

# PERFORMANCE AUDIT

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## Cheyney University Pennsylvania State System of Higher Education

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December 2014



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of Cheyney University of Pennsylvania of the Pennsylvania State System of Higher Education (State System) from July 1, 2010, to June 30, 2013, unless otherwise noted. We conducted our audit under the authority of Section 2015-A (relating to Annual audit) of Article XX-A of the Public School Code of 1949, 24 P.S. § 20-2015-A, which states, “Activities of the system under this article shall be subject to the audit of the Department of the Auditor General.” The audit was also conducted under the authority provided for in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

Our report details our audit objectives, scope, methodology, findings, and recommendations. Among the major objectives of our performance audit were an evaluation of Cheyney’s efforts to ensure the safety and welfare of minors attending youth camps on university property. We also evaluated Cheyney’s financial position.

Our findings indicate the following:

- Cheyney University failed to consistently ensure that all university employees, students, volunteers, and individuals receiving a stipend, who had direct contact with minors at university sponsored athletic and academic camps, obtained appropriate background checks and child abuse clearances during the period July 1, 2010, to June 30, 2013.
- Cheyney University did not adequately ensure that employees of external organizations sponsoring youth events on university property, who had direct contact with minors at the events, obtained the required background checks and child abuse clearances, which could place the minors attending these events at risk.
- Cheyney University’s financial position has consistently deteriorated since 2009.

Finally, the report notes that the university either implemented or partially implemented our prior audit recommendations.

We discussed the contents of the report with the management of the university, and all appropriate comments are reflected in the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eugene A. DePasquale  
Auditor General

December 10, 2014

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Table of  
Contents**

**Background Information** ..... 1

**Objectives, Scope, and Methodology** ..... 6

**Audit Results** ..... 8

**Finding 1** – Cheyney University failed to consistently ensure that all university employees, students, volunteers, and individuals receiving a stipend, who had direct contact with minors at university sponsored athletic and academic camps, obtained appropriate background checks and child abuse clearances during the period July 1, 2010, to June 30, 2013.....15

**Finding 2** – Cheyney University did not adequately ensure that employees of external organizations sponsoring youth events on university property, who had direct contact with minors at the events, obtained the required background checks and child abuse clearances, which could place the minors attending these events at risk..... 19

**Finding 3** – Cheyney University’s financial position has consistently deteriorated since 2009.....24

**Status of Prior Audit** ..... 33

**Audit Report Distribution List** ..... 50

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

**Background  
Information**

*History, mission,  
and operating  
statistics*

**Pennsylvania State System of Higher Education**

Pennsylvania's 14 state-owned universities are part of the Pennsylvania State System of Higher Education, generally referred to in this report as the State System. Prior to the enactment of Article XX-A of the Public School Code of 1949 through Act 188 of 1982, as amended,<sup>1</sup> that created the State System, the Pennsylvania Department of Education had administrative control of the 14 institutions<sup>2</sup> 13 of which were then known as state colleges.<sup>3</sup>

The purpose of the State System is to provide students with the highest quality education at the lowest price. The 14-member universities include the following:

Bloomsburg	Kutztown
California	Lock Haven
Cheyney	Mansfield
Clarion	Millersville
East Stroudsburg	Shippensburg
Edinboro	Slippery Rock
Indiana	West Chester

The State System also includes four branch campuses, the McKeever Environmental Learning Center, and the Dixon University Center.

**State System Board of Governors**

A centrally established 20-member board of governors has overall responsibility for planning and coordinating the operations and development of the State System. As a result, the State System board of governors dictates many of the universities' operational and administrative procedures. Examples of the board's statutory powers include the following:

<sup>1</sup> 24 P.S. § 20-2001-A *et seq.*

<sup>2</sup> These institutions originated as "state normal schools" and teachers colleges. *See* [http://www.portal.state.pa.us/portal/server.pt/community/institution\\_types/8713/pennsylvania\\_state\\_system\\_of\\_higher\\_education\\_\(passhe\)/522469](http://www.portal.state.pa.us/portal/server.pt/community/institution_types/8713/pennsylvania_state_system_of_higher_education_(passhe)/522469). Accessed on September 23, 2014.

<sup>3</sup> Cheyney University of Pennsylvania, known as the first institution for higher learning for African Americans, was founded in 1837 and has been part of the State System of Higher Education since 1983. <http://www.cheyney.edu/about-cheyney-university/>. Accessed on September 23, 2014. By way of further background, while Indiana University of Pennsylvania was already known as a university as early as 1965 and prior to the creation of the state system, each of the other 13 state colleges, including Cheyney became known as the (Name) University of Pennsylvania of the State System of Higher Education effective July 1, 1983.

### Cheyney University of Pennsylvania Pennsylvania State System of Higher Education

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- Establishing broad fiscal, personnel, and educational policies under which the State System universities operate;
- Appointing university presidents;
- Coordinating, reviewing, amending, and approving university operating and capital budgets;
- Setting tuition and fee levels;
- Creating new undergraduate and graduate degree programs; and
- Promoting cooperation among institutions.

Board members include four legislators or his/her official representative, and 14-members appointed by Pennsylvania's governor with the approval of the state senate, including three university students, five trustees of constituent institutions, each from different universities, and six members of the public. The governor and the state's secretary of education, or their designees, also serve on the board.<sup>4</sup> Additionally, the board appoints a chancellor to serve as the chief executive officer of the State System's board and shall have the right to speak on all matters before the board, but not have a vote.<sup>5</sup>

At the university level, each university has a president and an 11-member council of trustees, including a full-time undergraduate student in the upper classes in good academic standing. While the State System appoints the university president, the members, with the exception of the student member, of the university's council of trustees are appointed by the governor, with approval of the state senate.<sup>6</sup>

University trustees make recommendations to the State System chancellor for the appointment, evaluation, and dismissal of the university president. Trustees also assist with setting the university budget and new academic programs. The university trustees also approve all fees, other than tuition.<sup>7</sup> The State System chancellor serves as an ex-officio member for all the universities' council of trustees.<sup>8</sup>

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<sup>4</sup> 24 P.S. § 20-2004-A(a).

<sup>5</sup> 24 P.S. §§ 20-2004-A(e) and 20-2006-A(a)(1).

<sup>6</sup> 24 P.S. §§ 20-2008-A(a) and (b) and 20-20010-A. Please note that the student member is appointed by the governor **without** the approval of the state senate.

<sup>7</sup> 24 P.S. § 20-2009-A.

<sup>8</sup> 24 P.S. § 20-2005-A(10).

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Cheyney University's operating environment**

While Cheyney was founded in 1837 as the Institute for Colored Youth to provide free classical education for qualified young people, it now offers a range of graduate and undergraduate majors. As of fall 2013, the university offered 24 undergraduate degree programs and 4 graduate degree programs.

According to 2014 statistics, Cheyney has a 14:1 student to faculty ratio. The freshman retention rate, meaning those students who complete the first year and return for a second year, is 56 percent.<sup>9</sup>

Like all State System universities, admission is open to non-Pennsylvania residents; however, over 78 percent of Cheyney's student population is from Pennsylvania.

**State funding to Cheyney University**

As a member of the State System, Cheyney receives a portion of its funding from the State System's yearly allocation from the commonwealth budget. Act 188 of 1982, as amended, outlines the parameters for Cheyney's share of the State System appropriation as follows:

State funds appropriated to the [State] System shall be allocated to the individual institutions on a formula based on, but not limited to, such factors as enrollments, degrees granted, and programs.<sup>10</sup>

The following chart illustrates Cheyney's appropriation related to full-time equivalent (FTE) students:<sup>11</sup>

Year End June 30	Appropriation	FTE Students	Appropriation Per FTE Student
2013	\$12,842,370	1,248	\$10,290
2012	\$13,438,800	1,202	\$11,180
2011	\$13,833,077	1,276	\$10,840

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<sup>9</sup> College Profiles," *U.S. News and World Report*, <http://colleges.usnews.rankingsandreviews.com/best-colleges/cheyney-university-of-pennsylvania-3317>. Accessed May 15, 2014.

<sup>10</sup> 24 P.S. § 20-2002-A(b).

<sup>11</sup> Full-time equivalent (FTE) students is a standardized measure of student enrollment. In a FTE, a student's actual course load is standardized against the normal course load. A FTE of 1.0 for a student means that the student is equivalent to a full-time student, while a FTE of 0.5 for a student means that the student is half-time. FTE students include in-state and out-of-state undergraduate and graduate students as reported by the Joint State Government Commission.

**Cheyney University of Pennsylvania**  
**Pennsylvania State System of Higher Education**

According to the State System, the formula is updated annually to reflect changes in enrollment, physical plant inventory, and inflation. In each of the academic years during our audit period, the State System's appropriation to Cheyney, per FTE student, was the highest of the 14 member universities. According to audited information provided by Cheyney, revenue from tuition and fees and state and federal appropriations declined overall during the audit period.

The following table provides basic statistics regarding revenue, tuition and fee rates, FTE, and number of degrees conferred during the academic years ended 2011, 2012, and 2013:

<b>Cheyney University Selected Statistics</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Revenue ( <i>\$Millions</i> )			
Tuition/Fees	\$12.9	\$11.9	\$11.5
State Appropriation	13.8	13.4	12.8
Federal Appropriation	.6	0	0
Tuition/Required fees for Full-time Resident Undergraduate Students (Academic Year)	\$7,718	\$8,404	\$8,602
FTE Students			
Undergraduate	1,231	1,167	1,209
Graduate	<u>45</u>	<u>35</u>	<u>39</u>
<b>Total</b>	<b>1,276</b>	<b>1,202</b>	<b>1,248</b>
Degrees Conferred			
Undergraduate	138	142	162
Graduate	<u>31</u>	<u>17</u>	<u>21</u>
<b>Total</b>	<b>169</b>	<b>159</b>	<b>183</b>

*Developed by the Department of the Auditor General from audited financial statements obtained from Cheyney and from information obtained from the Joint State Government Commission.*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Cheyney accreditation**

The Middle States Council of Higher Education academically accredits the university. The university's accreditation was reaffirmed in November 2014. Cheyney is also accredited by the Pennsylvania Department of Education.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Objectives,  
Scope, and  
Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of Cheyney had two objectives. We selected the audit objectives from the following areas:

- Camps and events attended by minors on campus and
- Cheyney's operating expenses.

