

FISMA

HUMBOLDT STATE UNIVERSITY

**Audit Report 08-08
April 6, 2009**

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CONTENTS

Executive Summary	1
Introduction	3
Statement of Internal Controls	3
Purpose	4
Scope and Methodology	5

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

Cash Receipts	7
Main and Satellite Cashiering	7
Administrative Oversight	12
Fee Reconciliation	13
Purchase Funds	14
Accounts Receivable	15
Parking Citations	15
Third-Party Receivables	16
Cash Disbursements	17
Payroll and Personnel	19
Unmanaged/Undelivered Salary Warrants	19
Salary and Payroll Processing Procedures	20
Fixed Assets	21
Trust Funds	22

APPENDICES

APPENDIX A:	Personnel Contacted
APPENDIX B:	Campus Response
APPENDIX C:	Chancellor's Acceptance

ABBREVIATIONS

CSU	California State University
EE	Extended Education
FISMA	Financial Integrity and State Manager's Accountability Act
FS	Financial Services
GASB	Government Accounting Standards Board
GC	Government Code
HR	Human Resources
HSU	Humboldt State University
KIS	Keep It Simple
SAM	State Administrative Manual
SHC	Student Health Center
SUAM	State University Administrative Manual
TEC	Travel Expense Claim
UPD	University Police Department

EXECUTIVE SUMMARY

The California Legislature passed the Financial Integrity and State Manager's Accountability Act (FISMA) of 1983, Government Code (GC) Sections 13400 through 13407. This act requires state agencies to establish and maintain a system of internal accounting and administrative control. To ensure that the requirements of this act are fully complied with, state entities with internal audit units are to complete biennial internal control audits (covering accounting and fiscal compliance practices) in accordance with the *International Standards for the Professional Practice of Internal Auditing* (Institute of Internal Auditors) as required by GC Section 1236. The Office of the University Auditor of the California State University (CSU) is currently responsible for conducting such audits within the CSU.

Humboldt State University (HSU) management is responsible for establishing and maintaining adequate internal control. This responsibility, in accordance with GC 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.
- ▶ Established controls are not only effective but also promote operational efficiency.
- ▶ Financial operations are conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5, and Trustee policy.

We visited the HSU campus from November 17, 2008, through December 17, 2008, and made a study and evaluation of the accounting and administrative control in effect as of December 17, 2008. This report represents our biennial review.

Our study and evaluation revealed certain conditions that, in our opinion, could result in errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: cash receipts, accounts receivable, cash disbursements, payroll and personnel, fixed assets, and trust funds. Two of the eleven findings were also repeats from the prior FISMA audit. These conditions, along with other weaknesses, are described in the executive summary and body of this report.

In our opinion, except for the effect of the weaknesses described above, HSU's accounting and administrative control in effect as of December 17, 2008, 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 changes 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.

The following summary provides 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 [7]

Cash control weaknesses were found at both satellite cashiering locations and the cash collection department visited. The satellite cashiering locations reviewed included extended education and the student health center. The cash collection department visited was the university police department. Administrative oversight and monitoring of satellite cashiering and cash collection departments was inadequate, state university and application fee reconciliations were either not prepared or were incomplete, and administration of purchase funds needed improvement.

ACCOUNTS RECEIVABLE [15]

Accounts receivable were not always recorded for outstanding parking citations in the general ledger. Accounts receivable collection efforts for third parties were inadequate. This is a repeat finding from the prior FISMA audit.

CASH DISBURSEMENTS [17]

Travel advances were not always adequately managed and recovered in a timely manner.

PAYROLL AND PERSONNEL [19]

Salary warrants on file at the main cashier's office were unmanaged, undelivered, and not properly controlled. Payroll had not developed a formal business model for salary and payroll processing to meet systemwide standards.

FIXED ASSETS [21]

A complete and timely inventory of all property had not been performed, and policies and procedures had not been fully documented for the physical inventory process.

TRUST FUNDS [22]

Trust fund agreements were not always complete and current. This is a repeat finding from the prior FISMA audit.

INTRODUCTION

STATEMENT OF INTERNAL CONTROLS

Internal accounting and related operational controls established by the State of California, the California State University 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. The ultimate responsibility for good internal control rests with management.

Internal control, in the broad sense, includes controls that 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 recordkeeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, personnel of a quality commensurate with responsibilities, and an effective system of internal review.

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.

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.

Experience indicates that the existence of certain danger signals will usually be indicative of a poorly maintained or vulnerable control system. These symptoms may apply to the organization as a whole or to individual units or activities, and generally include any of the following danger signals:

- ▶ Policy and procedural or operational manuals are either not currently maintained or are non-existent.
- ▶ Lines of organizational authority and responsibility are not clearly articulated or are non-existent.
- ▶ Financial and operational reporting is not timely and is not used as an effective management tool.

- ▶ Line supervisors ignore or do not adequately monitor control compliance.
- ▶ No procedures are established to assure that controls in all areas of operation are evaluated on a reasonable and timely basis.
- ▶ Internal control weaknesses detected are not acted upon in a timely fashion.
- ▶ Controls and/or control evaluations have little relationship to organizational exposure to risk of loss or resources.

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.

PURPOSE

The principal audit objectives were to assess the adequacy of the systems of internal accounting and administrative control and to determine whether financial operations were conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5, and directives of the Board of Trustees and the Office of the Chancellor. Specifically, we sought assurances that:

- ▶ Legal and regulatory requirements are complied with.
- ▶ Accounting data is provided in an accurate, timely, complete, or otherwise reliable manner.
- ▶ Assets are adequately safeguarded from loss, damage, or misappropriation.
- ▶ Duties are appropriately segregated consistent with appropriate control objectives.
- ▶ Transactions, accounting entries, or systems output is reviewed and approved.
- ▶ Management does not intentionally override internal controls to the detriment of control objectives.
- ▶ Accounting and fiscal tasks, such as reconciliations, are prepared properly and completed timely.
- ▶ Deficiencies in internal controls previously identified were corrected satisfactorily and timely.
- ▶ Management seeks to prevent or detect erroneous recordkeeping, inappropriate accounting, fraudulent financial reporting, financial loss, and exposure.

