

FISMA

**CALIFORNIA STATE UNIVERSITY,
BAKERSFIELD**

**Report Number 99-11
September 1, 2000**

Members, Committee on Audit

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BOARD OF TRUSTEES

THE CALIFORNIA STATE UNIVERSITY

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ABBREVIATIONS

COBIT	Control Objectives for Information Technology
CSU	California State University
FIPS	Federal Information Processing Standards
FISMA	Financial Integrity and State Manager's Accountability Act
IT	Information Technology
NIST	National Institute of Standards and Technology
SAM	State Administrative Manual
SUAM	State University Administrative Manual

INTRODUCTION

PURPOSE

The principal audit objective was to assess the adequacy of controls and systems to ensure that:

- ▶ cash receipts are processed in accordance with laws, regulations and management policies;
- ▶ receivables are promptly recognized and balances are periodically evaluated;
- ▶ purchases are made in accordance with laws, regulations and management policies;
- ▶ revolving fund disbursements are authorized and processed in accordance with laws, regulations, and management policies;
- ▶ cash disbursements are properly authorized and made in accordance with established procedures, and adequate segregation of duties exists;
- ▶ payroll/personnel criteria for hiring employees, establishing compensation rates and authorizing disbursements are controlled, and access to personnel and payroll records and processing areas are restricted;
- ▶ purchase and disposition of fixed assets are controlled and assets are promptly recorded in the subsidiary records;
- ▶ physical computer controls are in place and functioning;
- ▶ investments are adequately controlled and securities are safeguarded; and
- ▶ trust funds are established in accordance with SUAM guidelines.

SCOPE AND METHODOLOGY

The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. For those audit tests that required annualized data, fiscal year 1998-99 was the primary period reviewed. In certain instances, we were concerned with representations of the most current data—in such cases, the test period was July 1999 to February 2000. Our primary focus was on internal controls. Specifically, we reviewed and tested:

- ▶ procedures for receipting and storing cash, segregation of duties involving cash receipting and recording of cash receipts;

INTRODUCTION

- ▶ establishment of receivables and adequate segregation of duties regarding billing and payment of receivables;
- ▶ approval of purchases, receiving procedures and reconciliation of expenditures to State Controller's balances;
- ▶ limitations on the size and types of revolving fund disbursements;
- ▶ use of petty cash funds, periodic cash counts, and reconciliation of bank accounts;
- ▶ authorization of personnel/payroll transactions and accumulation of leave credits in compliance with state policies;
- ▶ posting of the property ledger, monthly reconciliation of the property to the general ledger, and physical inventories;
- ▶ access restrictions to automated accounting systems and proper documentation of the systems;
- ▶ procedures for initiating, evaluating, and accounting for investments; and
- ▶ establishment of trust funds, separate accounting, adequate agreements, and annual budgets.

We have not performed any auditing procedures beyond the date of our report. Accordingly, our comments are based on our knowledge as of that date. Since the purpose of our comments is to suggest areas for improvement, comments on favorable matters are not addressed.

BACKGROUND

In 1983, the California Legislature passed the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA). This act required state agencies to establish and maintain a system of internal accounting and administrative control. To ensure that the requirements are fully complied with, the head of each agency is required to prepare and submit a report on the adequacy of the system of internal accounting and administrative control following the end of each odd-numbered fiscal year. The Office of the University Auditor of the CSU is currently responsible for conducting such audits within the CSU. This report represents our biennial review.

OPINION

We visited the CSU Bakersfield campus from January 31, 2000 through March 31, 2000 and made a study and evaluation of the accounting and administrative control in effect as of March 31, 2000. Our study and evaluation was conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that accounting and administrative controls are in place and operative.

CSU Bakersfield's management is responsible for establishing and maintaining adequate internal control. This responsibility, in accordance with Government Code, Sections 13402 et seq., includes documenting internal control, communicating requirements to employees, and assuring that internal control is functioning as prescribed. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

The objectives of accounting and administrative control are to provide management with reasonable, but not absolute, assurance that:

- ▶ assets are safeguarded against loss from unauthorized use or disposition;
- ▶ transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of reliable financial statements; and
- ▶ financial operations are conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5 and Trustee policy.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on the accounting and administrative controls. However, we identified other reportable weaknesses, which are described in the Executive Summary and body of the report.