The specific audit objectives were as follows:

One: To evaluate the measures Cheyney implemented to ensure the safety and welfare of minors attending camps, conferences, workshops, and other programs (collectively referred to as camps) held on university property.

Two: To examine Cheyney's financial position through a detailed review of financial statements and related reports prepared by both Cheyney and external accounting entities.

The scope of our audit includes the period July 1, 2010, to June 30, 2013, unless indicated otherwise.

To accomplish our objectives, we obtained, reviewed, and analyzed university records as well as policies, agreements, and guidelines of the university, the commonwealth, and the State System. In the course of our audit we interviewed various members of Cheyney's management and staff, as well as members of the State System's management. The audit results section of this report contains specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also conducted inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit. Those recommendations addressed Cheyney's control deficiencies in the following areas: fire safety; service purchase contracts; travel expenditures; inventory; fixed assets; computers; parking fines; courses repeated by students; mathematics course pre-requisites; cancelled classes; and the Student Government Cooperative Association.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Cheyney management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the university is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures. In conducting our audit, we obtained an understanding of Cheyney's internal controls. These controls included information system controls that we considered to be significant within the context of our audit objectives. We assessed whether these controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Audit Results**

The audit results are organized in two sections, one for each objective. Each of the two sections is organized as follows:

- Statement of the objective.
- Relevant laws, policies, and agreements.
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that define the limits of the audit.
- Methodologies used to gather sufficient appropriate evidence to meet the objective.
- Finding(s).
- Recommendation(s), where applicable.
- Response by Cheyney management, where applicable.
- Our evaluation of Cheyney management's response, where applicable.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Audit Results**
**for  
Objective  
One**
**Camps**
**The objective**

Objective one was to evaluate the measures Cheyney implemented to ensure the safety and welfare of minors<sup>12</sup> attending camps, conferences, workshops, and other programs (collectively referred to as camps) held on university property.

**Relevant laws, regulations, policies, and agreements**

The Pennsylvania General Assembly enacted various laws that are intended to protect minors by requiring individuals working, or seeking to work, directly with children to secure certain criminal background checks and child abuse clearances (collectively, background checks) prior to employment. For example:

The Public School Code of 1949,<sup>13</sup> which includes the following:

- Act 34 of 1985<sup>14</sup> - This act requires a Pennsylvania State Police Criminal Background Check that dates no more than one year earlier than the date of the employment application. In this report, we refer to this requirement as “Act 34 criminal background check.”
- Act 114 of 2006<sup>15</sup> - This act requires a request for a federal criminal history record and fingerprints be sent to the Federal Bureau of Investigation (FBI) and be dated no more than one year earlier than the date of the employment application. In this report we refer to this requirement as “Act 114 federal criminal background check.”
- Act 114<sup>16</sup> - This act also specifies that all applicants for employment including independent contractors and their employees who have direct contact with minors must undergo background checks dated no more than one year earlier than the date of the employment application.

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<sup>12</sup> The definitions of a “Minor” and “Adult” are as follows, respectively: “An individual who is not an adult” and “An individual who is 18 years of age or older.” 23 Pa.C.S. § 6102.

<sup>13</sup> 24 P.S. § 1-101 *et seq.*

<sup>14</sup> 24 P.S. § 1-111, as amended; see in particular 24 P.S. § 1-111(b).

<sup>15</sup> 24 P.S. § 1-111(c.1).

<sup>16</sup> 24 P.S. § 1-111(a.1).

**Cheyney University of Pennsylvania**  
**Pennsylvania State System of Higher Education**

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The Child Protective Services Law<sup>17</sup> (CPSL) - includes the following:

- Act 151 of 1994<sup>18</sup> - This act requires a Pennsylvania child abuse clearance to be obtained prior to the school employee beginning work with minors. In this report, we refer to this requirement as “Act 151 child abuse clearance.”<sup>19</sup>

Section 8.1 (relating to Definitions) of the State Board of Education’s regulations, 22 Pa. Code § 8.1, includes the following:

- “*Criminal history background check* – A report of criminal history record information from, or a statement that no information is on file with, the state police; or, for nonresidents of this Commonwealth, a report of federal criminal history record information from, or a statement that no information is on file with, the Federal Bureau of Investigations.”<sup>20</sup>
- *Direct contact with children* – The possibility of care, supervision, guidance or control of children by a paid employee or contractor of, or an employee of a person under contract with, a school entity, and routine interaction with children by a paid employee of a school entity or a person under contract with a school entity.”<sup>21</sup>

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<sup>17</sup> 23 Pa. C.S. § 6301 *et seq.*; Please note that Act 33 of 2014 (effective **December 31, 2014**), which was part of a larger child protection package recently enacted by the General Assembly, amended the Child Protective Services Law (CPSL) by adding definitions for, among others: “School” (including the state-owned universities); “Adult”; “Direct contact with children”; “Independent contractor”; and “Program, activity or service” (to include, among others, “a youth camp or program”; “a recreational camp or program”; and “a sports or athletic program”). In addition, Act 45 of 2014 (most provisions effective **December 31, 2014**) amended the CPSL to provide that school employees, including employees of state-owned universities, who are not subject to the criminal background check requirements of the Public School Code of 1949 must comply with the criminal background check and child abuse clearance requirements of the CPSL. Finally, all prospective volunteers who will be working directly with or caring for children are subject to the CPSL child abuse clearance. The Act 45 amendments will assist in integrating school employment criminal background checks and child abuse clearances for employees of the state-owned universities.

<sup>18</sup> 23 Pa.C.S. § 6355.

<sup>19</sup> 24 P.S. § 1-111 does not currently require background checks for non-paid volunteers. However, it has been a common practice among schools, both public and private, to adopt related policies requiring background checks for individuals.

<sup>20</sup> 22 Pa. Code §8.1.

<sup>21</sup> *Ibid.*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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In addition to the legal requirements discussed above, the State System's Board of Governors and Cheyney have developed policies related to criminal background investigations. These policies include:

- State System Policy 2009-01, "Criminal Background Investigations." This policy requires criminal background investigations to be completed for candidates for employment for all positions in the State System. According to this policy, criminal background investigations include inquiries to determine past criminal convictions and these inquiries must comply with all state and federal laws.
- Cheyney University of Pennsylvania, "Policy on Criminal Background Investigations," Number FA-2010-4028, issued February 17, 2009. This policy was implemented to comply with the State System's Policy 2009-01 to ensure a consistent level of criminal background investigations for appointees for all positions in the State System. This policy applied to all newly hired employees and individuals granted official volunteer status at Cheyney, but did not apply to Cheyney's student employees.
- Cheyney University of Pennsylvania, "Background Investigation Policy," Number HR-2010-5004, issued February 17, 2009. This policy was written to ensure a consistent level of pre-employment background investigations for appointees for all positions within Cheyney. This policy is applicable to all new appointees at Cheyney and requires a criminal background investigation to be conducted. This policy will not be applied retrospectively to current employees unless they seek promotion or transfer to a position which has been determined to require additional verification.

Additionally, on July 8, 2014, the Board of Governors passed State System Policy 2014-01: Protection of Minors. The policy, which becomes effective December 31, 2014, applies to all State System universities and their administrators, faculty, coaches, staff, students, contractors, and volunteers in State System sponsored programs or in programs for minors held on university property. The policy directs each university to establish policies and procedures which include requirements to establish and maintain a registry of university-authorized adults, program staff, and programs for minors. The policy further outlines topics that must be addressed in planning and evaluating registered programs which includes the identification, selection, and screening of authorized adults or program staff, including criminal background checks; training in areas such as

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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detecting and reporting abuse or neglect, safety and security protocols, and crime reporting procedures; response protocols to accusations of misconduct and record retention. Additionally, the policy includes a code of conduct that program staff are required to follow when interacting with minors and requires all those working with minors to be trained on policies and issues related to minor safety and security. However, due to the effective date of this policy being subsequent to the end of field work, we could not audit the implementation of this policy.

Further, when Cheyney permitted external organizations to hold events or camps on the university's property for a fee, it required the organizations to sign an agreement for the use of its facilities. This agreement,<sup>22</sup> referred to as a facilities use agreement, contains language that if the event involves minor participation or attendance, the organization was required to certify the following statement:<sup>23</sup>

*. . . all adult employees and adult volunteers of the User who have direct programmatic interaction with minors during the program shall have satisfactorily completed all PA State Police criminal record checks... and PA child abuse history clearances...*

The Rider C document, attached to the facilities use agreement, states that the organization is certifying the following:

*. . . all employees and volunteers working for the organization have received favorable completion of all PA State Police Criminal Record Checks and PA Child Abuse History Clearances.*

By signing the Rider C the organization's representative agrees to the following:

*Subject to penalties imposed under 18 P.S. § 4904 (unsworn falsification to authorities), I further state that this certification is true and correct to the best of my knowledge, information and belief.*

Although Cheyney required external organizations, in both the agreement and on the attached Rider C, to certify that their employees and volunteers received the background checks and clearances, Cheyney did not require the external organizers to provide proof that the background checks and

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<sup>22</sup> Cheyney University revised its Facilities Use Agreement in March 2012, to include Rider C.

<sup>23</sup> Representatives of the external organization certify agreement with this requirement by initialing the provisional statement and by signing a Rider C attached to the agreement.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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clearances were obtained. Cheyney also did not require event organizers to obtain an Act 114 federal criminal background check for all individuals associated with the events. This lack of the federal criminal background check is discussed in Finding 2.

**Scope and methodology to meet our objective**

This objective related to the athletic and academic youth camps and events held on Cheyney's property during the audit period. These camps and events were sponsored by both Cheyney and independent organizations.

Various university sports teams, as well as other departments, host camps for minors each year. These camps are operated by university employees and are considered to be sponsored by Cheyney. We refer to these camps as internal camps. During the audit period, Cheyney hosted two academic camps and six youth athletic camps that were associated with football, basketball, cheerleading, and bowling. The bowling camp was sponsored by Cheyney and held at a bowling alley off campus. Cheyney used profits generated from these athletic camps to help fund programs, including athletic scholarships and team operating expenses.

External organizations contracted with Cheyney to hold their camps at the university's facilities for a fee. We refer to these camps as external youth events. During the summers of 2012 and 2013, Cheyney permitted 13 external organizations to conduct youth events. Fees collected by Cheyney from the external organizations are considered to be sales and services revenue for unrestricted use by Cheyney.

We determined whether background checks were obtained for the individuals who had direct contact with minors as a result of working or volunteering at these external youth events.

Cheyney utilized its full-time employees as camp coaches at camps conducted by the university's athletic department. At two of the camps the coaches were assisted by volunteer student athletes from Cheyney.

Cheyney utilized its full-time employees at the academic camps it sponsored. Cheyney also utilized individuals from the outside organizations that were involved in the academic camps. At one academic camp, Cheyney students assisted and they received a stipend for their assistance.

External organizations used their own employees when they conducted youth events on Cheyney's campus.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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To accomplish our objective, we reviewed the laws and legal requirements discussed above to gain an understanding of the background investigation requirements that were applicable when the university sponsored youth camps or entered into contracts that permitted its facilities to be used by organizations that sponsored youth events.

We also reviewed applicable State System and Cheyney policies related to criminal background investigations to gain an understanding of the university's background investigation process.

We conducted interviews with Cheyney officials. These officials included the director of human resources, the athletic director, the assistant-vice president of finance and administration, and the purchasing agent.

To determine whether individuals who had direct contact with minors at camps had obtained the three required background checks (Act 34, Act 114, and Act 151), we reviewed records and verified whether the university obtained the three required background checks for these individuals. Specifically, we examined the records available for the university employees who were either coaches for the athletic camps or presenters for the academic camps held during our audit period, for Cheyney students who assisted with the athletic and academic camps, and for those individuals from the external organizations who had direct contact with minors in the academic camps.

Finally, we reviewed the Facilities Use Agreements for the 13 external organizations that held youth events on Cheyney's campus during the summers of 2012 and 2013. Specifically, we reviewed the agreement to determine whether it contained a signed Rider C<sup>24</sup> and if it contained any documentation that the adults who had direct contact with youth participants obtained the three required background checks.

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<sup>24</sup> The Rider C document, attached to the facilities use agreement, states that the organization is certifying the following: *all employees and volunteers working for the organization have received favorable completion of all PA State Police Criminal Record Checks and PA Child Abuse History Clearances.*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Finding 1**

**Cheyney University failed to consistently ensure that all university employees, students, volunteers, and individuals receiving a stipend, who had direct contact with minors at university sponsored athletic and academic camps, obtained appropriate background checks and child abuse clearances during the period July 1, 2010, to June 30, 2013.**

On February 17, 2009, Cheyney issued policies requiring new employees to obtain a criminal background check prior to employment.<sup>25</sup> However, the policies did not apply retroactively to existing employees. Also, although the policy was effective in February 2009, Cheyney did not begin to obtain Act 34 criminal background checks from new employees until July 2010. Additionally, Cheyney did not require new employees to obtain either the Act 151 child abuse clearance or the Act 114 federal criminal background check. This deficiency contributed to the conditions found in our testing which are discussed in the following paragraphs.

Thirty-four (34) adults had direct contact with minors at the six athletic and two academic camps that were operated by Cheyney. The table on the following page shows the number of Act 34 criminal background checks, Act 151 child abuse clearances, and Act 114 federal criminal background checks<sup>26</sup> the university obtained for the 34 individuals.<sup>27</sup>

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<sup>25</sup> In lieu of utilizing the Pennsylvania State Police's web-based computer application to apply for criminal background checks, Cheyney utilizes a contracted vendor, Justifacts Credential Verification Inc., to conduct background checks for new employees (this does not include a child abuse clearance). Justifacts' website states that it obtains information from a National Criminal Database. A complete list of data sources used by the vendor to perform a National Criminal Database search can be found at [http://www.justifacts.com/pdfs/national\\_criminal\\_database.pdf](http://www.justifacts.com/pdfs/national_criminal_database.pdf).

<sup>26</sup> All background checks reviewed during the audit reported no criminal records found for the individuals.

<sup>27</sup> Both the athletic and academic camps were held multiple times during our audit period.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

<b>Number of background checks Cheyney obtained for individuals working at youth camps<sup>28</sup> Summer 2010, 2012, and 2013</b>				
<b>Description</b>	<b>Number of Camp Workers<sup>29</sup></b>	<b>Number of Act 34 criminal background checks on file</b>	<b>Number of Act 151 child abuse clearances on file</b>	<b>Number of Act 114 federal criminal background checks on file</b>
Athletic camps – employees	11	4 <sup>30</sup>	0	0
Athletic camps – non-paid student volunteers	7	0	0	0
Academic camps - employees <sup>31</sup>	12	4	4	1
Academic camps – paid student workers <sup>32</sup>	4	2	2	0

Despite the lack of required clearances, Cheyney allowed these individuals to have direct contact with minors.

When we discussed the lack of background checks on file, Cheyney responded that they did not believe that their students who assisted with the internal athletic camps needed to have background checks. However, Acts 34, 114, and 151 require background checks and clearances for any paid individuals who will have direct contact with children. In addition, given that all volunteers will be subject to background checks as of December 31, 2014, we take the more than reasonable position that all volunteers must have a background check.

<sup>28</sup> The athletic camps reviewed took place during the summers of 2010, 2012, and 2013. There were no athletic camps held during the summer of 2011. The academic camps reviewed took place during the summer 2013.

<sup>29</sup> Camp workers include Cheyney employees, Cheyney students, and individuals from the external organization involved in the academic camp.

<sup>30</sup> Of the remaining seven employees only five were hired prior to the February 17, 2009, issue date of Cheyney's policy requiring criminal background checks for new employees. The remaining two employees were hired in July and August of 2009, respectively, but Cheyney did not obtain a criminal background check for them in violation of their own policy.

<sup>31</sup> Five of the individuals were Cheyney faculty that were hired prior to the February 17, 2009, issue date of Cheyney's policy requiring criminal background checks for new employees. Three of the individuals were from an external organization that participated in the camp.

<sup>32</sup> Cheyney officials stated that all three background checks were obtained for all four paid student workers; however, they were unable to locate all of the documents.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Section 6102 defines a minor as an individual who is not an adult and an adult as an individual who is 18 years of age or older.<sup>33</sup> Therefore, college students, 18 years of age and over, are considered adults and we believe that background checks are required if they work directly with minors.

Cheyney officials additionally responded that they did not think they were responsible for obtaining background checks for anyone employed by the external organizations. We believe that Cheyney should require proof of background clearances obtained for individuals, employed by external organizations, who have direct contact with minors participating in camps on university property.

When we discussed the lack of Act 114 federal criminal background checks and the Act 151 child abuse clearances with a university official, the official disclosed that they were not required by the State System to obtain these background checks and clearances.

We believe that Cheyney should obtain Act 151 child abuse clearances and Act 114 federal criminal background checks for all persons who work directly with minors at youth oriented camps. Because these clearances and background checks are required by the Public School Code and the Child Protective Services Law for persons working with minors in school settings, those same minors should have the same level of protection when participating in youth camps on university property.

Including the Act 151 child abuse clearances and Act 114 federal criminal background checks into its procedures will allow Cheyney to obtain all background check data available on the individuals and to fully screen employees. Furthermore, including the Act 151 child abuse clearance and the Act 114 federal criminal background check will add another measure to Cheyney's efforts to provide a safe environment for its students, faculty, staff, and visitors, including minors who attend camps.

Cheyney's failure to obtain Act 34 criminal background checks as required by policy, and its failure to adopt a policy to require Act 151 child abuse clearances and Act 114 federal criminal background checks, could affect the university's ability to provide a safe environment for the youth who attend the camps.

According to management, in the fall of 2013, the Office of Human Resources began drafting an update of the policy on background

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<sup>33</sup> 23 Pa.C.S. § 6102.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

clearances required for all new hires, volunteers, and any individuals who may be working with minors. The draft policy, under review as of April 2, 2014, will require by summer 2014 that all coaches and other individuals who staff university summer camps have the Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances. As of September 29, 2014, the policy had not been adopted.

**Recommendations  
for Finding 1**

1. Cheyney should ensure that it obtains Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances for all regular employees, student employees/volunteers, and adult volunteers who have direct contact with minors through their work at the camps held on Cheyney property or sponsored by Cheyney University.
2. Cheyney should include, in its written policy to comply with State System Policy 2014-01: Protection of Minors, a requirement that Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances must be obtained before anyone can be employed or volunteer to work directly with minors at the youth camps.
3. Cheyney should obtain all missing background checks for current employees or volunteers affiliated with youth camps.
4. Cheyney should retain copies of all clearances and background checks obtained by all employees and volunteers who work directly with minors at the youth camps.

**Management  
Response**

*Cheyney University will ensure that it obtains Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances for all regular employees, student employees/volunteers that are working with minors. A new policy will be presented to CU's cabinet in its first December meeting for approval and will be effective January 1, 2015.*

**Auditors'  
Conclusion**

We are pleased that Cheyney University management agrees with our recommendations and that management has already taken action to implement them. During our next audit we will review the new policy and evaluate whether the recommendations have been implemented.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Finding 2**

**Cheyney University did not adequately ensure that employees of external organizations sponsoring youth events on university property, who had direct contact with minors at the events, obtained the required background checks and child abuse clearances, which could place the minors attending these events at risk.**

Our audit found that during the summers of 2012 and 2013, Cheyney entered into agreements with 13 external organizations that conducted youth events on university property. External organizations that hold youth events on Cheyney property enter into a facilities use agreement with the university and pay a fee for the use of equipment and university facilities, such as dormitories, dining halls, and recreational areas. The external organizers are responsible for supplying their own employees and volunteers to function as instructors or counselors for their events.

When Cheyney permitted external organizations to hold events or camps on the university's property, it required the organizations to sign an agreement for the use of its facilities. This agreement<sup>34</sup> referred to as a facilities use agreement, was required to contain the following provisional statement when the event involved minor (youth) participation or attendance:<sup>35</sup>

. . . all adult employees and adult volunteers of the User who have direct programmatic interaction with minors during the program shall have satisfactorily completed all PA State Police criminal record checks... and PA child abuse history clearances...

The Rider C document that is attached to the facilities use agreement states that the organization is certifying the following:

. . . all employees and volunteers working for the organization have received favorable completion of all PA State Police Criminal Record Checks and PA Child Abuse History Clearances.

The organization's representative was to sign the facilities use agreement, initial the provisional statement, and sign Rider C subject to penalties imposed under 18 P.S. § 4904 (unsworn falsification to authorities).

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<sup>34</sup> Cheyney University revised its Facilities Use Agreement in March 2012, to include Rider C.

<sup>35</sup> Representatives of the external organization certify agreement with this requirement by initialing the provisional statement and by signing a Rider C attached to the agreement.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Although Cheyney required external organizations, in both the facilities use agreement and on the attached Rider C, to certify that their employees and volunteers received the background checks and clearances, Cheyney did not require the external organizers to provide proof that the background checks and clearances were obtained.

We reviewed the agreements and/or related documents on file for the 13 events sponsored by external organizations to determine if the background clearance paragraph (provisional statement) in the agreement was initialed by a representative from the organization and if a Rider C was attached. We found that only four of the agreements contained initials by the background clearance paragraph. The remaining nine agreements did not even include a background clearance paragraph. Additionally, eight of the thirteen agreements did not have a Rider C attached. The five Rider Cs that were attached contained numerous omissions including required dates and signatures and one contained an outdated (10/13/1990) background clearance date.

All of the agreements should have had the background clearance paragraph and Rider C attached. When we discussed the failure to include the background clearance paragraphs and a signed Rider C in the User agreements Cheyney officials were unable to provide an explanation because the individual assigned the responsibility for processing the agreements was no longer employed with the university.

For external organizations that completed the Rider C of their agreements, Cheyney did not require the organizations to provide a list of its workers assigned to the events and proof that each had obtained the criminal background checks or the child abuse clearances. Cheyney also did not require the organizations to obtain an Act 114 federal criminal background check for all individuals associated with the events. Therefore, Cheyney placed reliance on the external organization's representations without verifying that clearances were actually obtained.

Cheyney should ensure that anyone working with minors on university property has all three of the required background checks. Requiring background checks for all event workers who have direct contact with minors is a reasonable and prudent measure to improve the safety of youths attending these events.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Recommendations  
for Finding 2**

5. Cheyney should amend its facility use agreement to require external organizations utilizing Cheyney facilities to provide, prior to the start of the event, copies of the three required background checks for all workers who will have direct contact with minors.
6. Cheyney should ensure that the facility use agreement and attached Rider C is complete and properly initialed and signed by the representative of the external organization.
7. Cheyney should establish procedures to review and verify the submission of all required background checks in order to ensure that any adult event worker or volunteer with disqualifying convictions/child abuse adjudications is prohibited from participating in the event.

**Management  
Response**

*Cheyney University has included in its written policy to comply with State System Policy 2014-01 : Protections of Minors, a requirement that Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances must be obtained before anyone can be employed or volunteer to work directly with minors at the youth camps.*

*Cheyney will ensure that the facility use agreement and attached Rider C is complete and properly initialed and signed by the representative of the external organization.*

**Auditors'  
Conclusion**

We are pleased that Cheyney University management agrees with our recommendations and that management has already taken action to implement them. During our next audit we will evaluate whether the recommendations have been implemented.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Audit Results  
for  
Objective  
Two**

**The objective**

To examine Cheyney's financial position through a detailed review of financial statements and related reports prepared by both Cheyney and external accounting entities.

*Expense Analysis*

**Relevant policies**

The Pennsylvania State System of Higher Education's (State System) Board of Governors (board) has developed a budget policy for universities to follow. Policy number 1993-03, entitled "Budgetary Reporting and Review" was developed to provide a framework for university budgetary reporting and board review.

Each university is responsible for preparing their respective institution's individual budget, which is then submitted to the board for approval. Each university budget also must be approved by its individual council of trustees. Mid-year budget updates are submitted by each university to the State System and necessary revisions are made based on actual student enrollments and revenue (tuition and fee) collection.

The policy requires the board to annually review and approve the operating budgets of each university. This review is an integral part of the board's review and adoption of the State System's appropriation request to the commonwealth for the next fiscal year.

As a member of the State System, Cheyney receives a portion of its funding from the commonwealth's annual appropriation to the State System.

In addition to funds received through the state appropriation, universities received revenue through tuition and fees collected from students. The State System's board is responsible for establishing tuition rates. All universities in the State System charge the same tuition for Pennsylvania students. However tuition for out-of-state students varies by university. In addition, each university establishes its own mandatory fees charged to all students.

In order to evaluate Cheyney's financial position, we analyzed financial data provided by the university to calculate their net position and current ratio. Best business practices and/or general financial statement analysis tools recommend that the current ratio of assets to liabilities should be at

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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least 2 to 1 or better. A current ratio below 2 to 1 raises concerns about whether an entity has sufficient resources to meet its current obligations.

**Scope and methodologies to meet our objective**

We focused our analysis on financial data for the five year period July 1, 2008, through June 30, 2013.

To accomplish our objective, we conducted the following procedures:

We interviewed university personnel, including the assistant vice-president for finance and administration and the human resources director, and the State System's manager of budget planning and analysis. We specifically inquired as to the budget process, monitoring of actual revenues and expenses, and future plans for improving the university's financial position.

We obtained and reviewed the following documents to obtain financial data in order to evaluate the university's financial position:

- Cheyney's audited financial statements for fiscal years ending June 30, 2009, through June 30, 2013.
- Cheyney's budget reports for fiscal years ending June 30, 2012, through June 30, 2015.<sup>36</sup>
- Instructional Output and Faculty Salary Costs of the State-Related and State-Owned Universities Staff Analysis Data for the fiscal years ending June 30, 2009, through June 30, 2013.

We utilized Cheyney's audited financial statements to calculate Cheyney's current ratio. The current ratio is determined by dividing current assets<sup>37</sup> by current liabilities.<sup>38</sup> This ratio provides the ability to assess the university's short-term liquidity position and its ability to meet its current liabilities. For example, if the university had \$2,000,000 in current assets and \$1,000,000 in current liabilities, its current ratio would equal 2. In other words it had \$2 of current assets for every \$1 of current liabilities.

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<sup>36</sup> The budget report for fiscal year ended June 30, 2012, contains budget data from fiscal years 2009-10 and 2010-11 that was also used in our analysis.

<sup>37</sup> A current asset is an item on an entity's balance sheet that is cash, a cash equivalent, or can be converted into cash within one year. Examples include cash, investments, accounts receivable, and inventory.

<sup>38</sup> A current liability is an item on an entity's balance sheet that is payable within one year. Examples include accounts payable such as amounts due to suppliers, short term loans, and interest due to the lenders.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

We also reviewed Cheyney's budget reports to compare Cheyney's budgeted projections to actual revenues and expenditures.

**Finding 3**

**Cheyney University's financial position has consistently deteriorated since 2009.**

Our analysis of Cheyney University's financial statements for a five-year period, disclosed that Cheyney's expenses exceeded revenues in four of the five years. As a result, Cheyney is in a negative financial position.

Factors that contributed to Cheyney's negative financial position included:

- Expenses exceeded revenues;
- Increased expenses including bad debt expense;
- Decline in enrollment; and
- Decline in revenue from state appropriations and tuition and fees.

Expenses Exceeded Revenues

During fiscal years 2008-09, 2010-11, 2011-12 and 2012-13, Cheyney's expenses exceeded its revenues. As a result, its negative position increased. During fiscal year 2012-13, Cheyney's negative net position increased by \$4,459,570 resulting in an overall net position at year end of negative \$12,319,392.

The following chart documents the university's declining net position by comparing its total assets and total liabilities as reported on its balance sheet in its audited financial statements.

<b>Year End June 30</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Net Position</b>
2009	\$29,259,603	\$36,992,648	\$ (7,733,045)
2010	\$45,099,401	\$50,409,185	\$ (5,309,784)
2011	\$43,595,030	\$49,118,126	\$ (5,523,096)
2012	\$41,551,799	\$49,411,621	\$ (7,859,822)
2013	\$37,289,793	\$49,609,185	\$(12,319,392)

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

The following chart documents the university's declining net position, as reported in their audited financial statements.

<b>Year End June 30</b>	<b>Revenue<sup>39</sup></b>	<b>Total Operating Expenses</b>	<b>Change In Net Position<sup>40</sup></b>	<b>Net Position End Of Year</b>
2009	\$44,844,983	\$45,621,967	\$ (776,984)	\$ (7,733,045)
2010	\$46,196,217	\$43,772,956	\$ 2,423,261	\$ (5,309,784)
2011	\$46,333,847	\$46,547,159	\$ (213,312)	\$ (5,523,096)
2012	\$41,620,113	\$43,956,839	\$(2,336,726)	\$ (7,859,822)
2013	\$42,141,615	\$46,601,185	\$(4,459,570)	\$(12,319,392)

Each year that the university's expenses exceed its revenues, its net position will continue to deteriorate. Its growing negative net position leaves the university in a vulnerable financial position causing the university to place greater reliance on the State System to cover its annual expenses. A thorough analysis of the ongoing financial viability of Cheyney should be undertaken by the State System.

Increased Expenses Including Bad Debt Expense

The university attributed the negative net position, in part, to increases in expenses for employee salary and benefit costs, including post-retirement benefit costs, which exceeded projections. Additionally, bad debt expense<sup>41</sup> contributed to the university's negative net position. During the fiscal years ending June 30, 2011, through June 30, 2013, we noted an increase in bad debt expense of approximately \$500,000 in each year. The following chart illustrates the amount of bad debt expense for each of the fiscal years.

<b>For Year Ended June 30,</b>	<b>Bad Debt Expense</b>
2009	\$2,791,353
2010	\$ 350,710
2011	\$ 560,775
2012	\$1,068,600
2013	\$1,570,851

<sup>39</sup> Revenue = Total Operating Revenues + Non-operating Revenues, Net + Other Revenues

<sup>40</sup> Change in Net Position = Revenue – Total Operating Expenses. Cheyney's Net Position at the beginning of the fiscal year ended June 30, 2009 was negative \$6,956,061.

<sup>41</sup> Bad debt expense is the amount of accounts receivable, such as amounts owed to the university from students, that is considered to not be collectible.

### Cheyney University of Pennsylvania Pennsylvania State System of Higher Education

In a report to the Middle States Commission on Higher Education<sup>42</sup> Cheyney reported that one of the factors contributing to the increase in bad debt expense was inefficiencies in student account collections.

The university has historically relied upon its own collection efforts and that of the Attorney General's office to collect debts. However, as the amount of bad debt expense has increased approximately 348% since 2010 the university should consider additional methods to collect debts due to the university, including the possible use of third party collection agencies.

#### Decline In Enrollment

Cheyney's net position has continued to deteriorate due to a steady decline in student enrollment which results in a decrease in revenue (tuition and fees). The number of full-time equivalent students (students)<sup>43</sup> for the 2012-13 academic year was 15% lower than it was for the 2008-09 academic year.

The following chart documents the university's decreasing enrollment.

Academic Year	Number of Undergraduate Students	Number of Graduate Students	Total FTE Students
2008-09	1,360	111	1,471
2009-10	1,331	78	1,409
2010-11	1,231	45	1,276
2011-12	1,167	35	1,202
2012-13	1,209	39	1,248

As of March 14, 2014, university management projected total FTE students would decrease to 1,168 students for the 2013-14 academic year and 1,053 for the 2014-15 academic year. This would be a 28% decrease from the 2008-09 academic year. In an August 2012 report<sup>44</sup> issued by Cheyney's president to the Board of Governors and the State System, Cheyney attributed the decrease in students for the 2011-12 academic year to a combination of the reduction in state funding, increased tuition, and

<sup>42</sup> Cheyney's "Self-Study Report" issued to the Middle States Commission on Higher Education in 2014.

<sup>43</sup> Full-time equivalent (FTE) students is a standardized measure of student enrollment. In a FTE, a student's actual course load is standardized against the normal course load. A FTE of 1.0 for a student means that the student is equivalent to a full-time student, while a FTE of 0.5 for a student means that the student is half-time. Data for each year represents the summer term preceding the academic year plus the academic year. Full-time equivalent students are calculated by dividing undergraduate student credit hours by 30 and graduate student credit hours by 24.

<sup>44</sup> "The Turnaround of Cheyney University" issued August 2012.

### **Cheyney University of Pennsylvania Pennsylvania State System of Higher Education**

the slow-moving economy that had detrimental effects on the families of first generation and low-income students in the Philadelphia region.

The decrease in the number of students correlates to a decrease in revenue collected by the university in tuition and fees as detailed in the chart on this page.

#### Decline In Revenue From State Appropriations And Tuition And Fees

As a member of the State System, Cheyney is allocated a portion of its funding from the annual appropriation the State System receives from the commonwealth. As the State Systems' annual appropriation from the commonwealth has decreased, the amount allocated by the State System to Cheyney has also decreased. This occurred during each of the five years reviewed.

The following chart details the university's approximate 12.5 percent decrease in total revenue from allocations, tuition and fees from \$27.8 million in 2009 to \$24.3 million in 2013.

<b>Year End June 30,</b>	<b>State System Allocation</b>	<b>Cheyney's Tuition And Fees</b>	<b>Total Revenue from Allocation, Tuition and Fees</b>
2009	\$ 15,667,781	\$12,145,072	\$27,812,853
2010	\$ 14,240,296	\$12,415,898	\$26,656,194
2011	\$ 13,833,077	\$12,909,760	\$26,742,837
2012	\$ 13,438,800	\$11,867,138	\$25,305,938
2013	\$ 12,842,370	\$11,546,817	\$24,389,187

The decreasing amount of state allocation, coupled with the declining number of students and the resulting decrease in tuition and fees has had a detrimental effect on Cheyney's financial position.

This decline has been observed by Moody's Investors Service (Moody's). In a recent news article,<sup>45</sup> Moody's reported on the annual operating margins (%) of each of the 14 state-owned universities. The annual operating margin reflects the university's ability to maintain financial balance in any given year. The margin is determined by dividing the university's operating surplus or (deficit) by its total operating revenue. Cheyney operated with a deficit in 2013; its operating margin was

<sup>45</sup> "Legislators propose bill to split up Pennsylvania-owned university system" by Brad Bumsted, accessed at <http://triblive.com/news/adminpage/5740551-74/state-system-universities #axzz2wPe9Gpd8>, viewed on March 18, 2014.

### Cheyney University of Pennsylvania Pennsylvania State System of Higher Education

negative 8.37%. Due to variables that can exist in key revenues and expenses, an average annual operating margin that measures the operating margin over a period of three or more years is a better measure of a university's ability to maintain financial balance. Cheyney's average operating margin over fiscal years 2009 thru 2013 was negative 0.80%.

Based on the results of our analysis, Cheyney University's financial position is extremely poor and its ability to continue to operate is questionable unless efforts are immediately taken to improve its financial position. The State System also recognizes the precarious financial position of some of the state universities. During budget hearings conducted by the Pennsylvania General Assembly in February 2014, the chancellor of the State System stated the following to the House Appropriations Committee:

*I am convinced unless the revenue picture changes for a number of our state universities in the PASSHE system, their future, their existence is in doubt. That's not stating philosophy. It's stating sure math.*<sup>46</sup>

Cheyney's negative financial position is also reflected in its current ratio. At fiscal year end June 30, 2013, Cheyney's current liabilities of \$8,992,867 exceeded its current assets of \$6,001,508. Its current ratio was 0.67. This means Cheyney had 67 cents of current assets for every \$1.00 of current liabilities.

The following chart documents the university's current ratio over five fiscal years:

<b>Year End June 30,</b>	<b>Current Assets</b>	<b>Current Liabilities</b>	<b>Current Ratio</b>
2009	\$ 7,826,850	\$11,747,047	0.67
2010	\$10,755,229	\$ 9,848,886	1.09
2011	\$ 9,781,636	\$ 8,308,460	1.18
2012	\$ 8,876,792	\$ 8,926,467	0.99
2013	\$ 6,001,508	\$ 8,992,867	0.67

<sup>46</sup> "State universities' future looks bleak unless revenue picture changes," by Jan Murphy on February 20, 2014. Accessed at [http://blog.pennlive.com/midstate\\_impact/print.html?entry=/2014/02/state\\_universities\\_future\\_look.html](http://blog.pennlive.com/midstate_impact/print.html?entry=/2014/02/state_universities_future_look.html), viewed on February 21, 2014.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Potential creditors use this ratio to measure an entity's ability to pay its short-term debts. A poor and declining current ratio may prevent an entity from obtaining a loan. It may also cause lenders that are willing to provide a loan to charge a higher interest rate as a condition of the loan.

In October 2012, Moody's Investors Service, Inc.<sup>47</sup> downgraded the State System's outstanding bonds from Aa2 to a rating of Aa3.<sup>48</sup> The downgrade was due in part to weakening state support, declining enrollment, political limitation on the system's ability to raise tuition and fees, and challenges in reducing expenditures.

In addition to reviewing the factors that contributed to Cheyney's negative financial position and its decreasing current ratio, our review also included a review of Cheyney budget reports. We obtained budget reports from management, and compared budget versus actual amounts for educational and general fund revenues and expenditures for the fiscal years 2010-11, 2011-12, and 2012-13.

During the fiscal year 2010-11, the university's education and general fund operated on a balanced budget. However, during the years that followed, its expenditures exceeded its revenues, as reflected in the chart on the following page.

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<sup>47</sup> Moody's Investors Service, is the bond credit rating business and provides international financial research on bonds issued by commercial and government entities and, with Standard & Poor's and Fitch Group, is considered one of the Big Three credit rating agencies. The company ranks the creditworthiness of borrowers using a standardized ratings scale which measures expected investor loss in the event of default. In Moody's Investors Service's ratings system, securities are assigned a rating from Aaa to C, with Aaa being the highest quality and C the lowest quality. Moody's appends numerical modifiers 1, 2, and 3 to each rating classification. The modifier 1 indicates the higher end of its rating category.

<sup>48</sup> Moody's Investors Service – Rating Action: Moody's assigns Aa3 rating to State System of Higher Education (PA); outlook is stable" as viewed at [https://www.moodys.com/research/moodys-assigns-Aa3-rating-to-state-system-of-higher-educations--pr\\_275314#](https://www.moodys.com/research/moodys-assigns-Aa3-rating-to-state-system-of-higher-educations--pr_275314#) on March 17, 2014.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

Education and General Fund:

	<b>Budget</b>	<b>Actual</b>	<b>Difference</b>
<b><u>FY 2011/12</u></b>			
Total Revenue	\$28,604,790	\$26,103,588	\$(2,501,202)
Total Expenditures and Transfers	\$28,604,790	\$27,612,026	\$(992,764)
<b>Revenue Less Expenditures and Transfers</b>	\$0	<b>\$(1,508,438)</b>	\$(1,508,438)
<b><u>FY 2012/13</u></b>			
Total Revenue	\$24,776,416	\$25,135,003	\$358,587
Total Expenditures and Transfers	\$28,262,207	\$28,062,822	\$(199,385)
<b>Revenue Less Expenditures and Transfers</b>	\$(3,485,791)	<b>\$(2,927,819)</b>	\$557,972

For the fiscal year 2013-14, the university anticipated operating on a balanced budget. However, on March 14, 2014, management submitted a revised budget to the State System with a projected shortfall of approximately \$1.8 million. Furthermore, the revised budget for the fiscal year 2014-15 reports a projected shortfall of approximately \$5.5 million.

During the fiscal year 2011-12, actual revenue was less than budgeted revenue. Actual revenue is projected to be less than budgeted revenue for fiscal year 2013-14.

Actual expenditures for the fiscal years 2011-12 and 2012-13 were less than budgeted expenditures; however, expenditures exceeded revenue both fiscal years.

Cheyney recognizes the fiscal challenges it faces. In documents<sup>49</sup> it provided to the Middle States Commission on Higher Education in March 2014, the university reported that during the fiscal year ended June 30, 2014, it:

- decreased its workforce by approximately 23% through reductions in administrative and facility staff; and
- decreased its non-personnel expenses by approximately 22% by requiring areas to reduce discretionary spending by approximately 50%.

<sup>49</sup> Cheyney University's Middle States Commission on Higher Education Self-Study Report 2014 (self-study report).

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Cheyney also stated in its self-study report that in addition to reducing expenses, the office of enrollment management, which provides leadership for undergraduate recruitment efforts, is in the process of developing plans for more aggressive recruitment strategies, which should help to increase Cheyney's tuition revenue. The plans include targeting more high ability students and improving student retention and graduation rates. A university official stated that Cheyney may first have to down-size in order to eventually realize their long-term goals.

State System officials stated that they will continue to monitor the university's financial position. Monitoring includes a weekly review of cash levels and State System officials will work with university management regarding the development and implementation of Cheyney's strategic plans.

Cheyney has taken steps to begin to address some of its fiscal challenges; however, additional action is required to improve the university's financial position. The State System and Cheyney must find solutions to address the factors we identified as contributing to Cheyney's poor financial position:

- expenses exceeding revenue;
- increased expenses including bad debt expense;
- declines in enrollment; and
- declines in revenue from state appropriations, tuition, and fees.

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**Recommendations  
for Finding 3**

8. Cheyney should develop a plan to systematically reduce its deficit and subsequently return the university to a positive net position.
9. Cheyney should immediately evaluate sources of revenue to determine if additional funds can be obtained through efforts such as the collection of student accounts receivable by utilizing a third party collection agency.
10. Cheyney should, given its long history dating back to 1837 and the fact that it is known as the first institution for higher learning for African Americans, immediately make a concerted effort to work closely with the State System to increase its enrollment and to seek other sources of revenues to save this university for needy students, many of whom may not otherwise have the opportunity for a college education.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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11. The State System should immediately perform a thorough financial analysis of Cheyney’s operations to determine what actions must be taken to lead the university from its negative financial position to a positive financial position.

**Management  
Response**

*Cheyney University is currently working on an enrollment plan to increase its FTS[E]’s over the next five years in order to reduce its deficit as well as return to profitability on an annual basis.*

*Cheyney University is partnering with other schools with the PASSHE system to have a state contract for outside collections in order to generate additional funds from student accounts receivable that have been written off in prior periods. PASSHE has selected collection agency vendors to provide this service and we have our first meeting scheduled with one of the outside collection agencies in December.*

*Cheyney University is partnering with PASSHE and Financial Aid Services (FAS) to revamp the financial aid portion of Enrollment Services. FAS will be providing these services to Cheyney University for the next three years.*

**Auditors’  
Conclusion**

We are pleased that Cheyney University management agrees with our recommendations and that management has already taken action to implement them. During our next audit we will evaluate whether Cheyney University’s financial position has improved.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Status of  
Prior Audit**

The prior audit report of Cheyney covered the period July 1, 2007, to January 8, 2010, and contained twelve findings. Eleven of the findings contained recommendations. A summary of the findings, recommendations, and the status of the university's implementation of those recommendations are presented below.

To determine the status of the implementation of the recommendations made during the prior audit, we held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

**Prior Finding 1 Cheyney's fire safety program continued to be deficient.  
(Resolved)**

Our prior audit found that Cheyney University failed to inspect fire extinguishers or to conduct fire drills, and that its emergency call system and distribution of emergency plans was deficient. Twenty-two percent of the fire extinguishers tested in our audit had not been inspected, 81% of the fire drills scheduled in the residence halls during the period January 2008 through June 2009 were not conducted and no fire drills were scheduled or conducted in the academic and administrative buildings. Additionally, Cheyney's emergency calling system only provided emergency responders with the university's primary mailing address instead of the specific location of where the emergency call originated. Finally, Cheyney had established an emergency action plan with Chester County but not with Delaware County although both counties provide emergency services to the university.

We recommended that Cheyney:

- inspect all fire extinguishers on a monthly basis and document the inspection;
- ensure that scheduled fire drills in the residence halls are conducted and documented;
- schedule and hold fire drills in the academic and administration buildings;
- enhance the 911 emergency calling systems by providing emergency responders with the specific location of where the emergency originated; and
- develop an emergency plan with the local county emergency responders.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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In its response to our finding, Cheyney management stated the following:

*All fire extinguishers for Academic, Administration and Residence Life are inspected on a monthly basis by Cheyney Police. This was a shared responsibility with Facilities, but now is conducted by Cheyney Police. A copy of the report is scanned electronically and is available on the internet. Deficiencies are reported and documented and kept on file in the Cheyney Police files.*

*Fire Drills continue to take place every month in each Residence Hall. Reports are written and kept on file in the Cheyney Police Department. Fire Drills for Administrative and Academic Buildings take place bi-annually. Reports are written and kept on file in the Cheyney Police Department.*

*Police Dispatchers have been hired for all shifts. Police Dispatchers notify 911 with the exact specific location of the emergency call.*

*Emergency Operating Plan and Crisis Plan is in effect and addresses specific requirements of the Cheyney University's Campus Community. A copy of the Residence Hall Floor Plan is on file with the Concordville Fire Company.*

**Status as of this audit.** During our current audit, Cheyney management provided us with a schedule documenting that inspections of fire extinguishers in buildings on campus had occurred monthly as required. Additionally, we reviewed the August 2013 fire extinguisher reports for each of those buildings that were prepared by the fire compliance officer who conducts the fire extinguisher inspections and were reviewed by Cheyney's Director of Public Safety. These reports document by assigned identification number the specific fire extinguishers inspected, the date of the last inspection recorded on the tag, comments about the fire extinguisher, such as current condition, and the date and time the inspection occurred. To verify the information on the schedule, we also visually inspected the tags of all fire extinguishers located in six of the buildings and confirmed that they all contained a current inspection date.

Cheyney management also provided us with a schedule documenting the fire drills that were scheduled and occurred during 2013 as evidence of their compliance with policy. Cheyney's policy requires two fire drills per semester in the residence halls and one fire drill per semester in the academic and administrative buildings. We reviewed 31 fire alarm and fire drill reporting forms that documented fire drills that occurred during 2013. The reporting forms document evacuation information such as the

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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number of persons evacuated the elapsed evacuation time, and any pertinent comments regarding the fire drill. The form also documents who conducted the fire drill, the date and time of the drill and it is signed by Cheyney's Director of Public Safety.

Although Cheyney did not enhance the 911 emergency calling system to provide emergency responders with the specific location of where the emergency call originated, plans were in place for a university public safety officer to meet the responder at the campus entrance and direct them to the emergency site. We contacted a representative from the Delaware county emergency center and inquired if they were provided a copy of Cheyney's emergency plan. The representative confirmed that they had received the emergency plan, had met periodically with personnel from Cheyney, and plans were in place in the event of an emergency. A representative from the Chester county emergency center stated that he was satisfied with the procedures set in place at Cheyney as a result of a joint emergency training session conducted at Cheyney last spring.

As a result of our work in the current audit, we concluded that Cheyney University implemented our prior audit recommendations.

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**Prior Finding 2 Cheyney did not update its procurement policy to reflect the State System's service purchase contract requirements. (Resolved)**

Our prior audit found that Cheyney did not update its procurement policy to reflect the State System's service purchase contract requirements. To assist its member universities, the State System issued general procurement policies. Additionally, Cheyney implemented its own detailed procurement policies. Cheyney complied with the State System's procurement policy that required advertising and bidding for contracts equal to or greater than \$10,000. However, Cheyney's policy is stricter and it requires advertising and bidding for contracts equal to or greater than \$5,000.

Cheyney officials indicated that it was their intention to continue to follow the State System's bidding requirements and amend its own procurement policies to conform to the State System's policy.

We recommended that Cheyney's management review their internal procurement policy and make amendments as necessary to reflect current practices.

In its response to our finding, Cheyney management stated the following:

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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*The University's procurement policy has since been updated to reflect the State Systems' service purchase contract policy requirements.*

**Status as of this audit.** During our current audit, we confirmed that on February 17, 2009, Cheyney issued a new procurement policy that no longer contains a threshold amount that is different from the State System's threshold for requiring bids. As a result of our work in the current audit, we concluded that Cheyney implemented our prior audit recommendation.

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**Prior Finding 3 Cheyney should improve record keeping for travel expenditures. (Partially Resolved)**

Our prior audit found that Cheyney failed to maintain supporting documentation for travel expenditures. We noted exceptions with 30 of the 60 travel transactions selected for testing.

We recommended that Cheyney's management obtain, in a timely manner, all required documentation from employees reimbursed for travel and that such documentation be maintained to support travel expenditures and that the university should refuse to make travel reimbursements when the employee does not provide the required documentation.

In its response to our finding, Cheyney management stated the following:

*Cheyney University Accounts Payable obtains all required documentation from employees and verifies adherence to the University's policy before they are reimbursed for travel expenses. Employee reimbursements are not made to the employee unless the proper documentation is received from an employee such as pre-approved travel forms, travel expense report, and detailed receipts for expenditures. Any exceptions to the policy are documented with specific reasons for any exception.*

*The filing of employee expense documentation is now consolidated to have all forms filed in one location. During the audit period, check processing was performed by the State System of Higher Education on behalf of Cheyney University and invoices and other supporting documentation had to be remitted to the State System before a check was processed. There were issues with documents that were not returned during the invoice/documentation remittance process. However, check processing is now done by*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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*Cheyney University and with the University performing the check processing this should eliminate misplaced documentation.*

**Status as of this audit.** During our current audit, we were informed by Cheyney management that they notified employees of travel and reimbursement requirements including the requirement to submit travel expense reports and support documents within 15 days after travel in order to be reimbursed for travel related expenditures. To confirm compliance with requirements, we selected 25 travel transactions processed during the audit period to review and determine if they were processed in compliance with Cheyney travel policy. Our review disclosed the following issues:

- the university was unable to locate one transaction totaling \$198 that they processed for the Student Government Cooperative Association, Inc.;
- lodging was not always obtained within the U. S. General Services Administration's established reimbursement rates;
- itemized hotel receipts to support the amount paid to the travel agency that made the travel arrangements for the traveler were not always maintained; and
- travel was not always pre-approved.