SCOPE AND METHODOLOGY

Our study and evaluation were conducted in accordance with the *International 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. 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 2007/08 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 2007 to June 2008. Our primary focus was on internal controls.

A preliminary survey of the campus was used to identify risks. Risk was defined as the probability that an event or action would adversely affect the campus. Our assessment of risk was based upon a systematic process using management's feedback and professional judgments on probable adverse conditions and/or events that became the basis for development of our final scope. We sought to assign higher review priorities to activities with higher risks. As a result, not all risks identified were included within the scope of our review.

Based upon this assessment of risks, we specifically included within the scope of our review the following:

- ▶ Procedures for receipting and storing cash, segregation of duties involving cash receipting, and recording of cash receipts.
- ▶ Use of petty cash funds, periodic cash counts, and the administration and reconciliation of bank accounts.
- ▶ Establishment of receivables and adequate segregation of duties regarding billing and payment of receivables.
- ▶ Adequate segregation of duties regarding authorization and payment of cash disbursements and appropriate controls over campus vendors.
- ▶ Approval of purchases, receiving procedures, and reconciliation of expenditures to State Controller's balances.
- ▶ Authorization and proper classification of personnel/payroll transactions and/or accumulation of leave credits in compliance with state policies.
- ▶ Posting of the property ledger, monthly reconciliation of the property to the general ledger, physical inventories, and authorization of disposals.
- ▶ Establishment of trust funds, separate accounting, and adequate agreements.

INTRODUCTION

We have not performed any auditing procedures beyond December 17, 2008. 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.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

CASH RECEIPTS

MAIN AND SATELLITE CASHIERING

Cash control weaknesses were found at both satellite cashiering locations and the cash collection department visited.

The satellite cashiering locations reviewed included extended education (EE) and the student health center (SHC). The cash collection department visited was the university police department (UPD).

Extended Education

Credit card, check, and cash receipts collected were not adequately controlled at EE.

During our walk-through on December 11, 2008, we found 174 unprocessed registration forms in the department's safe with payment receipts totaling \$14,250 (94 checks, 69 credit card receipts, and 3 cash payments, totaling \$6,780, \$7,427, and \$68, respectively). In 133 instances, the checks, credit card receipts, and cash payments were dated between September 27, 2008, and December 9, 2008, and were not sent to EE by project coordinators immediately after they were collected. The delays ranged from 1 to 73 days from the time of receipt.

We also found that:

- ▶ An uncleared collections account was not established for unprocessed registration fees.
- ▶ Cashiers' deposits were not verified by their supervisor prior to being deposited.
- ▶ A written record of individuals with safe combination knowledge and the date when the combination was last changed was not maintained.

Humboldt State University (HSU) Office of Extended Education Contract Credit form requires instructors/project coordinators to submit registration forms and payments to EE immediately after they are collected.

State Administrative Manual (SAM) §8032.1 states, in part, that agencies are required to deposit receipts in a timely and economical manner. Agencies that have safes, vaults, money chests, or other comparable storage that is adequate to safeguard cash will accumulate collections until they amount to \$1,000 in cash or \$10,000 in cash, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first. Accumulated receipts of any amount will not remain undeposited for more than ten working days.

SAM §8032.3 states that except where the supervisor and the person depositing cash are not at the same location, the person supervising the person depositing cash will verify that receipts have been deposited intact and in accordance with SAM §8032.1.

SAM §8024 requires the campus to retain a record listing the names of persons knowing the present safe combination and the date the combination was last changed, and to change the safe combination when employees leave a department.

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls shall include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The director of EE stated that due to the cyclical nature of their work, there were times when large volumes of registrations were received that exceeded their ability to process all in one day. He also stated that although coordinators for the contract credit programs had been repeatedly advised to submit receipts timely, all of them had not complied. He added that he was not aware of the deposit requirements and assumed that the campus locksmith's records were adequate.

Student Health Center

Cash control weaknesses were found at the SHC.

We found that:

- ▶ Duties and responsibilities related to cashiering, reconciling, and depositing of cash receipts were not properly segregated at the SHC. Specifically, cashiers received and processed payments, entered charges for invoicing, posted receipts, prepared deposits for transfer to main cashiering, delivered deposits to main cashiering, and reconciled receipts posted.
- ▶ The SHC did not maintain a written record of individuals with safe combination knowledge and the date when the combination was last changed.

SAM §8080, §8080.1, and §8080.2 state, in part, that no one person will perform more than one of the following types of duties: maintaining books of original entry, receiving and depositing remittances, inputting receipts information, and reconciling input to output.

SAM §8032.3 states that except where the supervisor and the person depositing cash are not at the same location, the person supervising the person depositing cash will verify that receipts have been deposited intact and in accordance with SAM §8032.1.

SAM §8024 requires the campus to retain a record listing the names of persons knowing the present safe combination and the date the combination was last changed, and to change the safe combination when employees leave a department.

The SHC office manager stated that the SHC was not fully aware of the incompatible duties that existed but now understands how they might implement processes to separate duties. She further

stated that due to limited turnover and the small cashiering staff, the campus had not considered a formal safe access record.

University Police Department

Cash control, contractual services, and procedural weaknesses were found at the UPD.

