits a final request via Nole Central directly to SGA Accounting. This gives the RSO an opportunity to request a different amount than the senate approved amount. We were not able to determine the controls in place to mitigate this risk. This is an identified area for follow-up procedures in subsequent engagements.

Additionally, we observed funding for specific categories like lodging that were used to reimburse expenses in different categories like travel (airfare or ground transportation). For Example, in one request (RSO: CEO), was approved by the SGA for $1,000 to be used for event registration fees. However, the University’s expense report for the request itemized a reimbursement for “lodging for 3 rooms for 2 days” instead. Although committees were required to submit Minutes of Meetings that include a summary of each request, the number of missing summaries in our sample suggests that the committees often transfer information through other channels. These channels were able to include email or word of mouth. Overall, we determined that the current model leads to confusion and increases the probability of errors and undocumented adjustments to the original request.
We studied the separation of duties between approving and funding requests. We concluded that the separation was adequate. The student-run committees determined the approved funding that an RSO would receive and the SGA Accounting office disburses the funding.

Finally, we were unable to observe SGA Accounting’s process for initial approval of applications. This approval determines if the RSO meets initial RSO requirements to allow for funding. On that basis, we were unable to offer an opinion on each travel request’s pre-RTAC review process. This is an identified area for follow-up procedures in subsequent engagements.

Our observations were as follows:

*Through testing a sample of RTAC’s recorded travel requests, we observed a lack of documented intercommunication between committees.*

*We observed inconsistencies in requested funding, approved, and disbursed amounts.*

*RSO requests generally followed regulations detailed within the Financial Manual.*

We have five recommendations to address issues identified during the engagement. Specifically, we recommended:

*RTAC agree on a single-source for all the documents necessary to back up each request they approve to enhance efficiency between committees and SGA Accounting.*

*RTAC improve their documentation for adjustments between the initial funding request, approved, and disbursed amounts. The documentation should include the reasons for the adjustments and differences between the multiple stages of approval and across the different committees handling the requests for each request.*

*RTAC to adapt some form of validation and more documentation in completing the request. Amounts requested sometimes differed from amounts approved without any reason or documented evidence.*

*RTAC to keep track of RSOs process of requesting a Purchase Order through either a checklist or a progress bar on NoleCentral or some other site where RTAC, the RSO and SGA Accounting could see the progress.*
This progress check should include comments for each stage of the process.

- SGA as a whole to adopt a generic and consistent template for meeting notes to be used in each committee that would be used every year (the template often changes from year to year).
Scope and Methodology

This engagement evaluated the University’s SGA RTAC operations. The engagement period covered the 2017-2018 SGA’s RTAC Fiscal Year.

To achieve our stated objectives, we identified and inspected the SGA’s current RTAC webpage and associated files, the 2017-2018 FSU Registered Student Organization Financial Manual, the Florida State University Student Organization Code, and Minutes of Meetings Notes for RTAC, the SFC, and the Senate.

We also interviewed knowledgeable personnel within the SGA, RTAC, and SGA Accounting. We also tested the first fifteen travel requests beginning September 28, 2017. We reconciled the information found in the Minutes of Meetings between the RTAC, Student Finance Committee, and Senate. Inconsistencies and missing Minutes of Meeting notes were reported were noted for each applicable request. After reconciliation between meeting notes, the team reconciled line item disbursements with the Senate’s final approved funding. Finally, we tested each reimbursement request to ensure the reimbursements were submitted within ten (10) days after the event.

Our Team created a Master Checklist to test our sample of travel requests. For each step in the request process, we determined whether there was sufficient evidence to show that the step was followed correctly and noted the evidence’s location.

The documents used were named:
C-1: The RSO’s active FSU website
C-2: RTAC Minutes of Meetings
C-3: SFC Minutes of Meetings
C-4: Student Senate Resolution
D-1: SGA Accounting Nole Central Submission

The Master Checklist, as well as each request’s supporting evidence can be found in its applicable folder inside of the Evidence Directory.

