



**BOARD OF REGENTS**

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

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**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:**

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<br> | Repeat Finding<br>Yes/no | Action Taken<br>(i.e update to policy/procedure)  | Constraints/Impediments to Corrective Action |
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| <p><b>1. Finding</b> – <i>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>• Created aging report, using hold indicators, separated responsibility for placing and removing hold indicator, instituted independent review. Compliant with State and USM Policy.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2013</p> <p>Additional review and analysis of this process and CSU policy and procedures is in-process.</p> |  |




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| <p>2. <b>Finding</b> – CSU lacked controls to ensure the propriety of non-cash credit adjustments, <i>student refunds and tuition waivers</i>.</p> |  | Yes                      | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• Separation of responsibilities over non-cash credit adjustments and cash receipts.</li> </ul> <p><b><u>Completion date:</u></b> Fall 2012</p> <p><b><u>Corrective action in process:</u></b></p> <ul style="list-style-type: none"> <li>• Performing Controller’s Office Org. structure review and analysis.</li> <li>• Working with IT to develop reporting.</li> <li>• Establishing additional controls over waivers.</li> </ul> <p><b><u>Est completion date:</u></b> June 2014</p> | <p><b>Limited personnel resource constraints.</b></p> |
| <p>3. <b>Finding</b> – CSU lacked controls to ensure the propriety of <i>third-party billings</i> and receipts related to student accounts.</p>    |               | Yes                      | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• Separation of responsibilities of 3<sup>rd</sup> party billing receivables process, collection process and detail records.</li> <li>• Established control account for 3<sup>rd</sup> vendor receivables.</li> <li>• Developed process using 3<sup>rd</sup> party indicator/flag to monitor student 3<sup>rd</sup> party receivable payments.</li> </ul> <p><b><u>Completion date:</u></b> Fall 2012</p>  |   |




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|  |   |  | Additional review and analysis of these processes and CSU policy and procedures is in-process.   |   |
| <b>4. Finding – Internal controls over electronic wire transfers for <i>Federal Direct Loans</i>.</b>                    |                      | <b>No</b>                              | <u><b>Corrective action implemented:</b></u> <ul 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.</li> </ul> <u><b>Completion date:</b></u> Fall 2012  |   |
| <b>5. Finding – CSU had not established <i>proper controls over financial aid awards</i> posted to student accounts.</b> |   | <b>No</b>                              | <u><b>Corrective action implemented:</b></u> <ul style="list-style-type: none"> <li>• Proper separation of duties in place over financial aid award process and disbursement process.</li> </ul> <u><b>Corrective action in process:</b></u> <ul style="list-style-type: none"> <li>• CSU Financial Aid policy and procedure manual under review and revision.</li> </ul> <u><b>Est completion date:</b></u> Fall 2014 | <b>Personnel resources and staff skill set constraints.</b> |




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| <p><b>6. Finding – CSU</b><br/> <i>reduced the required commission payments from its food service vendor without adequate support and did not ensure the completion of required capital improvements.</i></p> |                      | <p><b>No</b></p>                       | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• No longer under contract with this vendor. Process in place to monitor contract terms with new vendor.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2014</p> <p>Additional review and analysis of CSU Contract Management policy and procedures is in-process.</p>           |   |
| <p><b>7. Finding – CSU did not</b><br/> <i>adequately monitor certain contractors to ensure compliance with the contract terms.</i></p>   |                      | <p><b>No</b></p>                       | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• Vendor is providing reports compliant with contract terms to facilitate monitoring commission revenue.</li> <li>• Collecting vendor bank statements and/or cancelled checks to support property purchases for project.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2014</p> |   |

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| <p><b>8. Finding - CSU did not establish adequate procedures to account for and control its equipment inventory.</b></p>      |   | <b>No</b>                              | <p><b><u>Corrective action in-process:</u></b></p> <ul style="list-style-type: none"> <li>• Evaluating and pricing asset management software.</li> <li>• Working to identify personnel to perform inventory function.</li> <li>• Updating and developing comprehensive written policy and procedures.</li> </ul> <p><b><u>Est Completion date:</u></b> Fall 2014</p>            | <p><b>Personnel resource and technology investment constraints.</b></p> |
| <p><b>9. Finding – CSU had not established controls to safeguard certain collections.</b></p>                                 |                      | <b>Yes</b>                             | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• Separation of duties over voids is implemented.</li> <li>• Independent review of mail log payments posted in general ledger.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2014</p>  | <p><b>Limited personnel resource constraints.</b></p>                   |
| <p><b>10. Finding – CSU did not ensure that user access to perform certain critical system functions was appropriate.</b></p> |                    | <b>Yes</b>                             | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2014</p> |   |

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| <p><b>11. Finding – Controls over critical application’s accounts, database monitoring, and passwords need to be strengthened.</b></p>  |                      | <p><b>No</b></p>                       | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• Force terminate and account lock-up procedures implemented and enforced effective 01/01/2013.</li> <li>• Procedures to compare, review and document authorized changes effective 01/01/13.</li> <li>• Password control in place according to USM Policy.</li> </ul> <p><b><u>Completion date:</u></b> Jan 2013</p>   |   |
| <p><b>12. Finding – CSU made salary payments to an individual using methods that circumvented processes designed to enforce the earning limitations for State retirees.</b></p> |                      | <p><b>No</b></p>                       | <p><b><u>Corrective action implemented:</u></b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• SRA was notified of all previous payments made in this instance.</li> </ul> <p><b><u>Completion date:</u></b> Spring 2013</p> <p>Additional review and analysis of CSU policy and procedures is in-process.</p> |   |



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