We found that:

- ▶ Student cashiers' deposits of Keep It Simple (KIS) parking receipts were not verified by a second person or supervisor prior to being deposited.
- ▶ The KIS deposit logs from January 8, 2008, to November 12, 2008, revealed 40 cash deposits with an average of \$798. During the period reviewed, we noted 15 cash overages and 21 cash shortages that ranged from \$57 over to \$973 under the actual daily sales total, with a net shortage of \$1,299. These discrepancies were not reviewed or tracked by management, and there were no policies or procedures that addressed the management of excessive/repeat overages and shortages.
- ▶ Cash payments received in the mail and cash given to officers for citations were transferred between employees and not logged prior to forwarding to the Phoenix Group for processing. Additionally, checks received in the mail that were inadvertently opened for parking citations were not logged prior to being transferred to the Phoenix Group for processing.
- ▶ Parking revenue was not reconciled to receipts recorded in the general ledger. Specifically, cash receipts processed by the Phoenix Group for parking citations were not reconciled to citations issued and revenue recorded.
- ▶ The contract on file between HSU and the Phoenix Group expired June 30, 2006, and showed no evidence of review or renewal.
- ▶ Cash collections for parking-boot receipts and citations paid at the UPD were not always deposited at the main cashier's office within ten working days of receipt. We found that one cash collection for \$343 had been held in the UPD lockbox 21 days after receipt and also noted that the lockbox was not securely anchored to the building.
- ▶ UPD did not maintain a written record of individuals with access to the locking safes and the date the locks were last changed for both parking-boot receipts and KIS lock boxes.

SAM §8032.3 states that except where the supervisor and the person depositing cash are not at the same location, the person supervising the person depositing cash will verify that receipts have been deposited intact and in accordance with SAM §8032.1.

SAM §8070 states that state officers and employees who receive and disburse money will be held accountable for the money in their custody. They will be held personally responsible for any cash discrepancies. Each department differs as to their collection activities, frequency, and amount of cash collected. Therefore, each department is responsible for establishing standards of performance for

their cashiers and prescribing corrective actions to be utilized when performance standards are not satisfied.

SAM §8021 requires that a separate series of transfer receipts will be used to localize accountability for cash or negotiable instruments to a specific employee from the time of its receipt to its deposit. This series of receipts need not be press-numbered.

SAM §8020.1 states that all incoming mail receipts consisting of cash and negotiable instruments not payable to the state agency will be prelisted by the person opening the mail to localize accountability of these assets.

SAM §7901 states that the accuracy of an agency's accounting records may be proved partially by making certain reconciliations and verifications.

SAM §7920 states that each agency is responsible to complete any reconciliation necessary to safeguard state assets and ensure reliable financial data.

SAM §8032.1 requires agencies to deposit receipts in a timely and economical manner. Accumulated receipts of any amount will not remain undeposited for more than ten working days.

SAM §8025 states that as a deterrent to burglary, state agencies will securely anchor a safe to the building and, where practical, to the building's foundation.

SAM §8024 requires the campus to retain a record listing the names of persons knowing the present safe combination and the date the combination was last changed, and to change the safe combination when employees leave a department.

The director of financial services stated that formal cashiering training was not provided to UPD, nor was managerial oversight provided to ensure that controls were in place and operational.

Inadequate control over cash receipts increases campus exposure to loss from inappropriate acts.

Recommendation 1

We recommend that the campus:

- a. Deposit checks in a timely manner and utilize a suspense account to maintain accountability for long-outstanding payments received but not applied at EE.
- b. Strengthen its procedures to ensure that course instructors and project coordinators submit registration forms and fee payments in a timely manner at EE.
- c. Ensure supervisor verification of cashiers' daily deposits at EE prior to deposit with the main cashier's office.

- d. Review cashiering duties at SHC and take appropriate action to either segregate duties or establish mitigating controls.
- e. Ensure that parking receipts at UPD are verified prior to deposit with the main cashier's office.
- f. Establish procedures for identifying the source of cash overages and shortages and managing excessive/repeat discrepancies at UPD.
- g. Prepare a pre-listing of cash and checks received in the mail at UPD and for the transfer of cash citation payments prior to forwarding to the Phoenix Group.
- h. Reconcile receipts to parking revenue recorded in the general ledger to ensure adequate accountability over revenue at UPD.
- i. Obtain an updated contract between the third-party citation processor (Phoenix Group) and HSU.
- j. Deposit cash receipts in a timely manner at UPD.
- k. Securely anchor the cash lock box at UPD.
- l. Maintain a written record of individuals with safe combination knowledge and the date the combination was last changed at EE, SHC and UPD.

Campus Response

We concur.

- a. The campus will implement procedures to ensure checks at EE are deposited in a timely manner and will develop a suspense account for payments received but not applied.
- b. The campus will implement procedures to ensure registration forms and fee payments at EE are submitted in a timely manner.
- c. An EE supervisor will initial and date that they have performed a review of the cashiers' daily deposit prior to submitting to the main cashier's office.
- d. The SHC will separate the duties for cashiering, reconciling, and depositing cash receipts.
- e. At the UPD, student cashier deposit slips of parking receipts will be initialed and dated by a supervisor evidencing review prior to deposit at the main cashiering office.
- f. On a daily basis, the UPD daily sales total will be reconciled to the KIS deposit logs. This will identify any cash overages or shortages that need to be followed up on.

- g. A log of cash and checks received by mail at the UPD will be maintained and reconciled to the amount noted as received by the Phoenix Group.
- h. Parking revenue recorded in the general ledger will be reconciled to the receipts.
- i. The UPD will obtain an updated contract with the Phoenix Group.
- j. The UPD will deposit cash collections within ten days of receipt.
- k. Modifications will be made to ensure the cash lock box at the UPD is securely anchored.
- l. EE, SHC, and UPD will develop a record of individuals with knowledge of the combination and date when the combination was changed for the safes, parking-boot receipt, and KIS lock boxes maintained.

Expected Completion Date: July 31, 2009

ADMINISTRATIVE OVERSIGHT

Administrative oversight and monitoring of satellite cashiering and cash collection departments was inadequate.

Specifically, we noted that:

- ▶ Cash collection departments were not provided with documented procedures or an operational manual for processing cash receipts.
- ▶ There was no monitoring or periodic review of satellite cashiering practices to ensure compliance with campus procedures.

SAM §20050 stated that state entity heads, by reason of their appointments, are accountable for activities carried out in their agencies. This responsibility includes the establishment and maintenance of internal accounting and administrative controls. Each system an entity maintains to regulate and guide operations should be documented through flowcharts, narratives, desk procedures, and organizational charts. The ultimate responsibility for good internal control rests with management.

