



PERFORMANCE AUDIT

**CALIFORNIA UNIVERSITY OF
PENNSYLVANIA**

COMMONWEALTH OF PENNSYLVANIA

**PENNSYLVANIA STATE SYSTEM OF HIGHER
EDUCATION**

OCTOBER 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
AUDITOR GENERAL

October 4, 2013

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

Dear Governor Corbett:

This report contains the results of a performance audit of California University of Pennsylvania of the Pennsylvania State System of Higher Education (PASSHE) from July 1, 2009, to May 31, 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 California’s efforts to ensure the safety and welfare of minors attending youth camps on campus, as well as security measures taken to ensure the overall safety of students, faculty, and staff. The report indicates that the university failed to ensure that all university employees who had direct contact with children and who were affiliated with youth camps had obtained appropriate background checks during 2012 and notes that California’s agreement with private camp sponsors did not adequately ensure that camp employees who had direct contact with children had obtained the required background checks. The report also notes instances of noncompliance with Commonwealth and PASSHE employee travel procedures. A matter related to security that was omitted from the report was communicated to California. Finally, the report notes that the university 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".

EUGENE A. DEPASQUALE
Auditor General

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**California University of Pennsylvania
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**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 or PASSHE. Prior to the enactment of Article XX-A of the Public School Code of 1949 through Act 188 of 1982, as amended,¹ that created the State System, the Pennsylvania Department of Education had administrative control of the 14 institutions² - 13 of which were then known as state colleges.³

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:

¹ 24 P.S. § 20-2001-A *et seq.*

² 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)

³ California University of Pennsylvania has a long and illustrative history as a state normal school with its charter dating back to 1865 and has been part of the State System of Higher Education since the early 1980's. <http://www.calu.edu/about-us/history/1860s/index.htm> 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 California became known as the (Name) University of Pennsylvania of the State System of Higher Education effective July 1, 1983

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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
- 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.⁴ 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.⁵

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.⁶

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.⁷ The State System chancellor serves as an ex-officio member for all the universities' council of trustees.⁸

⁴ 24 P.S. § 20-2004-A(a).

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

⁶ 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.

⁷ 24 P.S. § 20-2009-A.

⁸ 24 P.S. § 20-2005-A(10).

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**California University's operating environment
for fiscal year 2011-12**

While California received its charter in 1865 as a State Normal School, for the education of teachers, it now offers a wide range of graduate and undergraduate majors. As of fiscal year 2011-12, the university offered 159 degree programs and 12 associate degree programs. In addition, it offered 35 graduate degree programs.

According to recent statistics, California has a 22:1 student to faculty ratio. The freshman retention rate, meaning those students who complete the first year and return for a second year is 75 percent.⁹

Like all State System universities, admission is open to non-Pennsylvania residents; however, over 84 percent of California's student population is from Pennsylvania.

State funding to California University

As a member of the State System, California 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 California'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.¹⁰

According to the State System, the formula is updated annually to reflect changes in enrollment, physical plant inventory, and inflation, but the basic precepts on which the formula are built are not altered.

According to unaudited information from California, in academic year 2011-2012, 70 percent of California's revenue came from tuition, while 25 percent of its revenue came from the state appropriation. The state appropriation, as a percentage of California's total revenue, has decreased overall.

⁹ College Profiles," *U.S. News and World Report*, <http://colleges.usnews.rankingsandreviews.com/best-colleges/california-university-of-pennsylvania-3316>. Accessed July 15, 2013.

¹⁰ 24 P.S. § 20-2002-A(b).

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The remaining portion of the university's revenue is derived from gifts, grants, and other auxiliary sources. The exhibit further illustrates California's revenue sources.

