

FISMA

**CALIFORNIA STATE POLYTECHNIC UNIVERSITY,
POMONA**

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ABBREVIATIONS

BCM	Bronco Copy 'N Mail
CSPUP	California State Polytechnic University, Pomona
CSU	California State University
EO	Executive Order
FISMA	Financial Integrity and State Manager's Accountability Act
GC	Government Code
PTS	Parking and Transportation Services
SAM	State Administrative Manual
SCO	State Controller's Office
SHS	Student Health Services
SUAM	State University Administrative Manual

EXECUTIVE SUMMARY

The California Legislature passed the Financial Integrity and State Manager's Accountability Act (FISMA) of 1983. 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 Government Code, Section 1236. The Office of the University Auditor of the California State University (CSU) is currently responsible for conducting such audits within the CSU.

California State Polytechnic University, Pomona (CSPUP) 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.
- ▶ Financial operations are conducted in accordance with policies and procedures established in the State Administrative Manual (SAM), Education Code, Title 5, and Trustee policy.

We visited the CSPUP campus from November 2, 2004, through December 10, 2004, and made a study and evaluation of the accounting and administrative control in effect as of December 10, 2004. 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, revolving fund, cash disbursements, fixed assets, fiscal information technology, and PeopleSoft implementation. 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, CSPUP's accounting and administrative control in effect as of December 10, 2004, 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]

Certain activities that impact the control environment for cash receipts needed improvement. The campus had not documented policies and procedures relating to cash receipts management/operations. Parking and transportation services did not take into account the numeric sequence of parking passes when performing reconciliations of parking passes to cash receipts or maintain adequate control over access to its safe. Bronco Copy 'N Mail did not adequately localize accountability for cash receipts, report cash overages and shortages to the main cashier, restrictively endorse all checks by the end of the day, or maintain adequate control over access to its safe. In addition, cash shortages at student health services (SHS) were not recorded to an over/short account, and university financial services did not prepare a prelisting of cash and checks received not payable to the university.

ACCOUNTS RECEIVABLE [10]

Controls over the administration of accounts receivable needed improvement. The campus did not have documented policies and procedures for the collection and write-off of student and non-student accounts receivable, a series of three collection letters were not used for non-student accounts receivable, and arrangements with students regarding their responsibility to pay educational costs in the event of non-payment by a third-party sponsor were not formalized. Further, old outstanding accounts receivable and uncollectible salary advances were not written-off on a timely basis and an Application for Discharge from Accountability was rejected by the State Controller's Office in June 2003 due to insufficient documentation and had not been resubmitted. As of November 3, 2004, the campus accounts receivable aging schedule showed accounts two or more years old totaling \$199,597, or approximately 9 percent of total accounts receivable. In addition, SHS was unable to age accounts receivable with its current software package; did not take advantage of campus remedies, such as tax offset and use of collection agencies; and did not report accounts receivable to university financial services.

PURCHASING [14]

Campus procurement card policies and procedures required updating. Even though the campus procurement card manual only permitted single purchase limits up to \$1,000, current practice permitted higher limits. A review disclosed 52 instances where cardholder single purchase limits ranged between \$2,000 and \$10,000.

REVOLVING FUND [15]

Change and purchase funds were not appropriately counted and assigned. Quarterly counts for the visitors' booth change fund following the increase of the fund to \$250 were not performed, assigned custodianship over funds was not formally documented, and a transfer receipt for a change of custodianship for one fund was not properly completed.

CASH DISBURSEMENTS [16]

Access to the vendor master file was not adequately controlled. Twelve individuals had user IDs with update access to vendor information, including three individuals from accounting, two from purchasing, and seven from payroll. In addition, 3 of the 12 individuals also had the ability to process check payment.

FIXED ASSETS [17]

Property dispositions were not always properly controlled, duties and responsibilities related to the maintenance of property records and the sale/disposition of fixed assets were not properly segregated, and equipment loaned to campus employees for off-campus use was neither returned nor were renewals requested, as required by campus policy. A review of ten property survey reports from May 2003 through November 2003 disclosed that in all instances, property survey reports were signed by just one member of the property survey board and did not show the price offered, price received, and receipt number for sold items; in five instances, involving the sale of automobiles, the certification of disposition was signed and property was removed from the property ledger prior to the actual disposition/sale of the property, which occurred 49 to 229 days later; in four instances, the property survey report was completed subsequent to the disposal of the property; in three instances, the request for disposal form prepared by the campus department was not dated; and in one instance, there was no sales documentation to evidence the sale of property. Additionally, proceeds from the sale of surveyed property by the Arabian Horse Center were inappropriately deposited into an account at the Cal Poly Pomona Foundation. Further, 97 missing property items dating back to October 2003 were held in suspense awaiting disposition by the property survey board, which was a repeat finding from the prior FISMA audit.

FISCAL INFORMATION TECHNOLOGY [21]

There were no authorization or monitoring controls over Oracle IDs, which allowed certain individuals to directly modify production PeopleSoft data.

PEOPLESOFT IMPLEMENTATION [21]

Important reconciliations were not timely prepared and/or complete as of November 2004. The most recent bank reconciliation was for September 2004; and bank reconciliations for June, July, August, and September 2004 were prepared between 53 to 82 days after month's end. Additionally, long-outstanding checks were not processed or canceled in a timely manner. A review of the most recent list of outstanding checks for September 2004 disclosed 215 checks older than one year, with the oldest checks dated April 2003. The most recent reconciliation of application fees was for the quarter ending March 31, 2004, while the most recent reconciliation of state university fees was for spring 2004 and

neither the application nor the state university fee reconciliations were consistently signed and dated by the preparer and reviewer. Further, the uncleared collections account and balances reported on the accounts receivable aging schedule were only reconciled to the general ledger on an annual basis. Finally, investment account and fixed assets reconciliations were last prepared for June 2004.

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.
- ▶ Fiscal information systems are adequately controlled and safeguarded, and adequate segregation of duties exists.
- ▶ Investments are adequately controlled and securities are safeguarded.
- ▶ Trust funds are established in accordance with State University Administrative Manual (SUAM) guidelines.

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 2003/04 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 2004 to October 2004. Our primary focus was on internal controls. Specifically, we reviewed and tested:

INTRODUCTION

- ▶ Procedures for receipting and storing cash, segregation of duties involving cash receipting, and recording of cash receipts.
- ▶ 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 accounting systems and related computer facilities/equipment, and administration of information technology operations.
- ▶ Procedures for initiating, evaluating, and accounting for investments.
- ▶ Establishment of trust funds, separate accounting, adequate agreements, and annual budgets.

We have not performed any auditing procedures beyond December 10, 2004. 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

Cash control weaknesses were found at the main cashier's office and each of the three satellite cashiering areas visited.

The satellite cashiering locations reviewed included student health services (SHS), parking and transportation services (PTS), and Bronco Copy 'N Mail (BCM).

Cash Receipts Policies and Procedures

The campus had not documented policies and procedures relating to cash receipts management/operations.

State Administrative Manual (SAM) §20050 states that one symptom of a poorly maintained or vulnerable control system is policy and procedural or operational manuals are either not currently maintained or are non-existent. This may apply to the organization as a whole or to individual units or activities.

The associate vice president of finance and administrative affairs stated that the campus had yet to implement a cash receipts policy.

Parking Receipts

The reconciliation of parking passes to cash receipts was incomplete.

Although the campus reconciled the quantity of parking passes sold to corresponding cash receipts on a daily basis, we found that the reconciliations did not take into account the numeric sequence of the parking passes to ensure cashier accountability over parking passes issued compared to passes sold.

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

The associate vice president of finance and administrative affairs stated his belief that the control in place whereby daily sales revenues were balanced at the end of the cashiering session was adequate.

Accountability

Accountability for cash receipts was not always localized. We noted that multiple persons had access to the same cash box at BCM. In addition, the person responsible for opening incoming mail at university financial services did not prepare a prelisting of cash and checks received not payable to the university.

SAM §8021 requires that a separate series of transfer receipts be used to localize accountability for cash or negotiable instruments to a specific employee from the time of its receipt to its deposit.

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.

The director of procurement and support services stated that the failure to establish local accountability at BCM was attributed to oversight. The associate vice president of finance and administrative affairs stated that since the person opening the mail was held accountable for all mail received until it was forwarded directly to the addressee, there was no need for a list to be made to establish accountability.

Restrictive Endorsement of Checks

Checks received were not always restrictively endorsed on the day of receipt at BCM.

We noted that BCM prepared its daily deposit for transfer to the main cashier's office at about 3 p.m. each day; however, checks received after that time were not restrictively endorsed until the following day's deposit was prepared.

SAM §8034.1 requires checks and other negotiable instruments to be endorsed on the day they are received.

The director of procurement and support services stated that the failure to ensure correct restrictive endorsement procedures was due to oversight.

Standards for Cash Overages and Shortages

At BCM, funds from previous overages were maintained to cover future shortages. Neither the overages nor the shortages were reported to the main cashier. In addition, shortages at SHS were reported to the main cashier by filing two daily cash reports, one that reflected the shortage and another that reflected the lesser amount in order to balance to the actual deposit, instead of being recorded to an over/short account, because such an account had not been established since the campus conversion to PeopleSoft.

SAM §7816 requires that an account be maintained for each cashier that is held accountable for cash shortages. Further, the accounts are debited when cash shortages occur and are credited when restitutions are received from cashiers.

The director of procurement and support services stated that the failure to ensure the appropriate procedures for cash shortages at BCM was attributed to oversight. The interim director of student accounts/cashier services stated that the situation at SHS was due to PeopleSoft's inability to properly account for deposit shortages.

Safety of Funds

Access to safes at PTS and BCM was not adequately controlled.

We found that:

- ▶ At PTS, there was no written record maintained of employees who had been given knowledge of the present combination to the safe. Instead, a log was maintained, which was signed by individuals as they opened the safe, and a sealed envelope containing the combination was kept by the aforementioned log for use in the event of employee absence and/or emergency. In addition, there was no record maintained of when the safe combination was last changed even though an employee with knowledge of the combination had separated.
- ▶ At BCM, there was no written record maintained of who had knowledge of the safe combination, and the safe combination had not been changed since the safe was put in place about six years ago even though an employee with knowledge of the combination had separated.

SAM §8024 states that a record will be kept showing the date the safe or vault combination was changed and names of persons knowing the present combination. Further, the combination will be changed if any employee having knowledge of the combination leaves employment of the state agency.

The director of procurement and support services and the associate vice president of finance and administrative affairs both stated that there was no risk present, since the former employees did not have access to the offices where the safes were kept. The parking supervisor stated that safe responsibilities were recently taken over in March of this year. The BCM operations and production associate was not aware of safe combination recordkeeping requirements.

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

Recommendation 1

We recommend that the campus:

- a. Establish and implement formal written cash receipt policies and procedures.
- b. Perform a detailed and complete reconciliation of parking permits issued in numeric sequence to revenue recorded in the general ledger on at least a quarterly basis.
- c. Establish procedures to localize accountability over cash receipts at BCM and prepare a prelisting of cash and checks received not payable to the university.
- d. Ensure that all checks received at BCM are restrictively endorsed by the end of the day.

- e. Establish and implement appropriate procedures to account for cash overages and shortages at satellite cashiering locations.
- f. Maintain written records of individuals with knowledge of the safe combinations and the dates the combinations were last changed at PTS and BCM; change the safe combinations at BCM and PTS, unless it can be determined that the combinations were last changed subsequent to the most recent employee separations; and discontinue the practice of maintaining the combination in an accessible sealed envelope at PTS.

Campus Response

We concur.

- a. Formal written cash receipt policies and procedures will be established and implemented.
- b. A detailed and complete reconciliation of parking permits issued in numeric sequence to revenue recorded in the general ledger is being reconciled annually. To respond to the auditor's concern, it will now be reconciled quarterly.
- c. Procedures are being established for BCM cashiering operations, including the procedure to prelist cash and checks received not payable to the university.
- d. BCM is restrictively endorsing all checks that are being received by the end of each day.
- e. Appropriate procedures to account for cash overages and shortages at satellite cashiering locations will be adopted.
- f. Appropriate logs will be established for all satellite university cashiering operations. Written records of individuals with knowledge of safe combinations and the dates the combinations were changed will be maintained at PTS and BCM; current PTS and BCM safe combinations will be changed; and the practice of maintaining the combination in an envelope at PTS will be discontinued.

Timeline: September 30, 2005

ACCOUNTS RECEIVABLE

COLLECTION AND WRITE-OFF

Pursuit of delinquent accounts receivable and requests for discharge of accountability needed improvement.

We found that:

- ▶ The campus did not have documented policies and procedures for the collection and write-off of student and non-student accounts receivable.
- ▶ A series of three collection letters were not sent at 30-day intervals to delinquent non-student accounts receivable.
- ▶ Arrangements with students regarding their responsibility to pay educational costs in the event of non-payment by a third-party sponsor were not formalized.
- ▶ Old outstanding accounts receivable were not written-off on a timely basis. As of November 3, 2004, the campus accounts receivable aging schedule showed accounts two or more years old totaling \$199,597, or 8.7 percent of total accounts receivable.
- ▶ Long delinquent and uncollectible salary advances were not written-off. Our review of ten salary advances disclosed that five were greater than two years old and had not been written-off despite the campus' inability to collect. The five advances pertained to separated employees.
- ▶ The campus submitted an Application for Discharge from Accountability to the State Controller's Office (SCO) in June 2003. However, the application was not accepted due to insufficient documentation, and there was no evidence of a subsequent application being filed.

State University Administrative Manual (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, utilization of the offset claim procedures for accounts greater than \$10, and withholding of services such as transcripts, grade reports, and future enrollments.

SAM §8776.6 requires that each department develop collection procedures that will assure prompt follow-up on receivables. Further, once the address of the debtor is known, the accounting office will send a sequence of three collection letters at 30-day intervals; if the collection letters are unsuccessful, an analysis should be prepared with additional collection efforts to include contracting with a collection agency. Further, if all reasonable collection procedures do not result in payment, departments should initiate one or more actions including, but not limited to, discharge from accountability of uncollectible amounts due from private entities.

Executive Order (EO) 616, *Discharge of Accountability*, dated April 19, 1994, delegates authority to the campus for local adjustments of up to \$1,000 that are determined to be uncollectible or where the amount does not justify the collection costs. Discharge of accountability does not release the debtor from their obligation to the campus.

The interim director of student accounts/cashier services stated that the campus was waiting until after the PeopleSoft implementation to formalize collection and write-off procedures and was unable to create an aging analysis report until that time. He further stated his belief that the campus did not need to send three collection letters to non-student accounts and stated that collection phone calls were made to the third-party after the first letter was sent and a letter was also sent to the student

informing them that their sponsoring organization had not paid. In addition, the interim director of student accounts/cashier services stated his belief that a written agreement between the university and the student in the event that third-party sponsors did not pay was not needed because their current verbal agreement was sufficient. Finally, he stated that the process for applying for discharge of accountability had not been previously monitored closely enough to ensure its acceptance. The director of payroll services stated that department management was hesitant to write-off the salary advances until told to do so by the auditors.

Inadequate control over delinquent accounts receivable reduces the likelihood of collection, increases the amount of resources expended on collection efforts, negatively impacts cash flow, and increases the risk that that receivables will not be properly reflected in the campus financial statements.

Recommendation 2

We recommend that the campus:

- a. Develop documented policies and procedures for the collection and write-off of student and non-student accounts receivable, including the use of collection letters for non-student receivables and standards for the documentation of collection efforts and write-offs.
- b. Establish and implement formalized arrangements with students regarding their responsibility to pay amounts due in the event of non-payment by a third-party sponsor.
- c. Obtain sufficient documentation and resubmit the previously rejected Application for Discharge from Accountability and strengthen procedures to ensure that future applications are sufficiently documented.

Campus Response

We concur.

- a. Documented procedures and standards are being established for timely appropriate write-offs for student and non-student receivables. Collection letters for non-student receivables will be developed.
- b. Formal arrangements will be made with students regarding their responsibility to pay amounts due in the event of non-payment by a third-party sponsor.
- c. Procedures have been developed to strengthen the Application for Discharge from Accountability and to ensure that future applications are sufficiently documented.

Timeline: October 31, 2005

STUDENT HEALTH SERVICES

Administration of accounts receivable maintained at SHS needed improvement.

We found that:

- ▶ SHS administered its own accounts receivable, including placing holds on student accounts and pursuing collections; however, such accounts were not reported to university financial services. SHS accounts receivable as of November 4, 2004, totaled \$3,286.
- ▶ SHS was unable to age its accounts receivable with its current software package, which necessitated manual monitoring/tracking.
- ▶ SHS did not take advantage of campus remedies, such as tax offset and use of collection agencies, for delinquent accounts.

EO 616, *Discharge of Accountability*, dated April 19, 1994, states that campuses will be obligated to comply with the collection efforts as outlined in SAM §8776.6, which includes collection procedures that assure prompt follow-up on receivables.

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 SCO.

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures. Further, financial and operational reporting that is not timely or used as an effective management tool is a sign of a poorly maintained or vulnerable control system.

The associate vice president of finance and administrative affairs stated that SHS accounts receivable were not reported to the campus due to oversight.

Insufficient control over accounts receivables increases the risk that receivables will not be properly controlled and reflected in campus financial statements, reduces the likelihood of collection, and negatively impacts cash flow.

Recommendation 3

We recommend that the campus implement procedures to ensure proper reporting and collection of SHS accounts receivable.

Campus Response

We concur. The campus will implement procedures in SHS to ensure proper reporting and collection of their receivables.

Timeline: October 31, 2005

PURCHASING

Campus procurement card policies and procedures were not being followed.

Even though the campus procurement card manual only permitted single purchase limits up to \$1,000, we noted that current practice permitted higher limits. Our review disclosed 52 instances where cardholder single purchase limits ranged between \$2,000 and \$10,000.

The Cal Poly Pomona University Procurement Card Program manual, page 4, required that under the procurement credit card program, cardholders are delegated the authority to purchase up to \$1,000 per transaction including tax, shipping, and handling charges.

The director of procurement and support services stated that the failure to update the procurement manual to reflect changes in procedures was attributed to a staff vacancy.

Failure to follow campus procurement card policies and procedures increases the risk of loss from inappropriate acts.

Recommendation 4

We recommend that the campus follow its procurement card policies and procedures, or update them to reflect current practices.

Campus Response

We concur. The university procurement credit card policies and procedures will be updated to reflect current practice and distributed to appropriate users.

Timeline: August 31, 2005

REVOLVING FUND

Change and purchase funds were not appropriately counted and assigned.

We found that:

- ▶ Quarterly counts were not performed for the visitors' booth change fund following the increase of the fund to \$250.
- ▶ Assigned custodianship over funds had not been formally documented.
- ▶ Custody over the facilities purchase fund was transferred to a new individual. However, there was no transfer receipt on file signed by both the custodian being relieved and the new custodian.

SAM §8111.2 states that transfers of custody will be accomplished only after a personal audit of the fund has been made by the employees directly concerned, and a receipt has been given by the newly assigned custodian to the custodian being relieved. A copy of such receipt, signed by both parties, will be delivered to the accounting department. An employee other than the custodian of the change fund will count it in accordance with the following schedule:

Size of Fund	Frequency of Count
\$200.00 or less	Annually
\$200.01 to \$500.00	Quarterly
\$500.01 to \$2,500.00	Monthly

The director of accounting services stated that the omission of the monthly cash counts was a one-time oversight error and disagreed that the facilities quarterly cash count was delinquent. He further stated that the employee assigned to count the visitors' cash fund was unaware that an additional \$50 had been added to the cash fund, which increased the count frequency requirement from annually to quarterly, and the visitors' cash fund custodian was unaware of the notification requirements for increasing a cash fund. He added that the university's petty cash fund policy, guidelines, and procedures did not address custodian assignment procedures.

Inadequate administration of change and purchase funds increases the risk of loss and inappropriate use of state resources.

Recommendation 5

We recommend that the campus:

- a. Strengthen controls to ensure that independent counts are performed at prescribed frequency intervals.

- b. Document custodianship for each fund and strengthen controls to ensure prompt notification of fund increases and proper accountability upon transfer of custody.

Campus Response

We concur.

- a. Controls will be strengthened to ensure that independent counts are performed at prescribed frequency intervals.
- b. Custodianship for each fund will be documented and controls will be strengthened to ensure prompt notification of fund increases and proper accountability upon transfer of custody.

Timeline: September 30, 2005

CASH DISBURSEMENTS

Access to the vendor master file was not adequately controlled.

We found that 12 individuals had user IDs with update access to vendor information, including three individuals from accounting, two from purchasing, and seven from payroll. In addition, 3 of the 12 individuals also had the ability to process check payments.

SAM §8080.1 requires each state agency to establish and maintain an adequate system of internal control, and states that a key element in a system of internal control is separation of duties. Further, “No one person shall perform more than one of the following [eleven] types of duties: (3) Maintaining records file and operating mechanized equipment...(4) Initiating disbursement document...(5) Approving disbursement document...(6) Inputting disbursement information.”

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls include a plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The associate vice president of finance and administrative affairs stated his belief that a potential misuse of vendor information to generate fraudulent payments would be detected by the departments as part of the normal budget review process.

Failure to limit access to the vendor master file increases the risk of fraudulent misdirected payments.

Recommendation 6

We recommend that the campus review access to the vendor master file and take appropriate action to segregate duties and restrict vendor update responsibilities.

Campus Response

We concur. The director of accounting services will review all activity in the vendor master file. An audit report of all vendor master file transactions will be generated and reviewed by the director.

Timeline: August 31, 2005

FIXED ASSETS

PROPERTY SURVEY REPORTS

Property survey reports were not properly completed or timely prepared, and proceeds from the sale of state property were not always properly deposited into a state account.

Our review of ten property survey reports from May 2003 through November 2003 disclosed the following:

- ▶ In all instances, property survey reports were signed by just one member of the property survey board.
- ▶ In all instances, the property survey reports did not show the price offered, price received, and receipt number for sold items. In three instances, the request for disposal form prepared by the campus department was not dated.
- ▶ In five instances involving the sale of automobiles, the certification of disposition was signed and property was removed from the property ledger prior to the actual disposition/sale of the property, which occurred 49 to 229 days later.
- ▶ In four instances, the property survey report was completed subsequent to the disposal of the property.
- ▶ In one instance, there was no sales documentation to evidence the sale of property.
- ▶ Proceeds from the sale of surveyed property by the Arabian Horse Center were inappropriately deposited into an account at the Cal Poly Pomona Foundation.

In addition, we noted that as of the date of our review, there were 97 missing property items dated between October 2003 and June 2004 held in suspense awaiting disposition by the property survey board. This is a repeat finding from our prior Financial Integrity and State Manager's Accountability Act (FISMA) audit.

SAM §3520.2 indicates that each agency will have a duly appointed property survey board. It will be the responsibility of the board to determine that the best interest of the state is served in disposing of state property. At least two members of the property survey board will approve all property survey reports and any equipment location transfers.

SAM §3520.3 requires property survey reports to show a document number, purchase date of the disposed property, original cost of the disposed property, disposition method, price offered for sold items, price received for sold items, receipt number for sold items, certification of disposal, and the title of the officer supervising the disposal of the property.

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

Government Code (GC) §16305.2 states that all money in the possession of or collected by any state agency or department is subject to the provisions of §16305.3 to §16305.7, inclusive, and is hereafter referred to as state money.

GC §16305.3 states that all state money shall be deposited in trust in the custody of the Treasurer, except when otherwise authorized by the Director of Finance.

The director of procurement and support services stated his belief that certain aspects of SAM served only as guidelines, but did not apply to the California State University. He also stated that the campus departments were responsible for submitting the request for disposal forms and missing property reports to support services in a timely manner, and the Arabian Horse Center was responsible for holding its own public sales and depositing funds from those sales. He further stated that two major campus organizations had not adequately documented the missing property reports, which resulted in the property review board rejecting the initial submittals and holding the property items in suspense pending receipt of appropriate documentation.

Incomplete and late property survey reports and untimely disposition of missing fixed assets reduce accountability over the disposal of state property, while inappropriately depositing state monies into a non-state account could result in funds not being used for their intended purpose.

Recommendation 7

We recommend that the campus:

- a. Strengthen property survey controls to ensure complete and timely preparation of property survey reports and disposition of missing property.
- b. Analyze the funds deposited to the Cal Poly Pomona Foundation by the Arabian Horse Center and transfer back any revenues belonging to the state.

Campus Response

We concur.

- a. Property controls will be strengthened to ensure complete and timely preparation of survey reports and missing property dispositions.
- b. Funds deposited in the Foundation by the Arabian Horse Center will be evaluated and if any funds belong to the state, they will be transferred.

Timeline: November 17, 2005

SEGREGATION OF DUTIES

Duties and responsibilities related to the maintenance of property records and the sale/disposition of fixed assets were not properly segregated.

We noted that the property officer performed the following duties:

- ▶ Maintained fixed asset inventory records/property ledgers.
- ▶ Certified the disposition of fixed assets and removal of property from inventory on the property survey reports.
- ▶ Accepted and reviewed bids for the public sale of fixed assets.
- ▶ Received and deposited cash from the sale of disposed property.
- ▶ Signed the bill of sale issued to purchasers of disposed property.

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 §20050 states that the elements of a satisfactory system of internal accounting and administrative controls shall include a plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The director of procurement and support services stated that the property officer, as a result of staff turnover, had to assume additional duties.

Inadequate segregation of duties over assets and revenues increases the risk of errors, irregularities, and misappropriation.

Recommendation 8

We recommend that the campus review fixed assets duties and take appropriate action to either segregate incompatible duties or establish mitigating controls.

Campus Response

We concur. Fixed asset duties will be reviewed and appropriate action will be taken to segregate incompatible duties.

Timeline: August 31, 2005

OFF-CAMPUS USE

Equipment loaned to campus employees for off-campus use was neither returned nor renewed, as required by campus policy.

We noted that equipment scheduled to be returned in July, August, and September 2004 was still outstanding as of our review in November 2004.

CSPUP Loan of State Property Procedures state that loans of state property must be renewed every year and that equipment should be physically inspected and inventoried by the approving official before a renewal is approved.

The director of procurement and support services stated that due to staff turnover and absences, adequate follow-up on loans of equipment was not performed timely; however, letters had been sent to the parties in question.

Inadequate control over the off-campus use of university property reduces accountability and increases the risk of theft and/or loss of state property.

Recommendation 9

We recommend that the campus strengthen procedures over the loan of university property to employees for off-campus use.

Campus Response

We concur. Procedures will be strengthened for loans of university property to employees for off-campus use.

Timeline: August 31, 2005

FISCAL INFORMATION TECHNOLOGY

There were no authorization or monitoring controls over the use of Oracle IDs that allowed modification to production PeopleSoft data.

SAM §4842.2 states that appropriate risk management procedures should be implemented to safeguard the integrity of data files, which includes effective account and password management. Effective account management is considered to include an appropriate authorization and monitoring of accounts that have access to production data files.

The project director for instructional and information technology projects stated that guidelines had not yet been established for monitoring the use of production Oracle accounts.

Inadequate control over the use and monitoring of accounts with access to production data increases the risk of unauthorized and undetected modification of production data.

Recommendation 10

We recommend that the campus implement a process for authorizing and monitoring the use of IDs with access to production data to ensure that all such access is authorized and appropriate.

Campus Response

We concur. The campus will implement enhanced controls for IDs with access to production data.

Timeline: October 31, 2005

PEOPLESOFT IMPLEMENTATION

Certain reconciliations were not timely prepared and/or complete, and long-outstanding checks were not processed/canceled in a timely manner.

During our review of various reconciliations in November 2004, we noted that:

- ▶ The most recent bank reconciliation was for September 2004. In addition, bank reconciliations for June, July, August, and September 2004 were prepared from 53 to 82 days after month's end.
- ▶ The most recent list of outstanding checks for September 2004 included 215 checks older than one year, with the oldest checks dated April 2003.
- ▶ The most recent reconciliation of application fees was for the quarter ending March 31, 2004, and the most recent reconciliation of state university fees was for spring 2004. In addition, application and state university fee reconciliations were not always signed and dated by the preparer and the reviewer.

- ▶ The uncleared collections account used for financial aid disbursements was only reconciled to the general ledger on an annual basis.
- ▶ Balances reported on the accounts receivable aging schedule for student accounts were only reconciled to the general ledger on an annual basis.
- ▶ A reconciliation of a certain investment account was last prepared for June 2004.
- ▶ The fixed assets reconciliation was last prepared for June 2004.

SAM §8060 states that all bank and centralized State Treasury System accounts will be reconciled promptly at the end of each month.

SAM §7923 requires departments to reconcile their end-of-the-month bank and centralized State Treasury System account balances monthly showing fund's share on the bank reconciliation and an explanation on the reconciliation of every reconciling item between the bank and the department's records.

SAM §8193 states that two monthly reconciliations are required for revolving fund transactions. The Revolving Fund Cash Book balance plus the general ledger balance of Account No. 1110, General Cash, and Account No. 1120, Agency Trust Fund Cash, will be reconciled to the General Checking Account in the centralized State Treasury System. Also, the revolving fund resources will be reconciled with the amount of cash advanced as shown in Account No. 1130 of the funds concerned.

SAM §8042 states that checks have a one-year period of negotiability, unless specific provisions of law require cancellation in a different period of time. Further, agencies will send a stop payment request form to the State Treasurer's Office for all uncashed checks timed to arrive at least one week prior to the end of the one-year period of negotiability.

SUAM §3825.01 requires that a reconciliation of applications for admission to fees received be prepared one month after the end of each academic year term.

SUAM §3825.02 requires that a reconciliation of state university fees to the census date report relative to the number of students accounted for on the census date be prepared for each academic term.

SAM §7800 requires that subsidiary records be reconciled to the general ledger monthly.

SAM §7901 requires monthly preparation of all reconciliations within 30 days of the preceding month.

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

SAM §7924 requires agencies to reconcile equipment expenditures at the end of each month or each quarter from the current year's state operations appropriation with accretions of major property to the property ledger.

The director of accounting services stated that the implementation of PeopleSoft student administration in April 2004 caused delays in preparing various reconciliations and processing of long-outstanding checks. The interim director of student accounts/cashier services stated that balances reported on the student accounts receivable aging schedule were reconciled to the general ledger once a year at each fiscal year-end, and the campus had never been able to successfully reconcile student accounts receivable to the general ledger on a monthly basis, which became even more difficult with the recent conversion to PeopleSoft. He added that a reconciliation of student accounts receivable to cash receipts took place on a daily basis as cashiering sessions for the day were closed and recorded to PeopleSoft.

Untimely and incomplete reconciliations increase the risk that errors and irregularities will not be detected and state funds will be lost, while not processing long-outstanding checks increases the risk of misappropriation and requires additional effort to review outstanding checks during the reconciliation process.

Recommendation 11

We recommend that the campus:

- a. Strengthen procedures to ensure that all reconciliations are prepared in a timely and complete manner.
- b. Promptly process the noted long-outstanding checks and establish procedures to ensure that future long-outstanding checks are processed in a timely manner.

Campus Response

We concur.

- a. With the PeopleSoft financials upgrade now completed, reconciliations will be prepared timely and completely. In order to insure timely reconciliations, general accounting will implement a monthly closing task calendar.
- b. The noted long-outstanding checks will be processed. Procedures to ensure timely processing of outstanding checks will be established.

Timeline: November 17, 2005

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
J. Michael Ortiz	President
Sheryl Adams	Accounting Technician, University Financial Services
Tom Adamski	Director, Instructional and Information Technology Applications
Anita Aguirre	Property Officer, Procurement and Support Services
Cathy Baker	Coordinator Administrative Services, Student Health Services
Kathy Barbosa	Lead Accountant, University Financial Services
Michael Candelaria	Warehouse Worker, Procurement and Support Services
Amy Cher	Accountant, Student Accounts/Cashier Services
Cheryl Cincush	System Coordinator, Student Accounts/Cashier Services
Beth Crisostomo	Collection Specialist, Student Accounts
Kenneth Davis	Information Tech Consultant, Student Health Services
Patricia Farris	Vice President, Finance and Administrative Affairs
Donald Green	Director, Procurement and Support Services
Barbara Hacker	Associate Vice President, Faculty Affairs
Kathy Harper	Administrative Support Coordinator, Finance and Administrative Affairs
Carol Heins-Gonzales	Project Director, Instructional and Information Technology Projects
Brian Jenkins	Director, Accounting Services
Darwin Labordo	Associate Vice President, Finance and Administrative Affairs
Donna Leonard	Public Safety Coordinator, Parking and Transportation Services
Mary Martinez	Coordinator, Payroll Services
Shelly Montoya	Accounts Payable Supervisor, University Financial Services
Oliver Nandkishore	Interim Director, Student Accounts/Cashier Services
Lorraine Rodriguez	Buyer, Procurement and Support Services
Debra Schneck	Purchase/Contract Lead, Procurement and Support Services
Jane Self	Director, Payroll Services
Ronald Shields	Parking Supervisor, Parking and Transportation Services
Gwen Steven	Accounting Technician, University Financial Services
Rozalyn Tarrant	Operations and Production Associate, Bronco Copy 'N Mail
Janis Thomas	Administrative Assistant, Parking and Transportation Services
Linda Wheeler	Vault Cashier, Student Account/Cashier Services
Marla Williams	Administrative Assistant, Student Health Services
Glendy Yeh	Director, Administrative Information Systems

STATEMENT OF INTERNAL CONTROLS

A. INTRODUCTION

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.

B. INTERNAL CONTROL DEFINITION

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, 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.



CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Office of the Vice President
for Administrative Affairs

June 23, 2005

RECEIVED
UNIVERSITY AUDITOR

JUN 29 2005

THE CALIFORNIA STATE
UNIVERSITY

Mr. Larry Mandel, University Auditor
Office of the Auditor
The California State University
400 Golden Shore, Suite 210
Long Beach, CA 90802

Dear Mr. Mandel:

**Subject: Campus Response to Recommendations of
FISMA Audit Report 04-08**

Enclosed is California State Polytechnic's campus response to the FISMA Audit Report Number 04-08. We appreciate the effort you and your staff have made to indicate areas where our procedures or internal controls could be strengthened. We will take the necessary actions to address the report's recommendations.

Please direct questions concerning the response to Darwin Labordo, Associate Vice President of Finance and Administrative Services at 909-869-2008 or dlabordo@csupomona.edu.

Sincerely,

Patricia L. Farris, Vice President
Administrative Affairs

Cc: J. Michael Ortiz, President
Darwin Labordo, Associate Vice President, Finance & Administrative Services
Donald W. Green, Director, Procurement and Support Services
Carol Heins-Gonzales, Interim Director, I&IT Projects
Oliver Nandkishore, Director, Student Accounts and Cashiers Services
Kay Vierra, Interim Director, Student Health Services
Al Viteri, Director of Accounting Services

Enclosure

3801 West Temple Avenue, Pomona, CA 91768 Telephone (909) 869-3020 Fax (909) 869-4541 E-mail plfarris@csupomona.edu

FISMA
CALIFORNIA STATE POLYTECHNIC UNIVERSITY,
POMONA

Report Number 04-08
May 17, 2005

CASH RECEIPTS

Recommendation 1

We recommend that the campus:

- a. Establish and implement formal written cash receipt policies and procedures.
- b. Perform a detailed and complete reconciliation of parking permits issued in numeric sequence to revenue recorded in the general ledger on at least a quarterly basis.
- c. Establish procedures to localize accountability over cash receipts at BCM and prepare a pre-listing of cash and checks received not payable to the university.
- d. Ensure that all checks received at BCM are restrictively endorsed by the end of the day.
- e. Establish and implement appropriate procedures to account for cash overages and shortages at satellite cashiering locations.
- f. Maintain written records of individuals with knowledge of the safe combinations and the dates the combinations were last changed at PTS and BCM; change the safe combinations at BCM and PTS, unless it can be determined that the combinations were last changed subsequent to the most recent employee separations; and discontinue the practice of maintaining the combination in an accessible sealed envelope at PTS.

Campus Response

We concur.

Formal written cash receipt policies and procedures will be established and implemented.

- b. A detailed and complete reconciliation of parking permits issued in numeric sequence to revenue recorded in the general ledger is being reconciled annually. To respond to the auditor's concern, it will now be reconciled quarterly.
- c. Procedures are being established for BCM cashiering operations, including the procedure to prelist cash and checks received not payable to the university.
- d. BCM is restrictively endorsing all checks that are being received by the end of each day.

- e. Appropriate procedures to account for cash overages and shortages at satellite cashiering locations will be adopted.
- f. Appropriate logs will be established for all satellite university cashiering operations. Written records of individuals with knowledge of safe combinations and the dates the combinations were changed will be maintained at PTS and BCM; current PTS and BCM safe combinations will be changed; the practice of monitoring the combination in an envelope at PTS will be discontinued.

Timeline: September 30, 2005

ACCOUNTS RECEIVABLE

COLLECTION AND WRITE-OFF

Recommendation 2

We recommend that the campus:

- a. Develop documented policies and procedures for the collection and write-off of student and non-student accounts receivable, including the use of collection letters for non-student receivables and standards for the documentation of collection efforts and write-offs.
- b. Establish and implement formalized arrangements with students regarding their responsibility to pay amounts due in the event of non-payment by a third-party sponsor.
- c. Obtain sufficient documentation and resubmit the previously rejected Application for Discharge from Accountability and strengthen procedures to ensure that future applications are sufficiently documented.

Campus Response

We concur.

- a. Documented procedures and standards are being established for timely appropriate write-offs for student and non-student receivables. Collection letters for non-student receivables will be developed.
- b. Formal arrangements will be made with students regarding their responsibility to pay amounts due in the event of non-payment by a third-party sponsor.
- c. Procedures have been developed to strengthen the Application for Discharge from Accountability and to ensure that future applications are sufficiently documented.

Timeline: October 31, 2005

STUDENT HEALTH SERVICES

Recommendation 3

We recommend that the campus implement procedures to ensure proper reporting and collection of SHS accounts receivable.

Campus Response

We concur. The campus will implement procedures in SHS to ensure proper reporting and collection of their receivables.

Timeline: October 31, 2005

PURCHASING

Recommendation 4

We recommend that the campus follow its procurement card policies and procedures, or update them to reflect current practices.

Campus Response

We concur. The university Procurement Credit Card policies and procedures will be updated to reflect current practice and distributed to appropriate users.

Timeline: August 31, 2005

REVOLVING FUND

Recommendation 5

We recommend that the campus:

- a. Strengthen controls to ensure that independent counts are performed at prescribed frequency intervals.
- b. Document custodianship for each fund and strengthen controls to ensure prompt notification of fund increases and proper accountability upon transfer of custody.

Campus Response

We concur.

- a. Controls will be strengthened to ensure that independent counts are performed at prescribed frequency/intervals.

- b. Custodianship for each fund will be documented and controls will be strengthened to ensure prompt notification of fund increases and proper accountability upon transfer of custody.

Timeline: September 30, 2005

CASH DISBURSEMENTS

Recommendation 6

We recommend that the campus review access to the vendor master file and take appropriate action to segregate duties and restrict vendor update responsibilities.

Campus Response

We concur. The Director of Accounting Services will review all activity in the vendor master file. An audit report of all vendor master file transactions will be generated and reviewed by the Director.

Timeline: August 31, 2005

FIXED ASSETS

PROPERTY SURVEY REPORTS

Recommendation 7

We recommend that the campus:

- a. Strengthen property survey controls to ensure complete and timely preparation of property survey reports and disposition of missing property.
- b. Analyze the funds deposited to the Cal Poly Pomona Foundation by the Arabian Horse Center and transfer back any revenues belonging to the state.

Campus Response

We concur.

- a. Property controls will be strengthened to ensure complete and timely preparation of survey reports and missing property dispositions.
- b. Funds deposited in the Foundation by the Arabian Horse Center will be evaluated and if any funds belong to the state, they will be transferred.

Timeline: November 17, 2005

SEGREGATION OF DUTIES

Recommendation 8

We recommend that the campus review fixed assets duties and take appropriate action to either segregate incompatible duties or establish mitigating controls.

Campus Response

We concur. Fixed asset duties will be reviewed and appropriate action will be taken to segregate incompatible duties.

Timeline: August 31, 2005

OFF-CAMPUS USE

Recommendation 9

We recommend that the campus strengthen procedures over the loan of university property to employees for off-campus use.

Campus Response

We concur. Procedures will be strengthened for loans of university property to employees for off-campus use.

Timeline: August 31, 2005

FISCAL INFORMATION TECHNOLOGY

Recommendation 10

We recommend that the campus implement a process for authorizing and monitoring the use of IDs with access to production data to ensure that all such access is authorized and appropriate.

Campus Response

We concur. The campus will implement enhanced controls for IDs with access to production data.

Timeline: October 31, 2005

PEOPLESOFT IMPLEMENTATION

Recommendation 11

We recommend that the campus:

- a. Strengthen procedures to ensure that all reconciliations are prepared in a timely and complete manner.
- b. Promptly process the noted long-outstanding checks and establish procedures to ensure that future long-outstanding checks are processed in a timely manner.

Campus Response

We concur.

- a. With the PeopleSoft Financials upgrade now completed, reconciliations will be prepared timely and completely.

In order to insure timely reconciliations general accounting will implement a monthly closing task calendar.

- b. The noted long-outstanding checks will be processed. Procedures to ensure timely processing of outstanding checks will be established.

Timeline: November 17, 2005



THE CALIFORNIA STATE UNIVERSITY

 OFFICE OF THE CHANCELLOR

BAKERSFIELD

July 14, 2005

CHANNEL ISLANDS

CHICO

DOMINGUEZ HILLS

MEMORANDUM

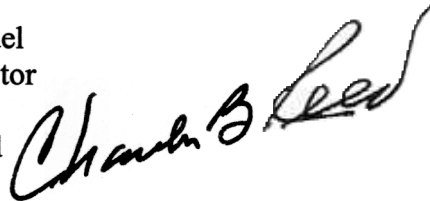
EAST BAY

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 04-08 on *FISMA*,
California State Polytechnic University, Pomona

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of July 14, 2005, I accept the response as submitted with the draft final report on *FISMA*, California State Polytechnic University, Pomona.

NORTHRIDGE

POMONA

SACRAMENTO

CBR/jt

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Dr. J. Michael Ortiz, President
Ms. Patricia L. Farris, Vice President for Administrative Affairs

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS