

Commonwealth of Pennsylvania
State System of Higher Education
East Stroudsburg University of Pennsylvania
July 1, 2004, to June 29, 2007
Performance Audit



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May 14, 2008

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

Dear Governor Rendell:

This report contains the results of a performance audit of East Stroudsburg University of Pennsylvania of the State System of Higher Education for the period July 1, 2004, to June 29, 2007, except where the scope was expanded to assess all relevant information objectively. The audit was conducted under the authority provide in Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States.

The report details our audit objectives, scope, methodology, conclusions, and recommendations. The report notes that East Stroudsburg continues to have fire safety deficiencies. In addition, the university did not adhere to established policies and procedures regarding signed contracts and deposits for Camps and Conferences, and Visa cardholders did not comply with travel policies and procedures.

An exit conference was held on June 28, 2007, to discuss the results of the audit with the management of the university, and where applicable their comments are included in the report.

We appreciate the cooperation extended to us by the management and staff of East Stroudsburg University of Pennsylvania and by others who provided assistance during the audit.

Sincerely,

JACK WAGNER
Auditor General

Table of Contents

	Page
Background Information	1
State System of Higher Education	1
East Stroudsburg University	2
Objectives, Scope, and Methodology	4
Audit Results	6
Fire Safety	6
Finding 1 – The University did not monitor the fire system inspection contract.	6
Finding 2 – Deficiencies continue in the University’s sprinkler system.	7
Finding 3 – The University did not upgrade the fire alarm system for several campus buildings.	8
Visa Purchasing Card Travel Expenditures	9
Finding 4 – Visa cardholders did not comply with travel policies and procedures.....	9
Camps and Conferences	11
Finding 5 – The University accounted for the revenues collected by the Office of Camps and Conferences.	11
Finding 6 – The Office of Camps and Conferences did not adhere to established policies and procedures regarding signed contracts and deposits.	12
Finding 7 – The University did not adhere to policy regarding damages to University property.....	12
Finding 8 – The University Office of Camps and Conferences did not ensure that all external groups utilizing campus facilities remitted proof of insurance before arrival on campus.	13
Student Residency	14
Finding 9 – The University complied with the Board of Governors policies applicable to Student Domicile and Tuition.	15
Credit Card Solicitation.....	15
Finding 10 – The University complied with Act 82 of 2004, regarding credit card marketing on campus.	16
Status of Prior Audit Findings and Recommendations	17
Objectives, Scope, and Methodology.....	17
Prior Audit Results	17

Table of Contents

	Page
Prior Finding IV-1 – Monthly fire extinguisher inspections were not performed as required.	17
Prior Finding IV-2 – Residence hall rooms were not equipped with battery operated smoke detectors.	17
Prior Finding IV-3 – The University fire alarm system was not upgraded for several campus buildings.	18
Prior Finding V-1 – Use of purchasing cards was not in compliance with SSHE policies.	18
Audit Report Distribution List	19

Background Information

State System of Higher Education

The Commonwealth of Pennsylvania's state-owned colleges and university were under the administrative control of the Pennsylvania Department of Education prior to July 1, 1983. The legislative enactment of Act 188 of 1982 on December 17, 1982, transferred administrative and operational responsibility to the newly created State System of Higher Education (SSHE), and the institutional designations of the state colleges were changed to universities effective July 1, 1983.¹ Today, SSHE comprises 14 universities, four branch campuses, the McKeever Environmental Learning Center, and the Dixon University Center. The 14 state-owned universities include Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock, and West Chester.

A centrally established Board of Governors, which functions as the primary policy setting and control authority, administers SSHE. The Board consists of 20 members and has the overall responsibility for planning and coordinating SSHE's development and operations. Its statutory powers include establishing operating policies, appointing university presidents, reviewing and approving university operating and capital budgets, setting tuition and fee levels, creating new programs, and promoting cooperation among institutions. Members of the Board include legislators, SSHE university students and trustees, and members of the public. The Governor and Secretary of Education, or their designees, also serve on the Board. Additionally, a chancellor is appointed by the Board to serve as the chief executive officer of SSHE.

At the individual university level, Act 188 of 1982 granted certain statutory responsibilities to each university president and locally established Council of Trustees.

SSHE was created to enhance the higher educational service system of the Commonwealth by providing the highest quality education at the lowest possible cost to the students. The primary mission of SSHE is to provide instruction for undergraduate and graduate students to and beyond the master's degree level in the liberal arts and sciences and in applied fields, including the teaching profession. Each university is to provide appropriate educational, student living, and other facilities as deemed necessary by SSHE's Board.

¹ Public School Code of 1949, 24 P. S. § 20-2001 et seq.

Background Information

East Stroudsburg University

East Stroudsburg University (University) is located in the town of East Stroudsburg, Monroe County, approximately 35 miles northeast of Allentown. Founded in 1893 as a Normal School to prepare teachers, the institution changed its name in 1927 to East Stroudsburg State Teachers College and again in 1960 to East Stroudsburg State College reflecting the addition of liberal arts and science curricula. In 1983, it achieved university status and is currently a multipurpose institution of higher learning providing undergraduate and graduate instruction.

The Middle States Association of Colleges and Schools, the National Council for Accreditation of Teachers Education, and the National League of Nursing accredit the University.

The campus consists of 61 buildings located on 213 acres in the East Stroudsburg community. In addition to the academic facilities, nine residence halls housing 2,200 students, and a 1,000-seat dining hall are located on campus.

The Middle States Association of Colleges and Schools, the National Council for Accreditation of Teachers Education and the National League of Nursing academically accredit the University.

At the individual university level, Act 188 of 1982 granted certain statutory responsibilities to each university president and locally established a Council of Trustees.

Background Information

The Joint State Government Commission compiled the following selected unaudited operating statistics for the 2003-2004, 2004-2005, and 2005-2006 academic years.

<u>Data/Location</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Full-Time Equivalent Students (FTE's):			
East Stroudsburg University			
Undergraduate	5,214	5,313	5,492
Graduate	<u>791</u>	<u>769</u>	<u>745</u>
Total FTE's	<u>6,005</u>	<u>6,082</u>	<u>6,237</u>
State System of Higher Education			
Undergraduate	88,399	89,650	91,766
Graduate	<u>9,235</u>	<u>9,677</u>	<u>10,446</u>
Total FTE's	<u>97,634</u>	<u>99,327</u>	<u>102,212</u>
Full-Time Equivalent Instructional Faculty:			
East Stroudsburg University	316	321	339
State System of Higher Education	5,101	5,155	5,258
Degrees Conferred			
East Stroudsburg University	1,238	1,339	1,346
State System of Higher Education	19,936	20,010	21,038
State Instruction Appropriations (rounded in thousands)			
East Stroudsburg University	\$22,477	\$22,830	\$23,705
State System of Higher Education	\$413,369	\$428,866	\$443,295

Objectives, Scope, and Methodology

We selected the audit objectives from the following general areas: Fire Safety, Visa Purchasing Card Travel Expenditures, Camps and Conferences, Student Residency, and Credit Card Solicitation. The specific objectives for this audit were:

- To re-evaluate the University's established fire safety precautions designed to safeguard its students, staff, and assets and minimize the destructive effects of campus fires. (Findings 1, 2, and 3)
- To determine if the University complied with the SSHE travel regulations and University policies governing the use of visa purchasing cards. (Finding 4)
- To determine whether the Office of Camps and Conferences complied with applicable policies and procedures and accounted for all miscellaneous revenue produced. (Findings 5, 6, 7, and 8)
- To determine if the University charged the appropriate amount of tuition and fees to students based on residency. (Finding 9)
- To determine if the University monitored credit card marketing according to the law. (Finding 10)

We also determined the status of management's implementation of the recommendations presented in our prior audit report covering the period from July 1, 2001, to June 18, 2004.

The scope of the audit covered the period from July 1, 2004, to June 29, 2007, unless limited by the individual findings.

To accomplish these objectives, auditors obtained and reviewed fire safety materials developed by the National Fire Protection Association, (NFPA), United States Fire Administration, Visa Purchasing Card regulations, the Camps and Conferences Operations Guide and the Warrior Sports Manual. Auditors also reviewed the SSHE Board of Governors' Policies 1985-03: "Student Domicile Regulations," 1999-02-A: "Tuition" and University Office of Student Affairs Administrative Memorandum, "Concessions and Solicitations."

Auditors interviewed various University management and staff, including the University Safety Director, Facilities Interim Director, Plumbing Maintenance supervisor, Controller, Accounts Payable Manager, Assistant Vice President of Instructional Support and Outreach, Camps and Conferences Coordinator, Fiscal Technician, Associate Director/Operations of

Objectives, Scope, and Methodology

Enrollment Services, Executive Director of the Student Activity Association and the Director of Residence Life and Housing.

To re-evaluate the University's established fire safety issues, auditors inspected 39 fire extinguishers located in residence halls and academic buildings, reviewed fire safety inspection invoices and reports, reviewed Safety Committee Meeting minutes, and toured campus residence halls, academic and administrative buildings.

To determine if the University complied with SSHE travel regulations and University policies governing the use of credit cards auditors analyzed a list of credit card holders and selected 5 of 25 cardholders for detailed testing. They also randomly sampled 52 of 490 transactions processed by the 5 chosen card holders from July 2005 through January 2007, the monthly statements of credit card activity, and reviewed the University's reconciliation procedures for these monthly statements.

To determine whether the Office of Camps and Conferences complied with applicable policies and procedures and accounted for all miscellaneous revenue, auditors obtained and analyzed the Financial Reports, Camps and Conferences Schedules, the Fee Schedules and Facility Rental Fees for the 2004, 2005 and 2006 fiscal years.

Auditors also selected a random sample of 36 camps and conferences conducted during the 2004, 2005, and 2006 fiscal years for detailed testing of the billing invoices, proof of liability insurance, the contracts for the events, and inspections and billings for any damages incurred. Auditors also traced a sample of seven final invoices from the 2006 fiscal year to the appropriate deposits.

To determine if the University charged the appropriate amount of tuition and fees to students, auditors obtained lists of all students enrolled at the University for the Spring 2005 and 2006 semesters and reviewed Student Master File Records, Student Account Records, and Tuition bills for 59 of 6,407 students in the Spring 2005 semester, and 59 of 6,422 students in the Spring 2006 semester for proper residency classification and tuition charges.

To determine if the University monitored credit card marketing, auditors reviewed Act 82 of 2004, and the University's Office of Student Affairs Administrative Memorandum, "Concessions and Solicitations." Auditors also analyzed all credit card company applications for solicitation.

Audit Results

Fire Safety

The University is dedicated to the safety of their students, faculty, and staff. The University had 6,237 full time equivalent students during 2005-2006 school year, of which 2,150 were resident students. Fire Safety on a University Campus requires careful planning, coordination, implementation, and diligence on the part of the University Administration. The Board of Governors of SSHE voted in April 2000, to require installation of sprinkler system in all dormitories operated by the state schools by 2005. The University has installed sprinkler systems in all the resident halls. There were no reportable or recordable fires during the 2006 academic year.

Finding 1 – The University did not monitor the fire system inspection contract.

Based on our prior audit report, the University entered into a service and maintenance agreement with SimplexGrinnell to test, maintain, and repair Portable Fire Extinguishers in accordance with National Fire Protection Association (NFPA) 10² requirements. It also contracted the same company to inspect and maintain Fire Suppression Systems in accordance with NFPA 25³ requirements.

As stated in NFPA 10 4-3.1:

Fire extinguishers shall be inspected when initially placed in service and thereafter at approximately 30-day intervals.

However, the contractor did not perform the required monthly fire extinguisher inspections on all fire extinguishers in the administrative and academic buildings. As noted in our prior audit, University management stated that fire extinguisher inspections in non-resident buildings would be inspected as required by the NFPA regulations. A list of equipment showed 876 fire extinguishers on campus, of which 664 are located in non-resident buildings. A review of invoices submitted by SimplexGrinnell from December 2006 through April 2007 showed that, on average, they inspected 83 fire extinguishers. Our visual inspection of 39 fire extinguishers in the administrative and academic buildings showed that 30 of the 39 fire extinguishers were not inspected on a monthly basis.

² National Fire Protection Association (NFPA) 10 Portable Fire Extinguishers, Chapter 4, Sections 4-3 and 4-3.1.

³ National Fire Protection Association (NFPA) 25 Standard for the Inspections, Testing, and Maintenance of Water-Based Fire Protection Systems, Chapter 5.

First responders can manually suppress a fire using equipment such as fire extinguishers, however, if the equipment is not maintained as required, it can be detrimental to both personnel as well as property.

Recommendation:

The University should follow NFPA policy and inspect all fire extinguishers both monthly. In addition, the University should monitor the monthly invoices and any contract discrepancies should be discussed with SimplexGrinnell representatives.

Management Response:

At the Exit Conference, the Vice-President of Finance and Administration stated that this issue will be reviewed by the University and a contract monitor will be assigned to monitor all aspects of the contract for compliance.

Finding 2 – Deficiencies continue in the University’s sprinkler system.

A review of the safety committee minutes indicated that a number of deficiencies existed regarding the sprinkler system. The Shawnee Resident Hall cannot be tested due to faulty installation of the standpipe system that was never extended to the perimeter of the building, therefore testing the system floods the building’s basement. The University Center and the Alumni Center cannot be tested due to a missing Internal Testing Valve. Without the capacity to test the system, it is impossible to know if the system would activate during an emergency that could lead to dire circumstances.

According to NFPA 25 Chapter 5:

5.2.1.1 Sprinklers shall be inspected from the floor level annually

Inspection reports from October 2006 through April 2007 showed deficiencies in all 19 buildings inspected. Inspections are performed according to NFPA 25. These deficiencies included gauges over five years old in seven buildings, leaking pipes and obstructions or inferior installation in 9 buildings, and failure of a motor gong, or water flow operation in three buildings.

NFPA 25 further states:

5.2.1.1.1 Sprinklers shall not show signs of leakage, shall be free of corrosion, foreign materials, paint, physical damage; and shall be installed in the proper orientation (e.g. upright, pendent, or sidewall).

Audit Results

5.2.4.1 Gauges shall be inspected monthly to ensure that they are in good condition and that normal water supply pressure is being maintained.

5.3.3.1 Water-flow devices including, but not limited to, mechanical water gong pressure switch type shall be tested quarterly.

These noted problems, as well as several others have been reported on inspection reports and during safety committee meetings. Deficiencies noted on three inspection reports covering six months have not been corrected.

Although the University entered into an agreement with a professional fire and security company to inspect fire extinguishers and sprinkler equipment, it is still the responsibility of the University to monitor the contract to ascertain that the contracted work is being completed. We cited non-compliance with the NFPA standards in previous reports and once again, the University did not correct the sprinkler deficiencies or ensure monthly inspections of all fire extinguishers.

Recommendation:

The University should follow required National Fire Protection Association policy for sprinkler inspections in all campus buildings. Corrective action should be taken immediately on repairs to the sprinkler system in the aforementioned buildings. The contract between the University and SimplexGrinnell should be monitored monthly and any contract violations should be reported to University management and acted upon.

Management Comments:

At the Exit Conference, the Vice-President of Finance and Administration stated that this issue will be reviewed by the University and a contract monitor will be assigned to monitor all aspects of the contract for compliance. In addition a review of the past inspection reports will be conducted, to identify all deficiencies so a corrective action plan can be implemented.

Finding 3 – The University did not upgrade the fire alarm system for several campus buildings.

The University did not upgrade its fire alarm system as recommended in our two previous audit reports. Our prior audit reports recommended that the University install a fire detection system in the following buildings: the field house, utility plant, storeroom and garage, facilities management annex, main power pad, and paint booth. The buildings completely lack any type of fire suppression system. Our audit reports also recommended that the University's Fine Arts building receive an upgrade to its fire alarm system.