The director of financial services stated her belief that management of the satellite cashiering and cash collection departments were providing adequate administrative oversight.

Inadequate oversight and monitoring of cashiering controls contributes to campus failure to comply with policies and procedures, and potentially increases campus exposure to loss from inappropriate acts.

Recommendation 2

We recommend that the campus:

- a. Establish documented procedures or an operational manual for the cash collection departments regarding the processing of cash receipts.
- b. Monitor and periodically review procedures at the satellite cashiering locations.

Campus Response

We concur.

- a. The campus will develop procedures for cash receipts processing which will be distributed to the cash collection departments and satellite cashiering locations.
- b. The procedures will be reviewed annually for content, and departmental compliance will be reviewed quarterly.

Expected Completion Date: June 30, 2009

FEE RECONCILIATION

State university and application fee reconciliations for the three quarters reviewed between fall 2007 and summer 2008 were either not prepared or were incomplete.

We found that:

- ▶ In two of the three quarters reviewed, the state university fee reconciliations were not prepared, and in the third instance, the reconciliation was not dated by the approving official to evidence timely review.
- ▶ In two of the three quarters reviewed, application fee reconciliations were not reviewed by the approving official.

State University Administrative Manual (SUAM) §3825.01 requires that a reconciliation of applications for admission to fees received shall be prepared for each academic year term and maintained on file by each campus.

SUAM §3825.02 states that a reconciliation of state university fees to census date report relative to the number of students accounted on the census date shall be prepared for each academic term. The reconciliation shall be maintained on file by each campus.

SAM §7908 requires all reconciliations show the preparer's name, reviewer's name, date prepared, and dated reviewed.

The director of financial services stated that documentation of the preparation and review processes of fee reconciliations was not adequately maintained.

Failure to complete timely fee reconciliations within the appropriate period, including review by the approving official, increases the risk that errors and irregularities will not be detected and compromises accountability.

Recommendation 3

We recommend that the campus prepare state university and application fee reconciliations in a timely and complete manner for each academic term, including review by the approving official.

Campus Response

We concur. The campus will prepare a reconciliation of applications for admission to fees received, and state university fees per census date report to number of students accounted on the census date each academic term. Reconciliations will evidence preparer's name, date prepared, reviewer's name, and date reviewed.

Expected Completion Date: June 30, 2009

PURCHASE FUNDS

Administration of purchase funds needed improvement.

Our review of purchase fund audits completed in October 2008 and November 2008 for three funds of \$750 each disclosed that:

- ▶ Petty cash receipts submitted for reimbursement in October and November 2008 dated back to June 2008 and October 2008 respectively.
- ▶ The campus procedures related to submitting receipts for reimbursement did not comply with state criteria. Specifically, the campus instructed petty cash custodians to submit invoices for reimbursement when they total \$100 or more. However, the state requires custodians to present invoices at least once each month.
- ▶ The campus had not conducted a review of purchase funds set at \$750 to determine if they met the requirements to exceed the \$200 fund limit.

SAM §8112.5 states that the custodian will present invoices at least once each month and that cash purchase funds will not exceed \$200 for each fund, except that cash purchase funds of as much as \$750 are authorized where a fund of lesser size would normally require replenishment more often than once a month.

The director of financial services stated her belief that the existing procedures provided adequate control.

Inadequate administration of purchase funds increases the campus' exposure to loss from inappropriate acts.

Recommendation 4

We recommend that the campus ensure the timely submittal of petty cash receipts and invoices, update it procedures to comply with state criteria, and conduct a reasonableness review of purchase funds in excess of \$200.

Campus Response

We concur. The campus will reiterate to employees that petty cash receipts and invoices must be submitted timely. The campus petty cash procedures will be modified to require custodians to present invoices at least monthly, regardless of amount. Additionally, all campus petty cash funds will be evaluated for appropriateness of approved balance.

Expected Completion Date: June 30, 2009

ACCOUNTS RECEIVABLE

PARKING CITATIONS

Accounts receivable were not always recorded for outstanding parking citations in the general ledger.

A parking citation general ledger control account total had not been established in campus accounting records for both undisputed fines past the statutory time allowed for dispute and disputed fines deemed legally enforceable. In addition, the campus was not able to determine the unadjusted balance of parking citations issued through October 31, 2008.

Government Accounting Standards Board (GASB) *Comprehensive Implementation Guide*, 2007, Chapter Z: Z.33.10, states that undisputed fines should be recognized when payments are made or when the statutory time allowed for dispute lapses, whichever occurs first. Disputed fines should be recognized when the appropriate legal authority (for example, traffic court) rules that the fine is valid (legally enforceable) and should be recognized net of estimated refunds from rulings overturned on appeal. Paragraph 17 of Statement 33 requires governments to recognize assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when resources are received, whichever occurs first. Paragraph 18 requires revenue to be recognized, net of estimated refunds, in the same period that the assets are recognized unless the enabling legislation includes time requirements. Legal enforceability generally occurs when the parties pay their fines, when the statutory time allowed for dispute lapses or, if disputed, when a court later rules that the fine is enforceable.

The director of financial services stated that all data relating to citations are processed and maintained by a third-party vendor, and the campus had not been able to determine a reasonably accurate amount to report.

Inadequate control over parking citation receivables increases the risk that the receivables will not be properly reflected in campus accounting records, errors and irregularities will not be detected, and accountability will be compromised.

Recommendation 5

We recommend that the campus record outstanding parking citation accounts receivable in the general ledger.

Campus Response

We concur. The parking citation accounts receivable will be recorded when the campus has an enforceable legal claim to the receivable as required by GASB 33. Each year, the campus will analyze the parking citation accounts receivable and determine the amount that should be recorded in the general ledger in accordance with GASB.

Expected completion date: June 30, 2009

THIRD-PARTY RECEIVABLES

Accounts receivable collection efforts for third parties were inadequate. This is a repeat finding from the prior Financial Integrity State Manager's Accountability Act (FISMA) audit.