In our opinion, the accounting and administrative control at CSU, Bakersfield in effect as of March 31, 2000, taken as a whole, was sufficient to meet the objectives stated above.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls change over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to: resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost effective; moreover, an audit may not always detect these limitations.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

CASH RECEIPTS [6]

DAILY PARKING PERMITS [6]

Deficiencies were noted in control of daily parking revenues because the Ventek machines for dispensing daily parking permits were not functioning correctly with the campuswide AT&T system. Integration of these systems would provide better controls against parking fund misappropriations.

FEE RECONCILIATIONS [7]

The campus was not completing application fee reconciliations properly. The proper reconciliation of fee collections reduces the risk that errors or misappropriation of fees will not be detected.

ACCOUNTS RECEIVABLE [8]

LIBRARY RECEIVABLES [8]

Library procedures for administering accounts receivable were inconsistent and inequitable. Maintaining adequate controls over accounts receivable collections increases working capital and decreases lost revenues.

COLLECTION LETTERS [9]

The campus was not pursuing all available options in resolving delinquent accounts receivable. Improving procedures provides greater assurances that receivables are properly controlled and collected.

FISCAL INFORMATION TECHNOLOGY [10]

DATA SECURITY CONFIGURATION [10]

Protection of system access needs to be improved. Passwords were not periodically changed or historically retained to prevent reuse, users were not logged off after a period of inactivity, and user identifications were not revoked after a predetermined number of failed password attempts.

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Improvements in the configuration of system security software would prevent unauthorized users from gaining access to campus systems and confidential data.

TRUST FUNDS [12]

UNDOCUMENTED SIGNATURE APPROVALS [12]

Administrative approval for changes in trust account custodians was not well documented. Adequate trust fund administration decreases the risk of inappropriate expenditures.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CASH RECEIPTS

DAILY PARKING PERMITS

Deficiencies were noted in control of daily parking revenues.

The recently acquired Ventek machines for dispensing daily parking permits were not properly functioning in conjunction with the campuswide AT&T system.

Prior to acquiring the new parking permit dispensers, the campus implemented an AT&T one card system (AKA RunnerCard) whereby cardholders swipe their debit card in lieu of paying cash for various goods and services. In the specifications for the new parking permit dispensers, the campus required the vendor to provide the capability to use the RunnerCard for purchasing daily parking permits. A second condition required the permit dispensers to be fully integrated with the campuswide AT&T system.

Data recorded by the cashier from the parking permit dispenser at the West campus entrance was compared to data in the AT&T system. During the month of February 2000, the cashier recorded collections of \$1,835 from the West machine, while the AT&T system recorded parking receipts of \$648.

SAM §20003 states, in part, that there should be an established system of authorization and record keeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures. SAM §8020, §8021, and §8022 require localized accountability for cash and an adequate audit trail for deposit information.

The assistant vice president for fiscal and support services indicated that the parking dispenser machines had not been thoroughly tested prior to installation.

Inadequate accounting and control of cash collections and deposits increase the risk that misappropriation of funds may not be detected.

Recommendation 1

We recommend that the campus continue to work with the Ventek vendor and correct the system interface problems to ensure receipts for daily parking permits are adequately controlled.

Campus Response

In October, 1999, Pacific Parking Systems Inc., contracted with CSU, Bakersfield, to provide a daily parking permit dispenser solution that would interface with the AT&T One Card system. The machines were delivered on campus about December 3, without going through the Receiving Department or notifying Fiscal Services. Consequently, training and testing of the system did not occur. The audit brought attention to the systems and the lack of reliability of financial data. The campus, as recommended by the auditor, continued to work with Ventek to produce a machine that is compliant with the AT&T system. The campus after several meetings with Pacific Parking has not been able to acquire a reliable system. Therefore, on September 19, 2000, our Procurement and Support Services Department sent a final notification that we were canceling the contract with Pacific Parking. The removal date has been set at no later than October 6, 2000. However, the vendor has expressed resistance and has offered to work with us to rectify this situation. *(March 2001 if we receive complete cooperation from Pacific Parking)*

FEE RECONCILIATIONS

The campus was not completing application fee reconciliations properly.

For Fall 1999, the campus reconciled subsidiary ledger object codes by term in the subsidiary ledger against the revenue in the general ledger. A proper reconciliation should be based on the number of admission applications received less the number of application fee waivers approved.