This engagement included selected programs of the Florida State University Student Government Association (SGA), and it was requested by SGA and performed by students of Beta Alpha Psi, an honorary organization for financial information students at Florida State University. The scope of the engagement, testing of controls and records, and
preparation and issuance of this report was solely determined and performed by the participating students. This report does not purport to be performed in accordance with generally accepted government auditing standards or standards for the professional practice of internal auditing. However, participating students did apply to this operational engagement such accounting and auditing knowledge as they have acquired to date in their coursework at the University. Engagement oversight was provided by the faculty advisor and other staff within the University having knowledge and expertise in accounting, information systems, and auditing. However, such oversight did not involve participation in testing transactions, the identification of issues, or drafting the resulting report. This report is intended to assist SGA to further improve internal controls and operations and solely represent the efforts of the participating students.
Background

Overview

The Florida State University SGA’s RTAC is a 4 to 6-person, student-run subset of the SGA that disperses funds as needed to RSOs to promote travelling for activities that benefit the University as a whole.

RTAC is allocated an amount each fiscal year by the SGA to distribute to RSOs for travel requests. The committee serves as the first entity an RSO must pass through in their effort to acquire travel funds from the University. It reviewed each request and based on criteria found in the financials manual decides on whether to approve it, and if approved, how much they will disburse to the RSO.

If the RSO follows (or promises to follow) all guidelines/rules and the committee decides that the request benefits the student body, they further deliberate on the amount they wished to approve for the RSO. The amount is generally based on either the lowest or the average of the three provided estimates for each expense. From there, the committee chair explains their decision throughout the next steps with the SGA. If the RSO disagrees with RTAC’s decision, they are able to appeal at the next step of the process all the way up to the Senate meeting.

Organization Structure & Operating Characteristics

The student group reported to the RTAC chair, who then presented their decisions to the rest of the SGA. RSO travel fund requests must first be heard by RTAC, and once approved, would be presented to the Finance Committee. There, RSOs were able to appeal the original RTAC decision and ask for more funding if they wished to do so. Finally, a funding request was heard by the SGA Senate, headed by President David Higgins. If an appeal was rejected in the Finance Committee, RSOs were able to appeal again at the Senate. A request approved by the Senate would move forward to SGA Accounting, where the funds would be disbursed.
Sources of Funding

Florida State University students pay an Activity & Service fee of $12.86 per credit hour for which they are enrolled. The SGA allocates those funds to different line items in the annual budget. The president of the University may veto any line item within the budget but must act on the recommended allocations within fifteen (15) days after SGA’s presentation of the budget. Funds that are not expended are swept into an A&S general fund and reallocated the following fiscal year. The portion of funds allocated to RTAC are their main source of funding. For the 2017-18 budget year, $55,000 was allocated to RTAC.

Significant Relationships

Direct Relationships

As previously stated, RTAC is the first step of the approval process for RSO travel requests. Their most important relationship was with RSOs, who they guided through the initial stages. It’s important for RTAC to provide clear guidelines to all RSOs to ensure a smooth process for all involved. After RTAC’s approval, the committee chair reported their decisions to the SFC. From there, the RTAC committee chair represented RTAC at the weekly Senate meeting, where they confirm the approved requests. RTAC also worked directly with University employed administrative staff, who took the requests for disbursement from NoleCentral and navigated through FSU’s administrative systems (Concur and PeopleSoft) to ultimately disburse the funding to the traveler.

Indirect Relationships

During the request process, RSOs were required to introduce at least three different quotes for each category of expenses. The University had contracts with outside vendors which allow RSOs to receive discounts in exchange for their business. Vendors agree to accept Purchase Orders from RSOs and to be disbursed a check from the University in the future. RTAC plays a large part in deciding which vendors the RSOs would use, so there was an indirect relationship between RTAC and the vendors.
Observations

Our first objective was to evaluate the Resource for Travel Allocation Committee system of record keeping.

By testing a sample of RTAC's recorded travel requests, we observed a lack of documented intercommunication between committees.

Maintaining communication between committees was vital to ensure committee decisions were carried out as intended. Without adequate communication a request could be reimbursed for more than the amount approved. Documents found in Nole Central were used to support each RSO’s travel information and expenses. Checking the records was important because we were able to test to see if each registration was consistent to the procedures required by RTAC.

Recommendation: Store all relevant information for each request within one folder to be shared between all committees

We recommend better record keeping by storing and communicating all information regarding the requests in a single system to increase efficiency between committees and SGA Accounting. Also, it would be beneficial for RTAC, the RSO, and SGA Accounting to create a progress checklist or progress bar on NoleCentral or some other site where RTAC, the RSO, and SGA Accounting could see the progress through the request. This progress check should include comments for each stage of the process. Finally, we recommend creating a generic template for meeting notes to be used in each committee that would be used every year for consistency in document format.
Our second objective was to evaluate the Resource for Travel Allocation Committee process of funding disbursement.