California University Selected Statistics	2009-10	2010-11	2011-12
Operating Budget (<i>\$Millions</i>)			
Tuition/Fees	67.7	\$74.2	\$81.3
State Appropriation	33.9	33.3	29.2
Federal Appropriation	4.7	2.8	0
Auxiliary Sources	<u>5.9</u>	<u>7.9</u>	<u>4.9</u>
Total	\$112.2	\$118.2	\$115.4
Tuition/Required fees for Full-time Resident Student (Academic Year)	\$7,676	\$8,312	\$8,912
Full-Time Equivalent Students			
Undergraduate	7,137	7,105	7,039
Graduate	<u>1,754</u>	<u>1,911</u>	<u>1,929</u>
Total	8,891	9,016	8,969
Degrees Conferred			
Undergraduate	1,428	1,348	1,469
Graduate	<u>840</u>	<u>991</u>	<u>994</u>
Total	2,268	2,339	2,463

Developed by the Department of the Auditor General from information obtained from California and from information obtained from the Joint State Government Commission.

California accreditation

The Middle States Council of Higher Education academically accredits the university. The university was last evaluated in June 2010 and received full accreditation. The next accreditation visit will be in the 2015-16 school year.¹¹ California is also accredited by the Pennsylvania Department of Education.

¹¹ www.msche.org/documents/sas/73/Statement%20of%20Accreditation%20status.htm viewed May 10, 2013.

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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 California University had two objectives. We selected the audit objectives from the following areas:

- youth camps and
- administrative travel expenditures

The specific audit objectives were as follows:

One: To evaluate the measures California University of Pennsylvania has implemented to ensure the safety and welfare of minors attending camps held on university property.

Two: To determine whether California University's administrative travel expenditures were in compliance with Commonwealth and PASSHE travel expense regulations.

The scope of our audit includes the period for July 1, 2009, to May 31, 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 of Higher Education. In the course of our audit work, we interviewed various members of California's facility 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 delinquent student accounts and credit card expenditures.

California 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,

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grant agreements, and administrative policies and procedures. In conducting our audit, we obtained an understanding of California's internal controls, including any information system controls as they relate to those requirements and that we considered to be significant within the context of our audit objectives. We assessed whether those 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.

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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 California University management, where applicable.
- Our evaluation of California University management's response, where applicable.

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Audit Results

for Objective One

Camps

The objective

Objective one was to evaluate the measures California University of Pennsylvania has implemented to ensure the safety and welfare of minors¹² 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 has 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 1949¹³ includes the following:

- Act 34 of 1985¹⁴ - This act requires a Pennsylvania State Police Criminal Background Check that is dated 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 2006¹⁵ - This act requires a request for a federal criminal history record and fingerprints sent to the FBI that are 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 114¹⁶ - The 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.¹⁷

¹² 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.

¹³ 24 P.S. § 1-101 *et seq.*

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

¹⁵ 24 P.S. § 1-111(c.1).

¹⁶ 24 P.S. § 1-111(a.1).

¹⁷ 24 P.S. § 1-111 does not currently require background checks for volunteers. However, it has become a common practice among schools, both public and private, to adopt related policies requiring background checks for such individuals.

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The Child Protective Services Law¹⁸ - includes the following:

- Act 151 of 1994¹⁹ - 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.”

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 Investigation.”²⁰
- “*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.”²¹

In addition to the legal requirements discussed above, the PASSHE’s Board of Governors and California have developed policies related to criminal background investigations. These policies include:

- PASSHE Policy 2009-01, “Criminal Background Investigations.” This policy requires criminal background investigations to be completed for candidates for employment for all positions in PASSHE. 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.
- California University of Pennsylvania, “Pre-Employment Information Verification Policy - Approved March 31, 2009. This policy was written to conform to PASSHE Policy 2009-01, “Criminal Background Investigations” which required its member

¹⁸ 23 Pa. C.S. § 6301 *et seq.*

¹⁹ 23 Pa.C.S. § 6355.

²⁰ 22 Pa. Code § 8.1.

²¹ *Ibid.*

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institutions, including California University, to write and implement a policy that required criminal background investigations for employment candidates prior to being hired. The purpose of this policy “is to ensure that appropriate information about a candidate’s education, employment history, and history of criminal convictions is considered prior to extending an offer of employment. It is a further goal of this policy to ensure that the best qualified applicants are selected for the University.”

