



Item: AF: I-2b

**AUDIT AND FINANCE COMMITTEE**  
Tuesday, June 19, 2012

**SUBJECT: REVIEW OF AUDITS: FAU11/12-5, AUDIT OF STUDENT FEES FOR THE FALL 2011 SEMESTER.**

---

**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

The primary objective of this audit was to determine that there was proper assessment of BOT-approved student tuition and fees in the *Banner Student* system, and revenue recognition in the *Banner Finance* system. A secondary objective was to evaluate the timeliness and accuracy of remittance of building and capital improvement fees – collected from students – to the Florida Board of Governors.

Overall, the results of our audit lead us to conclude that established procedures were generally effective, with an observation that remittances of fees to the BOG should consistently be made more timely.

**IMPLEMENTATION PLAN/DATE**

Management had agreed to implement the audit recommendation by September 2012.

**FISCAL IMPLICATIONS**

Not Applicable.

---

**Supporting Documentation:** Audit Report FAU 11/12-5

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

Report No. FAU 11/12-5  
Report Issue Date: June 5, 2012

FLORIDA ATLANTIC  
UNIVERSITY™

*Office of Inspector General*

Audit Report: Student Fees  
For the Fall 2011 Semester

Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of the State University System and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

**REPORT ON THE AUDIT OF  
STUDENT FEES**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
LETTER OF TRANSMITTAL .....	.iii
EXECUTIVE SUMMARY .....	iv
SCOPE AND OBJECTIVES.....	1
BACKGROUND .....	2
COMMENTS AND RECOMMENDATIONS .....	3
CONCLUSION .....	4

Undergraduate Students	Graduate Students
<u>Florida</u> \$177.65	<u>Florida</u> \$943.02
<u>Non-Florida</u> \$657.17	<u>Non-Florida</u> \$997.14





MEMORANDUM

TO: Dr. Mary Jane Saunders  
President

FROM: Morley Barnett  
Inspector General

A handwritten signature in cursive script, appearing to read "Morley Barnett", is written over the printed name of the Inspector General.

DATE: June 5, 2012

SUBJ: AUDIT OF STUDENT FEES

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of student fees at Florida Atlantic University for the fall 2011 semester. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made one recommendation to address our finding. We concur with the response of the auditee which has been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of the recommendation by management.

Please call me if you have any questions.

cc: University Provost  
Senior Vice Presidents  
Vice Presidents  
Auditee  
FAU BOT Audit and Finance Committee  
Inspector General, Florida Board of Governors  
Florida Auditor General

Office of Inspector General • 777 Glades Road • Boca Raton, FL 33431  
Tel: 561.297.3682 • Fax: 561.297.2479 • [www.fau.edu/admin/oig](http://www.fau.edu/admin/oig)

---

Boca Raton • Dania Beach • Davie • Fort Lauderdale • Harbor Branch • Jupiter • Treasure Coast  
*An Equal Opportunity/Equal Access Institution*

## EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of student fees at Florida Atlantic University for the fall 2011 semester. The audit was limited to student matriculation/non-resident tuition and local fees assessed on a per credit hour basis, as well as annual tuition and fees for medical students.

The objectives of this audit were to determine:

- Proper assessment of applicable student fees in the *Banner Student* system, and revenue recognition in the *Banner Finance* system; and,
- Timely and accurate remittance of building and capital improvement fees – collected from students – to the Florida Board of Governors.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing to recalculate the applicable student fees assessed to samples of graduate and undergraduate students enrolled for courses during the fall 2011 semester, and medical college students enrolled for the 2011/12 academic year. In addition, compliance testing was performed for all remittances of building and capital improvement fees made during the fall 2011 semester.

Based on the audit work performed, we are of the opinion that management has established appropriate practices and procedures to facilitate the timely and accurate input of rate changes for applicable student fees to the *Banner Student* system, and the aforementioned fees were being accurately assessed and recorded on the university's financial systems whenever students registered for courses. However, we did identify the need for the Controller's Office to consistently remit collected building and capital improvement fees to the Florida Board of Governors in a timely manner.

The details of this finding, as well as the suggestion for corrective action, can be found in the Comments and Recommendations section of this report.



June 5, 2012

Dr. Mary Jane Saunders  
President  
Florida Atlantic University  
Boca Raton, Florida

Dear President Saunders:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of student fees at Florida Atlantic University for the fall 2011 semester. The audit was limited to student matriculation/non-resident tuition and local fees assessed on a per credit hour basis, as well as annual tuition and fees for medical students.