SUAM §3825.01 states that a reconciliation of application for admission to fees received shall be prepared for each academic year and maintained on file by each campus.

The accounting technician with responsibility for the reconciliation indicated that they were experiencing difficulties in obtaining application statistics from admissions and records. The assistant vice president for fiscal and support services recently modified the manner in which fees were recorded to ensure that they were booked in the term received.

Improper fee reconciliations increase the risk that errors and irregularities will not be detected.

Recommendation 2

We recommend that the campus reconcile application fees against the number of applications received less approved fee waivers for each academic term.

Campus Response

The Admissions office will produce a quarterly Brio report showing student name, social security number and application code (paid or waiver). Accounting will run a quarterly Brio report showing application fees paid with student name, social security number and amount

paid. The data from these two reports will be downloaded to an Excel spreadsheet so that the data can be sorted to match name, social security number, application code and payment made. Any non-matching entries will be reviewed to find coding errors or payments not made and followed up to have errors corrected. (*January 2001*)

ACCOUNTS RECEIVABLE

LIBRARY RECEIVABLES

Library procedures for administering accounts receivable were inconsistent and inequitable.

Collection activity on receivables for community borrowers was less complex than the process for students with overdue bills. Library procedures for student receivables include holds on future services and, eventually, a tax-offset request.

Community library users, assessed fines and penalties for overdue or lost library materials, are recorded only in the library circulation system. Records from this system date back to the beginning of 1991. For the past 9 years, the cumulative overdue and unpaid fines from community users totaled \$7,438. Unpaid fines from 1999 for community users totaled \$1,183.

SAM §8776.6 establishes procedures for the collection of outstanding accounts receivable. If all reasonable collection procedures do not result in payment, the campus may request, from the State Board of Control, relief from accountability of uncollectable amounts.

The assistant vice president for fiscal and support services indicated that library personnel were not aware they could request inclusion of community borrower obligations in the Banner system.

Inadequate controls over accounts receivable collections decrease working capital and increase the risk of loss of revenue.

Recommendation 3

We recommend that the campus pursue overdue library fines and penalties incurred by community borrowers and take appropriate measures to write off any uncollectable amounts.

Campus Response

Community Borrower library fines will be tracked on the Banner A/R system. This will enable the campus accounts receivable department to follow regular campus A/R procedures (i.e. monthly billing, tax offset, other collection efforts as needed) for these accounts.

To set these accounts up on the Banner system, Library personnel will establish each community borrower with a library fine on Banner as a Non-Person, using the borrowers SSN as their ID, and using the mail code BU (Business Address) as their mailing address and then post the charge (fine) to that account.

Training and implementation time for this program will be minimal. The Library already puts student fines on the Banner system, so entering community borrower fines will not be an issue, in fact, it will create a more uniform system for them. The only training necessary will be on the establishment of the Non-Person ID. The training for this input is minimal and there is a data input standards manual available for use campus wide. (*December 31, 2000*)

COLLECTION LETTERS

The campus was not pursuing all available options in resolving delinquent accounts receivable.

Collection efforts did not include the use of formal collection letters.

SAM §8776.6 states that three collection letters are to be sent on outstanding accounts receivable and if such efforts prove unsuccessful, an analysis is required to determine what additional collection efforts should be made.

Executive Order 616, dated April 19, 1994, delegated authority to the campuses to discharge from accountability debts of \$1,000 or less that are determined to be uncollectable or where the amount does not justify the collection costs. The executive order emphasizes that the campuses are still obligated to comply with the collection efforts outlined in SAM §8776.6.

The assistant vice president for fiscal and support services indicated that the campus does not believe collection letters are worthwhile on a campus operating on a quarter system. She maintained that the majority of collections are caught through the records hold, which prevents students from re-registering or receiving further services.

Not pursuing all options in the collection of delinquent receivables increases the potential for loss of revenue.

Recommendation 4

We recommend that the campus pursue delinquent accounts receivable through collection letters or document the results of an analysis demonstrating that such letters are not effective.

Campus Response

The campus has recently activated the Banner Accounts Receivable module and paid for an SCT consultant to provide the campus training. In addition, we are paying SCT to redesign several screens to help interface our cashiering activities into the AR module and help facilitate the campus collection process.

The outline below will be completely implemented following the completion of the A/R module redesign. We are currently implementing the 30 and 60 day process. We are hiring a collection representative and anticipate this position will be filled by November 2000. This position and the software redesign will allow the full implementation of the proposed collection process by January 2001.