This finding has been ongoing since 2002, and 5 years have passed without any resolution to the problem. Our audit inquiries disclosed that although the cost for a fire alarm system upgrade has been identified, the University has not budgeted the funds for the project.

The University responded to our previous audit stating that they were committed to ensuring the safety of its students, faculty, and staff in the event of fire and indicated that a team of University leaders and safety personnel were reviewing the report recommendations.

Recommendation:

University should upgrade its fire alarm system.

Management Comment:

At the Exit Conference, the Vice-President of Finance and Administration stated that the University is currently reviewing both alarm and suppression systems to see which system would best fit the needs of the University.

Visa Purchasing Card Travel Expenditures

Beginning in 1997, SSHE authorized member universities to establish a purchasing card program providing a more efficient method of payment for goods and services traditionally paid through an advancement account. Participating universities determined areas of need and issued credit cards to employees based on that assessment. To assist member universities in administering the purchasing card program, SSHE issued policies and procedures to provide guidance on the requirements of, and restrictions on, the use of the card.⁴ The University began using credit cards in June of 2000.

Finding 4 – Visa cardholders did not comply with travel policies and procedures.

We found that none of the randomly sampled 52 Visa credit card transactions complied with the policies and procedures of the University⁵ or SSHE Board of Governors' Policy,⁶ which required each travel voucher to be signed by the employee and the employee's supervisor or department head, with the exception of the Chancellor and University President.

In addition to lacking supervisory signatures, other examples of noncompliance were:

⁴ State System of Higher Education Office of the Chancellor, Purchasing Policy and Procedures.

⁵ East Stroudsburg University Purchasing Card Policy and Procedures. Effective March 15, 2003.

⁶ PA State System of Higher Education-Board of Governors Policy 1986-07-A: Travel Expense Regulations. Adopted: October 12, 1986. Amended April 9, 1998.

Audit Results

- One purchase exceeded the transaction limit of \$1,500.
- Three purchases were for of personal items.
- One purchase was for an alcoholic beverage.
- Two purchases were for donor gifts.
- One purchase consisted of computer software.
- Four travel vouchers were processed with non-receipted items.

University management informed the auditors that they were aware of the unauthorized use by one of the cardholders and were reviewing all of his reimbursement reports for the past 6 months. The University had already requested reimbursement for several of the unauthorized charges, and was able to show the auditors that the cardholder had been reprimanded for his unauthorized purchases.

Recommendations:

We recommend that cardholders adhere to the policy when partaking in direct University functions or donor cultivation. We also recommend that all cardholders receive written policies for the use of the credit card. In addition to the distribution, it would be prudent for a representative of the Department or Office of Financial Affairs to meet with each cardholder, regardless of their position, to reiterate policy and enforcement.

Management Comments:

Management stated the use of a University credit card is a privilege granted by the University, which is supported by the taxpayers of Pennsylvania. The employees of the University are stewards of the funds provided by the taxpayers of the state. By misusing this state authorized credit card, taxpayers' money is being abused. At the present time, a new travel/purchasing policy is being written and will be distributed to all employees along with a sign off sheet that the policy has been read and agreed to by the employee.

Camps and Conferences

The University Office of Camps and Conferences administers the summer camps and conferences program that offers many diverse groups the opportunity to utilize campus resources. The net revenues generated from the summer camps and conferences conducted at the University support athletic grant-in-aid funding, academic needs and equipment purchases.

The Office of Camps and Conferences developed policies and procedures for the administration of summer camps and conferences. An Operations Guide⁷ outlines the process for working with both internal and external groups, while the Warrior Sports Manual⁸ provides information dealing specifically with internal camps directed by coaches of University sports programs.

Payments are received in the Office of Camps and Conferences where a transmittal form that identifies the payer, check number, revenue code, and amount is promptly completed. The payment and transmittal form are then delivered to the Business Office for accurate record keeping purposes. The process includes the Business Office staff verifying the accuracy of the information on the transmittal form ensuring that all the collections are correctly identified on the revenue reports and transporting the monies to the University's Center for Enrollment Services to be deposited.

The Operations Guide stipulates that a contract be prepared and signed by the University's Assistant Vice President of Instructional Support and Outreach and then sent to the director of the camp or conference requesting their signature. External groups are required to return the contract to the Office of Camps and Conferences with a \$200 nonrefundable deposit. Internal camps directed by coaches of University sports programs need not pay a deposit but are required to sign and return the contract to the Office of Camps and Conferences. The University's Athletic Director also reviews and signs the contract. The Operations Guide includes a fee schedule for camps and conferences.

Finding 5 – The University accounted for the revenues collected by the Office of Camps and Conferences.

Our review of the sample of seven final invoices from camps and conferences conducted during the 2006 fiscal year revealed that the University properly accounted for all monies collected by the Office of Camps and Conferences.

⁷ East Stroudsburg University, Office of Camps and Conferences, Operations Guide.

⁸ East Stroudsburg University, Office of Camps and Conferences, Warrior Sports Manual.

Audit Results

Finding 6 – The Office of Camps and Conferences did not adhere to established policies and procedures regarding signed contracts and deposits.

Our audit revealed that 7 of 36 (20 percent) camps included in our sample did not have a signed contract on file and 4 of 22 (18 percent) external groups utilizing campus facilities did not remit a deposit. Our audit also determined that the camps and conferences pricing structure was not followed for 34 of 36 events (94 percent).

Absence of a signed contract and non-payment of a deposit increase the chance that a group will cancel its attendance to an event. Last minute group cancellations may also affect the University's ability to rent the facility to other groups.

The University cited a lack of secretarial support in the Office of Camps and Conferences as the primary reason signed contracts had not been obtained and the collection of deposits were not monitored properly.

Recommendation:

The Office of Camps and Conferences should follow all policies and procedures stipulated in the Operations Guide, including the established pricing structure when determining charges for camps and conferences, ensuring that all contracts are signed and deposits are collected.

Management Comments:

The Vice-President of Finance and Administration stated that a proposal has been presented to the University's President's Council for a full time secretary for the Office of Camps and Conferences and is expected to be filled by the end of December 2007, in addition the implementation of a new software system scheduled to go live in September of 2007 will also help organize the Office of Camps and Conferences adherence to the pricing structure when determining charges.

Finding 7 – The University did not adhere to policy regarding damages to University property.

The Office of Camps and Conferences did not complete required Residence Hall Post-Damage Reports for ten percent (3 of 30) of the groups, which used the Residence Halls. Our audit also disclosed that one group was never billed for damages incurred.

The Warrior Sports Manual states that prior to the arrival of a group utilizing campus residence halls, an initial damage report is conducted to detect existing damages, and a second damage report occurs after the camp has concluded. Damages caused by the camp or conference group should have been recorded on the Residence Hall Post-Damage Report and then included on the final invoice.

It is imperative that the Office of Camps and Conferences complete the Residence Hall Post-Damage Reports accurately and timely to ensure the University does not incur any losses from damages.

Again, the University cited the lack of staff working in the Office of Camps and Conferences as a cause for the situation.

Recommendation:

The Office of Camps and Conferences should adhere to all policies and procedures stipulated in both the Operations Guide and the Warrior Sports Manual in respect to damages that occur during any camps or conferences. The Office of Camps and Conferences needs to verify upon the conclusion of all camps and conferences that a Resident Hall Post Damage Report was completed and the cost to repair all damages is included on the participant's final invoice.

Management Comments:

The Vice-President of Finance and Administration stated that a proposal has been presented to the University's President's Council for a full time secretary for the Office of Camps and Conferences and is expected to be filled by the end of December 2007, in addition the implementation of a new software system scheduled to go live in September of 2007 will also help organize the Office of Camps and Conferences adherence to the pricing structure when determining charges.

Finding 8 – The University Office of Camps and Conferences did not ensure that all external groups utilizing campus facilities remitted proof of insurance before arrival on campus.

The Office of Camps and Conferences Operations Guide states that external groups must provide proof of insurance before arrival at the University. Our audit disclosed that fifty-five percent or 12 of 22 external groups that conducted events at the University did not remit proof of insurance prior to participating in an event.

Failure to collect proof of insurance from every external group places the University at risk of liability for medical and property damages.

The Coordinator of Camps and Conferences explained that some external groups simply never send proof of insurance to the University or the insurance documentation is filed incorrectly. Therefore, inaccurate record keeping occurred. Once additional staff is employed by the University for the Office of Camps and Conferences, this matter should be resolved.

Audit Results

Recommendation:

The Office of Camps and Conferences must ensure that all external groups provide proof of insurance prior to the group's arrival on campus and file the necessary documentation properly.

Management Comments:

The Vice-President of Finance and Administration stated that a proposal has been presented to the University's President's Council for a full time secretary for the Office of Camps and Conferences and is expected to be filled by the end of December 2007, in addition the implementation of a new software system scheduled to go live in September of 2007 will also help organize the Office of Camps and Conferences adherence to the pricing structure when determining charges.

Student Residency

The University must be fiscally responsible in all areas of its operations in order to provide the quality services called for in its mission statement. Two required ways are that the University efficiently and accurately classify its students as either residents or non-residents of Pennsylvania and then assure that the tuition appropriate to each group is charged and collected.

The Board of Governors has the "statutory authority to set tuition for SSHE"⁹ which it does annually. This policy also emphasizes, "that, as public universities, it is important that every effort be made to ensure that state appropriations support only Pennsylvania resident students."¹⁰

Typically, in order to be classified as a Pennsylvania resident for tuition purposes, a student must present evidence of continuous physical presence in Pennsylvania for a period of twelve months prior to registration as a student at an institution of higher education in Pennsylvania.

SSHE Policy 1985-03 defines residence as "the place where one intends to reside permanently or indefinitely and does in fact so reside."¹¹

⁹ PA State System of Higher Education-Board of Governors: Policy 1985-03: Student Domicile Regulations Effective: March 19, 1985.

¹⁰ PA State System of Higher Education-Board of Governors: Policy 1999-02A: Tuition-Adopted April 8, 1999, and amended October 10, 2002, and July 14, 2005 pgs.1, 2, and 3.

¹¹ PA State System of Higher Education-Board of Governors: Policy 1985-03: Student Domicile Regulations Effective: March 19, 1985, Section C-Determination of Domicile pgs.1, 2, and 3.

The University requires students to submit documentary evidence to the Center for Enrollment Services for consideration of Pennsylvania state residency. Each case is decided based on all facts submitted with qualitative rather than quantitative emphasis in support of the intention of the student to reside indefinitely in Pennsylvania. This approach is consistent with the requirements of Policy 1985-03 Section C, # 6B.

Finding 9 – The University complied with the Board of Governors policies applicable to Student Domicile and Tuition.

The University complied with the Board of Governors policies and procedures concerning student residency and tuition rates. It charged the appropriate amount of tuition to the students based on residency for the 118 student records selected for testing. The University considers the student’s high school, legal residence, and age to determine which tuition rate to charge the student under the age of 22. For students over the age of 22 and graduate students, the student’s legal address and, if applicable, full time employment is used in the determination.

Credit Card Solicitation

Act 82 of 2004 addressed “Credit Card Marketing” on the premises and grounds of an institution of higher education. As part of SSHE, the University must comply with this law. The act requires the University to establish a policy¹² to regulate credit card solicitation on campus. The law requires that the university shall consider:

- Registration of credit card marketers.
- Limiting credit card marketers to designated areas on campus.
- Prohibiting credit card marketers from offering gifts to a student in exchange for completing a credit card application unless credit card debt education literature is provided.
- Providing credit card debt education literature with bookstore purchases at least once each quarter.
- Incorporating credit card debt education presentations into orientation programming.

¹² East Stroudsburg University, Office of Student Affairs, Administrative Memorandum, “Concessions and Solicitations,” Revised March 2001.

Audit Results

Finding 10 – The University complied with Act 82 of 2004, regarding credit card marketing on campus.

Our audit concluded that the University followed the policy to monitor the credit card marketing on campus. The University ensures that all credit card marketers are registered by requiring completion of both a reservation and application form, are sponsored by a student organization, and students representing the sponsoring student organization are solely conducting the solicitation. Gifts are not permitted to be exchanged for the completion of a credit card application and credit card informational brochures must be given to every applicant. Solicitations are limited to specific areas on campus as designated in the policy. The University incorporates credit card debt education as part of orientation programming and conducts workshops on the topic each semester.

The University however, considered but decided not to distribute credit card education literature with campus bookstore purchases.

The Vice-President of Finance and Administration stated that because of the strict policy followed at the University and the limited number of times credit card solicitation occurs on campus, University officials find that suggestion unnecessary. In addition, University officials did not deem the recommendation cost effective considering the expense of printing brochures and additional labor at the bookstore.

Status of Prior Audit Findings and Recommendations

Objectives, Scope, and Methodology

The following is a summary of the finding and recommendations presented in the audit report for the period July 1, 2001, through June 18, 2004, along with a description of the University's disposition of the recommendations.

Prior Audit Results

Prior Finding IV-1 – Monthly fire extinguisher inspections were not performed as required.

The University again failed to perform monthly fire extinguisher inspections in the administrative and academic buildings. In addition, residential building fire extinguisher inspections were not documented by the method prescribed by the National Fire Protection Association guidelines. We recommended the University management should follow required National Fire Protection Association policy for fire extinguisher inspections in all campus buildings.

Status:

Our current audit indicated that the University contracted with Simplex/Grinnell to perform the monthly fire extinguisher inspections in non-residential buildings and common areas. Residential Assistants do the inspection in the dormitories. However, neither of these inspections is being performed according to national standards. This condition is discussed in Finding 1.

Prior Finding IV-2 – Residence hall rooms were not equipped with battery operated smoke detectors.

The University installed sprinkler systems in four of nine residence halls in accordance with the policy adopted by the Board of Governors of SSHE. The remaining resident halls will have sprinkler systems installed by 2005. In the interim, however, the University had not installed battery-operated smoke detectors in individual rooms in the residence halls that were not equipped with a sprinkler system. We recommended that University management install battery operated smoke alarms in each student room in residence halls that have not been updated with a sprinkler system.

Status of Prior Audit Findings and Recommendations

Status:

Our current audit indicated that all nine residence halls have been hard wired with smoke detection sprinklers, therefore the installation of battery-operated smoke detectors is no longer an issue, and the prior year finding is cleared. However, it has come to our attention that there are issues related to the testing of the newly installed sprinkler system, which is discussed in Finding 2.

Prior Finding IV-3 – The University fire alarm system was not upgraded for several campus buildings.

The University campus-wide fire alarm system is in need of upgrade. Fire alarm protection ranges from addressable, continuous ring fire alarm systems to smoke alarms. This fire alarm upgrade was discussed in our prior audit report and involves 30 of 60 buildings, six of which have no type of fire detection system. The report also indicated that the fire detection system in the Fine Arts Building be upgraded. We recommended that University management continue to seek the funding necessary to expand and upgrade its campus-wide fire alarm system.

Status:

Our current audit indicated these problems still exist, and are discussed further in Finding 3.

Prior Finding V-1 – Use of purchasing cards was not in compliance with SSHE policies.

University management received and reconciled monthly credit card statements as required. However, these reconciliations did not disclose credit card transactions that did not comply with SSHE policies because University management failed to distribute those policies to credit card users and monitors. As a result, credit cards were used for unallowable purchases and the required processing procedures were not followed. We recommended that University management ensure applicable SSHE purchasing card policies and procedures are distributed to all users and approvers. In addition, compliance with these policies and procedures should be monitored.

Status:

Compliance with travel expense reimbursement policies remains an issue; see Finding 4 of the current audit.

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