- California University of Pennsylvania, Policy: Background Check Process, implemented July 31, 2012. This policy was written to establish “a process for ensuring background checks are completed for any individuals, age 18 and over, (paid or unpaid) who are engaged by California University of Pennsylvania in any work capacity effective on or after the date of this policy. This includes employees; volunteers working with minors; adjunct faculty; consultants; contractors; or other similar positions.”

California’s Athletic Department also has a policies and procedures manual. The August 2011 revision to the manual contains the following background clearance requirement specific to its camps:

“Students, graduate students, or other individuals not employed in the Athletic Department may receive weekly salary for working a particular camp. . . . An Act 34 Clearance must be filled out and processed prior to the start of camp.”

Further, when California allowed private sponsors to hold camps on the university’s property, it required the camp organizers to sign a facilities services agreement for the use of its facilities. This agreement used by California’s Summer Camp Programs and Events Office did not require the camp sponsors to provide a list of its employees assigned to the camps and also did not require the camp sponsors to provide proof that all employees or staff associated with the camps had obtained the Act 34, Act 114, and Act 151 clearances.

Scope and methodology to meet our objective

This objective related to the athletic and educational youth camps held on California University’s property during the 2012 calendar year. 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 California which we refer to as

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California camps. Private camp sponsors can also contract with California to use the university's facilities for a fee and we refer to these camps as private. These camps were most commonly associated with high school pre-season football and band camps, but can also have a wide variety of other sponsors. California used profits generated from all camps to help fund various university programs, including athletic scholarships and team operating expenses.

In 2012, California hosted 27 youth camps of which 25 were sponsored by the Athletic Department. An additional 17 camps were conducted by private sponsors. Of the 17 private camps, six were high school football camps, five were high school band camps, and the remaining six included an Upward Bound Program, a performing arts academy, a cheerleader camp, a private football camp, a saxophone workshop, and youth camp out.

We focused the scope of our work on background checks obtained by the individuals who work or volunteer at these youth camps. For camps sponsored by the university's Athletic Department, California utilized its full-time employees as camp coaches and administrators, student employees as the coaches' assistants, and non-payroll workers and volunteers to assist wherever needed. For private camps conducted at California, the camp sponsors contracted with California's Summer Camp Programs and Events Office and employed their own camp staff.

To accomplish our camp safety objective, we reviewed the laws and legal requirements discussed above to gain an understanding of the background investigation requirements for the university with regard to persons employed with or volunteering to work directly with minors at these youth camps.

We also reviewed the applicable PASSHE and California policies related to criminal background investigations to gain an understanding of the university's background investigation process. In addition, we reviewed California University's *Athletics' Policies and Procedures Manual*.²²

We conducted interviews with numerous California officials. These officials included the interim director of human resources, the assistant director of human resources, the interim athletic director, the athletic department's business manager, the academic events coordinator, the interim executive staff assistant to the provost, and the director of summer camp programs and events.

²² *Athletics' Policies and Procedures Manual* was updated August 2011.

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To determine the extent to which individuals who worked with minors at camps had obtained the three background checks (Act 34, Act 114, and Act 151) we reviewed personnel records and verified whether the university obtained the three background checks for these individuals. Specifically, we examined the records for 168 workers from the 2012 California athletics camp schedule. These 168 workers included 21 university employees, 64 student employees, 50 outside workers paid to provide assistance at a particular camp, and 33 volunteer camp workers.

Finally, we reviewed a Facilities Services Agreement between California's office of conferences and the camp's private sponsor to determine whether the agreement required the sponsor to provide California with the names, and the three background checks for all adults working with children at the camp.

Finding 1

California failed to ensure that university employees, student employees, non-payroll workers, and volunteers who had direct contact with children and were affiliated with the 2012 athletics camps obtained the appropriate background checks.