- 30 Days
Review accounts to clean up application of payments and identify keying errors.
Send A/R bills
- 60 Days
Mail 60 day letters
- 75 Days
Make phone calls
- 90 Days
Mail 3rd Collection letter
- 105-120 Days
Last attempt to establish phone contact
- 120 Days
Review accounts for transmission to collection agency, litigation, write off etc. Last letter stating intent to pursue other means of collection

All delinquent accounts are subject to State Tax Offset. School records, such as transcripts, diplomas etc., may be held pending payment. (*January 2001*)

FISCAL INFORMATION TECHNOLOGY

DATA SECURITY CONFIGURATION

Protection of system access needs to be improved.

Passwords were not periodically changed or historically retained to prevent reuse, users were not logged off after a period of inactivity, and user identifications were not revoked after a predetermined number of failed password attempts.

Current practices for password management require a minimum number of password characters and revocation of user identification numbers after a predetermined number of failed password attempts

(see Department of Defense Password Management Guideline aka Greenbook). Additionally, Control Objectives for Information Technology (COBIT) and Federal Information Processing Standards Publication 112 (FIPS112 and 190) also recommends that guidelines be established for an appropriate minimum password length and an appropriate and enforced frequency of password changes. Furthermore, SAM §20003 and 4840 require, in part, that there be a plan that limits access to State agency assets to authorized personnel who require these assets in the performance of their assigned duties. Finally, Section 3.11.3 of the Generally Accepted Principles and Practices for Securing Information Technology Systems SP 800-14 by the National Institute of Standards and Technology (NIST), states that if passwords are used for authentication, organizations should secure passwords with attributes such as minimum character lengths.

The IT manager of data access stated that the configuration of the access security had not been periodically reviewed to ensure that it meets current guidelines.

Inadequate configurations of system security software could allow unauthorized users to gain access to campus systems and confidential data.

Recommendation 5

We recommend that the campus:

- a. periodically change and historically retain passwords to prevent reuse;
- b. log users off after a period of inactivity;
- c. revoke user identification numbers after a minimum number of failed password attempts; and
- d. periodically review the data access security policy.

Campus Response

The campus Information Resources Department will implement the following changes to address the recommendations in finding #5.

a. Periodically change and historically retain passwords to prevent reuse.

Solution: The campus will do a mass change on all current accounts to implement Authorize Utility parameters.

b. Log users off after a period of inactivity.

Solution: OVMS does not have a built in utility to log off users based on inactivity. It will therefore be necessary to evaluate third party software that has this capability.

c. Revoke user identification numbers after a minimum number of failed password attempts.

Solution: This will be accomplished by modifying the SYSGEN parameters.

d. Periodically review the data access security policy.

The Director will schedule quarterly meetings with the DBA and Systems Manager, to review the data access security policy. (*February 2001*)

TRUST FUNDS

UNDOCUMENTED SIGNATURE APPROVALS

Administrative approvals for changes in trust account custodians were not well documented.

The trust account custodians or persons authorized to use trust funds changes periodically with turnover in personnel. The typical process was to acknowledge the change in a memorandum that includes new signature specimens. This memo is filed with the original agreement, and the changes are noted on the working copies used by staff in processing transactions. When these changes occur, the original agreement is not formally amended. There is no documentation indicating that the campus official who last reviewed the formal agreement approves the changes. Many of the existing agreements are dated.

SAM §19440.1 states that each trust account established shall be supported by documentation as to the type of trust, donor or source of trust moneys, purpose of the trust, time constraints, persons authorized to withdraw or expend funds, specimen signatures, reporting requirements, instructions for closing the account, disposition of any unexpended balance, and restrictions on the use of moneys for administrative or overhead costs. The campus requires approval of the agreement containing the aforementioned information.

The interim director of accounting indicated that the trust fund agreements were scheduled to be updated. They are the authorized custodians on numerous trust accounts.

Inadequate trust fund administration increases the risk of inappropriate expenditures.

Recommendation 6

We recommend that procedures over trust fund administration be strengthened to ensure that signature changes are approved.

