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State University System of Florida Board of Governors

Report on Internal Controls Reviews for University Direct Support Organizations

Presented By: Mark Maraccini and Bill Dykstra

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Meeting Agenda

| 1	Project Scope and Objectives
2	Observations
3	Recommendations
4	Q&A

Project Scope and Objectives

Crowe reviewed governance and financial controls for 90 Support Organizations across the 12 Universities within the State University System to assess segregation of duties, system access, review and approvals, reconciliations, and process monitoring. Crowe performed limited testing on key controls and identified exceptions. The scope covered the functional areas listed below.

- Accounts Payable

- Capital Asset Management

- Cash Management

- Contract Management

- Journal Entries

- Procurement

- Revenue and Billing

- Culture and Ethical Considerations

- Accounts/ Pledges Receivable

- Capital Construction

- Debt Service/Loans Payable

- Investment Management

- Payroll

- Related Party Transactions

- Governance and Accountability

Observations by Category
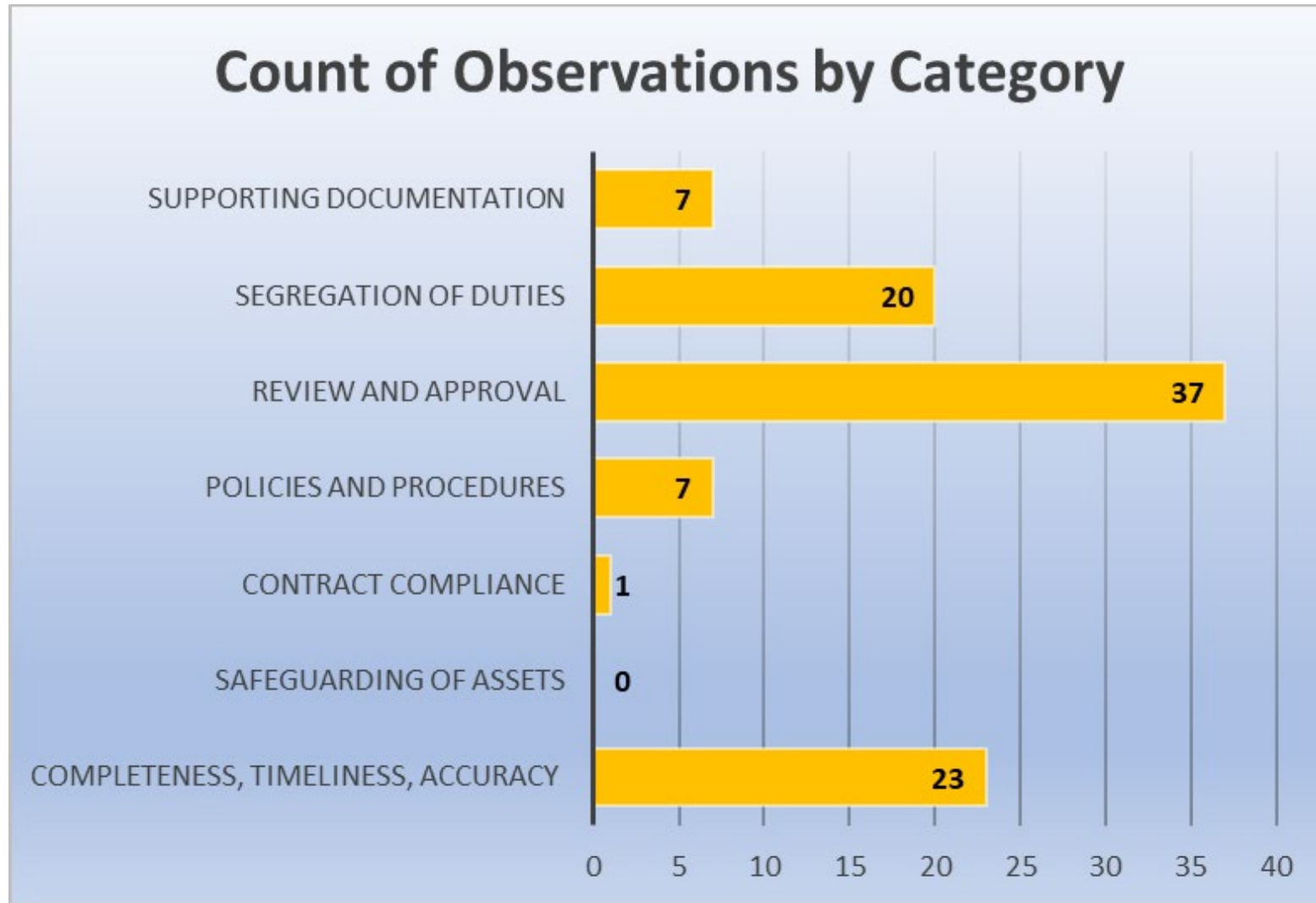
Observations by Classification

Count of Observations by DSO Classification (System-Wide)
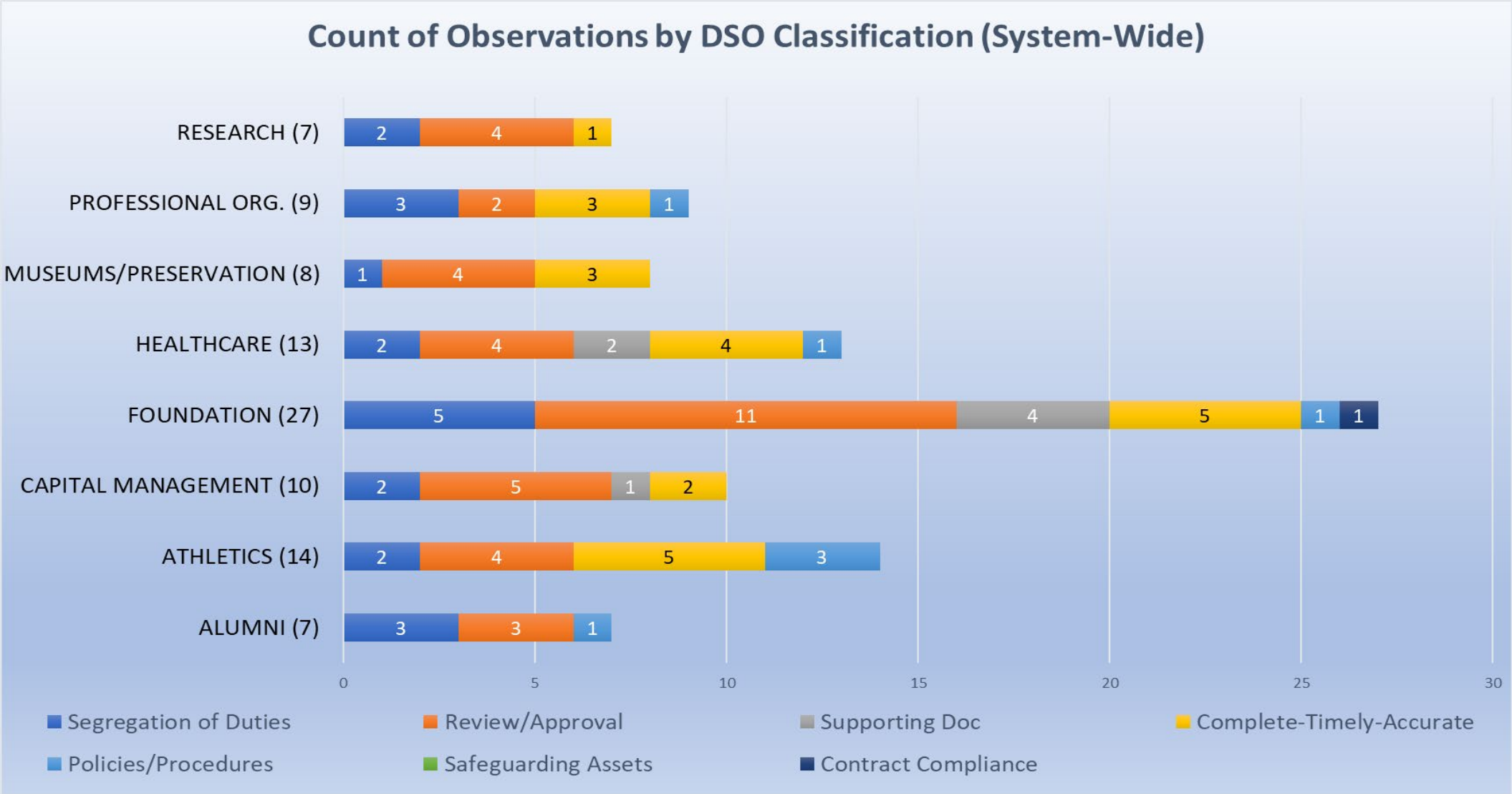
Observations Attributed to Functional Areas

FUNCTIONS	OBSERVATION CATEGORIES							TOTALS
	SEGREGATION OF DUTIES	REVIEW AND APPROVAL	SUPPORTING DOCUMENTS	COMPLETE/ TIMELY/ ACCURATE	POLICIES AND PROCEDURES	SAFEGUARDING OF ASSETS	CONTRACT COMPLIANCE	
ACCOUNTS PAYABLE	1	7	0	8	0	0	0	16
ACCOUNTS/PLEDGES RECEIVABLE	6	6	2	4	0	0	0	18
CAPITAL ASSET MANAGEMENT	4	2	0	3	0	0	0	9
CAPITAL CONSTRUCTION	0	0	0	0	1	0	0	1
CASH MANAGEMENT	5	7	1	8	0	0	0	21
CORPORATE GOVERNANCE	2	2	1	5	4	0	0	14
DEBT SERVICE/LOANS PAYABLE	1	1	0	0	0	0	0	2
INVESTMENT MANAGEMENT	2	3	0	6	0	0	0	11
JOURNAL ENTRIES	12	1	0	1	0	0	0	14
PAYROLL	2	3	0	3	0	0	0	8
PROCUREMENT	3	8	1	4	3	0	1	20
RELATED PARTY TRANSACTIONS	0	3	0	1	0	0	0	4
TOTALS	38	43	5	43	8	0	1	138

Recommendations

Focused

- Strengthen policies and oversight of expense reimbursement practices.
- Explicitly prohibit the use of personal accounts to conduct DSO business (e.g., depositing donations).

General

- Universities should work with DSOs to establish documentation and record retention requirements to facilitate the availability of documentation upon request.
- DSOs should document minimum levels of experience and professional certification required for key positions.
- DSOs should conduct a risk-based needs assessment for training. Rollout a training program incrementally and as available funding allows.
- DSOs should document policies and standard operating procedures for key functions.
- Universities should work with DSO management to update polices and strengthen practices over selection and performance monitoring of financial statement auditors.

Questions?

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