

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Charles C. Maddox, Esq.  
Inspector General



September 17, 1999

Dr. Julius F. Nimmons, Jr.  
President  
University of the District of Columbia  
4200 Connecticut Avenue, N.W.  
Washington, D.C. 20008

Dear Dr. Nimmons:

Enclosed is the final report on the "Audit of Tuition Collections by the University of the District of Columbia's Division of Continuing Education" (OIG-4-99-GF-9921).

Our review showed that (1) controls, procedures and supervision over Division of Continuing Education (DCE) operations were not adequate, and (2) collection receipts were not properly accounted for. This situation resulted in a misappropriation of collection receipts and improper payments for instructor salaries with money orders. Because of inadequate controls and records documenting DCE activity, it is possible that additional tuition and other receipts were collected and not reported. The system is vulnerable to waste, fraud and irregularities occurring undetected.

We recommended that the University of the District of Columbia management re-evaluate all DCE operations, and establish a system of internal controls necessary to safeguard the District's assets to ensure the integrity of information generated by DCE operations. This system should include clear and concise policies and procedures regarding student registration and payment, establishment of DCE management reporting requirements, maintenance of records documenting financial activities, and provisions for an audit trail.

In commenting on a draft of this report, the President of the University cited specific actions to correct the deficiencies. These comments are incorporated as appropriate in the report. The full text of the response to this report is included as Attachment IV.

Dr. Julius F. Nimmons, Jr.  
President  
September 17, 1999  
Page 2 of 2

Should you have any questions on this report or need additional information, please contact me on 727-2540 or John N. Balakos, Assistant Inspector General for Audits, on 727-8279.

Sincerely,



for  
Charles C. Maddox, Esq.  
Inspector General

Enclosure

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF TUITION COLLECTIONS BY  
THE UNIVERSITY OF THE DISTRICT OF  
COLUMBIA'S DIVISION OF  
CONTINUING EDUCATION**

**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

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OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE TUITION COLLECTIONS BY  
THE UNIVERSITY OF THE DISTRICT OF  
COLUMBIA'S DIVISION OF CONTINUING EDUCATION

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## **INTRODUCTION AND PURPOSE**

The Office of the Inspector General (OIG) has conducted an audit of tuition collections, controls, and procedures at the University of the District of Columbia's (UDC) Division of Continuing Education (DCE).

The audit showed that (1) controls, procedures and supervision over DCE operations were not adequate, and (2) collection receipts were not properly accounted for. This situation caused a misappropriation of collection receipts and improper payments of instructor salaries with money orders. In our opinion, if the proper controls are not put in place and accountability is not established, the system will continue to be vulnerable to waste, fraud, and irregularities that will not be detected.

We recommended that UDC management re-evaluate all DCE operations, and that it establish a system of internal controls necessary to safeguard the District's assets and to ensure the integrity of information generated by DCE operations. This system should include clear and concise policies and procedures regarding student registration and payment, establishment of DCE management reporting requirements, and the maintenance of records to document financial activities and to provide for an audit trail.

## **BACKGROUND**

DCE is a part of UDC's Division of Community Outreach and Extension Services (DCOES) and, in conjunction with the University's academic departments, it provides opportunities for residents of the Washington Metropolitan area. For example, programs are offered to improve job performance, upgrade employment opportunities, and enhance the quality of life.

DCE offers five certificate and licensure programs and three non-credit programs. The DCE provides training in approximately twenty-five areas. The UDC budget does not provide for appropriated funds for the DCE operations except for the salary of the Director and one assistant. The DCE programs are supported through fee-based tuition receipts or sponsored by intra-district grant programs with various District agencies.

DCE operations are located just off the main University campus at 4350 Connecticut Avenue, Washington, D.C. An assigned Director is responsible for the day-to-day operations and reports to the Dean of DCOES. For fiscal year 1997, DCE provided training to about 4,300 students, generating revenues of approximately \$3,470,000.

## SCOPE, OBJECTIVES AND METHODOLOGY

Our review focused on the controls, procedures, and supervision of the operational and financial processes of the DCE.

The audit objectives were to:

- Evaluate the adequacy of internal and management controls for the collection and handling of DCE tuition and other fees, if any;
- Determine whether prescribed procedures were followed;
- Determine whether fees collected were properly accounted for;
- Determine whether instructors were compensated in accordance with applicable guidelines; and
- Determine whether payroll expenditures were proper.

The methodology for accomplishing the above objectives included the evaluation of DCE operations for the period October 1, 1997 through June 30, 1998. We reviewed provisions of the District of Columbia Municipal Regulations (DCMR) Title 8, UDC, and the DC Code, Sections 36-100 through 36-108, and District of Columbia Wage Payment and Wage Collection Laws. Additionally, interviews were conducted with UDC and DCE personnel to obtain information regarding DCE operations, current operating policies, procedures and established controls, and the extent of UDC supervision over DCE operations. We performed substantive testing for DCE collection receipts, grant-generated revenue, and employee payroll expenses.

Our audit was performed in accordance with generally accepted government auditing standards.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Inadequate Controls and Procedures**

UDC officials did not exercise their fiduciary duties for establishing and maintaining an adequate internal control structure that would have provided assurances that District assets were safeguarded and that resources were used for purposes intended in a manner consistent with applicable laws, regulations and policies. As a result of these inadequate controls, we found that UDC could not account for revenues from tuition fees and those generated by various fee-based programs. For example, unpaid tuition fees of approximately \$82,000 from students paying in installments were not recorded as revenues and sufficient records were not maintained of the students' unpaid balance. In addition, a misappropriation occurred in an amount exceeding \$26,000. Also, adequate records to account for total revenues generated by various fee-based programs were not maintained or could not be provided.

The District of Columbia Financial Standards System describes the accounting and internal control standards to be followed by all agencies. It reflects the General Accounting Office's accounting and financial reporting standards, which are consistent with generally accepted accounting principles for state and local governments. Management should implement an adequate system of internal controls in order to ensure that: (i) Resources are efficiently and effectively managed; (ii) Resources are used in a manner consistent with laws, regulations and policies; (iii) Resources are safeguarded against waste, loss and misuse; and (iv) Reliable data are obtained, maintained and fairly disclosed in reports.

#### **Unpaid Tuition Fees not Recorded as Revenue or Receivable**

DCE did not record the total amount of fee-based tuition revenue generated from students enrolled in the Practical Nurses Training Program. In fact, available records indicated that only 2 of 11 students enrolled in a class beginning February 1997 and ending May 1998 paid the full amount of tuition. Additionally, the DCE did not set up an accounts receivable account for the students' unpaid balances nor did it obtain promissory notes from the students acknowledging the amount owed. As a result, DCE understated earned revenue by about \$82,000 by not recording total fees generated from student enrollment. Moreover, DCE had not collected about \$17,000 of the \$82,000 owed from the above class. Also, documentation of payments indicated that students who failed the course did not pay the outstanding balances owed.

This situation occurred because:

- UDC officials did not properly monitor DCE operations and allowed DCE to operate independently which led to abuse by DCE personnel.

- DCE implemented its own installment plan to allow students to defer the high cost of the practical nurse training tuition fees which was not in compliance with DCMR Title 8, UDC Chapter 7, Section 726 which opened the door for abuse by DCE personnel.
- DCE did not have sufficient controls and procedures in place to ensure adequate recording of revenues and to account for the unpaid balance, which made it impossible to know the amount of revenues that were collected.
- DCE did not establish an accounts receivable account in the College University Financial System (CUFS) or maintain a manual system to track the balance owed.
- DCE did not enforce adherence to the terms of the installment agreement, which was not in compliance with DCMR Title 8, UDC Chapter 7, Section 726. The personnel found it convenient to circumvent the regulations.

DCMR Title 8, UDC Chapter 7, Section 726, describes the tuition installment plan terms. Section 726.1 provides: *"A student applying for the Tuition Installment Plan must be unable to pay the full tuition and fees at the time of registration and shall be required to demonstrate to the Vice President for Fiscal Operations that he or she will be able to do the following:*

- Pay at registration one half (1/2) of the tuition due plus all applicable fees; and*
- Pay within sixty (60) days after registration the remaining balance of the tuition due...."*

Failure to establish accounts receivable and proper controls to account for unpaid tuition fees could result in fees not being timely deposited, balances being written off without proper authorization, or possible theft of funds going undetected.

According to the DCE nursing Project Director, DCE implemented an installment agreement plan allowing practical nursing students to pay the tuition in installments. The terms of the verbal agreement allowed the students to pay the tuition fee in three installments. The first installment was due before classes began with the second installment four months later. The final payment was due four months after the second payment.

Generally accepted accounting principles support the recording of amounts earned as revenue or deferred revenue and the unpaid amount recognized as a receivable.

## **Recommendations:**

We recommended that the President of UDC take the appropriate measures to determine the need for a separate installment payment plan for DCE students enrolled in the practical nurse training program.

Additionally, we recommended that appropriate measures be implemented to:

1. Record deferred revenue for the total amount of fees generated by students enrolling in a practical nurse training class. These fees should be evenly allocated over the course of the class;
2. Establish an accounts receivable account for the unpaid tuition fees owed by the practical nurse students; and
3. Require DCE personnel to follow DCMR Title 8, UDC Chapter 7 in the installment plan approval process.

## **UDC's Response**

UDC concurred with these recommendations and has initiated corrective actions to track the revenue collections for the practical nurses training program. The system will be expanded to include internal tracking of receivables. The OCFO will also determine the feasibility of collecting the unpaid tuition and fees owed by former students.

The Agency stated that since August 17, 1998, the Office of the Chief Financial Officer (OCFO) has required that all student tuition and other fees for DCE be paid to the Cashiers' office. OCFO and DCE have developed a system for validating class enrollment and are working together to enhance the OCFO's ability to verify that all DCE students enrolled have paid requisite fees.

## **OIG's Comments**

The actions taken by UDC are considered responsive to the recommendations.

## **Lack of Controls over Tuition-and Fee-Based Revenue**

DCE personnel did not maintain or could not provide sufficient documentation to ensure that all collection receipts generated by the various fee-based programs were properly recorded and accounted for. Therefore, we were unable to determine the total amount of revenues generated by the various DCE fee-based programs for the period October 1, 1997 through June 30, 1998. Revenues recorded to the CUFS, the central accounting system for UDC, did not match either the amount reported by the former DCE operations manager in the central accounting system for UDC, or the amount of revenues subsequently reconstructed by DCE personnel from payment receipts. The severity of the situation was shown when it was found that

a misappropriation occurred in which \$26,000 of student tuition receipts were used to pay the salaries of instructors.

The following chart shows the variances in revenues reported by the three different sources.

CUFS	Reconstructed DCE Documents	Variance	Former DCE Operations Manager	Variance
\$ 285,855	\$264,530	\$21,325	\$277,096	\$8,759

There were no documented policies and procedures for collecting and processing these revenues and to ensure the integrity of information generated. Internal controls such as adequate separation of duties, maintenance of control journals, preparation of periodic reports and reconciliation of revenue generated by class rosters did not exist. There were insufficient records maintained for paid and unpaid tuition balances. We found unpaid tuition fees of approximately \$82,000 that were not recorded in addition to the tuition fees of over \$26,000 that were misappropriated.

The lack of adequate controls also prevents the establishment of an audit trail to verify the correct amount of revenue collected. We could not determine the total revenues using fee-based class rosters due to incomplete records. DCE did not publish an official schedule listing all fee-based programs. Because of the poor controls and records involving the collection, recording, and depositing of receipts, it is possible that additional funds were collected and not deposited.

Another example of inadequate controls was noted in our testing of the certified nurse examination program rosters. The certified nurse examination is required by DCE for those wishing to enroll in the practical nurse training program. The DCE personnel provided us with rosters of attendees and informed us that the certified nurse examination was given every two weeks with unscheduled breaks. The DCE official stated that there was no official schedule documenting the dates the examinations were offered. Without such a schedule, we could not verify the accuracy of the participants' names listed on the rosters. Therefore, we could not match the class rosters with an official offering of programs to assure that all rosters were provided

An entity outside of UDC graded the examinations and received a fee for each test graded. The entity required a reconciliation of the number of examinations and the amount of money for each testing date package submitted. Comparing the testing dates and number of tests graded from the entity to the roster dates and number of participants provided by DCE, we noted that there were discrepancies. The comparison between DCE rosters and the outside entity's records showed that there were 22 testing dates, which were certified by DCE personnel. However, the DCE's records showed 19 testing dates and 15 of these did not agree with the outside entity's records. Three testing dates shown by the outside entity were not even shown on

DCE's records. Also, the outside entity's roster revealed a discrepancy of an additional 80 participants' examinations graded which was not a part of the DCE's records. The 80 examinations graded generated an additional \$2,000 for DCE which could not be verified to DCE records (See Attachment I).

Our attempts to trace receipt information in CUFS to the DCE course roster could not be performed. The UDC cashier's receipts, which supported the amount of deposit entries, only listed the type of course the payment was for and did not include the course identification number or the date of the course. Also, the receipts in CUFS did not always list the name of the person making payment. For example, the practical nurses training program deposits were usually large amounts and did not list the student names.

### **Recommendations:**

We recommended that the President of UDC take the necessary measures to ensure that:

1. The UDC Chief Financial Officer's establishes adequate internal controls and procedures regarding DCE financial data to properly account for the collection and recordation of all student tuition and other fees within DCE;
2. Students pay all fees directly to the UDC cashier's office, ensuring deposit of funds;
3. DCE publish an official class offering for all available programs;
4. The UDC cashier's office properly documents course information when payment is received (course date, course identification number, student name, and any other pertinent information deemed necessary); and
5. Determine the practicality of requiring DCE students to register for courses at the UDC registrar's office.

### **UDC's Response**

UDC concurred with these recommendations and has planned corrective actions to implement the recommendations that are stated above. At the present time, it does not appear that it is cost effective or practical to move CE registration to the UDC Registrar's Office. However, UDC will revisit this issue as a part of the strategic planning process.

### **OIG's Comments**

The actions taken by UDC are considered responsive to the recommendations.

## 2. Untimely Recognition of Grant Revenue

Our review noted that DCE did not have adequate controls or established written policies and procedures in place to effectively and efficiently manage or account for DCE grant revenues. Failure by DCE to submit timely performance reports in order for the UDC Finance Office (FO) to submit draw down requests could result in lost information and ultimately lost revenue, especially for the performance based grants (revenue based on individuals serviced).

DCE personnel did not submit monthly performance reports to FO. These reports would have allowed the FO to submit a request for drawing down on the intra-agency grant agreements for timely recognition of earned revenue. As a result, DCE grant revenue reported in the District's Financial Management System (FMS) totaled \$1,220,429 with grant expenses of \$1,722,723 through June 30, 1998, indicating a \$502,294 loss for the DCE grant programs. (See **Attachment II.**) Also, because DCE did not submit the reports timely, FO could not verify that payroll expenditures charged to a grant were approved to be paid from the grant funds. The DCE personnel did not understand that the FO must have the monthly performance reports in order for the FO to make a request for a draw down.

FO personnel, who are responsible for grants and contract finance reporting, need to have performance reports in order to submit a draw down request for (1) the amount of revenue earned for the performance based grants, and (2) the amount of expenses related for fixed price grants and contracts. Additionally, FO personnel used the reports to verify if the employees who were charged against the grant or contract were authorized to be paid from the grant funds.

Most of the Intra-District Agreements required DCE to submit timely billings or billing upon completion of a program by participants in order to draw down against the grant fund. For example, the agreement with the District of Columbia, Office of Personnel, Center for Workforce Development, required that DCE "*...provide the DCOP/CWD Director with a monthly training activity report. The report shall include a listing of courses offered during the previous month, student enrollments, by agency, in each course, certification of completion of courses and skills and competencies achieved, and monthly and cumulative (from the beginning of the fiscal year) financial statements.*"

### Recommendations:

We recommended that the President of UDC take the necessary measures to ensure that:

1. UDC's Chief Financial Officer implements adequate controls and procedures to ensure DCE's timely remittance of grant and contract performance reports in order to submit draw down requests of grant and contract funds on a timely basis; and

2. DCE adheres to the terms and conditions set forth in the various grant and contract agreements.

### UDC's Response

UDC concurred with the recommendations and is now submitting monthly reports to the FO. The OCFO will ensure that the draw downs grant and contract performance reports are submitted on a timely basis. The Dean of Community Outreach and Extension Service will monitor the various grant and contract agreements.

### OIG's Comments

The actions taken by UDC meet the intent of the recommendations.

## **3. Improper Salary Payments**

### **Personnel Action Forms not Processed Timely**

Improper salary payments totaling about \$33,000 were made to 22 instructors outside of the Unified Personnel Payroll System (UPPS). These payments were made to instructors because the not-to-exceed (NTE) dates on their personnel action forms stating when they were to be paid through UPPS had expired. The NTE date was included in the instructors' contracts which were to be paid through UPPS. After that date, the instructors could no longer be paid by the UPPS. Also, the UDC did not timely process subsequent personnel action forms to extend the NTE date to allow personnel to receive regular payroll checks. The University took 47 days to process the personnel action forms in April 1998. As a result of these payments, DCE understated revenue by over \$26,000 in CUFS. Additionally, the UPPS did not reflect accurate payroll expenses for the instructors.

DCMR Title 8 "The University of the District of Columbia" of the DCMR, Section 1700.3 provides: "*All sponsored program personnel appointments shall be subject to the duration and terms of the grant or contract.*" Additionally, the District of Columbia Wage Payment and Collection Law (DC Code, Section 36-102) provides: "*Every employer shall pay all wages earned to his employees at least twice during each calendar month, on regular paydays designated in advance by the employer.*"

DCE did not deposit all tuition fees collected from students with the UDC cashier for credit to DCE's account in CUFS. Instead, DCE used approximately \$26,000 to make money order payments to 20 nursing instructors and two taxi instructors. The division also withheld Federal Insurance Contributions Act taxes, and Federal, State, and District taxes totaling about \$6,900. Thus, the combined payroll records showing total expenditures in the UPPS were understated by approximately \$33,000.

Since DCE instructors were not paid through payroll, the UPPS will not reflect accurate payroll information for the instructors. Additionally, CUFS will not reflect the accurate expenses incurred by DCE.

### **Incorrect Calculation of Employee Compensation**

The DCE over/under paid instructors for a net total of approximately \$5,268. (See **Attachment III**.) The DCE did not review time sheets or verify regular pay before payments by money orders were made. As a result, the DCE personnel need to correct salaries that were made to instructors in April 1998.

The District Pay and Retirement Office and the UDC Personnel Office payroll records indicate that five instructors received regular and/or supplemental checks for working in April 1998. Three nursing instructors received an aggregate of \$1,288 in regular pay for the pay period ending April 15<sup>th</sup>. (See **Attachment III**.) The same three nursing instructors also received the money order payments in the same amount for the same period. Therefore, the three nursing instructors who received regular pay and money order payments should reimburse DCE in the amount of \$1,288.

Two taxi instructors received regular and supplemental checks totaling \$2,711. Each taxi instructor received payroll and money order payments totaling \$2,604 for working in April 1998. The instructors' timesheets indicate that each instructor worked 36 hours in April 1998. The instructors make \$33 per hour and should have only received \$1,188. Therefore, each taxi instructor should reimburse DCE in the amount of \$1,416. (See **Attachment III**.)

DCE also made unjustified payments for the April 1998 payroll, totaling about \$1,700, to three instructors, and underpaid two instructors for a total of \$560. The timesheets for two of the three overpaid instructors indicate that the instructors did not work in April 1998. The third instructor received payment for 48 hours although the instructor's timesheet indicates that the instructor only worked 40 hours. DCE paid one instructor for 24 hours although the instructor worked 27 hours. The pay for another instructor was miscalculated. That instructor worked 66 hours and made \$28 per hour; however, the gross pay was calculated as \$1,374 instead of \$1,848.

### **Recommendations:**

We recommended that the President of UDC:

1. Establish procedures to expedite the time it takes to process personnel action forms and include the procedures in the University of the District of Columbia's Instruction 110.407;
2. Ensure that the Unified Personnel Payroll System include the accurate salaries for the instructors who received money order payments;

3. Ensure that the taxes withheld from the money order payments are submitted to the appropriate agency for payroll withholdings;
4. Ensure that underpaid instructors are adequately compensated; and
5. Ensure that unjustified and excess payments are reimbursed by the instructors and deposited in DCE's account.

#### **UDC's Response**

UDC indicates agreement with the recommendations and stated that it follows the procedures set forth in UDC's Instruction 110.407. However, the UDC has not taken disciplinary actions against employees who violate the procedures.

OCFO is working with the Office of Pay and Retirement Services to update payroll wages and taxes to reporting authorities. Additionally, DCE will work with the Office of Pay Services to initiate a request that employees repay any overpayments and to compensate employees for any identified underpayments.

#### **OIG's Comments**

The action taken by UDC meets the intent of the recommendations.

## Attachment I

**OFFICE OF THE INSPECTOR GENERAL**  
**Summary Schedule of Practical Nurse Certified Testing Revenue**  
**For the Period October 1, 1997 through June 30, 1998**

Per DCE's Nursing Project Director			Per Outside Entity		
Test Date	Participants Listed on Roster	Revenue - No of Participants x DCE Fee \$25	Process Date	Number of Tests Graded	Revenue - No of Participants x DCE Fee \$25
10/03/97	13	\$ 325	10/03/97	13	\$ 325
None			10/10/97	21	525
None			10/17/97	14	350
10/24/97	9	225	10/24/97	18	450
10/31/97	17	425	10/31/97	8	200
11/07/97	10	250	11/07/97	17	425
11/14/97	9	225	11/14/97	11	275
11/21/97	10	250	11/21/97	15	375
12/12/97	7	175	12/12/97	13	325
12/19/97	5	125	12/19/97	22	550
01/16/98	17	425	01/16/98	10	250
01/30/98	13	325	01/30/98	20	500
Feb	None		Feb	None	
03/06/98	17	425	03/06/98	17	425
03/13/98	8	200	03/13/98	8	200
03/20/98	11	275	03/20/98	11	275
03/27/98	6	150	03/27/98	6	150
None		-	04/03/98	3	75
04/17/98	0	-	04/17/98	6	150
05/15/98	16	400	05/15/98	16	400
05/29/98	9	225	05/29/98	18	450
06/12/98	25	625	06/12/98	15	375
06/26/98	17	425	06/26/98	17	425
<b>Total</b>	<b>219</b>	<b>5,475</b>		299	\$ 7,475
				219	5,475
<b>Discrepancies</b>				80	\$ 2,000

**OFFICE OF THE INSPECTOR GENERAL**  
**Summary Schedule of Grant Revenue & Expense**  
**For the Period October 1, 1997 through June 30, 1998**

Grant ID/Number	Fund 416 Grant & Contracts	Agreement Amount (B)	Year-To-Date		Profit (Loss) To Date (C)(E)(G)
			Grant Fund Billings (C)	Expenditures (D)	
I-711	Clerical Support Training & Retraining Program	10,000.00	\$ 9,798.81	\$ 8,304.08	\$ 1,494.73
I-729	Skills Development for DC Employees	1,113,992.00	274,079.59	283,684.57	(9,604.98)
I-805	Occupational Training & Retraining Program	1,216,945.00	509,472.45	589,431.11	(79,958.66)
I-809	Pre-Vocational and Vocational Training	602,511.00	-	323,988.13	(323,988.13)
I-823	Real Estate Training Postponed until Sept - Dec 98	25,000.00	-	-	-
I-828	Limited English Proficient Program (LEEP)	210,865.00	96,993.72	106,145.23	(9,151.51)
I-831	Lorton Title I and Special Education Program	408,711.00	146,268.12	172,018.68	(25,750.56)
I-842	Supervisory Training for DCPL Employees (Canceled)	33,600.00	1,994.96	1,690.64	304.32
I-844	Printing Technology, Training and Placement	230,000.00	150,801.37	167,895.89	(17,094.52)
I-845	Nurses Assistant Training Program	87,000.00	31,019.95	64,753.69	(33,733.74)
I-846	Lead Based Paint/Asbestos Training	36,000.00	-	4,811.28	(4,811.28)
	Total Grants & Contracts	\$ 3,974,624.00			
	Total Income and Expenditures		\$ 1,220,428.97	\$ 1,722,723.30	\$ (502,294.33)

OFFICE OF THE INSPECTOR GENERAL  
Summary Schedule of Employee Payroll Discrepancies

Employee No.	Pay Period	Approved Time	Approved Hours	Gross Pay	Regular Pay	Supplemental Pay	Money Order (Net MO)	Total Pay Received (B/C/D)	Government (A, B, D)	Underpayment
<b>Nurse Program Instructors:</b>										
<b>Overpayments of Approved Time</b>										
Employee No. 1	4/15/98	\$ 28	None	-	-	-	879.00 *	879.00	\$ (879.00)	
Employee No. 2	4/15/98	\$ 28	None	-	-	-	605.00 *	605.00	(605.00)	
Employee No. 3	4/15/98	\$ 28	40	1,120.00	-	-	1,344.00	1,344.00	(224.00)	
				\$ 1,876.00	\$ -	\$ -	\$ 2,828.00	\$ 2,828.00	\$ (1,708.00)	
<b>Underpayments of Approved Time</b>										
Employee No. 4	4/15/98	\$ 28	66	1,848.00	-	-	1,372.00	1,372.00		\$ 476.00
Employee No. 5	4/15 & 4/30	\$ 28	27	756.00	-	-	672.00	672.00		84.00
				\$ 2,604.00	\$ -	\$ -	\$ 2,044.00	\$ 2,044.00		\$ 560.00
<b>Nurse Program Instructors:</b>										
<b>Regular &amp; Supplemental Pay checks Received</b>										
Employee No. 6	04/15/98	\$ 28	36	1,008.00	180.54	-	1,008.00	1,188.54	\$ (180.54)	
Employee No. 7	04/15/98	\$ 28	49	1,372.00	918.65	-	1,372.00	2,290.65	(918.65)	
Employee No. 8	04/15/98	\$ 28	80.5	2,254.00	189.18	-	2,254.00	2,443.18	(189.18)	
				4,634.00	1,288.37	-	4,634.00	5,922.37	\$ (1,288.37)	
<b>Taxi Instructors:</b>										
Employee No. 9	04/15/99	\$ 33	27	891.00	167.68	297.00	624.00 *	1,088.68	\$ (197.68)	
	04/30/99		9	297.00	-	891.00	624.00 *	1,515.00	(1,218.00)	
			36	\$ 1,188.00	\$ 167.68	\$ 1,188.00	\$ 1,248.00	\$ 2,603.68	\$ (1,415.68)	
Employee No. 10	04/15/99	\$ 33	6	198.00	167.68	198.00	624.00 *	989.68	\$ (791.68)	
	04/30/99		30	990.00	-	990.00	624.00 *	1,614.00	(624.00)	
			36	\$ 1,188.00	\$ 167.68	\$ 1,188.00	\$ 1,248.00	\$ 2,603.68	\$ (1,415.68)	
<b>Total Overpayments/Underpayments</b>										\$ 560.00

## University of the District of Columbia

## Office of the President

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Washington, D.C. 20008

Telephone (202) 274-5100  
Facsimile (202) 274-5304



August 30, 1999

Charles C. Maddox, Esq.  
Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, DC 20005

Dear Mr. Maddox:

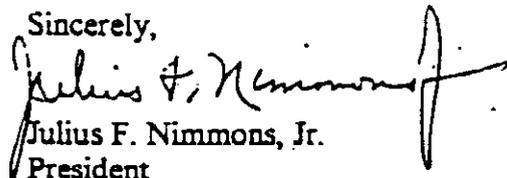
Attached are the University of the District of Columbia's responses to the draft report by your Office entitled "Audit of Tuition Collections by the University of the District of Columbia's (UDC) Division of Continuing Education (DCE)" (OIG-4-99-GF). UDC agrees with all of the your office's recommendations and plans to implement them.

Through the Division of Continuing Education, UDC offers courses designed to upgrade the skills of District residents who are already on the job, those who wish to become more competitive to qualify for other jobs, and those who simply wish to pursue lifelong learning experiences. More than 15,000 students are served in non-credit courses through DCE in a variety of programs, including: gerontology, practical nursing, taxicab, adult education, dislocated workers, etc. -- a number significantly higher than indicated in the report. UDC will establish a system of internal controls to ensure that these students are served and the staff is fully accountable for their actions.

UDC recently appointed a new dean of Community Outreach and Extensive Service. He is working with the Office of the Chief Financial Officer (OCFO) and other managers at the University to re-evaluate DCE operations. Specific initiatives are discussed in the attached responses.

If you have any questions or concerns regarding this transmittal, please contact Cyril Byron, Jr. at (202) 274-5140.

Sincerely,



Julius F. Nimmons, Jr.  
President

Attachment

AUDIT OF TUITION COLLECTIONS BY  
THE UNIVERSITY OF THE DISTRICT OF COLUMBIA'S  
DIVISION OF CONTINUING EDUCATION

**Findings and Recommendations and Agency Responses**

**1. (a) Inadequate Controls and Procedures**

*Findings:* UDC officials did not exercise their fiduciary duties for establishing and maintaining an adequate internal control structure that would have provided assurances that District assets were safeguarded and that resources were used for purposes intended in a manner consistent with applicable laws, regulations and policies.

*Recommendation:* Management should implement an adequate system of internal controls in order to insure that: (i) Resources are efficiently and effectively managed; (ii) Resources are used in a manner consistent with laws, regulations and policies; (iii) Resources are safeguarded against waste, loss and misuse; and (iv) Reliable data are obtained, maintained and fairly disclosed in reports.

**Agency Response:**

UDC concurs with the findings and recommendations as presented in the report. Since August 17, 1998, the OCFO has required that all student tuition and other fees for DCE be paid to the Cashiers' Office. OCFO and DCE have developed a system for validating class enrollment and are working together to enhance the OCFO's ability to verify that all DCE students enrolled have paid requisite fees.

**(b) Unpaid Tuition Fees not Recorded as Revenue or Receivables**

*Findings:* DCE did not record the total amount of fee-based tuition revenue generated from students enrolled in the Practical Nurses Training Program.

*Recommendations:* The President of UDC take appropriate measures to determine the need for a separate installment payment plan for DCE students enrolled in the practical nurse training program, and implement appropriate measures to: (1) Record deferred revenue for the total amount of fees generated by students enrolling in a practical nurse training class; (2) Establish an accounts receivable account for the unpaid tuition fees owed by the practical nurse students; and (3) Require DCE personnel to follow DCMR Title 8, UDC Chapter 7 in the installment plan approval process.

**Agency Response:**

The OCFO is currently tracking the revenue collections for the practical nurses training program. In the future, the system will be expanded to include internal tracking of receivables. OCFO will establish an account for recording total tuition revenues for the practical nurses training program, and maintain a receivable balance net of tuition collected in that account. OCFO will also investigate the feasibility of collecting the unpaid tuition and fees owed by former students, which will be place in a separate account as recommended.

Based on the characteristics of this student population and the adverse effect that application of the policy would have on these students, the President will seek a waiver of DCMR Title 8, UDC Chapter 7, and will be recommending that the Board of Trustees, at its first meeting of this academic year, permanently alter the policy to permit an alternative payment schedule for practical nursing students. In the meantime, UDC is taking steps to improve collections under the current policy without adversely affecting students.

**(c) Lack of Controls over Tuition-and-Fee-Based Revenue**

*Findings:* DCE personnel did not maintain or could not provide sufficient documents to ensure that all collection receipts generated by the various fee-based programs were properly recorded and accounted for in FY 1998.

*Recommendations:* (1) The UDC Chief Financial Officer establishes adequate internal controls and procedures regarding DCE financial data to account for the collection and recordation of all student tuition and other fees with DCE; (2) Student pay all fees directly to the UDC cashiers, ensuring deposit of funds; (3) DCE publish an official offering for all available programs; (4) The UDC Cashier's Office properly documents course information when payment is received; and (5) Determine the practicality of requiring DCE students to register for courses at the UDC registrar's office.

**Agency Response:**

DCE will publish an official offering for all available programs beginning with the Spring 2000 Term.

UDC's Cashiers' Office directs each student payment for fee based courses to the respective category: Taxicab, Food Certification, General Education Diploma (GED), and Practical Nursing. The fees for students participating in Skills Development Institute (SDI) are paid on a quarterly basis by the DC Center for Workforce Development. The computerized system for validating enrollment under consideration will provide a mechanism for documenting detailed course information when payment is received, and enable the cashiers to record that information.

At the present time, it does not appear cost effective or practical to move CE registration to the UDC Registrar's Office. However, UDC will revisit this issue as a part of the strategic planning process.

**2. Untimely Recognition of Grant Revenue**

*Findings:* Our review noted that DCE did not have adequate controls or established written policies and procedures in place to effectively and efficiently manage or account for DCE grant revenues. DCE personnel did not submit monthly performance reports to the UDC Finance Office (FO).

*Recommendations:* (1) UDC's Chief Financial Officer implement adequate controls and procedures to ensure DCE's timely remittance of grant and contract performance reports in order to submit draw down requests of grant and contract funds on a timely basis; and (2) DCE adhere to the terms and conditions set forth in the various grant and contract agreements.

**Agency Response:**

DCE is now submitting monthly reports to the FO. OCFO will prepare a comprehensive schedule of reporting requirements and work with DCE to ensure that grant and contract performance reports are submitted on a timely basis. OCFO will submit draw downs in accordance with the schedule.

The Dean of Community Outreach and Extension Service will implement a monitoring process to assure compliance with the terms and conditions set forth in the various grant and contract agreements.

**3. Improper Salary Payments**

**(a) Personnel Action Forms not Processed Timely**

*Findings:* Improper salary payments totaling about \$33,000 were made to 22 instructors outside of the Unified Personnel Payroll System (UPPS). Also, UDC did not timely process subsequent personnel action forms to extend the NTE date to allow personnel to receive regular payroll checks. DCE did not deposit all tuition fees collected from students with the UDC cashiers for credit to DCE's account in CUFS.

*Recommendations:* (1) Establish procedures to expedite the time to process personnel forms and include the procedures in the University of the District of Columbia's Instruction 110.407; (2) Ensure that the Unified Personnel Payroll System include the accurate salaries for the instructors who received money order payments; (3) Ensure that the taxes withheld from the money order payments are submitted to the appropriate agency for payroll withholdings.

**Agency Response:**

*UDC follows the procedures set forth in University of the District of Columbia's Instruction 110.407. However, the UDC has not taken disciplinary actions against employees who violate the procedures. UDC will reissue the Instruction, and assess the feasibility and appropriateness of making compliance with the Instruction an element of the performance standards for personnel responsible for hiring. The University has separated its personnel and payroll functions to expedite the processing of personnel actions. OFCO will also expedite the collection of intra-District funds and the recording of revenue for fee based programs enabling DCE to process personnel forms before employees render services.*

UDC does not have mechanism to update the Unified Personnel Payroll System for previous years; therefore, we are unable to include the accurate salaries for the instructors who received money order payments.

OCFO is working with the Office of Pay and Retirement Services to update payroll wages and taxes to reporting authorities.

**Agency Response:**

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OCFO is working with the Office of Pay and Retirement Services to update payroll wages and taxes to reporting authorities.

**(b) Incorrect Calculation of Employee Compensation**

Findings: The DCE over/under paid instructors for a net total of approximately \$5,268. The DCE did not review time sheets or verify regular pay before payments by money orders were made. Three nursing instructors received an aggregate of \$1,288 in regular pay, and two taxi instructors received regular and supplemental checks totaling \$2,604. DCE also made unjustified payments for three instructors totaling \$1,700 and underpaid two instructors for a total of \$560.

Recommendation: Ensure that unjustified and excess payments are reimbursed by the instructors and deposited in DCE's accounts.

**Agency Response:**

DCE will work with the Office of Pay Services to initiate a request that employees repay any overpayments and to compensate employees for any identified underpayments. The OCFO will take the necessary actions to collect overpayments in accordance with D.C. Code Ann. § 1-630.1, *et seq.* (1999 repl.).