Campus Response

The campus has experienced a high level of turn over in management positions the last two years. Beginning in July 2000, we have requested completion of existing Trust Agreements complete with new signatures. To ensure signature changes are documented in the future, each time the department receives a request to change a signature, the form will be updated with the new signer and sent to the appropriate administrator. The administrator will approve the addition and/or deletion of the signature and forward to the Accounting Office. The approval will be returned to Accounting before document approval is received. (*January 2001*)

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Tomas Arciniega	President
Cassie Alvarez	Medical Records – Health Services
Brian Baker	Director of Public Safety
Wendell Barbour	Vice President for Information Resources
Dale Berona	Veterans Coordinator – Admissions/Enrollment Services
Julia Bavier	Account Technician - Fiscal and Support Services
Jane Bedford	Interim Director of Accounting Services
Marge Becas	Account Technician – Fiscal and Support Services
Carol Bradshaw	Payroll Technician - Payroll Services
Sharon Brown	Secretary – Personnel Services
Joe Butkiewicz	Accountant – Fiscal and Support Services
Melinda Conrad	Accounts Payable Clerk - Fiscal and Support Services
Molly Daniel	Administrative Analyst Specialist – Procurement and Support Services
Perry Eggleston	Sergeant – Public Safety
Al Espinoza	Parking Control Officer
Kellie Garcia	Director of Personnel Services
Janet Gonzales	Library Borrowing Supervisor
Alice Huang	Information Technician – Fiscal and Support Services
Carolyn Krone	Associate Director of Health Services
Ron Langley	Director of Computer and Telecommunication Services
Irene Leung	Assistant Director of Computer and Telecommunication Services
Janet Martin	Director of Payroll Services
Vickie Melton	Circulation Manager – Libraries
Stephanie Moore	Cashier - Fiscal and Support Services
Homer Montalvo	Associate Vice President – Admissions/Enrollment Services
Eileen Montoya	Secretary to Director of Libraries
Christina Reimer	Cashier - Fiscal and Support Services
Michael Neal	Vice President for Business and Administrative Services
Sylvia Pino	Administrative Support Coordinator – Fiscal and Support Services
Isable Rivera	Collection Representative - Fiscal and Support Services
Doug Smith	Asset Management Clerk
Karen Stotts	Account Technician – Fiscal and Support Services
Sharon Taylor	Assistant Vice President for Fiscal and Support Services
Mike Williams	Director of Procurement and Support Services
Tina Williams	Benefits Officer – Personnel Services
Frank Yap	Assistant Director of Procurement and Support Services

STATEMENT OF INTERNAL CONTROLS

A. INTRODUCTION

Internal accounting and related operational controls established by the State of California, the CSU Board of Trustees, and the Office of the Chancellor are evaluated by the University Auditor, in compliance with professional standards for the conduct of internal audits, to determine if an adequate system of internal control exists and is effective for the purposes intended. Any deficiencies observed are brought to the attention of appropriate management for corrective action.

B. INTERNAL CONTROL DEFINITION

Internal control, in the broad sense, includes controls which may be characterized as either accounting or operational as follows:

1. Internal Accounting Controls

Internal accounting controls comprise the plan of organization and all methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records. They generally include such controls as the systems of authorization and approval, separation of duties concerned with record keeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, and personnel of a quality commensurate with responsibilities.

2. Operational Controls

Operational controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

C. INTERNAL CONTROL OBJECTIVES

The objective of internal accounting and related operational control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting and operational control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgment by management.

D. INTERNAL CONTROL SYSTEMS LIMITATIONS

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting and related operational control. In the performance of most control procedures, errors can result from misunderstanding of instruction, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the executing and recording of transactions. Moreover, projection of any evaluation of internal accounting and operational control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate. It is with these understandings that internal audit reports are presented to management for review and use.



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September 29, 2000



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 University Auditor

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The California State
 University

Mr. Larry Mandel, University Auditor
 c/o The California State University
 401 Golden Shore, 4th Floor
 Long Beach, CA 90802

Subject: Campus Response to Recommendations of Audit Report Number 99-11, FISMA at California State University, Bakersfield

Dear Mr. Mandel:

In response to your letter of September 1, 2000, the following is submitted in response to Recommendations one through six. The anticipated completion date is in parenthesis at the end of the campus response section for each finding.

CASH RECEIPTS

DAILY PARKING PERMITS

Recommendation 1

We recommend that the campus continue to work with the Ventek vendor and correct the system interface problems to ensure receipts for daily parking permits are adequately controlled.

Campus Response

In October, 1999, Pacific Parking Systems Inc., contracted with CSU, Bakersfield, to provide a daily parking permit dispenser solution that would interface with the AT&T One Card system. The machines were delivered on campus about December 3, without going through the Receiving Department or notifying Fiscal Services. Consequently, training and testing of the system did not occur. The audit brought attention to the systems and the lack of reliability of financial data. The campus, as recommended by the auditor, continued to work with Ventek to produce a machine that is compliant with the AT&T system. The campus after several meetings with Pacific Parking has not been able to acquire a reliable system. Therefore, on September 19, 2000, our Procurement and Support Services Department sent a final notification that we were canceling the contract with Pacific Parking. The removal date has been set at no later than October 6, 2000. However, the vendor has expressed

Mr. Larry Mandel
 September 29, 2000
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resistance and has offered to work with us to rectify this situation. **(ATTACHMENT 1)** *(March 2001 if we receive complete cooperation from Pacific Parking)*

FEE RECONCILIATIONS

Recommendation 2

We recommend that the campus reconcile application fees against the number of applications received less approved fee waivers for each academic term.

Campus Response

The Admissions office will produce a quarterly Brio report showing student name, social security number and application code (paid or waiver). Accounting will run a quarterly Brio report showing application fees paid with student name, social security number and amount paid. The data from these two reports will be downloaded to an Excel spreadsheet so that the data can be sorted to match name, social security number, application code and payment made. Any non-matching entries will be reviewed to find coding errors or payments not made and followed up to have errors corrected. *(January 2001)*

ACCOUNTS RECEIVABLE

LIBRARY RECEIVABLES

Recommendation 3

We recommend that the campus pursue overdue library fines and penalties incurred by community borrowers and take appropriate measures to write off any uncollectable amounts.

Campus Response

Community Borrower library fines will be tracked on the Banner A/R system. This will enable the campus accounts receivable department to follow regular campus A/R procedures (i.e. monthly billing, tax offset, other collection efforts as needed) for these accounts.

To set these accounts up on the Banner system, Library personnel will establish each community borrower with a library fine on Banner as a Non-Person, using the borrowers SSN as their ID, and using the mail code BU (Business Address) as their mailing address and then post the charge (fine) to that account.

Training and implementation time for this program will be minimal. The Library already puts student fines on the Banner system, so entering community borrower fines will not be an issue, in fact, it will create a more uniform system for them. The only training necessary will be on the establishment of the Non-Person ID. The training for this input is minimal and there is a data input standards manual available for use campus wide. *(December 31, 2000)*

Mr. Larry Mandel
September 29, 2000
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COLLECTION LETTERS

Recommendation 4

We recommend that the campus pursue delinquent accounts receivable through collection letters or document the results of an analysis demonstrating that such letters are not effective.

Campus Response

The campus has recently activated the Banner Accounts Receivable module and paid for an SCT consultant to provide the campus training. In addition, we are paying SCT to redesign several screens to help interface our cashiering activities into the AR module and help facilitate the campus collection process.

The outline below will be completely implemented following the completion of the A/R module redesign. We are currently implementing the 30 and 60 day process. We are hiring a collection representative and anticipate this position will be filled by November 2000. This position and the software redesign will allow the full implementation of the proposed collection process by January 2001.

- 30 Days
Review accounts to clean up application of payments and identify keying errors.
Send A/R bills
- 60 Days
Mail 60 day letters
- 75 Days
Make phone calls
- 90 Days
Mail 3rd Collection letter
- 105-120 Days
Last attempt to establish phone contact
- 120 Days
Review accounts for transmission to collection agency, litigation, write off etc. Last letter stating intent to pursue other means of collection

All delinquent accounts are subject to State Tax Offset. School records, such as transcripts, diplomas etc., may be held pending payment. *(January 2001)*

FISCAL INFORMATION TECHNOLOGY

DATA SECURITY CONFIGURATION

Recommendation 5

We recommend that the campus:

- a. periodically change and historically retain passwords to prevent reuse;
- b. log users off after a period of inactivity;
- c. revoke user identification numbers after a minimum number of failed password attempts; and
- d. periodically review the data access security policy.

Campus Response

The campus Information Resources Department will implement the following changes to address the recommendations in finding #5.

a. Periodically change and historically retain passwords to prevent reuse.

