



## BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,  
**INFORMATION** OR **DISCUSSION**

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**TOPIC:** Update Regarding CSU's Improvement Initiative – Legislative Audits

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** October 15, 2014

CSU is providing an update of their progress regarding their improvement initiatives related to their most recent Legislative Audit report.

(attachment)

**FISCAL IMPACT:** none

**CHANCELLOR'S RECOMMENDATION:**

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:



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SUBMITTED BY: David Mosca



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**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”**

Audit Finding	Corrected 	Repeat Finding Yes/no	Action Taken (i.e update to policy/procedure)	Constraints/ Impediments to Corrective Action
<p><b>1. Finding – CSU</b>  <i>did not always take appropriate and timely actions to collect <b>outstanding student account balances</b>, and did not ensure that students with unpaid balances were prohibited from registering for classes.</i></p>		<p><b>Yes</b></p>	<p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>a. Created aging report, using hold indicators, separated responsibility for placing and removing hold indicator.</li> <li>b. Compliant with State and USM Policy in the transfer of delinquent accounts to CCU.</li> <li>c. Students cannot register with outstanding balances unless exempted, in accordance with BOR Policy.</li> <li>d. Installment plan policy and procedures in place and approved by President.</li> </ul> <p><b><u>Completion date:</u> Spring 2013</b></p> <ul style="list-style-type: none"> <li>a. Independent review is in process by Controller who is working with staff to strengthen reconciliation and documentation of process.</li> </ul> <p><b><u>Completion date:</u> Fall 2014</b></p>	




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<p>2. <b>Finding – CSU</b> lacked controls to ensure the propriety of <b>non-cash credit adjustments, student refunds and tuition waivers.</b></p>		Yes	<p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>b. OIT created report to capture all non-cash credits. Bursar and Asst. Controller review.</li> <li>c. Student account reps do not have access to non-cash credit adjustments and cash receipts.</li> <li>d. Bursar &amp; Controller review waivers posted by student account rep. HR ties to source document.</li> </ul> <p><b><u>Completion date:</u> Fall 2014</b></p> <p><b><u>Corrective action in process:</u></b></p> <ul style="list-style-type: none"> <li>a. Hire additional staff to achieve recommended segregation of duties.</li> </ul> <p><b><u>Est completion date:</u> Dec 2014</b></p>	<p><b>Limited personnel resource constraints.</b></p>
<p>3. <b>Finding – CSU</b> lacked controls to ensure the propriety of <b>third-party billings</b> and receipts related to student accounts.</p>		Yes	<p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>a. Student account rep performs party billing, does not have cash access and staff outside of student accounts area maintains detail records.</li> <li>b. Controller to perform independent review of report and payment support.</li> <li>c. Developed process using party indicator/flag to monitor student party receivable payments.</li> </ul> <p><b><u>Completion date:</u> Fall 2012 (c.) Fall 2014 (a,b)</b></p>	
Audit Finding	Corrected	Repeat	Action Taken	Constraints/

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		Finding Yes/no	(i.e update to policy/procedure)	Impediments to Corrective Action
4 <b>Finding</b> – <i>Internal controls over electronic wire transfers for <b>Federal Direct Loans</b> were not sufficient.</i>		No	<b><u>Corrective action implemented:</u></b> <ol style="list-style-type: none"> <li>Notified Dept of Ed in writing of proper separation of authorization responsibility over Federal Aid reimbursement and establishing bank accounts.</li> <li>Established independent review by the Controller of request for Financial Aid EFT. In the event of changes in bank accounts, the Office of the President will review.</li> </ol> <b><u>Completion date:</u> Fall 2012</b>	
5 <b>Finding</b> – <i>CSU had not established <b>proper controls over financial aid awards</b> posted to student accounts.</i>		No	<b><u>Corrective action implemented:</u></b> <ol style="list-style-type: none"> <li>Procedures are established to provide review and approval of award adjustments by supervisory personnel.</li> <li>Proper separation of duties is in place over the financial aid award process and the disbursement process.</li> <li>Documentation of student financial aid verification review by analysts and subsequent “audit” by the new Financial Aid Director has been implemented.</li> </ol> <b><u>Completion date:</u> Fall 2014</b>	
Audit Finding	Corrected	Repeat	Action Taken	Constraints/



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		Finding Yes/no	(i.e update to policy/procedure)	Impediments to Corrective Action
<b>6 Finding – CSU</b> <i>reduced the required commission payments from its food service vendor without <b>adequate support</b> and did not <b>ensure the completion</b> of required capital improvements.</i>		No	<u><b>Corrective action implemented:</b></u> a. No longer under contract with this vendor. Process is in place to monitor contract terms with new vendors and to ensure modifications are appropriately approved and supported. <u><b>Completion date: Spring 2014</b></u>  b. Obtaining documentation to support reports received from vendor for capital improvements made this fall. <u><b>Completion date: Fall 2014</b></u>	
<b>7 Finding – CSU</b> <i>did not adequately monitor certain contractors to ensure compliance with the <b>contract terms</b>.</i>		No	<u><b>Corrective action in-process:</b></u> a. Barnes and Noble is now providing reports compliant with contract terms to facilitate monitoring commission revenue. Two reports were reviewed and verified during Spring 2014 semester. Sales commission verification for other vendor contracts is in process. <u><b>Completion date: Dec 2014</b></u>  <u><b>Corrective action implemented:</b></u> b. Cancelled checks were obtained to support property purchases for project. <u><b>Completion date: Spring 2014</b></u>	
<b>Audit Finding</b>	<b>Corrected</b> 	<b>Repeat Finding</b> Yes/no	<b>Action Taken</b> (i.e update to policy/procedure)	<b>Constraints/ Impediments to Corrective Action</b>

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<b>8 Finding - CSU did not establish adequate procedures to account for and control its equipment inventory.</b>		<b>No</b>	<u><b>Corrective action in-process:</b></u> <ul style="list-style-type: none"> <li>a. Evaluating and pricing asset management software.</li> <li>b. Updating and developing comprehensive written policy and procedures.</li> <li>c. Working to identify personnel to perform inventory function.</li> </ul> <u><b>Est Completion date: Dec 2014</b></u>	<b>Personnel resource and technology investment constraints.</b>
<b>9 Finding – CSU had not established controls to safeguard certain collections.</b>	✓	<b>Yes</b>	<u><b>Corrective action implemented:</b></u> <ul style="list-style-type: none"> <li>a. Separation of duties over cash receipt voids is implemented.</li> <li>b. Independent review of mail log payments posted in general ledger is implemented but determined to be inconsistently documented. Procedures have been added to strengthen documentation of the review process.</li> </ul> <u><b>Completion date: Spring 2014 (a.); Fall 2014 (b.)</b></u>	
<b>10 Finding – CSU did not ensure that user access to perform certain critical system functions was appropriate.</b>	✓	<b>Yes</b>	<u><b>Corrective action implemented:</b></u> <ul style="list-style-type: none"> <li>a. OIT established process and procedures for functional department Data Owners to review and monitor system security access for regular updates.</li> <li>b. Review will be required 3 times per year. OIT will monitor compliance.</li> </ul> <u><b>Completion date: Spring 2014</b></u>	
<b>Audit Finding</b>	<b>Corrected</b> ✓	<b>Repeat Finding</b> Yes/no	<b>Action Taken</b> (i.e update to policy/procedure)	<b>Constraints/ Impediments to Corrective Action</b>

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<b>11 Finding –</b> <i>Controls over critical application's accounts, database monitoring, and passwords need to be strengthened.</i>		<b>No</b>	<u><b>Corrective action implemented:</b></u> a. Force terminate and account lock-up procedures implemented and enforced effective 01/01/2013. b. Procedures to compare, review and document authorized changes effective 01/01/13. c. Password control in place according to USM Policy. <u><b>Completion date: Jan 2013</b></u>	
<b>12 Finding – CSU</b> <i>made salary payments to an individual using methods that circumvented processes designed to enforce the earning limitations for State retirees.</i>		<b>No</b>	<u><b>Corrective action implemented:</b></u> a. All retired State employees returning to work at CSU are under Contingent I or Contingent II Status and paid through contractual payroll process. b. SRA was notified of all previous payments made in this instance. <u><b>Completion date: Spring 2013</b></u>	