On March 31, 2009, California implemented a policy requiring new employees hired after March 31, 2009, to obtain Act 34 criminal background checks prior to employment. California's policy did not require these employees to obtain Act 114 background checks or Act 151 child abuse clearances. California's policies did not address any background check requirements for its Athletic Department employees, such as coaches, assistants, and administrators who were hired prior to 2009.

California did require employees who work in the education department and student teachers to have an Act 151 child abuse clearance, an Act 114 federal criminal background check, and an Act 34 criminal background check regardless of their hire date, if applicable.

California's Athletic Department Policy, applicable only to athletic camps, required students and non-payroll camp workers to obtain background checks.

California's 2009 pre-employment policy and its Athletic Department policy do not require employees working with youth at camps to obtain Act 151 child abuse clearances or Act 114 federal criminal history checks.

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The table below shows the extent to which the university obtained the criminal background checks for the 168 camp workers included in our review. As we previously stated, the 168 workers consisted of 85 athletics and student employees and 83 non-payroll workers and volunteers involved in California's 2012 camps.

Number of background checks obtained by university personnel working at youth summer camps Summer of 2012.	
	<u>Act 34</u> criminal background check
21 Athletics Employees	5
64 Athletics Student Employees	12
50 Non-Payroll Camp Workers	8
33 Volunteer Camp Workers	0

California failed to develop a comprehensive policy requiring university employees working with youth camps to obtain the required background checks. Our review of the background documentation provided, indicated that only five Athletic Department employees working with youths at the 25 camps had Act 34 clearances. These five employees were hired after March 31, 2009.

California's Athletic Department's policy clearly states that student employees and non-payroll camp workers must have Act 34 clearances. However, only 12 of 64 student employees and 8 of 50 non-payroll workers had Act 34 clearances in 2012. Finally, the 33 volunteers who assisted at camps failed to obtain any clearances. Despite the lack of required clearances, California allowed these individuals to work and have direct contact with youths at the camps.

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When we discussed the lack of Act 34 background checks on file for students, non-payroll camp workers, and volunteers, California responded by stating that they did not believe at the time that their students needed to have Act 34 clearances because they were students enrolled at their University. California also stated that the majority of their volunteer workers were also students as many of the coaches require their student athletes to work camps as part of the team fundraising efforts. Finally, California stated that clearances, if they were obtained and provided to the university by the outside workers, were not retained. We contend that college students, age 18 years of age and over, are considered adults and therefore Act 34 clearances are required if they work directly with minors at the youth oriented camps. We also believe, for the safety and welfare of minor, California should require Act 34 clearances of volunteers as well and that California should retain the clearances.

Further, 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 stated that PASSHE did not require Act 114 clearances and that the departments administering the camps would be responsible for ensuring their workers obtain Act 114 clearances.

We believe that California 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 California to obtain all background data available on individuals and to fully screen employees. Further, including the Act 151 clearance and the Act 114 federal criminal background check will add another measure to California's efforts to provide a safe environment for its students, faculty, staff and visitors, including youth who attend camps.

California's failure to obtain Act 34 criminal background checks as required by its 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.

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**Recommendations
for Finding 1**

1. California should ensure that it obtains Act 34 criminal background checks, Act 114 federal criminal background checks, and Act 151 child abuse clearances for all employees, student employees, non-payroll workers and volunteers who have direct contact with children through their work at the camps and other youth-oriented activities held on California property.
2. California should establish a written policy that states that Act 34 criminal background checks, Act 114 federal 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. California should obtain all missing background checks for current employees or volunteers affiliated with youth camps.
4. California 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**

The University agrees that it has a responsibility to help assure that people with criminal convictions that may create a risk of harm for minors should be identified and removed from direct contact with minors who have been invited to the University campus. The University points out that the report appears to take as its starting point that the University is subject to the Public School Code and that it has violated the law. The University is not subject to the statute as a sponsor of camps. It is important to make clear that the University has not violated the law. The Public School Code applies to student and faculty who engage internships in Pennsylvania school districts are required to comply as a precondition to participation and the obligation for ensuring compliance falls on the school districts as well as the students. While certain camps operated by third parties were allowed to use University facilities without having evidence of the suggested background checks, the University notes that many of those camps were sponsored by or affiliated with school districts who are subject to the Public School Code and are likely to have been required to comply. The University is in the process of implementing policies regarding on campus camps and conferences it sponsors and compliance procedures for third party sponsors of camps and conferences which policies will be in place for the 2013-2014 academic year.

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**Auditors’
Conclusion**

We are pleased California recognizes that it has a responsibility to help assure that people with criminal convictions who may create a risk of harm for minors should be identified and removed from direct contact with minors who have been invited to the campus.

We are not implying that California has violated any laws or that the Public School Code is directly applicable to a university setting. However, we believe California’s policies should provide minors who participate in youth camps on university property with the same level of protection those minors would have in a public school setting. It is not enough to ensure that “people with criminal convictions” are kept away from youths attending the camps because Act 34 does not ensure that individuals convicted outside of Pennsylvania (Act 114 federal background checks are needed) and those adjudicated to have committed child abuse (Act 151 child abuse clearances are needed) are identified and removed from direct contact with the youths.

The Public School Code and the Child Protective Services Law require Act 34, 114, and 151 clearances and background checks for persons working with minors in a public school setting. We recommend that California’s policy also require these clearances and background checks for all adults who have direct contact with minors at the youth camps. California should review the clearances and background checks prior to the start of each camp to ensure persons with not only in-state criminal convictions but out-of-state/federal criminal convictions and child abuse adjudications that may create a risk of harm for minors are identified and prohibited from having direct contact with minors. In addition, to document due diligence in this matter, California should maintain copies of all clearances and background checks and evidence of their timely review. These recommended practices will not only protect the safety of minors attending the youth camps but will also limit California’s legal liability and ultimately, will assist in safeguarding taxpayer funds.

During our next audit, we will determine whether our recommendations were implemented.

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Finding 2

California's agreement with private youth camp/conference sponsors did not adequately ensure that camp employees who had direct contact with children had obtained the required background checks/clearances, which could place children attending these camps at risk.

In 2012, California hosted 17 private youth oriented camps. Private camp sponsors who hold youth camps on California property enter into fee agreements with the university for the use of equipment and university facilities, such as dormitories, dining halls, and recreational areas. The private camp sponsors are responsible for supplying their own employees and volunteers (workers) to function as instructors or counselors for their camps.

The review of a standard agreement California had with a private camp sponsor during 2012 found that this agreement did not require camp sponsors to provide a list of its workers assigned to the camps and also did not require the sponsor to provide any proof that its workers obtained Act 34 criminal background checks, Act 151 child abuse clearances, or Act 114 federal criminal background checks.

When we discussed the 2012 agreement with California management in March 2013, they stated that it is the responsibility of the directors of the individual camps to ensure their workers have the required clearances.

California should ensure that anyone working with children on campus have all three of the required background checks. Requiring background checks for all camp workers is a reasonable and prudent measure to improve the safety of youths attending these camps.

**Recommendations
for Finding 2**

5. California should amend its private camp agreement to require camp sponsors to provide a roster of all workers and volunteers affiliated with their camps and copies of Acts 34, 114, and 151 clearances for all camp paid workers or volunteers who will have direct contact with minors. In the event additions or revisions are made to the roster, California should require the sponsor to provide an updated list and all background clearances related to the applicable individuals.
6. California should establish procedures to review and verify the submission of all required clearances, in order to ensure that any camp worker or volunteer with disqualifying convictions/child abuse adjudications is prohibited from participating in the camp.

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**Management
Response**

See response to Finding 1

**Auditors'
Conclusion**

We are pleased the University agrees that it has a responsibility to help assure that people with criminal convictions who may create a risk of harm for minors should be identified and removed from direct contact with children who have been invited to the University campus. In addition, we were pleased that California is taking action to strengthen its oversight of third party or privately sponsored camps held on campus.