When we brought to management's attention the issue of obtaining lodging within the required rates, Cheyney drafted an announcement to be issued to employees informing them of the lodging rate requirements to follow when either they, or a travel agency are obtaining lodging. Although three travel transactions did not have pre-approval, all three had approvals that authorized the final reimbursement amounts.

As a result of our interviews and review, we concluded that Cheyney has worked towards implementing our prior audit recommendations. Although there were issues noted with some of the travel transactions selected for testing, significant improvement was seen compared to the testing conducted in the prior audit. We will continue to evaluate Cheyney's progress in this area in future audits to ensure Cheyney continues its efforts to process travel transactions in accordance with policy.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Prior Finding 4 Cheyney's mechanical and stores inventory control deficiencies continued. (Partially resolved)**

Our prior audit found that Cheyney's inventory system's custodial and record keeping functions were still not segregated. As a result, the control weaknesses identified in the prior audits continued to exist. The weaknesses identified included:

- lack of the segregation of duties;
- failure to remove former Cheyney employees as authorized users of the automated inventory system;
- lack of reports to document that physical inventories were conducted; and
- physical count of 20 inventory items revealed that 17 of the items counted did not match the amounts recorded in the automated inventory system.

We recommended the following:

- Cheyney should take appropriate action to remove the terminated employee's access to the automated inventory system. In order to improve the security of the inventory system, Cheyney officials should also conduct ongoing reviews to ensure that computer access for individuals no longer employed by the university has been terminated.
- Inventory items should be reviewed and mislabeled bin labels should be corrected to accurately account for inventory items. A physical count of all items should be conducted and inventory records should be adjusted to reflect the actual count of inventory items. The director of support services, or their designee, should approve all adjustments to inventory.
- Until the position of the director of support services is filled, management should designate someone to oversee warehouse operations and review inventory transactions and adjustments to provide additional oversight needed due to the lack of segregation of duties.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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In its response to our finding, Cheyney management stated the following:

*Employees who are no longer employed by the University have been deleted from the system.*

*For the 2010 fiscal year, staff was required to properly label each item in inventory with new labels. A barcode system will be installed this fiscal year to track inventory in the warehouse, which will enable better tracking of items. Inventory will be completed on a biannual basis along with the fixed asset inventory. Inventory will be completed in June and November of each year.*

*Quarterly reviews and reports will be completed to assess the inventory transactions and will be matched with the biannual inventory reports.*

**Status as of this audit.** During our current audit, we were informed that Cheyney did not implement a bar code system to track inventory in the warehouse. Also, Cheyney did not fill the director of support services position, however, in February 2013; the responsibilities for overseeing warehouse operations were assigned to the assistant controller. These responsibilities included reviewing inventory transactions through reports of monthly deliveries and periodically visiting the storeroom to ensure that it is being kept organized and the functions are being completed timely and properly. Additionally, the assistant controller is responsible for ensuring that the list of employees who have access to the automated inventory system is kept current. We reviewed the current list of employees with access to the system and confirmed that they were current employees and that they were assigned duties that require them to have access to the system.

Cheyney management stated that although personnel are not available to conduct physical inventories in both June and November of each year, as stated in their response to our prior year finding, physical inventories were conducted for June 30, 2012 and 2013. Prior to conducting the June 2013 inventory, the assistant controller reviewed the records of items maintained in the warehouse and concluded that a majority of the items had not had any activity in over five years. The obsolete items included parts and supplies for equipment that are no longer utilized at Cheyney. In order to accurately report the value of inventory in the warehouse, Cheyney made adjustments to reduce the value of the inventory. The assistant controller provided us with the records to support the adjustments made to inventory. The assistant controller stated that she is working with the manager of facilities to dispose of items that are no longer being used.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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We conducted a physical count of nine janitorial items and although there were differences in the physical count to the amount recorded in the automated inventory records, we were informed that this was due to a delay in posting receipts and disbursements to inventory records. When the receipts and disbursements were posted to inventory records, the physical count of the nine items agreed to the automated physical inventory records.

As a result of our interviews and review, we concluded that Cheyney is in the process of implementing our prior audit recommendations. We will continue to evaluate Cheyney's progress in this area in future audits to ensure Cheyney corrected the inventory control deficiencies.

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**Prior Finding 5 Cheyney's control over fixed assets continued to be inadequate. (Partially Resolved)**

Our prior audit found that Cheyney failed to conduct a biennial physical inventory of fixed assets since 2002. Additionally, the university's position of director of business support, who is responsible for managing the university's fixed assets, has been vacant since 2009. As a result, the university's fixed asset inventory report which identifies and tracks the location of each asset remains significantly out of date. Additionally, existing university policies were not revised to require the report of lost, missing, or stolen assets to campus security or the report of transferred assets to the fixed asset coordinator so that fixed asset records could be updated.

We recommended that Cheyney management ensure an accurate fixed asset tracking system is established and maintained. Management should also conduct a physical inventory of fixed assets at least once every two years in accordance with State System policies. Additionally, management should require that fixed assets permanently transferred between campus locations should be reported and the asset's new location entered into the fixed asset tracking system. Finally, management should also require that assets that are lost, stolen, placed in surplus, or disposed, be so designated in the fixed asset system.

In its response to our finding, Cheyney management stated the following:

*For the 2013 fiscal year, we are looking at software that will integrate with SAP that will enable sufficient tracking of fixed assets.*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Status as of this audit.** During our current audit, a Cheyney employee began conducting a physical inventory of items with a purchase price over \$5,000. A list of items meeting this criterion was obtained through purchasing records maintained in Cheyney's electronic accounting records system, SAP. Although Cheyney did not purchase fixed asset software, we reviewed documents that support that they are manually documenting the location of each of the items located during the physical inventory and the new fixed asset number assigned to the item.

In February 2013, Cheyney issued a policy regarding surplus property that provides procedures for handling and disposing surplus property. This policy also states that if assets become missing (lost or stolen), public safety should be contacted immediately and provided with detailed information. Additionally, Cheyney management stated that they are currently developing a fixed asset policy that will include procedures regarding tracking assets that are transferred between campus locations. As a result of our interviews and review, we concluded that Cheyney is in the process of implementing our prior audit recommendations. We will continue to evaluate Cheyney's progress in this area in future audits to ensure Cheyney is conducting physical inventories of fixed assets as required and that Cheyney is tracking fixed assets that are transferred between campus locations, lost, stolen, surplus, or disposed.

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**Prior Finding 6 Cheyney's computer needs should be evaluated. (Resolved)**

Our prior audit found that in January 2009, at the request of Cheyney, the State System conducted an information technology infrastructure assessment of the university. However, Cheyney's management stated that although they had reviewed the assessment, the recommendations had not been implemented. The assessment included a section on general and teaching computer labs and included visits to 14 of the labs. The report noted that "the majority of the computer labs were locked or unoccupied and most labs contained personal computers that were 6 to 8 years old."

We recommended that Cheyney management should determine what recommendations from the January 2009 information technology infrastructure assessment can be implemented to improve the computer labs for use by university students.

In its response to our finding, Cheyney management stated the following:

*The University is currently without a Director of Information Technology. However, when the new director is hired, they will be tasked with reviewing and implementing the recommendations in*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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*the January 2009 Information Technology Infrastructure  
Assessment.*

**Status as of this audit.** On August 26, 2013, the director of information technology began working at Cheyney. Cheyney management stated that he has implemented some of the recommendations from the January 2009 report. The university consolidated computer labs and reduced the number of computer labs from 19 to 12. Cheyney management stated that closing the labs eased the financial and support burden on the program and allowed the university to focus on existing lab support and replacement. Additionally, a five year refresh schedule is being developed for desktop and laptop computers. In addition to implementing recommendations made in the information technology infrastructure assessment, the Director of Information Technology is in the process of developing a centralized inventory of university technology equipment. The inventory record will indicate whether computers were transferred, disposed, stolen or are missing. Policies and procedures will be developed to guide employees in the procedures and best practices for maintaining an accurate inventory. This will allow the university to better control the university's computers. As a result of our work in the current audit, we concluded that Cheyney is implementing our prior audit recommendations. We will review the university's implementation of the Director of Information Technology's plans in future audits.

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**Prior Finding 7 Cheyney's collection of parking fines continued to be deficient.  
(Partially Resolved)**

Our prior audit found that Cheyney failed to post parking fines to student accounts timely, and, incorrect fine amounts were posted to the electronic parking fine system. Therefore, the public safety office's records were inaccurate and the records overstated as to the amount of fines issued. Additionally, the public safety office did not pursue the collection of parking fines from the nine non-students who received parking citations.

Because parking fines were not posted timely the likelihood of the university collecting parking fines decreased. When fines are posted to an account after a student graduates or when the student is no longer enrolled, the university loses its leverage to compel students to pay all fines due to the university.

We recommended that Cheyney's public safety office:

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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- forward information on all parking tickets issued to the Bursar's Office for posting to the appropriate student's account in a timely manner;
- require the bursar to consider posting the ticket number for each parking citation entry so that student payments can be associated with specific citations and thus easier to identify;
- begin efforts to collect parking fines by notifying individuals of their outstanding balances for those tickets issued to non-students;
- forward the outstanding balances to the Attorney General for further collection efforts if parking fines continue to go unpaid; and
- make improvements to the program used to record parking citations and ensure accurate parking fine amounts are recorded for each individual.

In its response to our finding, Cheyney management stated the following:

*Cheyney Police revamped the entire Parking System and removed the Bursar's Office from the process of putting the stop on the student's account. Cheyney Police has a designated Parking Enforcement Officer who maintains all parking records. The Parking Enforcement Officer puts the stop on the student's account when the ticket is not paid to the Bursar's office within the specified time limit.*

*For those tickets issued to non-students, tickets are written in the name of the owner of the vehicle. The registration of the vehicle is then run through the University system of registered vehicles and through the National Crime Information Center or NCIC. If the vehicle is not on the list and the ticket is not paid, it is then immediately forwarded to the Concordville Magisterial District Court for processing through the Commonwealth of Pennsylvania.*

*Cheyney Police now inputs and maintains all parking information within the Visual Alert Police Software system. This was done during the period of the audit. Records are consistent and fines are updated within the system*

**Status as of this audit.** During our current audit, we reviewed the parking fine fees listed on the public safety office's web-site and confirmed that they match the amounts of parking fees recorded in public safety's electronic parking fine system. Additionally, we confirmed through interviews that Cheyney's public safety office, instead of the bursar, is responsible for putting a stop on a student's account for

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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outstanding parking tickets. When a stop is placed on a student's account, the students are unable to conduct procedures such as registering for classes or receiving copies of transcripts.

We reviewed parking fines issued to 35 students during the audit period and found that 14 of the students had outstanding parking tickets but did not have stops placed on their accounts in an attempt to increase the possibility of collecting the parking ticket fees. Management from the public safety office stated that stops were not added to student accounts due in part to the long term absence of the employee assigned that responsibility and also because a stop on an account would result in a student being unable to register for courses. Currently Cheyney, as well as other universities, is making every effort to increase their student enrollment numbers. A stop placed on a student's account for outstanding parking tickets impedes these efforts.

During the spring 2014 semester, public safety is utilizing a previously used procedure for collecting outstanding parking tickets from students through a payment plan. Public safety will temporarily lift a stop placed on a student's account due to outstanding parking tickets if the student agrees to sign a payment plan and makes an initial payment of at least \$30 towards the outstanding fees. This procedure allows public safety to continue their efforts to collect outstanding parking fines and it allows students to register for classes.

Additionally, public safety issued tickets for vehicles that they are unable to match to a Cheyney student through their parking permit registration. Public safety is currently working with the company that supports their electronic parking fine system and the Pennsylvania Department of Transportation in order to finalize the process in which they will be able to obtain vehicle owner information. Once public safety is able to obtain vehicle owner information, they will be able to forward outstanding parking fine information to the local magisterial district court through an electronic filing system for further processing and collection efforts.

As a result of our interviews and review, we concluded that Cheyney is in the process of implementing our prior audit recommendations. We will continue to evaluate Cheyney's progress in this area in future audits to ensure Cheyney continues its efforts to pursue collection of parking fines.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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**Prior Finding 8 Students continued to repeat courses for which they previously received a grade of “C” or better in violation of university policy. (Resolved)**

Our prior audit found that Cheyney’s software for tracking and monitoring student academic records was deficient and allowed students, in violation of Cheyney policy, to repeat courses for which they previously received a grade of “C” or better. Also students who had received transfer credits for a course were allowed to repeat a course similar to the transfer course completed at another institution.

We recommended that Cheyney management ensure that controls are in place to prohibit students from repeating a course in which they previously earned a grade of “C” or better, and to prohibit students from enrolling in a course for which they have already received transfer credit. Until the issue is addressed by an update to the software for tracking and monitoring student academic records, Cheyney officials should investigate those students listed on the repeat course report to determine whether the university’s policy has been violated.

In its response to our finding, Cheyney management stated the following:

*The University runs weekly reports during the registration period and all students identified as having passed a course with a grade of “C” or higher are deleted. Prior to the implementation of this new policy notification was forwarded to all students indicating the implementation date of the policy.*

*Students have stops placed on their course registration until they have been advised by the academic advisor.*

*The updates to our student information system (PowerCampus) have not yet covered this requirement, it has however been addressed through different procedures.*

**Status as of this audit.** During our current audit, Cheyney reiterated its response to the prior year finding. Cheyney stated that although the student information system was not updated to prevent a student from enrolling in a course in violation of Cheyney’s policy, weekly reports are run and reviewed by the university’s registrar during course registration that identify students who are attempting to enroll in a course they have already completed. The registrar staff drops the student from any repeat course, in accordance with the policy, and then emails the student to notify them of this action.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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We reviewed the registrar's list of the students who were identified as having enrolled in a repeat course for both the Spring and Fall 2013 semesters and the letters sent to 15 students notifying them that they were being dropped from the repeat course. We reviewed copies of the students' transcripts and confirmed that they were not enrolled in any repeat course in violation of Cheyney policy. We then reviewed the transcripts of an additional 11 students to determine if they had repeated any courses during the audit period. Six of the 11 students had repeated a total of 16 courses. A review of the grades previously received by the students for those 16 courses confirmed that they had not received a grade of "C" or better and therefore they were eligible to repeat the course.

As a result of our work in the current audit, we concluded that Cheyney implemented our prior audit recommendations.

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**Prior Finding 9 Cheyney again failed to enforce its mathematics prerequisite. (Resolved)**

Our prior audit found that Cheyney's class registration software allowed students, in violation of university policy, to register and enroll in math classes for which they did not meet the math prerequisites. This occurred because the prerequisite criteria, such as the required courses as well as the minimum required grade necessary to successfully complete a course, had not been entered in the class registration software.

We recommended that Cheyney management ensure that all prerequisite courses and minimum grade requirements are entered into the class registration system. Additionally, management should continually monitor the class registration software to ensure that the prerequisite information remains in the system and is updated when necessary. Finally, management should ensure that students are taking the required courses and placement exams.

In its response to our finding, Cheyney management stated the following:

*Pre-requisites will be strictly enforced. The University has implemented a new process: the ability to create/modify pre-requisites has been removed from the departments and now rests solely in the Office of the Registrar. The Office of the Registrar creates/modifies pre-requisites after the Department notifies their respective Dean in writing with the request; the Dean requires minutes from the department authorizing the request, if approved the directive is forwarded to the Office of the Registrar for implementation.*

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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*Pre-requisites may not be waived. The University's system prohibits registration for courses until pre-requisites and grade requirements have been satisfied.*

**Status as of this audit.** During our current audit, Cheyney stated that the Registrar's office maintains the class registration system and updates the prerequisite information upon approval of the university's provost or respective dean. Cheyney further stated that its automated system is programmed to deny registration if prerequisites have not been satisfied. During the course registration period, students who were in the middle of completing the prerequisite were permitted to register for the next course. However, the office of the registrar is responsible for reviewing the student's final grades and dropping all students from the course who did not obtain a final grade of a C or better in the prerequisite course. Once final course grades are posted on the system, the office of the registrar runs unmet prerequisite reports in order to identify those students who did not attain a C or better.

We reviewed the transcripts of 11 students listed on the class rosters of three 100 level math courses during the Spring 2013 semester. For each student, we reviewed the courses listed on their transcript and confirmed that they had successfully completed the prerequisites for the math courses selected for review.

As a result of our work in the current audit, we concluded that Cheyney implemented our prior audit recommendations.

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**Prior Finding  
10**

**Cheyney did not enforce policies in place for cancelling classes.  
(Resolved)**

Our prior audit found that although Cheyney developed a policy regarding professors cancelling classes, it was not distributed or enforced. During the prior audit, of the six departments that we attempted to contact, only one was aware that there was a policy, but it did not have a copy of the policy. Two departments were not aware of a policy and three did not respond to our inquiry. Those departments that responded stated that the common practice followed by professors cancelling a class was to notify their department office of their intention to cancel the class. A department representative would then post a notice cancelling the class.

We recommended that Cheyney management distribute and require professors to comply with the university's class cancellation policies and procedures. Additionally, as stated in their audit response to our prior year finding, management should make department chairpersons responsible

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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for ensuring that cancelled classes are covered to provide students appropriate instructional time during the semester and to ensure that leave slips are submitted by professors when classes are cancelled and leave is taken.

In its response to our finding, Cheyney management stated the following:

*The Office of the Provost will charge the Deans of each school with the responsibility of notifying, in writing, each faculty member in their school of the approved process for cancelling classes for the day and/or re-location of classes. The faculty members will be responsible by their Dean for failure to follow the approved process. The Department Secretary and faculty will work jointly to ensure processing of leave slips in a timely manner.*

**Status as of this audit.** During our current audit, we reviewed emails sent by Cheyney management notifying faculty and department secretaries of the approved process for cancelling and changing the location of classes. Cheyney management stated that members of the faculty are to notify their department secretary who in turn notifies the dean of faculty and academic schools of any required changes. Faculty notifies their students via an electronic messaging system of a change to a class. Additionally, a note is placed on the door of the classroom to report the change. According to Cheyney management, faculty is required to assign a substantive class assignment to make up for the lost time. The assistant to the dean of faculty and academic schools monitors faculty absences via their leave slips. As a result of our work in the current audit, we concluded that Cheyney implemented our prior audit recommendations.

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**Prior Finding  
11****The Student Government Cooperative Association, Inc. could not provide documentation to support that all required meetings were held. (Resolved)**

Our prior audit found that Cheyney's Student Government Cooperative Association, Inc. failed to retain documentation to support that all required meetings were held during our audit period. Minutes were not available for October 2008, February 2009, March 2009, and May 2009. As a result, the Student Government Cooperative Association, Inc. could not provide evidence that they complied with their bylaws requiring monthly meetings during the academic year.

We recommended that Cheyney's Student Government Cooperative Association, Inc. prepare minutes documenting all meetings held and

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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those copies of the meeting minutes should be forwarded to the director of Cheyney's student activities to maintain on file.

In its response to our finding, Cheyney management stated the following:

*SGCA meeting minutes will be closely monitored and filed on a monthly basis. Both SGCA advisors and the Director of Student Activities will work closely with the Recording Secretary to ensure that minutes are accurately recorded and filed. Additionally, the maintenance of meeting minutes will be placed on the agenda for the August 2011 and January 2012 training of new SGCA officers.*

**Status as of this audit.** During our current audit, the Student Government Cooperative Association, Inc. prepared and maintained minutes to support that all required meetings were held during the academic year in compliance with their bylaws. As a result of our work in the current audit, we concluded that Cheyney's Student Government Association, Inc. implemented our prior audit recommendations.

**Cheyney University of Pennsylvania  
Pennsylvania State System of Higher Education**

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