**Documentation**

We observed inconsistencies in request for funding and approval amounts.

From our observations of the supporting documentation, we noted a lack of consistency between the various bodies of Student Government. On several occasions, the requested funding amounts varied between the RTAC, Finance, and Senate records, with no supporting evidence as to why. In other cases, funds were allocated towards specific types of expenses, while the RSOs expense report states that it was used for a different expense. This lack of consistency was confusing and makes it difficult to verify that funds were being allocated and used fairly.

**Recommendation: Document all funding differences from approval amounts**

We recommend written documentation for differences in approved amounts, along with reasons, between committees for each request. In addition, we recommend RTAC to validate SGA Accounting’s planned request disbursement amount before disbursal to the RSO. Amounts requested sometimes differed from amounts approved without any reason or documented evidence.

Our third objective was to ensure that RSOs complied with the procedures outlined in the Financial Manual throughout the request process.

**Compliance**

RSO requests generally followed regulations detailed within the Financial Manual.

We found that the majority of RSOs were in compliance with the proper regulations detailed in the Financial Manual. In order to ensure that all RSOs were held to a comparable standard, it was important that they must all be subjected to the same rules and provide the same documentation. Exceptions to these standards, for whatever reason, were well-documented and explained. Our observations of the RTAC and Senate meetings confirmed that these regulations were being upheld.
Acknowledgements

We would like to acknowledge the full and complete cooperation and support of the SGA, the RTAC, the SFC, and Florida State University’s administration throughout this engagement.

Respectfully submitted,

Cody Mitchell, Paula Andrade, Luana Silva, and Mark Bejar

Engagement conducted by: Cody Mitchell, Luana Silva, Paula Andrade, Mark Bejar
Engagement faculty advisor: Geoffrey Adams, CPA, CISA, CFE

Please address inquiries regarding this report to Geoffrey Adams at gadams@business.fsu.edu or by telephone at (850) 645-3203.
Management’s Response
## Appendix A

### Management’s Planned Actions

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Analysis of the Student Government Association
Programs and Allocations Committee (PAC)
Fund Allocation and Expenditure Procedures

May 31, 2019

Engagement Team:
Timothy Kane, Ryan Brown, Lea Rocco
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Objectives 3
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Scope and Methodology 5
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Observations 7
Lack of control over RSO’s Advertising 7
This is observation statement number one. 7
Recommendation: Short Recommendation Statement 7

We recommend that advertising for a PAC funded event be standardized. Flyers should be provided to members of the PAC committee to be placed or distributed in high traffic areas on FSU’s campus. We also recommend that weekly emails containing events, dates and times for the month be sent out to the student body to increase exposure or a link provided to the events page on Nole Central highlighting major upcoming SGA funded events. 7
Recommendation: Short Recommendation Statement 7

We recommend that RSOs require an event sign-in sheet, so attendance can be better monitored. There should be a comparison of the list of attendees to the list of RSO members attending, and if the ratio of attending RSO members to attending non-RSO members grows too high, this can serve as a red flag that their event may not be “free, open and advertised to all FSU students.” 7
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Executive Summary

This engagement evaluated the University’s Student Government Association’s (SGA) Programs Allocation Committee (PAC).

The primary purpose of this engagement was to determine whether cash disbursements for the PAC were made in compliance with the guidelines set in the financial manual. Secondarily this engagement included tests to evaluate whether purchases were supported by sufficient appropriate evidence collected and compiled in accordance with the financial manual and other relevant guidance.

Objectives

- Our first objective was to evaluate the process of how money budgeted to the PAC is used by Recognized Student Organizations (RSOs) to pass the benefits of the funds to Florida State University (FSU) students.
- Our second objective was to evaluate whether the documents supporting cash disbursements were sufficient and appropriate for payments or reimbursements.

Conclusions

Our engagement concluded that while there are strong internal controls that prevent money from being misused for purchases, there is virtually no control or process to ensure campus events are “free, open and advertised” to all students as stated in the financial manual. Per SGA Policy, RSO events funded by SGA should be freely available to all FSU students. At the time of this engagement, RSO’s could advertise exclusively, and based on our inquiries, observations, and inspections SGA did not have controls in place to preclude RSOs from performing such exclusive advertisement of events required by policy to be freely available to all FSU students.

Observations

Our observations were as follows:

- PAC works primarily from issued purchase orders, supporting invoices, receiving reports; therefore, payment is never directly made to an RSO
- One cash disbursement was without a flyer attached to the payment request
- One of the flyers advertising an event did not contain the SGA Logo
- Distribution of clothing and awards were not advertised
- There is no control in place to ensure adequate advertising of events
Recommendations

We have 4 recommendations to address issues identified during this engagement:

- We recommend that the PAC review the policy on advertising and provide more specific instructions to RSOs.
- We recommend that the PAC determine and implement a strategy to monitor attendance at RSO events to ensure the benefits are not only provided to RSO members.
- When the funds are used for clothing and awards, we recommend that the PAC review the distribution of T-shirts.
- We recommend that SGA financial leadership review all required documents in Nole Central prior to approval in the PAC.

Management developed an action plan to address each of these recommendations, which is included as Appendix A.
Scope and Methodology

This engagement evaluated the University's SGA PAC, which is a funding distribution committee within the Legislative Branch of the SGA. Our engagement period was the Spring 2017 Semester. The engagement covered PAC's 2017-2018 budget year, in which $55,000 was allocated to PAC.

To achieve our stated objectives, we identified and studied University policies, the guidelines set out in the financial manual, and the process and procedures by which a RSO requests and receives financing from the PAC. We also interviewed knowledgeable personnel such as the PAC Committee Chair and SGA Director regarding the procedures, and process from the RSO, PAC, SGA, and FSU Accounting perspectives.

We analyzed the procedures and process by which RSOs request funding and then evaluated the risks associated with the financing procedure. We attended PAC and Senate meetings to observe that all controls set out in the manual were followed and evaluated the efficiency of those controls. In addition, we also tested 30% of all PAC allocations during the period to verify all second signer sheets, purchase orders, flyers, and all receipts were in place and transactions were documented in accordance with the guidelines set out in the financial manual. We also traced one of the transactions through FSU’s accounting information system, Peoplesoft Financials, to inspect the evidence of the transaction’s actual cash disbursement and accounting documentation.

This engagement included selected programs of the Florida State University Student Government Association (SGA) and it was requested by SGA and performed by students of Beta Alpha Psi, an honorary organization for financial information students at Florida State University. The scope of the engagement, testing of controls and records, and preparation and issuance of this report was solely determined and performed by the participating students. This engagement and associated report do not purport to be performed and produced in accordance with generally accepted government auditing standards or standards for the professional practice of internal auditing. However, participating students did apply to this operational evaluation such accounting and auditing knowledge as they have acquired to date in their coursework at the University. Engagement oversight was provided by the faculty advisor and other staff within the University having knowledge and expertise in accounting, information systems, and auditing. However, such oversight did not involve participation in testing transactions, the identification of issues, or drafting the resulting report. This report is intended to assist SGA to further improve internal controls and operations and solely represent the efforts of the participating students.
Background

The Florida State University SGA’s PAC is a subcommittee of the finance committee of the SGA Senate and is run by the PAC chair. As a Fund Distribution Committee, the purpose of the PAC is to review requests for funds from various Registered Student Organizations (RSOs) for cash disbursements regarding RSO event expenses, food, contractual services and other goods or services (clothing & awards) for the benefit of the Florida State University community.

Stakeholders include RSOs, the treasurer, the members of both the PAC, the senate finance committee, pre-approved suppliers, the FSU staff involved, and the FSU student population. Key people include the PAC chair, SGA business manager and the SGA director.

The funding for SGA comes from approximately $13 per credit hour that is charged to each student every semester. The budget committee in the senate then decides how much money should be allocated to PAC as well as other organizations that run under the Senate. As of the beginning of Fall 2017, PAC was funded $55,000 to distribute at their discretion for the Fall 2017 and Spring 2018 semesters.

PAC’s first significant relationship is with the Budget Committee in the Senate, as they are responsible for deciding how much of SGA’s funds will be allocated to PAC for distribution to RSOs throughout the fiscal year. Throughout the year, the Finance Committee and the Senate are the most prominent relationships that PAC has as they are the groups that assist and further approve, deny, or revise the funds that PAC initially approves after meeting and deliberating with the RSOs that request funds for expenses, food, contractual services, and clothing & awards.

RSO requests funds from the PAC, and based on PAC approval rules, the committee approves. Then PAC takes the request to the senate finance committee, where it is voted on again and upon approval, the finance committee takes the request to the Senate. Then the Senate must approve. Upon approval, the approval and amount are communicated to the RSO account on Nole Central. Despite the RSO having the information about the funds, they have no direct access to this money, it can be used for the intended purchase, but further processing must occur for the expense to get reimbursed or to pay the vendor. From there, the RSO goes to the vendor and fills out a purchase order. FSU accounting verifies the existence of all documents and issues an approval. The RSO receives the goods, and FSU accounting is sent the invoice showing the receipt for services. FSU’s SGA administrative and professional staff pay the invoice directly to the vendor in accordance with University policy and expenditure guidelines.
Observations

Lack of control over RSO's Advertising

Our first objective was to evaluate the procedures used to ensure disbursements are in accordance with the policies set out in the financial manual.

This is observation statement number one.

Because of FSU's policy that any SGA funded event must be "free, open, and advertised" to all FSU students, this forbids a RSO from using benefits provided by the SGA for the sole benefit of members of that organization. Thus, the incentive for RSOs to obtain external funds must be met with scrutiny, and organizations must be vetted to ensure RSOs use funds in accordance with the guidelines set out in the SGA financial manual.

The misuse of funds is the greatest risk where the PAC is concerned. The SGA Financial Manual provides clear guidelines as to how the funds allocated to PAC may be used. This includes contractual services, office and maintenance expenses, food, clothing, and awards. Further conditions are also imposed: acknowledgment of SGA funding and any funds disbursed must be used for events which are "free, open, and advertised" to all FSU students.

While the committee stresses that events must be free, open, and advertised to all FSU students, there is no assurance that an event will be adequately advertised. As a result, a RSO may circumvent FSU's SGA policy of "free and available to all FSU students" through omission or by not making upcoming SGA funded events known to the student population.

Recommendation: Short Recommendation Statement

We recommend that advertising for a PAC funded event be standardized. Flyers should be provided to members of the PAC committee to be placed or distributed in high traffic areas on FSU's campus. We also recommend that weekly emails containing events, dates and times for the month be sent out to the student body to increase exposure or a link provided to the events page on Nole Central highlighting major upcoming SGA funded events.

Recommendation: Short Recommendation Statement

We recommend that RSOs require an event sign-in sheet, so attendance can be better monitored. There should be a comparison of the list of attendees to the list of RSO members attending, and if the ratio of attending RSO members to attending non-RSO members grows too high, this can serve as a red flag that their event may not be "free, open and advertised to all FSU students."
**Recommendation: Short Recommendation Statement**

We recommend that RSOs seeking PAC funds for clothing/awards also be required to submit a flyer.

Our second objective was to evaluate the [documents supporting cash disbursements were sufficient for payments or reimbursements].

We found that all documents supporting cash disbursements or reimbursements were in place and were sufficient as evidence. However, for some events, flyers used for advertising, which are a key part of the PAC funds approval process were missing. Flyers serve the purpose of both providing advertisement about the events and signifying that the event is indeed SGA sponsored. Finding a cash disbursement without a flyer could indicate that a RSO may be using PAC funds without meeting the criteria for “free and available to all FSU students.”

**Recommendation: Short Recommendation Statement**

We recommend that both the student body treasurer and the head of the PAC committee verify the existence of sign-in sheets and assure that flyers are submitted to Nole Central prior to approval or meetings. RSO payment requests should only be approved upon the submission of adequate documentation.
Acknowledgments

We would like to acknowledge the full and complete cooperation and support of the Student Government Association throughout this engagement.

Respectfully submitted,

Timothy Kane

Engagement conducted by: Timothy Kane, Ryan Brown, Lea Rocco
Engagement faculty advisor: Geoffrey Adams, CPA, CISA, CFE

Please address inquiries regarding this report to Geoffrey Adams at gadams@business.fsu.edu or by telephone at (850) 645-3203.
Management’s Response
# Appendix A

*Management’s Planned Actions*

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# Status Report for 2019-20

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