Again, we are not implying that California has violated any laws or that the Public School Code is directly applicable to a university setting. However, we believe California's policies should provide minors who participate in privately sponsored youth camps or conferences on university property with the same level of protection those minors would have in a public school setting.

The Public School Code and the Child Protective Services Law require Act 34, 114, and 151 clearances and background checks for persons working with minors in a public school setting. We recommend that California's policy also require these clearances and background checks for all adults who have direct contact with minors at the privately sponsored youth camps or conferences. We believe that requiring all three background checks would help ensure that the youths would be protected from not only those with in-state criminal convictions but out-of-state/federal criminal convictions (i.e., Act 114) and child abuse adjudications (i.e., Act 151).

California should not rely on the sponsor to ensure that people with criminal convictions who may create a risk of harm for minors are identified and prohibited from direct contact with children who attend privately sponsored camps or conferences on the University's campus. California should obtain and review the clearances and background checks prior to the start of each private camp to ensure persons with criminal convictions who may create a risk of harm for minors are identified and prohibited from having direct contact with children. In addition, to document due diligence in this matter, California should maintain copies of all clearances and background checks and evidence of their timely review. Again, these recommended practices will not only protect the safety of minors attending the youth camps but will also limit California's legal liability and ultimately, will assist in safeguarding taxpayer funds. During our next audit, we will determine whether our recommendations were implemented.

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**Audit Results
for
Objective
Two**

The objective

Objective two was to determine whether California's administrative travel expenditures were in compliance with Commonwealth and PASSHE travel expense procedures.

*Administrative
Travel*

Relevant laws, regulations, policies, and agreements

The Commonwealth and PASSHE have both developed policies and procedures intended to assist travelers, on official business, in making informed and cost effective travel decisions. We reviewed the following:

- Commonwealth of Pennsylvania Travel Procedures Manual, which provides the traveler with instructions for air or ground travel, lodging, subsistence, travel credits earned, the payment of travel expenses, and the reimbursement of expenses incurred.²³
- PASSHE Policy 1986-07-A, which details the travel expense regulations that are applicable to management and all non-coalition bargaining unit employees.²⁴
- PASSHE Procedure/Standard Number 2011-07, which provides guidelines, standards, and limits on the expenditure of public funds by universities.²⁵

The administrative travel expense is one of nine travel expense categories utilized by California. According to California, a transaction is assigned as an "administrative travel" expense in California accounting system when a university credit card is used to pay for the expenditure. Our selection of 45 administrative travel transactions totaled \$120,897 or 6 percent of California's total administrative travel expenses and included various expenses related to travel and related events. These expenses included charges for athletic team travel, payment for conferences and seminars attended by staff, and fundraising efforts of the university president and staff.

²³ Commonwealth of Pennsylvania, Governor's office, "Commonwealth Travel Procedures Manual," Manual 230.1 Amended November 1, 2011, effective January 1, 2012.

²⁴ PASSHE Board of Governors, Policy 1986-07-A, "Travel Expense Regulations", adopted October 12, 1986, effective October 12, 1986, amended April 9, 1998.

²⁵ Office of the Chancellor, PASSHE, "Procedures and Standards for University Operations, Procedure/Standard" Number 2011-07, August 31, 2010.

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Scope and methodologies to meet our objective

We focused our audit work on California travel expenditures, specifically those expenses categorized as administrative travel expenses. The work on this objective covered the period July 2009, through June 21, 2013.

Administrative travel expenses totaled approximately \$1.9 million during our audit period. We determined whether each of the selected transactions followed the applicable established procedures.

To accomplish our administrative travel objective, we reviewed the applicable regulations discussed above to gain an understanding of the travel requirements, and we performed the following procedures:

We interviewed various university personnel, including the associate vice-president for finance and the director of administrative services. We specifically inquired as to the approval process of expenses (both anticipated expenses and actual travel expenses).

