# NEW COLLEGE OF FLORIDA INTERNAL AUDIT DEPARTMENT

# MANAGEMENT CONSULTING

# STUDENT GOVERNMENT FINANCIAL CONTROLS EVALUATION

# MARCH 6, 2024

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Alameda Jacks, Vice President of Student Services

New College of Florida

Re: Student Government Financial Controls Evaluation

**Background:**

The New College of Florida (NCF) Student Alliance receives funding for student activities and support programs from student fees. The budgeting process for the expenditure of these funds is administered by the New College Student Alliance (NCSA) President and Student Allocation Committee (SAC). Similar to all NCF departments, Student Government Fund expenditures and payroll controls are managed by a designated NCF Fiscal Liaison, the Finance and Accounting Department, and the Human Resources Department. The Dean of Student Affairs serves in an oversight role for student government conduct and budgeting activities as outlined in the Student Government Constitution and Florida State University System Board of Governors’ regulations.

As is the nature of the student government, turnover regularly occurs. As such, it is important to ensure new student government members receive training to gain a strong understanding of their roles and responsibilities pertaining to Student Government Fund budgeting, expenditures, hiring, and financial controls. The student government responsibilities include the hiring and supervision of students and other support personnel involved in the delivery of student sponsored activities and programs. The student government relies upon the university’s information systems, such as Dynamic Forms and Banner, as well as the Procurement Card program, to document required authorizations, record payroll and financial activity, and implement financial controls.

**Engagement Objectives:**

The objectives of the engagement were to:

1. Develop an in-depth understanding of the effectiveness of financial controls over the budgeting and expenditure of student government funding, including the hiring and payment of student government support personnel.
2. Assess the ability of the financial controls to prevent and detect the misuse or misappropriation of student government funds.
3. Identify any conflicts of interest between decision makers and student funding beneficiaries.

**Scope:**

The scope of the financial control evaluation included the following for fiscal year (FY) 2023-24:

1. Adherence to Board of Governor and NCF regulations for student government budget approval.
2. Controls over the authorized use of student government funds.
3. Controls over the unbiased hiring of student government paid personnel.
4. Controls over the accurate and complete payment of student government personnel.

# Procedures Performed:

The consulting engagement was conducted in accordance with the Institute of Internal Auditors guidelines. Procedures performed involved process walkthrough meetings and correspondence with student government, fiscal liaison, Finance, and Human Resources personnel. Documentation for Procurement card, hiring, and payroll activity was reviewed. Compliance with student government budget policies and Board of Trustee approval requirements were also evaluated.

**Consulting Engagement Observations**

The NCSA President and fiscal liaison were very cooperative and open to opportunities to enhance the control environment. In fact, a number of control and operational process improvements were already being considered when the consulting engagement commenced. The following outlines our observations of the current state of controls and enhancements for consideration.

Observation No. 1 - Student Affairs Approval of the NCSA Budget

On April 2, 2023, the Student Allocation Committee (SAC) approved a FY 2023-24 NCSA budget of $86K. Per the NCSA President, the NCSA FY 2023/24 budget then received verbal approval from the acting Dean of Students, Ann Fisher, via an in-person meeting; however, the NCSA President was not able to provide any documentation of the budget amount or expense allocations presented for approval. The present practice of presenting the NCSA operating budget in person does not create an audit trail documenting the budget amounts and allocations presented and approved. As a result, in the event the operating budget is questioned by future administrators, evidence of the budget amount and allocations approved cannot be provided.

Recommendation No. 1 – Student Affairs Approval Documentation

Going forward, once the proposed NCSA operating budget is approved by the SAC, we recommend the budget be sent electronically to the Head of Student Affairs for written approval.

Observation No. 2 – Board of Trustee Approval of the NCSA Budget

The FY 2023-24 $86K NCSA budget approved by the SAC was based on FY 2021-22 student enrollment numbers. The $86K NCSA budget was combined with the Student Government Business Office and Hamilton Center budgets for presentation to the Board of Trustees for approval. The combined total of $270,300 for Student Activities was approved by the Board of Trustees on May 24, 2023. However, the $86K NCSA budget as approved by the Board of Trustees is not the budget amount being presently used by the NCSA. Because the $86K budget was based on FY 2021-22 enrollment rather than FY 2023-24 projected increase in enrollment, the approved budget was significantly understated.

Even though the $123,874 operating budget the NCSA is presently operating with is based on the more accurate FY 2023-24 enrollment projections, it is significantly higher than the $86K amount actually approved by the SAC and Board of Trustees. While the subsequent adjustment of the NCSA budget for changes in actual enrollment appears justifiable, the budget approvals did not indicate such an approach was part of the approval. In addition, a post approval budget adjustment based on actual enrollment is not mentioned in either the NCSA policies or university regulations.

Recommendation No. 2 – NCSA Budget Approval Documentation

We recommend the NCSA President submit an updated operating FY 2023-24 NCSA budget to the SAC, VP of Student Affairs, and either the President or the Board of Trustees based on the current FY 2023-24 student enrollment numbers. We further recommend future NCSA budget approvals include the caveat that the budget is subject to adjustment for changes in actual student enrollment numbers.

Observation No. 3 – Rotation of Duties and Succession Planning

The fiscal liaison who performs all the procurement, budgeting and control activities for Student Activities does not have a designated back-up. It is essential a second university employee become familiar with the Student Activities financial and payroll duties and responsibilities to provide coverage during the use of annual leave and in the event the present fiscal liaison is unable to perform the duties for an extended period.

Recommendation No. 3 – Cross Training for Fiscal Liaison Position

We recommend Student Affairs identify someone to cross train with the Student Activities fiscal liaison. We further recommend the fiscal liaison be asked to take two weeks of consecutive leave each year to demonstrate the ability of the back-up to perform their duties and provide a second set of eyes on Student Activities financial activity. We would also recommend the compensation for the Student Activities fiscal liaison be reviewed in light of the additional duties they have recently assumed. It is essential that those personnel performing key financial control roles be fairly compensated.

Observation No. 4 – New Hire Documentation

While the student government fiscal liaison submits an Employee Action Form (EAF) through the Dynamics Forms workflow to onboard new hires, the submission does not include the SAC minutes documenting the new hire(s) have been officially approved by the SAC.

Recommendation No. 4 – SAC Approval Documentation

We recommend uploading a scan of the SAC approval to each submission of the respective EAFs to document the new hire(s) was approved.

Observation No. 5 – Timely Deactivation of Terminated Employees for Payroll System

Student Government employee positions were not deactivated from the Banner payroll system in a timely manner. In two instances, employee positions created in 2020 were still active as of our review on January 24, 2024, even though the positions had been inactive for years. The positions were subsequently deactivated by the Human Resources Department.

Recommendation No. 5 – Timely Terminated Employee Deactivation

We recommend the student government fiscal liaison request a quarterly report of all active student government employee positions in the Banner payroll system in order to confirm only active positions are listed.

Observation No. 6 – Accurate Student Timesheet Submission

In reviewing student timesheet submissions, we noted student timesheets were consistently overridden by the fiscal liaison. The overrides were predominantly due to the student’s failure to submit their timesheet in a timely manner or accurately for the payroll period. Routine timesheet overrides expose the university to allocations of unfair payroll practices.

Recommendation No. 6 – Student Timesheet Submission Enforcement

We recommend all new student employees be required to attend new employee training which includes an emphasis on the need to submit timesheets when due and accurately. We further recommend those students who do not submit their timesheets in a timely and accurate manner in more than two instances be placed on probation. In the event the fiscal liaison continues to override the timesheets of a student on probation, we recommend the student be released from their employment.

Respectfully,

Alexander G. Tzoumas, CIA, CISA, CFE, CRMA, CDPSE

Chief Audit Executive & Chief Compliance Officer, NCF

cc: David Rancourt, Interim Provost

 David Brickhouse, Vice President for Legal Affairs & Human Resources

 Grace Keenan, President Student Alliance