The objectives of this audit were to determine:

- Proper assessment of applicable student fees in the *Banner Student* system, and revenue recognition in the *Banner Finance* system; and,
- Timely and accurate remittance of building and capital improvement fees – collected from students – to the Florida Board of Governors.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing to recalculate the applicable student fees assessed to samples of graduate and undergraduate students registered for courses during the fall 2011 semester, and medical college students enrolled for the 2011/12 academic year. In addition, compliance testing was performed for all remittances of building and capital improvement fees made during the fall 2011 semester.

We obtained an understanding of the internal control environment pertaining to the maintenance, assessment, recording, and monitoring of student fees by reviewing written policies and procedures, interviewing key personnel, observing actual practices, and analyzing key internal controls. Testwork to achieve the audit objectives consisted of the review and recalculation of fee accruals for statistically-selected samples of students enrolled in courses for the fall 2011 semester, as well as the review of the supporting documentation for all remittances of building and capital improvement fees – collected from registered students – made during the audit period. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls and assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

Office of Inspector General • 777 Glades Road • Boca Raton, FL 33431  
Tel: 561.297.3682 • Fax: 561.297.2479 • [www.fau.edu/admin/oig](http://www.fau.edu/admin/oig)

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

## BACKGROUND

Student matriculation/non-resident tuition and local fees (for non-medical college students) are assessed on a credit hour basis, and are systematically computed based on several factors including the number of enrolled credit hours, the level of the enrolled courses, and the student's residency status. For the fall 2011 semester, the following tuition and fees per credit hour were in effect:

<b><i>Fee Type</i></b>	<b><i>----- Undergraduate -----</i></b>		<b><i>----- Graduate -----</i></b>	
	<b><i>In-State</i></b>	<b><i>Out-of-State</i></b>	<b><i>In-State</i></b>	<b><i>Out-of-State</i></b>
Matriculation Fee (Tuition)	\$103.32	\$103.32	\$281.21	\$281.21
Non-Resident Fee	\$ -	\$457.28	\$ -	\$623.80
Tuition Differential	\$21.42	\$21.42	\$ -	\$ -
Student Financial Aid Fee	\$5.16	\$27.40	\$14.06	\$44.38
Capital Improvement Fee	\$2.44	\$2.44	\$2.44	\$2.44
Building Fee	\$2.32	\$2.32	\$2.32	\$2.32
Activity & Service Fee	\$11.96	\$11.96	\$11.96	\$11.96
Health Fee	\$9.42	\$9.42	\$9.42	\$9.42
Athletic Fee	\$16.45	\$16.45	\$16.45	\$16.45
Technology Fee	\$5.16	\$5.16	\$5.16	\$5.16
<b><i>Total Per Credit Hour</i></b>	<b><i>\$177.65</i></b>	<b><i>\$657.17</i></b>	<b><i>\$343.02</i></b>	<b><i>\$997.14</i></b>

Students enrolled in medical programs at the university were assessed the following annual tuition and fees for the 2011/12 academic year:

<b><i>Fee Type</i></b>	<b><i>Medical Student In-State</i></b>	<b><i>Medical Student Out-of-State</i></b>
Matriculation Fee (Tuition)	\$24,500.00	\$24,500.00
Non-Resident Fee	\$ -	\$30,000.00
Student Financial Aid Fee	\$520.80	\$ -
Non-Resident Student Financial Aid Fee	\$ -	\$1,675.60
Building Fee	\$92.80	\$92.80
Capital Improvement Fee	\$97.60	\$97.60
Technology Fee	\$176.80	\$176.80
Activity & Service Fee	\$478.40	\$478.40
Health Fee	\$358.80	\$358.80
Athletic Fee	\$658.00	\$658.00
Transportation Access Fee	\$156.84	\$156.84
<b><i>Total Annual MD Tuition &amp; Fees</i></b>	<b><i>\$27,040.04</i></b>	<b><i>\$58,194.84</i></b>

All changes to the matriculation/non-resident fees, tuition differential, technology fee, or local fees ("rate changes") assessed to students enrolled in credit courses and/or the medical school must be approved by the university's Board of Trustees (BOT). For the 2011/12 academic year, proposed rate changes were presented by management to the BOT at its meeting held on 6/15/11. The rate changes were approved by the BOT, and on 6/21/11, authorized personnel of the Student Financial Services unit of the Controller's Office posted the changes to the *Banner Student* system.

At the point in time at which a student's course registration information is entered to *Banner Student*, the system will automatically compute the applicable fees, assign the various charges to the appropriate detail codes, and post the codes and dollar amounts to the student's account. The

system will simultaneously post the charges as part of batch totals - on an accrual basis - via interface to the *Banner Finance* system based on the fee allocation percentages and *Banner* accounting codes linked to the applicable detail codes.

## COMMENTS AND RECOMMENDATIONS

### Current Findings and Recommendations

#### Untimely Remittance of Building & Capital Improvement Fees

Pursuant to Florida Board of Governors (BOG) Regulation 7.002 – *Tuition and Fee Assessment, Collection, Accounting and Remittance* – all proceeds from the building and capital improvement fees collected from students are required to be remitted to the BOG (via the Florida Department of Education) no later than the 20<sup>th</sup> day of each month for the previous month’s collections. To facilitate compliance, all building and capital improvement fees collected from students by the university are automatically posted to the Building Fee Trust Fund and Capital Improvement Fees Fund respectively on the *Banner Finance* system. In accordance with established practice, the Controller’s Office is responsible for remitting the cash balances of the aforementioned funds – net of an agreed-upon cash reserve of \$15,000 (for possible refunds to students) for each fund – to the Florida Department of Education (DOE) on a monthly basis.

Our review of the check requests and other supporting documentation for remittances of the building and capital improvement fees made during the months of 8/11 – 12/11 indicated the following exceptions:

- For the month of 11/11, the net cash balances of the Building Fee Trust Fund and Capital Improvement Fees Fund were not submitted to the Florida DOE until 12/1/11 and 11/29/11 respectively; and,
- For the month of 12/11, the net cash balances of the Building Fee Trust Fund and Capital Improvement Fees Fund were not submitted to the Florida DOE.

The remittances reviewed are detailed as follows:

<u>Fee Type</u>	<u>Month of Fee Collections</u>	<u>Fee Remittance Due Date</u>	<u>Date Fee Remitted to DOE</u>	<u>Net Amount Remitted</u>	<u>Fee Remitted Timely?</u>
Building Fee	7/11	8/20/11	8/18/11	\$89,113.82	Yes
Building Fee	8/11	9/20/11	9/14/11	\$542,136.28	Yes
Building Fee	9/11	10/20/11	10/18/11	\$55,065.58	Yes
Building Fee	10/11	11/20/11	12/1/11	\$25,671.30	No
Building Fee	11/11	12/20/11	No Remittance	No Remittance	No
Capital Improvement Fee	7/11	8/20/11	8/17/11	\$93,782.45	Yes
Capital Improvement Fee	8/11	9/20/11	9/14/11	\$570,275.06	Yes
Capital Improvement Fee	9/11	10/20/11	10/19/11	\$57,930.72	Yes
Capital Improvement Fee	10/11	11/20/11	11/29/11	\$27,014.10	No
Capital Improvement Fee	11/11	12/20/11	No Remittance	No Remittance	No

Our supplemental review of remittances of the building and capital improvement fees made during the months of 1/12 – 4/12 indicated that the net cash balances of the Building Fee Trust Fund and Capital Improvement Fees Fund were not disbursed to the Florida DOE during the month of 2/12, and the net cash balances of the aforementioned funds were not submitted to the Florida DOE by the 20<sup>th</sup> day of the months of 1/12, 3/12, and 4/12.



Recommendation No. 1

We recommend management develop and implement appropriate procedures to ensure the remittances of the building and capital improvement fees are made in a timely manner.

---

**Management's Response**

---

**Action Plan:**

Management will develop and implement procedures to ensure that the building and capital improvement fees are remitted in a timely manner. The Accounting Coordinator responsible for remitting the fees will calculate the amount due to the Florida Department of Education (FDOE) from the previous month's collected fees and prepare the check request for the payments to be made to the FDOE. The Assistant Controller in charge of General Accounting will review the supporting documentation for accuracy and forward it to the University Controller for approval. The fees will be transmitted to FDOE no later than the 15<sup>th</sup> of each month and an email will be sent to FDOE to notify them of the transmittal.

**Implementation Date:** September 28, 2012.

**Responsible Auditee:** Stacey Semmel, Assistant Vice President & University Controller.

---

**Prior Audit Recommendations**

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

There were no reportable findings and recommendations from the prior internal audit of student fees.

**CONCLUSION**

Based on the audit work performed, we are of the opinion that management has established appropriate practices and procedures to facilitate proper assessment and accountability for student matriculation/non-resident tuition and local fees. However, we did identify the need for building and capital improvement fees collected from students to be consistently remitted to the Florida Department of Education in a timely manner.

We wish to thank the staff of the Controller's Office for their cooperation and assistance which contributed to the successful completion of this audit.

A handwritten signature in cursive script, reading "Morley Barnett".

Morley Barnett, CPA, CFE  
Inspector General

Audit Performed By: Mike Hewett, CIA, CGAP, CBA, CFSA  
Allaire Vroman