We reviewed nine third-party receivables that were greater than 60 days past due as of August 31, 2008, and found no evidence that collection letters were sent in 30-day intervals or that similar collection activities (i.e., collection calls) occurred at the prescribed frequency. Two of the nine receivables were paid in full, and we noted that the campus practice was to not maintain evidence of these due-diligence procedures.

HSU *Accounts Receivable Collection* policy for third-party/non-student, non-employee receivables states that collection efforts include a minimum of three collection letters and/or telephone calls at 30-day intervals. Additionally, it states that appropriate documentation shall be retained to substantiate due diligence of collection efforts.

HSU *Due Diligence* procedures state that internal collection efforts for all past-due accounts with a balance owing \$10 or more and 60 days past due consist of due-diligence letter to debtors at 60-, 90-, and 120-day intervals.

SUAM §3822 requires each campus to establish procedures that provide for prompt follow-up of accounts receivable, including preparation and issuance of follow-up letters and/or calls, and utilization of the offset claim procedures for accounts greater than \$10.

SAM §8776.6 provides procedures and guidelines regarding adequate collection efforts and follow-up on receivables, including a sequence of three collection letters at 30-day intervals with a progressively stronger tone and specific requirements for filing applications for Discharge From Accountability (form STD. 27) with the State Controller's Office.

The supervisor of financial aid accounting stated that the collection department was operating under the assumption that the staff was adequately following up and documenting its collection efforts. Additionally, the director of financial services stated her belief that the collection procedures relating to campus entities were adequate and that the campus does not produce due-diligence letters for third-party collections between auxiliary organizations and the university.

Inadequate control over delinquent accounts receivable reduces the likelihood of collection, increases the amount of resources expended on collection efforts, and negatively impacts cash flow.

Recommendation 6

We recommend that the campus implement controls to ensure that collection practices for third-party receivables are compliant with policies.

Campus Response

We concur. The campus will further define collection procedures relating to third-party receivables. Documentation will evidence collection efforts including letters, telephone calls, and/or emails made at 30-day intervals. To facilitate this process at the close of each month, the collections supervisor will review a report generated by the student accounts receivable system showing all accounts greater than 60 days. Additionally, the collections supervisor will maintain documentation of monthly review of collection efforts.

Expected Completion Date: June 30, 2009

CASH DISBURSEMENTS

Travel advances were not always adequately managed and recovered in a timely manner.

Our review of 13 travel advances issued between March 2008 and September 2008 disclosed that:

- ▶ In three instances, travel advances with travel end dates from July 20, 2008, to August 18, 2008, had not been cleared as of December 10, 2008, which was 113 to 164 days past the end travel date. Additionally, the campus was unable to provide evidence of documented follow-up or collection activity performed. The October 2008 reconciliation noted \$116,760 (49% of the total receivable) greater than 61 days past due. The outstanding travel advances were not deducted from the employees' payroll warrants.
- ▶ In all five instances where the travel advances were cleared, the claims were not submitted within 60 days of the end travel date nor were advances deducted from the travelers' payroll warrant.
- ▶ Periodic statements notifying the recipient of their outstanding travel advances were not sent on a bimonthly basis after the due date.

The HSU *Campus Travel Manual*, states that if the completed claim and documentation are not submitted within 30 days following the conclusion of the trip, the advance will be deducted from the traveler's payroll warrant.

California State University (CSU) directive Financial Services (FS) 2009-01, *CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement*, dated July 3, 2008, indicates that a travel expense claim (TEC) must be submitted to substantiate travel expenses within a reasonable period of time not to exceed 60 days. If the advance exceeds the substantiated expenses, the employee must submit a check or money order with the TEC to return the excess advance no more than 120 days after the expense is paid or incurred. If an employee does not substantiate and return any excess advances, if applicable, that amount will be deducted from the next payroll warrant.

SAM §8116.2 and §8116.3 require campuses to perform follow-up activity on outstanding travel advances and to deduct uncollected advances from an employee's payroll warrant.

SAM §8116.2 requires the submittal of a properly prepared TEC to substantiate travel expenses as soon as possible after the trip or at least once a month.

The director of financial services stated her belief that adequate procedures existed for follow-up; however, documentation was lacking.

Insufficient control over travel advances increases the risk that operating fund monies may be expended for inappropriate purposes.

Recommendation 7

We recommend that the campus ensure that travel advances are adequately managed and recovered in a timely manner.

Campus Response

We concur. The campus will reiterate to employees that all travel claims and supporting documentation must be submitted within 30 days following the conclusion of the business trip. Additionally, procedures will be modified to include documentation of efforts to obtain travel claims at the conclusion of a trip. Non-compliance with established procedures will result in a deduction from the employee's payroll.

Expected Completion Date: June 30, 2009

PAYROLL AND PERSONNEL

UNMANAGED/UNDELIVERED SALARY WARRANTS

Salary warrants on file at the main cashier's office were unmanaged, undelivered, and not properly controlled.

We found:

- ▶ Roles related to the management of salary warrants were not clearly communicated to the responsible parties and effective lines of communication were not maintained among the responsible parties.
- ▶ Ten salary warrants dated from May 2008 to October 2008 located in the cashier's office were labeled, "hold checks – do not release to employee." Upon further review, we noted that these warrants were not to be released until the employees completed their payroll documents (i.e., timesheets and separation clearance forms). Subsequently, we found that the payroll office had not conducted its due diligence and was unaware of the specifics surrounding each warrant. We also found that the campus had not attempted to notify the employees of their incomplete documents to ensure that they were completed and warrants were distributed timely.
- ▶ Twenty-three undelivered salary warrants on hand from December 2007 to September 2008 showed no evidence of follow-up efforts to locate the employee and distribute their pay warrant timely. Additionally, when applicable, the campus had not remitted the employees' warrants as of our review in November 2008 for final escheatment.

SAM §8580.5 states that warrants not delivered within 90 calendar days of receipt must be deposited and remitted to an escheat revenue account in the original fund that provided the resources.

SAM §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or are non-existent.

The director of financial services stated that procedures for follow-up on undelivered payroll warrants were not being adequately administered.

Failure to adequately manage salary warrants on hand may give the appearance that the campus failed to comply with state regulations, which could result in fines and penalties for each day the wages were due, up to a maximum of 30 days, while untimely remittance of undelivered warrants increases the risk of misappropriated funds.

Recommendation 8

We recommend that the campus:

- a. Clearly communicate duties and establish effective lines of communication between responsible parties for managing salary warrants on file.

- b. Ensure that undelivered salary warrants are properly managed and escheated when required.

Campus Response

We concur. The campus will modify current procedures to clearly define responsible parties and responsibilities regarding the management of salary warrants. The campus will modify current procedures relating to undelivered salary warrants to ensure the proper management of undelivered salary warrants. Additionally, the campus will modify the current procedures relating to escheatment of undelivered salary warrants to ensure the appropriate handling of outdated warrants.

Expected Completion Date: June 30, 2009

SALARY AND PAYROLL PROCESSING PROCEDURES

Payroll had not developed a formal business process model for salary and payroll processing to meet systemwide standards.

CSU directive HR 2008-09, *Salary and Payroll Processing – Campus Requirements*, dated July 11, 2008, states, in part, that campus procedures/processes must at a minimum: identify the steps in the process; indicate the audit checkpoints and corrective action requirements if checkpoint(s) are not approved across affected departments; identify the “approving authority,” which will include position title(s) across affected departments who are responsible for approving documentation submitted at a given checkpoint in the process, including the final checkpoint before the transaction and/or payment request is keyed; obtain presidential approval of the campus process; and be reviewed and updated by the campus on a routine basis (at least annually) to reflect current requirements, ensure compliance and optimize efficiencies.

The payroll officer stated that the campus did not fully understand its obligation to comply with this requirement.

Inadequate salary and payroll processing procedures increase the likelihood of improper coding of payments and salary transactions.

Recommendation 9

We recommend that the campus implement a formal business process model that meets systemwide standards for salary and payroll processing.

Campus Response

We concur. The campus will develop procedures that will document campus procedures and processes surrounding payroll.

Expected Completion Date: July 31, 2009

FIXED ASSETS

A complete and timely inventory of all property had not been performed, and policies and procedures had not been fully documented for the physical inventory process.

We found that:

- ▶ A university-wide physical inventory of all property had not been performed and reconciled to the general ledger since October 2002.
- ▶ For the current period, the campus provided documentation to support the physical verification of \$117,404 worth of equipment, which was less than 1% of the \$13,289,212 of the total equipment recorded on the general ledger as of October 31, 2008. As a result of the lack of a completed physical inventory, the accuracy of the fixed assets recorded to the general ledger and the related reconciliations were highly questionable.
- ▶ Policies and procedures that impact the system of internal accounting and administrative control for the physical inventory process had not been fully documented. Specifically, procedures, guidelines or instructions had not been documented for the physical inventory count, the management of inventory exception reports, and the reconciliation of the asset database to the general ledger. Additionally, there was no periodic review of the current policy and procedural manual.
- ▶ The campus property manual did not appear viable within the current fixed asset environment. Specifically, the manual indicated that asset management would conduct a university-wide physical inventory once a year and that departments could request a physical inventory outside the regular annual cycle. We found that asset management had neither met these objectives nor had the capability of providing such services to the campus.

The HSU *Property Manual* states that asset management conducts a university-wide physical inventory once a year.

Executive Order 649, *Safeguarding State Property*, dated February 15, 1996, delegates authority to each campus president to establish and maintain a system of internal controls to safeguard state property.

SAM §8652, in general, requires a physical count of all property, a reconciliation of the count to accounting records at least once every three years, and management oversight of resulting adjustments and that inventories will not be exclusively controlled by the custodian of the property records.

SAM §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or are non-existent.

The director of financial services stated that the campus was in the process of revamping the asset management process including related policies and procedures and that the current process contributed to minimal procedural documentation and quantification at the time of the review.

Insufficient administration over property increases the risk of misstated property records and theft, loss, or unauthorized use of state property.

Recommendation 10

We recommend that the campus:

- a. Perform a physical count of all property and reconcile the count to the general ledger at least once every three years.
- b. Document policies and procedures for the physical inventory count, the management of inventory exception reports, and the reconciliation of the asset database to the general ledger.
- c. Review and update the campus property manual to reflect the current operating environment and management's objectives for performing property inventories.

Campus Response

We concur. The campus is developing and implementing procedures to perform a physical count every three years of all inventory and reconcile the count to the general ledger. The campus is currently conducting a physical count of inventory and reconciling to the general ledger to establish a base for future fiscal inventories. The campus is developing procedures that will be included in the campus property manual, documenting the policies and procedures for the physical inventory count, the management of inventory exception reports, and the reconciliation of the asset database.

Expected Completion Date: July 31, 2009

TRUST FUNDS

Trust fund agreements were not always complete and current. This is a repeat finding from the prior FISMA review.

Our review of ten trust fund agreements disclosed that three had not been reviewed by the current accounting manager and/or approved by the current chief financial officer.

SAM §19440 states that each trust account established shall be supported by documentation as to the type of trust donor or source of trust monies, 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 balances, and restrictions on the use of monies for administrative or overhead costs. This documentation will be retained until the trust is dissolved.

The director of financial services stated that trust fund agreements were being routed through the campus for appropriate signatures at the time of review.

Inadequate trust fund administration increases the risk of inappropriate expenditures and possible loss of funds.

Recommendation 11

We recommend that the campus update the noted trust fund agreements.

Campus Response

We concur. During the audit, the three selected trust fund agreements that did not have signatures were in the process of being signed. The campus will review trust fund agreements procedures to ensure that complete trust fund documentation is maintained until the trust is dissolved.