Solution: The campus will do a mass change on all current accounts to implement the following Authorize Utility parameters:

/PWDLIFETIME

/PWDLIFETIME=time

Specifies the length of time a password is valid. Specify a delta time value in the form [dddd-] [hh:mm:ss.cc]. For example, for a lifetime of 120 days, 0 hours, and 0 seconds, specify /PWDLIFETIME="120-". For a lifetime of 120 days 12 hours, 30 minutes and 30 seconds, specify /PWDLIFETIME="120-12:30:30". If a period longer than the specified time elapses before the user logs in, the system displays a warning message. The password is marked as expired.

/FLAGS

/FLAGS=(**[NO]**option[,...])

Specifies login flags for the user.

NODISPWDHIS Enables automatic checking of new passwords against a list of the user's old passwords.

b. Log users off after a period of inactivity.

Solution: OVMS does not have a built in utility to log off users based on inactivity. It will therefore be necessary to evaluate third party software that has this capability. The current list of available software that will be evaluated to solve this problem is as follows:

- (1) KBLOCK available from Legacy Technologies
- (2) IDLE available as part of the Eigen Corporation Alpha OVMS Utilities package.
- (3) HITMAN V8.0 sold by Saiga Systems
- (4) ASSASSIN available from Networking Dynamics.

c. Revoke user identification numbers after a minimum number of failed password attempts.

Solution: This will be accomplished by modifying the following SYSGEN parameters.

LGI_BRK_LIM Number of login failures during the monitoring period that triggers evasive action.

LGI_RETRY_LIM Number of times a person can try to log in over a phone line or network connection.

LGI_BRK_DISUSER Enables the DISUSER flag in user's authorization record, permanently locking out that account.

Note: Resorting to this level of security will protect data but can cause other major problems for the system administrator. Since manual intervention is now required to enable the disabled accounts, a malicious user can put all known accounts out of service in a short time. To recover, you must log in on the system console where the SYSTEM account is always allowed to log in.

d. Periodically review the data access security policy.

The Director will schedule quarterly meetings with the DBA and Systems Manager, to review the data access security policy. *(February 2001)*

TRUST FUNDS

UNDOCUMENTED SIGNATURE APPROVALS

Recommendation 6

We recommend that procedures over trust fund administration be strengthened to ensure that signature changes are approved.

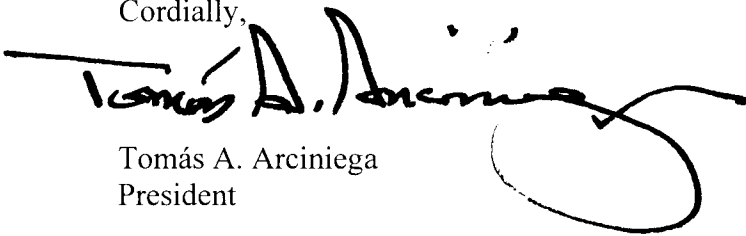
Mr. Larry Mandel
September 29, 2000
Page 6

Campus Response

The campus has experienced a high level of turn over in management positions the last two years. Beginning in July 2000, we have requested completion of existing Trust Agreements complete with new signatures. To ensure signature changes are documented in the future, each time the department receives a request to change a signature, the form will be updated with the new signer and sent to the appropriate administrator. The administrator will approve the addition and/or deletion of the signature and forward to the Accounting Office. The approval will be returned to Accounting before document approval is received. *(January 2001)*

Please feel free to contact me should you have any questions concerning our campus responses.

Cordially,

A handwritten signature in black ink, appearing to read "Tomás A. Arciniega". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Tomás A. Arciniega
President

Attachments

c: Mr. Michael A. Neal
Ms. Sharon A. Taylor

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

CHANNEL ISLANDS

November 16, 2000

CHICO

MEMORANDUM

DOMINGUEZ HILLS

FRESNO

TO: Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed 

HAYWARD

SUBJECT: Draft Final Report Number 99-11 on FISMA,
California State University, Bakersfield

HUMBOLDT

LONG BEACH

LOS ANGELES

In response to your memorandum of November 16, 2000, I accept the response as submitted with the draft final report on FISMA, California State University, Bakersfield.

MARITIME ACADEMY

MONTEREY BAY

NORTHRIDGE

CBR/cw

POMONA

Enclosure

SACRAMENTO

cc: Dr. Tomas A. Arciniega, President

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS