

**FISMA**

**SONOMA STATE UNIVERSITY**

**Report Number 05-01  
September 8, 2005**

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## **ABBREVIATIONS**

CS	Customer Services
CSU	California State University
FISMA	Financial Integrity and State Manager's Accountability Act
PPS	Police and Parking Services
SAM	State Administrative Manual
SEE	School of Extended Education
SHC	Student Health Center
SSU	Sonoma State University

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## 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.

Sonoma State University (SSU) 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, Education Code, Title 5, and Trustee policy.

We visited the SSU campus from March 28, 2005, through May 27, 2005, and made a study and evaluation of the accounting and administrative control in effect as of May 27, 2005. This report represents our biennial review.

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

In our opinion, SSU's accounting and administrative control in effect as of May 27, 2005, 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 [5]**

Certain activities that impact the control environment for cash receipts needed improvement. At customer services, checks received from customers were not required to be placed in the lockable cash drawer after each transaction. At police and parking services, checks received were not restrictively endorsed or locked up on the day of receipt and cash bags from prior shifts were not adequately secured inside the parking kiosk. At the student health center, the door to the cashiering/medical records area remained unlocked throughout the day despite the cash register's proximity to the door, accountability for cash receipts was not always localized, and press-numbered receipt stock was not properly secured and inventory controlled. Finally, the movable safe at the School of Extended Education was not anchored to the building.

### **ACCOUNTS RECEIVABLE [7]**

Pursuit of delinquent payroll accounts receivable needed improvement. Adequate and timely collection activities had not been conducted for six of seven payroll receivables reviewed. Collection letters, tax offset, and/or a collection agency were not always used for separated employees, while follow-up for collection of outstanding receivables for current employees was incomplete.

### **PURCHASING [8]**

Campus procurement card purchase limit amounts were not formally updated for 5 of the 11 employees.

### **FIXED ASSETS [9]**

Property survey procedures did not ensure that precautions to prevent repeat property thefts were fully considered and documented. In each of the four instances reviewed where campus property was stolen, survey reports did not include precautions to be implemented to prevent repeat thefts or losses. In addition, there was no evidence that the campus adhered to procedures that required an assessment to be made regarding adherence to equipment policies and procedures concerning lost or stolen property. Further, the campus did not adhere to its procedure that required the property survey board to assess and report to the vice president of administration and finance on the adequacy of managerial oversight when items were surveyed due to loss or theft.

### **FISCAL INFORMATION TECHNOLOGY [10]**

The mechanism used for system authentication required improvement. In addition, access roles and privileges to the PeopleSoft financial system were not effectively assigned to prevent unauthorized access and data modification, and the process for requesting system access was outdated.

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## 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 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 January 2005. Our primary focus was on internal controls. Specifically, we reviewed and tested:

- ▶ Procedures for receipting and storing cash, segregation of duties involving cash receipting, and recording of cash receipts.

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INTRODUCTION

- ▶ Establishment of receivables and adequate segregation of duties regarding billing and payment of receivables.
- ▶ Approval of purchases, receiving procedures, and reconciliation of expenditures to State Controller's balances.
- ▶ Limitations on the size and types of revolving fund disbursements.
- ▶ Use of petty cash funds, periodic cash counts, and reconciliation of bank accounts.
- ▶ Authorization of personnel/payroll transactions and accumulation of leave credits in compliance with state policies.
- ▶ Posting of the property ledger, monthly reconciliation of the property to the general ledger, and physical inventories.
- ▶ Access restrictions to 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 May 27, 2005. 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.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **CASH RECEIPTS**

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

The satellite cashiering locations reviewed included the student health center (SHC), police and parking services (PPS), customer services (CS), the School of Extended Education (SEE), and the athletics department.

#### **Safety of Funds**

Access to funds at CS, PPS, and the SHC were not adequately controlled and the safe at SEE was not properly secured.

We found that:

- ▶ At CS, checks were not required to be placed in the lockable cash drawer upon receipt from customers.
- ▶ At PPS, we observed that the door to the parking kiosk was not locked during operating hours to prevent unauthorized entry. In addition, incoming checks were not secured and cash bags from prior cashiering shifts were not locked in a secured location until deposited at the end of the last shift.
- ▶ At the SHC, the door to the cashiering/medical records area remained unlocked during operating hours even though an unlocked register was positioned close to the door.
- ▶ At SEE, the movable safe was not anchored to the building.

State Administrative Manual (SAM) §8032.1 requires that receipts be adequately safeguarded until deposited. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism providing comparable safekeeping.

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.

The senior director of university business services stated her belief that it was time-consuming for CS cashiers to lock up checks as processed. She further stated that the workstations were not ergonomically adequate for cashiers to process checks as they worked without the risk of injury. She also stated her belief that the security measures in place, such as security cameras and locked doors, were sufficient safeguards. The chief of police stated that the door to the parking kiosk was inadvertently left unlocked and the funds were safeguarded even if they were not locked up when the kiosk door was locked. The medical director stated her belief that since the SHC cashiering area was

always occupied, funds were adequately safeguarded, and a locked door would decrease efficiency. The SEE business manager stated his belief that the security of the safe was sufficient since the safe was located in an office suite, and access to the suite was controlled.

### **Accountability**

Accountability for cash receipts was not always localized at the SHC.

We found that at the SHC, although the “peg board” receipting system required cashiers to sign receipts, multiple cashiers used the same register and no operator codes were used to establish accountability. In addition, press-numbered receipt stock was kept on an unlocked shelf when not in use and inventory control was not maintained.

SAM §8021 states that 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.

SAM §8020 states that an inventory control will be kept for press-numbered receipts.

SAM §20050 states that the elements of a satisfactory system of accounting and administrative control shall include, in part, a plan that limits access to state assets to authorized personnel who require these assets in the performance of assigned duties. Further, internal accounting controls comprise the methods and procedures directly associated with safeguarding assets.

The medical director stated her belief that the current system of accountability for cash receipts at the SHC was adequate.

### **Restrictive Endorsement of Checks**

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

SAM §8023 requires that all checks, money orders, and warrants received for deposit will be restrictively endorsed for deposit as soon as possible after receipt, but no later than the end of the working day.

The chief of police stated his belief that the volume of checks received at PPS was minimal since checks were generally sent directly to CS and it was procedural for endorsements to be made by the main cashier when funds were deposited. He added that PPS did not have an endorsement stamp.

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

### **Recommendation 1**

We recommend that the campus:

- a. Ensure that all checks received at CS are stored in a locked cash drawer or register immediately after receipt.

- b. Enforce the policy that the parking kiosk remains locked throughout the day at PPS.
- c. Establish and implement procedures at PPS to ensure that checks received and cash bags from prior cashiering shifts are adequately secured until deposited.
- d. Establish and implement procedures at the SHC to keep the door to the cashiering/medical records area locked at all times and/or have the register locked when not in use.
- e. Securely anchor the SEE safe.
- f. Localize accountability for cash receipts and secure press-numbered receipt stock, including inventory control, at the SHC.
- g. Ensure that all checks received at PPS are restrictively endorsed by the end of the day.

### **Campus Response**

We agree.

- a. Instructions have been issued to ensure that all checks received at CS are stored in a locked cash drawer or register immediately after receipt. Completed.
- b. A parking supervisor will check on a daily basis to ensure that the parking kiosk remains locked throughout the day. To be completed by December 1, 2005.
- c. Checks and cash bags from prior shifts are stored in a safe until deposited. Completed.
- d. Procedures at the SHC have been implemented to keep the door to the cashiering/medical records area locked at all times and have the register locked at all times when not in use. Completed.
- e. The SEE safe has been anchored to the floor. Completed.
- f. Cashiers will be equipped with their own lockable cash box and own change funds. Each cashier will be individually accountable for the cash receipts and written receipt associated with each transaction. To be completed by December 15, 2005.
- g. An endorsement stamp has been issued at PPS and all checks received at PPS are restrictively endorsed by the end of the day. Completed.

### **ACCOUNTS RECEIVABLE**

Pursuit of delinquent payroll accounts receivable needed improvement.

We found that adequate and timely collection activities had not been conducted for six of seven payroll receivables reviewed. Collection letters, tax offset, and/or a collection agency were not

always used for separated employees, while follow-up for collection of outstanding receivables for current employees was incomplete.

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.

SAM §8776.7 provides collection procedures to be employed in the collection of amounts due from employees.

The senior director of human services stated her belief that payroll technicians were performing their collection responsibilities, but acknowledged that since their primary job function was to pay employees, more emphasis and training was needed for the collection process.

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

### **Recommendation 2**

We recommend that the campus strengthen procedures to ensure that payroll accounts receivable are promptly pursued for collection or tax offset.

### **Campus Response**

We agree. The payroll office has developed a set of procedures and timelines to ensure that payroll accounts receivables are promptly pursued for collection or tax offset. Completed.

## **PURCHASING**

Campus procurement card controls did not ensure appropriate documentation of increased purchase limit approval.

Our review of procurement card statements for the months of November 2004 and December 2004 for 11 employees disclosed that purchase limit amounts were not formally updated to include purchase limit increases for 5 of the 11 employees.

SAM §20050 indicates 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.

The director of contracts, procurement, and accounts payable stated her belief that due to oversight, appropriate written documentation had not always been maintained to support purchase limit approvals.

Failure to document modifications to purchase limits increases the risk of loss from inappropriate acts.

### **Recommendation 3**

We recommend that the campus establish and implement procedures to ensure that authorization forms with employee purchase limits are kept current.

### **Campus Response**

We agree. The campus has established and implemented procedures to ensure that employee purchase limits are kept current by expediting the approval process and by setting up a more efficient monitoring and retrieval of a cardholder's records. Completed.

## **FIXED ASSETS**

Property survey procedures did not ensure that precautions to prevent repeat property thefts were fully considered and documented.

Our review of survey reports between July 2003 and December 2004 disclosed that:

- ▶ In each of the four instances reviewed where campus property was stolen, survey reports did not include precautions to be implemented to prevent repeat thefts or losses.
- ▶ There was no evidence that the campus adhered to procedures that required an assessment to be made regarding adherence to equipment policies and procedures concerning lost or stolen property. In addition, the campus did not adhere to its procedure that required the property survey board to assess and report to the vice president of administration and finance on the adequacy of managerial oversight when items were surveyed due to loss or theft.

SAM §8643 states that whenever property is lost, stolen, or destroyed, departments will prepare a Property Survey Reports form, STD. 152. The report will contain: 1) a description of the events; 2) precautions to be taken to prevent repeat situations; and 3) a statement that the California Highway Patrol or local law enforcement agency has been notified.

The Sonoma State University *Policy and Procedure for Recording, Security, and Protection of Capitalized and Non-Capitalized University Property* states that during review of survey reports by the property review board, particular attention will be focused on cause for the survey and assessing whether adequate managerial oversight was present and to the degree, the equipment policies and procedures were applied. In the event a detrimental finding is made, a full report including a recommended course of action will be made to the vice president of administration and finance.

The senior accountant of financial services stated his belief that the campus did not make determinations because the police report provided this information. He further stated that in the instances mentioned above, the campus did not ask what would be done to prevent repeat situations.

Failure to fully consider and document precautions to prevent repeat property thefts increases the likelihood of thefts and losses.

**Recommendation 4**

We recommend that the campus implement procedures to ensure that precautions to prevent repeat property thefts are documented and enforce internal procedures when investigating and resolving thefts and losses.

**Campus Response**

We concur. The university will document precautions to prevent property thefts by requiring the completion of a new form, which will compel the department to address the procedures that will have to be taken to prevent repeat thefts. To be completed by December 15, 2005.

**FISCAL INFORMATION TECHNOLOGY**

**USER ACCESS**

The mechanism used for system authentication required improvement.

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

The director of computer operations stated that the system had strong authentication techniques and that the improvements suggested during the review would be implemented.

Insufficient system authentication increases the likelihood that information privacy and integrity of state operations could become compromised.

**Recommendation 5**

We recommend that the campus strengthen the mechanism over system authentication.

**Campus Response**

We concur. The campus will develop a server authentication environment and implement a scheme where password failures can be detected and a given authentication procedure can be enforced. To be completed by January 15, 2006.

## **PEOPLESOFT ACCESS PRIVILEGES**

Access roles and privileges to the PeopleSoft financial system were not effectively assigned to prevent unauthorized access and data modification, and the process for requesting system access was outdated.

We found that:

- ▶ Unused classes had not been removed.
- ▶ Unused IDs had not been removed or disabled.
- ▶ Some individuals had been given privileges to the purchasing, general ledger, and accounts payable modules that were not compatible with their assigned duties.
- ▶ The process for requesting system access had not been updated to reflect security features available in the new software version.

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

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 financial systems analyst stated that external resources were used to define system security functionality in the recent upgrade, but a further refinement of security roles was needed in post implementation.

Failure to properly limit access and update procedures requesting system access increases the campus' exposure to fraudulent or unauthorized activities.

### **Recommendation 6**

We recommend that the campus review and modify the existing access privileges accordingly, and update the system access process to reflect security features available in the new software version.

### **Campus Response**

We concur. The campus is reviewing and modifying the existing structure of PeopleSoft Finance security. The new scheme will streamline the roles assigned to users; user access will be reevaluated; and newly assigned roles will only be compatible with assigned duties. To be completed by January 15, 2006.

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## APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Ruben Armiñana	President
Barry Blackburn	Director, Computer Operations
Marlene Bles	Administrative Coordinator
Letitia Coate	Senior Director, Financial Services and University Controller
Dan Finnegan	Receiving Supervisor
Laurence Furukawa-Schlereth	Vice President for Administration and Finance
Bill Fusco	Director, Athletics
Mark Harlin	Property Program Coordinator
John Hayes	Deputy Controller, Financial Services
Bill Houghton	Director, Academic Personnel
William Ingels	Treasurer
Nate Johnson	Chief of Police
Kurt Koehle	Director for Internal Operations, Analysis, and Review
Dusty Magallon	Technician II, Accounts Payable
Ruth McDonnell	Director for Contracts, Procurement, and Accounts Payable
Susan Michels	Financial Administrator, School of Extended Education (SEE)
Linda Mikowicz	Manager, Contracts and Procurement
Cindy Miller	Accounts Payable Manager
Edna Nakamoto	Senior Director, Human Services
Gloria Ogg	Senior Director, University Business Services
Brian Orr	Senior Accountant, Financial Services
Katie Pierce	Associate Vice President, Academic Resources
Valerie Riffle	Database Coordinator, Development Office
Robert Rosen	Business Manager, SEE
Paul Santini	Assistant Controller, Financial Services
Nicholas Saschin	Account Administrator
Samuel Scalise	Senior Director, Information Technology
Georgia Schwartz	Medical Director, Student Health Center (SHC)
Lou Ann Seaman	Director, Administrative Information Technology
Jean Snyder	Accountant, Accounts Receivable
Sophie Summers	Director of Computer Operations
Mary Trimble	Accountant, Receipts
Judy Vicenti	Accounting Technician III, Accounts Receivable
Jason Wenrick	Financial Systems Analyst
Irvin Whitaker	Pharmacist, SHC
Deanna Wilson	Managing Director, Payroll and Benefits
Missy Wynes	Assistant to the Chief of Police

## **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

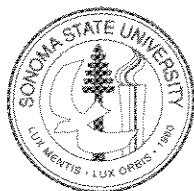
Operational controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

### **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.



## SONOMA STATE UNIVERSITY

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Chief Financial Officer and  
Vice President for Administration and Finance  
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October 17, 2005

Larry Mandel  
University Auditor  
401 Golden Shore, 4<sup>th</sup> Floor  
Long Beach, California 90802-4200

Dear Mr. Mandel: *Larry*

On behalf of President Armiñana, I am submitting the campus response to the recommendations of the University Auditor Report Number 05-01, FISMA at Sonoma State University. This response has also been forwarded via email to lmandel@calstate.edu.

Documentation demonstrating implementation of recommendations already completed will be forwarded to you separately.

Sincerely,

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Laurence Furukawa-Schlereth  
Chief Financial Officer and  
Vice President for Administration and Finance

Encl.

c: President Ruben Armiñana  
Letitia Coate, Associate Vice President for Administration and Finance  
Sam Scalise, CIO and Senior Director, Information Technology  
Gloria Ogg, Senior Director, University Business Services  
Nate Johnson, Chief of Police and Senior Director, Police and Parking Services  
Georgia Schwartz, Medical Director, Student Health Services  
Robert Rosen, Business Manager, School of Extended Education  
Kurt Koehle, Director, Internal Operations, Administration and Finance

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OCT 21 2005

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UNIVERSITY

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**Sonoma State University**  
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**September 8, 2005**

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## **CASH RECEIPTS**

### **Recommendation 1**

We recommend that the campus:

- a. Ensure that all checks received at CS are stored in a locked cash drawer or register immediately after receipt.
- b. Enforce the policy that the parking kiosk remains locked throughout the day at PPS.
- c. Establish and implement procedures at PPS to ensure that checks received and cash bags from prior cashiering shifts are adequately secured until deposited.
- d. Establish and implement procedures at the SHC to keep the door to the cashiering/medical records area locked at all times and/or have the register locked when not in use.
- e. Securely anchor the SEE safe.
- f. Localize accountability for cash receipts and secure press-numbered receipt stock, including inventory control, at the SHC.
- g. Ensure that all checks received at PPS are restrictively endorsed by the end of the day.

### **Campus Response**

- a. We agree. Instructions have been issued to ensure that all checks received at CS are stored in a locked cash drawer or register immediately after receipt. Completed.
- b. We agree. A parking supervisor will check on a daily basis to ensure that the parking kiosk remains locked throughout the day.

*To be completed by December 1, 2005.*

- c. We agree. Checks and cash bags from prior shifts are stored in a safe until deposited. Completed.
- d. We agree. Procedures at the SHC have been implemented to keep the door to the cashiering/medical records area locked at all times and have the register locked at all times when not in use. Completed.
- e. We agree. The School of Extended Education Safe has been anchored to the floor. Completed.

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- f. We agree. Cashiers will be equipped with their own lockable cash box and own change funds. Each cashier will be individually accountable for the cash receipts and written receipt associated with each transaction.

*To be completed by December 15, 2005.*

- g. We agree. An endorsement stamp has been issued at PPS and all checks received at PPS are restrictively endorsed by the end of the day. Completed.

## **ACCOUNTS RECEIVABLE**

### **Recommendation 2**

We recommend that the campus strengthen procedures to ensure that payroll accounts receivable are promptly pursued for collection or tax offset.

### **Campus Response**

We agree. The payroll office has developed a set of procedures and timelines to ensure that payroll accounts receivables are promptly pursued for collection or tax offset. Completed.

## **PURCHASING**

### **Recommendation 3**

We recommend that the campus establish and implement procedures to ensure that authorization forms with employee purchase limits are kept current.

### **Campus Response**

We agree. The campus has established and implemented procedures to ensure that employee purchase limits are kept current by expediting the approval process and by setting up a more efficient monitoring and retrieval of a cardholder's records. Completed.

## **FIXED ASSETS**

### **Recommendation 4**

We recommend that the campus implement procedures to ensure that precautions to prevent repeat property thefts are documented and enforce internal procedures when investigating and resolving thefts and losses.

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**Campus Response**

We concur. The University will document precautions to prevent property thefts by requiring the completion of a new form which will compel the department to address the procedures that will have to be taken to prevent repeat thefts.

*To be completed by December 15, 2005.*

## **FISCAL INFORMATION TECHNOLOGY**

### **USER ACCESS**

#### **Recommendation 5**

We recommend that the campus strengthen the mechanism over system authentication.

#### **Campus Response**

We concur. The campus will develop a server authentication environment and implement a scheme where password failures can be detected and a given authentication procedure can be enforced.

*To be completed by January 15, 2006.*

### **PEOPLESOFT ACCESS PRIVILEGES**

#### **Recommendation 6**

We recommend that the campus review and modify the existing access privileges accordingly, and update the system access process to reflect security features available in the new software version.

#### **Campus Response**

We concur. The campus is reviewing and modifying the existing structure of PeopleSoft Finance Security. The new scheme will streamline the roles assigned to users; user access will be re-evaluated and newly assigned roles will only be compatible with assigned duties.

*To be completed by January 15, 2006.*



THE CALIFORNIA STATE UNIVERSITY  
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November 2, 2005

**MEMORANDUM**

TO: Mr. Larry Mandel  
University Auditor

FROM: Charles B. Reed  
Chancellor

SUBJECT: Draft Final Report Number 05-01 on *FISMA*,  
Sonoma State University

In response to your memorandum of November 2, 2005, I accept the response as submitted with the draft final report on *FISMA*, Sonoma State University.

CBR/jt

Enclosure

cc: Dr. Ruben Armñana, President