UNIVERSITY OF SOUTH FLORIDA

Responses To Preliminary and Tentative Findings
Of The USF 2007 Operational Audit
Conducted by the Auditor General’s Office

Finding No. 1: Imprest Bank Accounts

Recommendation: The University should ensure proper separation of duties over cash. In addition, the University should ensure that bank account reconciliations are signed and dated by the preparer and include evidence of timely supervisor approval.

Response: The FMHI has modified its controls so that there is adequate segregation of duties over their imprest bank account. In addition, both the Division of Research and FMHI have implemented procedures to document the preparer’s signature and date of preparation as well as timely supervisory approval.

Expected Implementation Date: January 2008

Responsible Party: Nick Trivunovich, 813/974-7696

Finding No. 2: Tangible Personal Property

Recommendation: The University should strengthen its procedures relating to accountability of tangible personal property.

Response: The property manual has been revised to strengthen property procedures. Procedures related to off-campus property permits and donation approvals will be updated. The University will revise the property training procedures to stress accountability.

Expected Implementation Date: June 30, 2008

Responsible Party: Jeff Mack, 813/974-2539
Finding No. 3: Auxiliary Food Service, Vending, and Bookstore Contracts

Recommendation: The University should implement procedures to ensure that it is receiving the proper amount of commission and rent income and enhance its procedures for monitoring contractors’ compliance with the terms of written agreements regarding required insurance. In addition, the University should pursue amending the snack vending agreement to establish a timeframe for submitting the annual certified accounting of sales and commission paid the University, and to require that the certification be made by an independent certified public accountant.

Response: The University will take the following actions to implement this recommendation:
- Implement procedures to review the bookstore contractor’s sales records more frequently to ensure the proper amount of commission is received,
- Review the contractor’s sales records more frequently to ensure the proper amount of additional rent, as specified in the agreement, is received,
- Develop procedures to periodically review portions of the contractor’s sales records to assist in the verification process,
- Review and update insurance certificates for auxiliary contracts to ensure compliance and
- Review the snack vending agreement and make any appropriate amendments to ensure further compliance.

Expected Implementation Date: June 30, 2008

Responsible Party: Jeff Mack, 813/974-2539

Finding No. 4: Auxiliary Credit Union Contract

Recommendation: The University should implement procedures to ensure that it is receiving the proper amount of fees from the Credit Union, and to ensure the Credit Union’s compliance with the terms of the written agreement regarding insurance requirements. The University should also amend the agreement to include the required amount of general liability insurance.

Response: Additional information verifying fees due the University will be solicited from the Credit Union. The University will review and update contract and insurance requirements to ensure compliance.

Expected Implementation Date: June 30, 2008

Responsible Party: Jeff Mack, 813/974-2539
Finding No. 5: Student Fees

Recommendation: The University should ensure that required documentation is obtained and retained evidencing Florida residency for purposes of assessing and collecting student tuition. In addition, the University should enhance its procedures for monitoring special category Florida resident students for changes that affect residency status.

Response: The Office of the Registrar revised its procedures, documentation and web pages to require two legal ties with 12-month qualifying dates; these changes were implemented in the Fall of 2007. By March 31, 2008, the University will implement a tracking or monitoring system to determine when special category students are no longer eligible for in-state status. Students will undergo annual recertification. For students determined to have continued eligibility, their residency classifications will be updated to reflect Florida status.

Expected Implementation Date: March 31, 2008

Responsible Party: Leellen Brigman, 813/974-1572

Finding No. 6: Decentralized Collections

Recommendation: The University should ensure that transfer documents are used to document the transfer of collections between employees and incompatible duties are properly separated. In addition, all receipt forms should be accounted for and an independent verification that amounts that should have been collected based on service records agree with recorded and deposited collections.

Response: The University is continuing to reduce the number of areas that collect cash and checks, which will reduce the internal control risk associated with these areas. Cash collections training, procedures, and monitoring will be upgraded to further address the control issues raised in the audit.

Expected Implementation Date: April 30, 2008

Responsible Party: Nick Trivunovich, 813/974-7696

Finding No. 7: Termination Pay

Recommendation: The University should enhance its procedures to ensure timely processing of termination pay.

Response: The University will implement a comprehensive process to ensure the timely processing of termination pay. That process will include a strong initial training program that will be required for leave coordinators, a revised method for processing all final payments upon termination (within thirty days from the last day of employment), and an audit process to monitor payouts on a bi-weekly basis.
Expected Implementation Date: July 31, 2008

Responsible Parties: Michael Stephens, 813/974-5701
Nancy Wisgerhof, 813/974-3595

Finding No. 8: Competitive Procurement

Recommendation: The University should ensure that its procurement regulations are consistent with BOG Regulations.

Response: The Board of Governors is in the process of revising its Purchasing regulations, including setting the competitive threshold at $75,000. Upon final approval, USF will ensure compliance with the revised BOG regulations.

Expected Implementation Date: March 31, 2008

Responsible Party: Jeff Mack, 813/974-2539

Finding No. 9: Purchasing Cards

Recommendation: The University should improve controls over the purchasing card program to ensure compliance with spending limits, proper coding of expenses, and limitations regarding types of authorized uses as prescribed by the purchasing card guidelines. In addition, the University should timely cancel purchasing cards for terminated employees.

Response: The University is in the process of revising its p-card policies and procedures, which will improve controls and provide additional monitoring of the p-card program. Effective April 2007, the University revised procedures to ensure timely cancellation of p-cards for terminated employees. In addition, p-card training includes requirements that departmental staff notify p-card staff of any terminations.

Expected Implementation Date: June 30, 2008

Responsible Party: Jeff Mack, 813/974-2539
Finding No. 10: Cellular Telephones

**Recommendation:** The University, for employees assigned a cell phone in lieu of receiving a cell phone allowance, should provide for an independent review of cell phone bills. In the absence of such procedures, the University should report appropriate amounts in income to the IRS in accordance with Federal requirements. In addition, the University should request that the cellular telephone service providers remove exempt taxes from the University’s bills, and seek credit for the exempt taxes previously paid.

**Response:** The University will revise its procedure on the use of Cell Phones to comply with this recommendation. In addition, the University will request telephone service providers to remove exempt taxes from University bills and seek credit for exempt taxes previously paid.

**Expected Implementation Date:** April 30, 2008

**Responsible Party:** Eric Walden, 813/974-4829

Finding No. 11: Travel Expenses

**Recommendation:** The University should reimburse employees for travel expenses in accordance with Section 112.061, Florida Statutes.

**Response:** With clarification of Section 112.061, Florida Statutes provided by the Legislature, the University implemented this recommendation effective July 1, 2007.

**Expected Implementation Date:** July 2007

**Responsible Party:** Nick Trivunovich, 813/974-7696

Finding No. 12: Information Technology – Access Controls

**Recommendation:** The University should ensure that access to administrative applications is revoked immediately when an employee terminates employment.

**Response:** As noted, privileges for all terminated employees who had not been properly revoked by the automated process have now been corrected. The automated program implemented to deactivate the accounts of terminated employees has been corrected and is believed to now operate properly. An independent process is in place to periodically ensure the automated program properly deactivates all accounts.

**Expected Implementation Date:** Completed in January 2008

**Responsible Party:** George Ellis, 813/974-8393
Finding No. 13: Information Technology – Application Environment

Recommendation: The University should strengthen its controls surrounding the application environment as noted.

Response: Information Technologies was advised by the Auditor General’s Office on the details of the issue. A solution is being implemented and is in test mode at this time. Confidentiality prevents further disclosure of details.

Expected Implementation Date: March 31, 2008

Responsible Party: George Ellis, 813/974-8393