Expected Completion Date: June 30, 2009

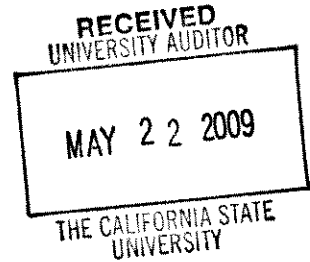
APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Rollin C. Richmond	President
Patty Ambrosini	Payroll Officer
David Bugbee	Director, Contracts, Procurement and Risk Management
Michael Burghart	Accountant II, Accounting
Deborah Bushnell	Administrative Support Coordinator, Financial Services
Carl Coffey	Vice President, Administrative Affairs (At time of review)
Thomas Dewey	Chief, University Police Department
Allison Freeman	Cashiering Supervisor
Carl Hansen	Director, Extended Education
Karyn Hoppe	Information Services Coordinator/Live Scan Administrator, University Police Department
Wendy Howard	Asset Manager/Accountant II, Accounting
Mary Hurley	Supervisor, Financial Aid Accounting
Ben Hylton	Accounting Manager, Accounting
Mary Ann McCulloch	Manager, Student Financial Services
Burt Nordstrom	Interim Vice President, Administrative Affairs
Sandi O'Dell	Student Health Center Office Manager
Lynne Sandstrom	Director, Financial Services
Stephen Sullivan	Community Services Specialist
Carol Terry	Associate Vice President, Business Services
Sandra Wieckowski	Accountant II, Accounting



HUMBOLDT STATE UNIVERSITY

Vice President for Administrative Affairs



Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802-4210

May 21, 2009

Re: FISMA Audit Report Number 08-08

Dear Mr. Mandel:

Please find enclosed Humboldt State University's response to FISMA Audit Report Number 08-08, FISMA, Humboldt State University. We appreciate the effort you and your staff have made to indicate areas where our procedures could be strengthened. The campus is committed to addressing and resolving the issues noted in the audit report.

Please direct questions regarding the responses to Lynne Sandstrom, CPA, Financial Services at (707) 826-4031 or les37@humboldt.edu.

Sincerely,

Burt Nordstrom, Vice President Administrative Affairs

cc: Rollin C. Richmond, President (w/o enclosures)
Carol Terry, Associate Vice President of Business Services (w/o enclosures)

Enclosures

1 Harpst Street . Arcata, California 95521-8299 . 707.826.3521 . fax 707.826.3334
www.humboldt.edu

THE CALIFORNIA STATE UNIVERSITY . Bakersfield . Channel Islands . Chico . Dominguez Hills . Fresno . Fullerton . Hayward . Humboldt . Long Beach . Los Angeles . Maritime Academy .
Monterey Bay . Northridge . Pomona . Sacramento . San Bernardino . San Diego . San Francisco . San Jose . San Luis Obispo . San Marcos . Sonoma . Stanislaus

FISMA
HUMBOLDT STATE UNIVERSITY
Audit Report 08-08

CASH RECEIPTS

MAIN AND SATELLITE CASHIERING

Recommendation 1

We recommend that the campus:

- a. Deposit checks in a timely manner and utilize a suspense account to maintain accountability for long-outstanding payments received but not applied at EE.
- b. Strengthen its procedures to ensure that course instructors and project coordinators submit registration forms and fee payments in a timely manner at EE.
- c. Ensure supervisor verification of cashiers' daily deposits at EE prior to deposit with the main cashier's office.
- d. Review cashiering duties at SHC and take appropriate action to either segregate duties or establish mitigating controls.
- e. Ensure that parking receipts at UPD are verified prior to deposit with the main cashier's office.
- f. Establish procedures for identifying the source of cash overages and shortages and managing excessive/repeat discrepancies at UPD.
- g. Prepare a pre-listing of cash and checks received in the mail at UPD and for the transfer of cash citation payments prior to forwarding to the Phoenix Group.
- h. Reconcile receipts to parking revenue recorded in the general ledger to ensure adequate accountability over revenue at UPD.
- i. Obtain an updated contract between the third-party citation processor (Phoenix Group) and HSU.
- j. Deposit cash receipts in a timely manner at UPD.
- k. Securely anchor the cash lock box at UPD.
- l. Maintain a written record of individuals with safe combination knowledge and the date the combination was last changed at EE, SHC and UPD.

Campus Response

We concur.

- (a) The Campus will implement procedures to ensure checks at Extended Education are deposited in a timely manner and will develop a suspense account for payments received but not applied.
- (b) The Campus will implement procedures to ensure registration forms and fee payments at Extended Education are submitted in a timely manner.
- (c) Extended education supervisor will initial and date that they have performed a review of the cashiers' daily deposit prior to submitting to the main cashier's office.
- (d) Student Health Center will separate the duties for cashiering, reconciling, and depositing cash receipts.
- (e) At the University Police Department student cashier deposit slips of parking receipts will be initialed and dated by supervisor evidencing review prior to deposit at main cashiering office.
- (f) On a daily basis the University Police Department daily sales total will be reconciled to the Keep It Simple deposit logs. This will identify any cash overages or shortages that need to be followed-up on.
- (g) A log of cash and checks received by mail at the University Police Department will be maintained and reconciled to the amount noted as received by the Phoenix Group.
- (h) Parking revenue recorded in the general ledger will be reconciled to the receipts.
- (i) The University Police Department will obtain an updated contract with Phoenix Group.
- (j) The University Police Department will deposit cash collections within 10 days of receipt.
- (k) Modifications will be made to ensure the cash lock box at the University Police Department is securely anchored.
- (l) The Extended Education Office, Student Health Center, and University Police Department will develop a record of individuals with knowledge of the combination and date when the combination was changed for the safes, parking-boot receipt, and KIS lock boxes maintained.

Expected Completion Date: July 31, 2009

ADMINISTRATIVE OVERSIGHT

Recommendation 2

We recommend that the campus:

- a. Establish documented procedures or an operational manual for the cash collection departments regarding the processing of cash receipts.
- b. Monitor and periodically review procedures at the satellite cashiering locations.

Campus Response

We concur.

- The Campus will develop procedures for cash receipts processing which will be distributed to the cash collection departments and satellite cashiering locations.
- The procedures will be reviewed annually for content and departmental compliance will be reviewed quarterly.

Expected Completion Date: June 30, 2009

FEE RECONCILIATION

Recommendation 3

We recommend that the campus prepare state university and application fee reconciliations in a timely and complete manner for each academic term, including review by the approving official.

Campus Response

We concur.

- The Campus will prepare a reconciliation of:
 - Applications for admission to fees received.
 - State university fees per census date report to number of students accounted on the census date each academic term.Reconciliations will evidence preparers name, date prepared, reviewers name, and date reviewed.

Expected Completion Date: June 30, 2009

PURCHASE FUNDS

Recommendation 4

We recommend that the campus ensure the timely submittal of petty cash receipts and invoices, update its procedures to comply with state criteria, and conduct a reasonableness review of purchase funds in excess of \$200.

Campus Response

We concur.

- The Campus will reiterate to employees that petty cash receipts and invoices must be submitted timely.
- The Campus petty cash procedures will be modified to require custodians to present invoices at least monthly, regardless of amount. Additionally, all campus petty cash funds will be evaluated for appropriateness of approved balance.

Expected Completion Date: June 30, 2009

ACCOUNTS RECEIVABLE

PARKING CITATIONS

Recommendation 5

We recommend that the campus record outstanding parking citation accounts receivable in the general ledger.

Campus Response

We concur.

- The parking citation accounts receivable will be recorded when the campus has an enforceable legal claim to the receivable as required by GASB 33. Each year, the campus will analyze the parking citation accounts receivable and determine the amount that should be recorded in the general ledger in accordance with GASB.

Expected completion date: June 30, 2009

THIRD-PARTY RECEIVABLES

Recommendation 6

We recommend that the campus implement controls to ensure that collection practices for third-party receivables are compliant with policies.

Campus Response

We concur.

- The Campus will further define collection procedures relating to third-party receivables. Documentation will evidence collection efforts including letters, telephone calls, and/or emails made at 30 day intervals.
- To facilitate this process at the close of each month, the Collections Supervisor will review a report generated by the student accounts receivable system showing all accounts greater than 60 days. Additionally, the Collections Supervisor will maintain documentation of monthly review of collection efforts.

Expected Completion Date: June 30, 2009

CASH DISBURSEMENTS

Recommendation 7

We recommend that the campus ensure that travel advances are adequately managed and recovered in a timely manner.

Campus Response

We concur.

- The Campus will reiterate to employees that all travel claims and supporting documentation must be submitted within 30 days following the conclusion of the business trip.
- Additionally, procedures will be modified to include documentation of efforts to obtain travel claims at the conclusion of a trip. Noncompliance with established procedures will result in a deduction from the employee's payroll.

Expected Completion Date: June 30, 2009

PAYROLL AND PERSONNEL

UNMANAGED/UNDELIVERED SALARY WARRANTS

Recommendation 8

We recommend that the campus:

- a. Clearly communicate duties and establish effective lines of communication between responsible parties for managing salary warrants on file.
- b. Ensure that undelivered salary warrants are properly managed and escheated when required.

Campus Response

We concur.

- The Campus will modify current procedures to clearly define responsible parties and responsibilities regarding the management of salary warrants.
- The Campus will modify current procedures relating to undelivered salary warrants to ensure the proper management of undelivered salary warrants. Additionally, the campus will modify the current procedures relating to escheatment of undelivered salary warrants to ensure the appropriate handling of outdated warrants.

Expected Completion Date: June 30, 2009

SALARY AND PAYROLL PROCESSING PROCEDURES

Recommendation 9

We recommend that the campus implement a formal business process model that meets systemwide standards for salary and payroll processing.

Campus Response

We concur.

- The Campus will develop procedures that will document campus procedures and processes surrounding payroll.

Expected Completion Date: July 31, 2009

FIXED ASSETS

Recommendation 10

We recommend that the campus:

- a. Perform a physical count of all property and reconcile the count to the general ledger at least once every three years.
- b. Document policies and procedures for the physical inventory count, the management of inventory exception reports, and the reconciliation of the asset database to the general ledger.
- c. Review and update the campus property manual to reflect the current operating environment and management's objectives for performing property inventories.

Campus Response

We concur.

- The Campus is developing and implementing procedures to perform a physical count every three years of all inventory and reconcile the count to the general ledger.
 - The campus is currently conducting a physical count of inventory and reconciling to the general ledger to establish a base for future fiscal inventories.
- The Campus is developing procedures that will be included in the campus property manual, documenting the policies and procedures for the physical inventory count, the management of inventory exception reports, and the reconciliation of the asset database.

Expected Completion Date: July 31, 2009

TRUST FUNDS

Recommendation 11

We recommend that the campus update the noted trust fund agreements.

Campus Response

We concur.

- During audit the three selected trust fund agreements that did not have signatures were in the process of being signed.
- The Campus will review trust fund agreements procedures to ensure that complete trust fund documentation is maintained until the trust is dissolved.

Expected Completion Date: June 30, 2009


THE CALIFORNIA STATE UNIVERSITY
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

June 19, 2009

CHANNEL ISLANDS

CHICO

MEMORANDUM

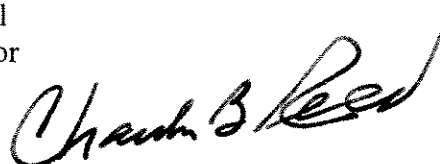
DOMINGUEZ HILLS

EAST BAY

TO: Mr. Larry Mandel
University Auditor

FRESNO

FROM: Charles B. Reed
Chancellor



FULLERTON

HUMBOLDT

SUBJECT: Draft Final Report 08-08 on *FISMA*,
Humboldt State University

LONG BEACH

LOS ANGELES

In response to your memorandum of June 19, 2009, I accept the response as submitted with the draft final report on *FISMA*, Humboldt State University.

MARITIME ACADEMY

MONTEREY BAY

NORTHRIDGE

CBR/amd

POMONA

Enclosure

SACRAMENTO

c: Dr. Rollin C. Richmond, President
Mr. Burt Nordstrom, Vice President, Administrative Affairs

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS