**TOPIC:** Update Regarding CSU’s Improvement Initiative

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** June 11, 2014

CSU is providing an update of their progress update regarding their improvement initiatives.

(attachment)

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:**

<table>
<thead>
<tr>
<th>COMMITTEE ACTION:</th>
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**SUBMITTED BY:** David Mosca
Coppin State University
Legislative Audit - Summary Status Update

- 12- Findings (5-Repeat Findings)
- Corrective Action underway on all Findings
- 9-Findings have been addressed and corrected “Action Implemented”

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<td>Finding – Appropriate and timely actions to collect outstanding student account balances, and did not ensure that students with unpaid balances were prohibited from registering for classes.</td>
<td>✔️ Yes</td>
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<td>Corrective action implemented:</td>
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<td>• Created aging report, using hold indicators, separated responsibility for placing and removing hold indicator, instituted independent review. Compliant with State and USM Policy.</td>
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**Legislative Audit - Summary Status Update**

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| **2. Finding – CSU lacked controls to ensure the propriety of non-cash credit adjustments, student refunds and tuition waivers.** | Yes |  | **Corrective action implemented:**  
- Separation of responsibilities over non-cash credit adjustments and cash receipts.  
**Completion date:** Fall 2012  
**Corrective action in process:**  
- Performing Controller’s Office Org. structure review and analysis.  
- Working with IT to develop reporting.  
- Establishing additional controls over waivers.  
**Est completion date:** June 2014 | Limited personnel resource constraints. |
| **3. Finding – CSU lacked controls to ensure the propriety of third-party billings and receipts related to student accounts.** | Yes |  | **Corrective action implemented:**  
- Separation of responsibilities of 3rd party billing receivables process, collection process and detail records.  
- Established control account for 3rd vendor receivables.  
- Developed process using 3rd party indicator/flag to monitor student 3rd party receivable payments.  
**Completion date:** Fall 2012 | |
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| 4. Finding – Internal controls over electronic wire transfers for **Federal Direct Loans.** | ✓| No | Corrective action implemented:  
• Notified Dept of Ed in writing of proper separation of authorization responsibility over Federal Aid reimbursement and establishing bank accounts.  
• Established independent review.  
**Completion date:** Fall 2012 | |
| 5. Finding – CSU had not established **proper controls over financial aid awards** posted to student accounts. | No | No | **Corrective action implemented:**  
• Proper separation of duties in place over financial aid award process and disbursement process.  
**Corrective action in process:**  
• CSU Financial Aid policy and procedure manual under review and revision.  
**Est completion date:** Fall 2014 | **Personnel resources and staff skill set constraints.** |
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|               | Yes       | Yes            | Corrective action implemented:  
- No longer under contract with this vendor. Process in place to monitor contract terms with new vendor.  
**Completion date:** Spring 2014 | |
| 6. Finding – CSU reduced the required commission payments from its food service vendor without adequate support and did not ensure the completion of required capital improvements. | ✓ | No |  |
| 7. Finding – CSU did not adequately monitor certain contractors to ensure compliance with the contract terms. | ✓ | No | Corrective action implemented:  
- Vendor is providing reports compliant with contract terms to facilitate monitoring commission revenue.  
- Collecting vendor bank statements and/or cancelled checks to support property purchases for project.  
**Completion date:** Spring 2014 | |

Updated 5.19.14
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<td><strong>8. Finding</strong> - CSU did not establish adequate procedures to account for and control its equipment inventory.</td>
<td>✔</td>
<td>No</td>
<td><strong>Corrective action in-process:</strong>&lt;br&gt;• Evaluating and pricing asset management software.&lt;br&gt;• Working to identify personnel to perform inventory function.&lt;br&gt;• Updating and developing comprehensive written policy and procedures.&lt;br&gt;&lt;strong&gt;Est Completion date:&lt;/strong&gt; Fall 2014</td>
<td>Personnel resource and technology investment constraints.</td>
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<td><strong>9. Finding</strong> – CSU had not established controls to safeguard certain collections.</td>
<td>✔</td>
<td>Yes</td>
<td><strong>Corrective action implemented:</strong>&lt;br&gt;• Separation of duties over voids is implemented.&lt;br&gt;• Independent review of mail log payments posted in general ledger.&lt;br&gt;&lt;strong&gt;Completion date:&lt;/strong&gt; Spring 2014</td>
<td>Limited personnel resource constraints.</td>
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<td><strong>10. Finding</strong> – CSU did not ensure that user access to perform certain critical system functions was appropriate.</td>
<td>✔</td>
<td>Yes</td>
<td><strong>Corrective action implemented:</strong>&lt;br&gt;• OIT established process and procedures for functional department Data Owners to review and monitor system security access for regular updates. Review will be required 3 times per year. OIT will monitor compliance.&lt;br&gt;&lt;strong&gt;Completion date:&lt;/strong&gt; Spring 2014</td>
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| **11. Finding** – Controls over critical application’s accounts, database monitoring, and passwords need to be strengthened. | ✓ | No | **Corrective action implemented:**  
- Force terminate and account lock-up procedures implemented and enforced effective 01/01/2013.  
- Procedures to compare, review and document authorized changes effective 01/01/13.  
- Password control in place according to USM Policy. | Completion date: Jan 2013 |
| **12. Finding** – CSU made salary payments to an individual using methods that circumvented processes designed to enforce the earning limitations for State retirees. | ✓ | No | **Corrective action implemented:**  
- All retired State employees returning to work at CSU must be under Contingent I or Contingent 2 Status and be paid through contractual payroll process.  
- SRA was notified of all previous payments made in this instance. | Completion date: Spring 2013 |

Additional review and analysis of CSU policy and procedures is in-process.
Coppin State University  
Legislative Audit - Summary Status Update

- 12- Findings (5-Repeat Findings)
- Corrective Action underway on all Findings
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• Created aging report, using hold indicators, separated responsibility for placing and removing hold indicator, instituted independent review.  
Compliant with State and USM Policy.  
Completion date: Spring 2013 | |

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- Separation of responsibilities over non-cash credit adjustments and cash receipts.  
Completion date: Fall 2012 | Limited personnel resource constraints. |
| | | Corrective action in process:  
- Performing Controller’s Office Org. structure review and analysis.  
- Working with IT to develop reporting.  
- Establishing additional controls over waivers.  
Est completion date: June 2014 | |
| **3. Finding** – CSU lacked controls to ensure the propriety of **third-party billings** and receipts related to student accounts. | Yes | | Corrective action implemented:  
- Separation of responsibilities of 3rd party billing receivables process, collection process and detail records.  
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**Additional review and analysis of these processes and CSU policy and procedures is in-process.**


- **Corrective action implemented:**
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- **Completion date:** Fall 2012

### 5. Finding – CSU had not established proper controls over financial aid awards posted to student accounts.

- **Corrective action implemented:**
  - Proper separation of duties in place over financial aid award process and disbursement process.

- **Corrective action in process:**
  - CSU Financial Aid policy and procedure manual under review and revision.

- **Est completion date:** Fall 2014

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• No longer under contract with this vendor. Process in place to monitor contract terms with new vendor.  
**Completion date:** Spring 2014 | Additional review and analysis of CSU Contract Management policy and procedures is in-process. |
| 7. Finding – CSU did not adequately monitor certain contractors to ensure compliance with the contract terms. | ✔ | No | Corrective action implemented:  
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