We obtained a breakdown from California of all administrative travel expenses that occurred during the three year audit period. This breakdown identified 110 university cost centers and recorded total administrative travel expenses as \$1.9 million. These yearly totals were subsequently traced to each respective year's audited financial statements.

We selected 45 transactions (totaling approximately \$121,000) from 11 of the 110 cost centers for review. These transactions represented various types of administrative travel expenses including, overnight lodging, meals, conferences, fundraising efforts, and alumni events.

Finding 3**California failed to comply with established
Commonwealth and PASSHE travel expense requirements.**

Our review of 45 administrative travel expenditures found five instances where California failed to comply with management directive number 230.10 and/or PASSHE's Procedure/Standard 2011-07. Four instances pertained to overnight lodging expenses and one instance pertained to the traveler's failure to provide an itemized receipt for dinner expenses.

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Management Directive 230.10, section 3.3 requires travelers to provide written justification when staying in hotels that exceed the rates set by the General Services Administration. We found that California failed to comply with this requirement on 4 of the 45 transactions we tested.

On four separate occasions, California's staff traveled on fundraising missions and exceeded the federal lodging rates for the areas visited. We requested the justifications for each occasion where the lodging expenses exceeded the maximum allowable rates. For each occasion, California was not able to provide documentation justifying the additional expense. The Commonwealth Travel Procedures Manual²⁶ states "the commonwealth's maximum per night lodging rates follow GSA maximum allowable lodging rates excluding taxes. Commonwealth travelers will only be reimbursed for actual expenses incurred, within the maximum allowable rate". In addition, the manual further states that "where obtained lodging is not within the maximum GSA lodging rate, specific business justification is required." The university stated the justification provided was "verbal" and not documented. The failure to justify additional expenses could result in the traveler being responsible for these costs. Since California did not enforce the written justification requirement, it also did not require its employees to reimburse the university for the difference in the lodging costs.

The review of expenses also included dinner meetings conducted by university employees. The examination of the supporting documentation available revealed that one of the dinner meetings did not have an itemized receipt to support the expenditure. The commonwealth travel procedures manual specifically addresses this type of travel expense²⁷. The manual states that the "justification shall include...An explanation of the circumstances requiring expenses to be incurred on behalf of others. Itemized receipts for the expenses incurred are required". In addition, PASSHE Procedure/Standard 2011-07 requires university expenditures to be adequately documented. All receipts must be itemized clearly indicating the items purchased e.g. a credit card receipt showing only the total is not acceptable. Receipts for meals for business meetings must show the number of diners, meals that were purchased, location, date, and whether or not alcohol was purchased. Payment or reimbursement of these expenses cannot be made without an itemized receipt. The failure to properly document all travel expenditures with itemized receipts brings

²⁶ Commonwealth of Pennsylvania, Governor's Office, "Commonwealth Travel Procedures Manual", Section 3, "Lodging," subsection 3.3, "Maximum Allowable Lodging Rates".

²⁷ Commonwealth of Pennsylvania, Governor's Office, "Commonwealth Travel Procedures Manual, Section 4, "Subsistence," subsection 4.5, "Subsistence Expense incurred on the Behalf of Others".

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into doubt whether the transaction met all commonwealth requirements, including the restriction on alcohol as an accepted expense.

**Recommendations
for Finding 3**

7. California should implement internal controls to ensure travelers comply with all applicable Commonwealth and PASSHE travel procedures and limit expense reimbursement to only properly documented expenses. California must require and review justification when reimbursement requests exceed the allowable rates. Reimbursement must be withheld when procedures are not followed or when inadequate justification of expenses is provided.
8. California must ensure compliance with PASSHE procedures and require travelers on official university business to provide itemized receipts that document and support every expenditure prior to reimbursement.

**Management
Response**

The University will review our current internal controls around travel and will strengthen any weaknesses and/or institute new controls as necessary. Recently, Cabinet approved an updated institutional travel policy that will be disseminated to the campus community along with training on the policy, necessary travel paperwork and approval process, reimbursement procedures, and required documentation.

**Auditors'
Conclusion**

We are pleased that California agrees with our finding and that it is taking action to implement our recommendations. During our next audit, we will determine whether California is in compliance with travel and reimbursement policies and procedures.

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**Status of
Prior Audit**

The prior audit report of California covered the period July 1, 2005, to July 11, 2008, and contained six findings and three prior audit findings. However, only one of the findings contained recommendations. The recommendations pertained to the university's failure to use all available collection methods for delinquent accounts. In addition, the prior audit report also contained one unresolved finding (Finding V- 3) from the audit report of California University that covered the period of July 1, 2003, to June 8, 2005. The recommendations pertain to Student Association's failure to adequately control credit card expenditures. A summary of the findings, their accompanying recommendation 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 6 California did not use all available collection methods for delinquent accounts. (Resolved)

Our prior audit reported that California did not use all available collection methods and, thus, did not maximize the value of potential receipts. From July 1, 2006, to June 13, 2008, the Attorney General authorized and California subsequently wrote off approximately \$221,100 in student accounts. The university did not assess the feasibility of using the services of either an independent collection agency or a credit-reporting bureau. Accordingly, California did not maximize its collection efforts or its potential collections.

We recommended that management assess the costs and benefits of contracting with a private agency to pursue collections of accounts authorized by the Attorney General for write-off. We also recommended that the university consider filing a record of its delinquent accounts with a credit-reporting agency.

In response to our audit, California stated that the university entered into a contract with a private agency to pursue collections of accounts authorized by the Attorney General for write-off. The university stated that they would explore the option of filing a record of its delinquent accounts with a credit-reporting agency.

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Status as of this audit. During our current audit, we found that California University has entered into agreements with three separate collection agencies. University management stated that using three separate agencies would maximize the collection effort. The university only pays the collection agency's services when the agency collects money on behalf of the university. The fee charged is a percentage of the actual amount collected. During the period July 1, 2009, to June 30, 2012, the university received approximately \$48,878 in delinquent account collections from the agency.

The provisions of each collection agency contract allows for the reporting of delinquent student accounts to a credit-reporting agency. However, the Commonwealth's Office of the Attorney General has determined that all PASSHE universities will not report student delinquent accounts to a credit-reporting agency. The Office of the Attorney General also stated that if a university deemed it necessary to submit a student account to a credit-reporting agency, the university must first consult with their legal advisors to ensure that they are complying with the guidelines and procedures of what is required to be reported to the credit-reporting agency.

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

Prior Finding 3 The Student Association did not adequately control credit card expenditures. (Resolved)

Our previous two audits reported that the Student Association did not adequately control its credit card expenditures. The immediately preceding audit reported that the Association paid approximately \$490 in Pennsylvania sales tax for 20 of the 218 transactions tested despite its tax-exempt status. The Association's credit card policies and procedures adopted in November 2004, did not address the tax-exempt status of the Association. The Association's chief financial officer, hired in November 2007, prepared a draft of new policies and procedures that did address the tax-exempt status. The Association's board had not yet approved the new guidelines as of July 11, 2008.

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We stated in our previous audit that we will review the approved new guidelines during our next audit to ensure that the Association has implemented appropriate procedures.

Status as of this audit. During our current audit, we found that the Student Association has revised its credit card policies and procedures to address the university's tax-exempt status. As of April 15, 2013, the policy administered by California's business office now states "the tax exemption certificate must be used on all eligible purchases. An employee issued a credit card should maintain a copy of the certificate with their card at all times." The policy further states that an employee failing to utilize the tax-exempt status will be issued a warning. After three warnings, credit card privileges will be revoked for three months. If an employee has his or her privileges revoked three times, they no longer will have access to the credit card. The credit card will be voided by the Student Association's chief financial officer.

Based on our current audit work, we concluded that the university has implemented our prior audit recommendation.

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