



**Performance Audit**

***East Stroudsburg University of Pennsylvania***

**Commonwealth of Pennsylvania  
State System of Higher Education**

**December 2011**

December 21, 2011

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

Dear Governor Corbett:

This report contains the results of a performance audit of East Stroudsburg University of Pennsylvania of the State System of Higher Education from July 1, 2007, through January 27, 2011. We conducted our audit under authority provided in Act 188 of 1982 (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 in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains six audit objectives along with an audit scope and methodology for each objective. Where appropriate, the audit report contains findings, conclusions, and recommendations. The report noted that East Stroudsburg University uses student social security numbers as their primary means of accessing student information and exposes the numbers to personnel who do not need access. Also, service contracts were approved even though the contractors did not provide documentation of adequate liability insurance.

East Stroudsburg University's facility management department did not fully utilize their computerized maintenance management software system and could not provide assurance that emergency repairs were given priority over routine work. East Stroudsburg University's internal controls and accounting procedures were deficient for miscellaneous revenues collected for the university dance company and we could not determine if all fees and sales were collected.

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Finally, university employees entered into prohibited and/or unapproved purchasing card transactions totaling \$7,734.66, an issue also identified in the prior audit. University management approved the transactions even though they were prohibited.

We discussed the contents of the report with management of the East Stroudsburg University of Pennsylvania and all appropriate comments are reflected in the report.

Sincerely,

**JACK WAGNER**  
Auditor General



**East Stroudsburg University of Pennsylvania  
Pennsylvania State System of Higher Education**

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Pennsylvania State System of Higher Education**

**Background  
Information**

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**Background  
Information**

*History, mission,  
and operating  
statistics*

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**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 Act 188 of 1982 that created the State System,<sup>1</sup> the Pennsylvania Department of Education had administrative control of the 14 institutions, 13 of which were then known as state colleges.<sup>2</sup>

The purpose of the State System is to provide students with the highest quality education at the lowest price. The 14 universities include Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock, and West Chester. The State System also includes four branch campuses, the McKeever Environmental Learning Center, and the Dixon University Center.

A centrally established 20-member board of governors has overall responsibility for planning and coordinating the operation and development of the State System. Examples of the board's statutory powers include 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. Members of the board include legislators, State System university students and trustees, and members of the public. Pennsylvania's governor and the state's secretary of education, or their designees, also serve on the board. Additionally, the board appoints a chancellor to serve as the chief executive officer of the State System.

At the university level, each president and council of trustees have certain powers and duties unique to their individual institutions.

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<sup>1</sup> 24 P.S. § 20-2001.

<sup>2</sup> Indiana University of Pennsylvania was already known as a university prior to creation of the State System. Effective July 1, 1983, each of the other 13 state colleges became known as the (Name) University of Pennsylvania of the State System of Higher Education.

**Background  
Information**

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**East Stroudsburg University**

The East Stroudsburg University of Pennsylvania, which we will also refer to in this report as East Stroudsburg or the university, is located in East Stroudsburg Borough, Monroe County which is approximately 35 miles northeast of Allentown. The university is made up of 66 buildings located on approximately 256 acres.<sup>3</sup>

The school's history is described on the university's website.<sup>4</sup> Excerpts from that website follow:

The East Stroudsburg Normal School was founded in 1893 and opened its doors on September 4, 1893. A faculty of 15 greeted a group of 320 students who had entered the two-year programs in elementary and science education. When founded, the Normal School was privately owned, however ownership was transferred to the Commonwealth of Pennsylvania in 1920, and the name was changed to East Stroudsburg State Normal School. In 1927, the right to confer the degrees of Bachelor of Science in Education and Bachelor of Science in Health Education was granted. In 1962, the College received the right to confer graduate degrees. The College officially became East Stroudsburg University of Pennsylvania on July 1, 1983.

Also on its website, East Stroudsburg presents this statement to describe its mission:<sup>5</sup>

*East Stroudsburg University will provide:*

- *Challenging and contemporary undergraduate and graduate curricula that engage and equip students to critically appraise and apply knowledge in their lives and chosen fields of study.*
- *A learning community that promotes diversity and views teaching as the university's primary focus.*
- *Varied opportunities for student and faculty research, creative endeavors and involvement in public service.*

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<sup>3</sup> <http://www4.esu.edu/today/map/index.cfm> accessed October 25, 2011.

<sup>4</sup> [http://www4.esu.edu/aboutese/president\\_office/history.cfm](http://www4.esu.edu/aboutese/president_office/history.cfm) accessed October 25, 2011.

<sup>5</sup> [http://www4.esu.edu/aboutesu/president\\_office/mission.cfm](http://www4.esu.edu/aboutesu/president_office/mission.cfm) accessed October 25, 2011.



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- 
- *Leadership and service in the educational, cultural and economic development of the region.*

East Stroudsburg is headed by a president. The university also has a Council of Trustees, consisting of 11 members appointed by the Governor, including one undergraduate student. At least two members of the Council of Trustees are alumni of the institution. Primarily, the trustees are responsible to make recommendations to the chancellor of the Pennsylvania State System of Higher Education for the appointment and dismissal of the president and to approve the university budget, new academic programs, contracts and fees other than tuition.<sup>6</sup>

**Accreditation**

East Stroudsburg is accredited by the Middle States Commission on Higher Education of the Middle States Association of Colleges and Schools. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Commission on Recognition of Postsecondary Education. All education programs at East Stroudsburg are also accredited by the National Council for Accreditation of Teacher Education and the Pennsylvania Department of Education.<sup>7</sup>

The following schedule presents selected unaudited operating statistics compiled by the Pennsylvania Joint State Government Commission, a bipartisan and bicameral research agency of the General Assembly.<sup>8</sup> These statistics provide the reader with comparative information about East Stroudsburg University individually and the State System of Higher Education as a whole.

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<sup>6</sup> [http://www4.esu.edu/aboutesu/president\\_office/trustees.cfm](http://www4.esu.edu/aboutesu/president_office/trustees.cfm) accessed October 27, 2011.

<sup>7</sup> [http://www4.esu.edu/aboutesu/president\\_office/accreditation.cfm](http://www4.esu.edu/aboutesu/president_office/accreditation.cfm) accessed October 25, 2011, verified November 28, 2011.

<sup>8</sup> <http://jsg.legis.state.pa.us>, accessed March 9, 2010; verified November 28, 2011.

## A Performance Audit

Background  
InformationEast Stroudsburg University of Pennsylvania  
Pennsylvania State System of Higher Education

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	East Stroudsburg University			State System of Higher Education (State System)		
	Fiscal year ended June 30,			Fiscal year ended June 30,		
	2007	2008	2009	2007	2008	2009
<i>State Instructional Appropriations (rounded in millions)</i>	\$24.8	\$25.9	\$26.0	\$463.0	\$479.8	\$473.1
Percentage of State System total	5.4%	5.4%	5.5%	100.0%	100.0%	100.0%
<i>Full-Time Equivalent Students :</i>						
Undergraduate	5,782	5,868	5,996	92,678	93,927	94,770
Graduate	<u>702</u>	<u>725</u>	<u>704</u>	<u>10,366</u>	<u>10,795</u>	<u>11,148</u>
Total	<u>6,484</u>	<u>6,593</u>	<u>6,700</u>	<u>103,044</u>	<u>104,722</u>	<u>105,918</u>
Percentage of State System total	6.3%	6.3%	6.3%	100.0%	100.0%	100.0%
<i>Full Time Equivalent Instructional Faculty:</i>	347	357	370	5,366	5,416	5,491
Percentage of State System total	6.5%	6.6%	6.7%	100.0%	100.0%	100.0%
<i>Degrees Conferred:</i>	1,412	1,542	1,591	21,954	22,157	23,250
Percentage of State System total	6.4%	7.0%	6.8%	100.0%	100.0%	100.0%

**East Stroudsburg University of Pennsylvania  
Pennsylvania State System of Higher Education**

**Audit  
Objectives**

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**Audit  
Objectives**

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 East Stroudsburg University had six objectives. We selected those objectives from the following areas: accreditation, social security numbers, service contracts, maintenance work orders, employee awards and bonuses, and miscellaneous revenue.

- One To review accreditation reports and the university's efforts to implement the recommendations presented in those reports.
- Two To assess the confidentiality and protection of student personal information and determine whether a student's social security number was used as a primary student identifier.
- Three To determine whether the university effectively monitored its service contracts and whether it complied with the Pennsylvania State System of Higher Education's policy for contract procurement.
- Four To evaluate the procedures followed for processing work orders and related purchasing practices.
- Five To determine whether employee special performance awards and contractual bonuses were justified.
- Six To assess internal controls over selected miscellaneous revenues.

Unless indicated otherwise, the scope of the audit was from July 1, 2007, through January 27, 2011.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, agreements, and guidelines of the Commonwealth, the Pennsylvania State System of Higher Education, and East Stroudsburg University. In the course of our audit work, we interviewed various university management and staff. The audit results

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**Audit  
Objectives**

**East Stroudsburg University of Pennsylvania  
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section of this report contains the specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also performed 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 related to fire safety, the VISA purchasing card, and the office of camps and conferences.

**East Stroudsburg University of Pennsylvania  
Pennsylvania State System of Higher Education**

**Audit Results**

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**Audit Results**

In the pages that follow, we have organized our audit results into six sections, one for each objective. Each of the six sections is organized as follows:

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

**Audit Results:  
Accreditation**

**East Stroudsburg University of Pennsylvania  
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**Audit Results  
for  
Objective  
One**

**The objective**

Objective one for our performance audit was to review accreditation reports and the university's efforts to implement the recommendations presented in those reports.

**Scope of our audit work**

*Accreditation*

We reviewed the five most current accreditation reports for East Stroudsburg University as of January 13, 2009. We also reviewed information contained on the Middle States Commission on Higher Education's website pertaining to the status of a progress report submitted by the university to the Commission through November 18, 2010.<sup>9</sup>

**Relevant reports**

East Stroudsburg University is one of fourteen members of the Pennsylvania State System of Higher Education whose mission is to provide challenging and contemporary undergraduate and graduate curricula that engage and equip students to critically appraise and apply knowledge in their lives and chosen fields of study<sup>10</sup>. As part of meeting this commitment, East Stroudsburg is a fully accredited member of eight accrediting agencies, which accredits all University programs.<sup>11</sup> The accrediting agencies are as follows:

- American Chemical Society;
- Commission on Accreditation of Allied Health Education Programs for the Athletic Training Program;
- National Recreation and Park Association/American Association for Leisure and Recreation;
- Pennsylvania Department of Education;
- National Security Agency Center of Excellence for the Computer Security Program;
- National Council for Accreditation of Teacher Education;

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<sup>9</sup> <https://www.msche.org/documents/sas/157/Statement%20of%20Accreditation%20Status.htm>, accessed December 7, 2011

<sup>10</sup> East Stroudsburg University mission statement. [http://www4esu.edu/aboutesu/president\\_office/mission.cfm](http://www4esu.edu/aboutesu/president_office/mission.cfm) viewed June 23, 2009.

<sup>11</sup> East Stroudsburg University President's Office "Accreditations," [http://www4.esu.edu/aboutesu/president\\_office/accreditation.cfm](http://www4.esu.edu/aboutesu/president_office/accreditation.cfm) viewed June 23, 2009, verified October 25, 2011.

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**Audit Results:  
Accreditation**

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- 
- National League for Nursing Accrediting Commission; and
  - Middle States Commission on Higher Education.

According to the United States Department of Education,

*The goal of accreditation is to ensure that education provided by institutions of higher education meets acceptable levels of quality.*<sup>12</sup>

**Methodologies to meet our objective**

We selected and reviewed the five most recent accreditation reports for East Stroudsburg University as of January 13, 2009. The five reports were from these organizations: Commission on Accreditation of Allied Health Education Programs; National Recreation and Park Association/American Association for Leisure and Recreation; National Council for Accreditation of Teacher Education; National League for Nursing Accrediting Commission; and the Middle States Commission on Higher Education.

We interviewed East Stroudsburg's academic affairs' administrative assistant to obtain an understanding of the university's efforts to comply with accreditation requirements.

We reviewed East Stroudsburg's response to recommendations made by the Middle States Commission on Higher Education's accreditation report.

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**Finding 1**

**East Stroudsburg University met all the requirements to be granted accreditation status.**

Our examination of the five most recent accreditation reports showed that East Stroudsburg University was granted accreditation status from all five accreditation agencies.

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<sup>12</sup> US Department of Education "College Accreditation in the United States-Overview of Accreditation." <http://www.ed.gov/admins/finaid/accred/accreditation.html> as viewed on June 24, 2009, verified on October 26, 2011.

**Audit Results:  
Accreditation**

**East Stroudsburg University of Pennsylvania  
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One of the accrediting agencies, the Middle States Commission on Higher Education, reaffirmed East Stroudsburg accreditation on June 28, 2007, however, the commission requested a progress letter, due October 1, 2008, documenting progress in two areas of concern (1) strengthening collegial governance, and (2) the development and implementation of a comprehensive process for identifying and assessing student learning outcomes at all levels and in all programs.

On October 1, 2008, East Stroudsburg University forwarded their progress letter via mail to the Middle States Commission on Higher Education. The Middle States Commission on Higher Education accepted the university's progress report on November 18, 2010.

The remaining four accrediting organizations extended accreditation and did not request a progress report.



East Stroudsburg University of Pennsylvania  
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**Audit Results:  
Social Security  
Numbers**

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**Audit Results  
for  
Objective  
Two**

**The objective**

Objective two for our performance audit was to assess the confidentiality and protection of student personal information and determine whether a student's social security number was used as a primary student identifier.

**Scope of our audit work**

*Social Security  
Numbers*

We examined mainframe computer access authorizations for 20 of 76 East Stroudsburg University departments.

**Relevant laws**

Historically, most colleges and universities relied on social security numbers as unique identifiers for students, faculty, and staff to generate reports on grades, payroll information, and employee benefits.<sup>13</sup> Since its creation, the social security number has evolved beyond its original intended purpose. These numbers, along with a name and birth date, are the three pieces of information most often sought by identity thieves.<sup>14</sup>

The use of social security numbers for identification purposes creates substantial risks. Social security numbers are sensitive data that can be used by identity thieves to commit fraud. This use can cause privacy harm to university staff and students, and create compliance and reputation risks to the university itself.

Given the extent to which government and private sector entities use social security numbers, Congress has enacted federal laws to restrict the use and disclosure of consumers' personal information, including social security numbers. Many states have also enacted their own legislation to restrict the use and display of social security numbers.<sup>15</sup>

Act 60 of 2006, effective on December 26, 2006, limits the use of social security numbers as student or employee identifiers.<sup>16</sup> This recent legislation creates an affirmative duty for the university to establish

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<sup>13</sup> [http://www.upenn.edu/comuting/da/privacy/SSN\\_restriction.html](http://www.upenn.edu/comuting/da/privacy/SSN_restriction.html) Viewed on July 7, 2009.

<sup>14</sup> United States Government Accountability Office, Federal and State Laws Restrict Use of SSNs, yet Gaps Remain, dated September 15, 2005.

<sup>15</sup> Ibid.

<sup>16</sup> P.L. 281, No.60, "An act relating to the confidentiality of Social Security numbers." viewed June 25, 2009.

**Audit Results:  
Social Security  
Numbers**

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specific security measures to ensure that identity theft does not occur when the university is the custodian of a social security number.

**Methodologies to meet our objective**

We reviewed the Commonwealth law and the United States Government Accountability Office report on the use of social security numbers.

We interviewed East Stroudsburg University's director of computing & communication services.

We obtained and reviewed East Stroudsburg's department listing of user codes for both the web server and the mainframe.

Using our professional judgment, we selected 20 of 76 departments, from the mainframe user code listing, where vital student information could be accessed.

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**Finding 2**

**East Stroudsburg University used student social security numbers as its primary means of accessing student information and exposed the numbers to personnel who did not need access.**

When we reviewed the access capability of the 20 East Stroudsburg University departments, we determined that 5 of the 20 departments tested did not have a need to access student social security numbers. East Stroudsburg personnel in these five departments were able to access the university's mainframe computer system thereby giving them unnecessary access to student social security numbers.

Our discussions with various university officials, and observation of computer access found that the university uses the student's social security number as the primary means for accessing pertinent student information. When we first opened the audit in 2009, the university was awaiting the installation of a student information management module from SAP. Once installed, the new module will eliminate the university's need to use social security numbers as primary student identifiers. However, the project was delayed several times during the course of our audit.

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**Audit Results:  
Social Security  
Numbers**

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Management had expected to start implementation of the new system on August 1, 2009, and have it fully implemented by the 2011 fall semester. According to East Stroudsburg officials, the new management system, once installed, will limit access to the students' vital information such as social security numbers to departments such as financial aid and the bursar's office.

**Recommendation  
for Finding 2**

1. University management should reevaluate the need for departments to access student's vital information, possibly deleting or inactivating the user codes that are no longer in use and regularly change passwords for the user codes within the Mainframe.
2. University management should follow through on the purchasing and implementing of the new student management system.

***Comments from East Stroudsburg University management:***

*East Stroudsburg University, as of January 27, 2011, is currently in the 13<sup>th</sup> month of an 18 month conversion process to a new student information system. The new system does not and will not use social security numbers as the student identifier. The new system will use assigned student ID #'s to replace the use of social security numbers and should be operational by the 2011/2012 fall semester.*

**Response of the Department of the Auditor General**

We will obtain assurances that the new system has been installed and that it safeguards access to student social security numbers during our next audit of East Stroudsburg University.

**Audit Results:**  
**Service Contracts**

**East Stroudsburg University of Pennsylvania**  
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**Audit Results**  
**for**  
**Objective**  
**Three**

**The objective**

Objective three for our performance audit was to determine whether the university effectively monitored its service contracts and whether it complied with the Pennsylvania State System of Higher Education’s policy for contract procurement.

*Service Contracts*

**Scope of our audit work**

We selected and examined 10 of the 29 service contracts in effect for the fiscal year ended June 30, 2008.

**Relevant policies**

East Stroudsburg University contracts with various vendors to provide a variety of goods and services. The Pennsylvania State System of Higher Education has established a written policy manual for contracts for goods and services.<sup>17</sup>

The policy requires university management to be responsible to ensure that contracts are properly written, bid, and approved. The policy also requires service contracts to be monitored to verify services are provided and expenditures are incurred according to contract stipulations. Finally, East Stroudsburg University has an additional requirement that service contracts should include a certificate of liability insurance.<sup>18</sup>

**Methodologies to meet our objective**

We reviewed the Pennsylvania State System of Higher Education’s manual for purchasing goods and services and the insurance requirements in the East Stroudsburg University policy.

We interviewed the East Stroudsburg purchasing agent and accounts payable manager.

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<sup>17</sup> MANUAL FOR PREPARING AND PROCESSING CONTRACTS FOR GOODS AND SERVICES, Office of Chief Counsel, Office of University Legal Counsel of the Pennsylvania State System of Higher Education, Commonwealth of Pennsylvania.

<sup>18</sup> East Stroudsburg University of Pennsylvania, State system of Higher Education, Commonwealth of Pennsylvania, “INSURANCE REQUIREMENTS,” 11/2005 Format.

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**Audit Results:  
Service Contracts**

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Using our professional judgment, we selected 10 of 29 total contracts in effect for the fiscal year ended June 30, 2008, for our testing of contract monitoring and compliance with Pennsylvania State System of Higher Education's policy. The ten contracts chosen for testing were for the following services:

- Advertising
- Carpet cleaning
- Elevator maintenance
- Generator maintenance & repair
- Housekeeping laundry services
- Masonry services
- Professional physician services
- Sign Language interpreter
- Trash removal
- Welding

Our audit of the 10 contracts selected determined that all the contracts were approved and procured in accordance with the State System's policy. However, deficiencies existed in the areas of liability insurance.

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**Finding 3**

**East Stroudsburg University's contracts were approved even though they did not have documentation of adequate liability insurance.**

The Pennsylvania State System of Higher Education's policy states that all vendors/contractors doing business with the university must maintain \$1,000,000 of liability insurance. In addition, the policy states that East Stroudsburg University of Pennsylvania, the State System of Higher Education, and the Commonwealth of Pennsylvania are named as additional insured's.

Our audit determined that 5 of the 10 contracts we reviewed did not include certificates of liability insurance with the formal bid applications as required by East Stroudsburg policy.

**Audit Results:**  
**Service Contracts**

**East Stroudsburg University of Pennsylvania**  
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**Recommendation  
for Finding 3**

3. East Stroudsburg University should contact all contractors that have not provided the required certificate of liability insurance and request the certificate of liability insurance.
4. If no certificate of liability insurance exists, the university needs to either instruct the contractor to purchase the required liability insurance immediately or cancel the contract and rebid the contract so as to include the proper liability insurance needed to protect East Stroudsburg University, the State System of Higher Education, and the Commonwealth of Pennsylvania in case of an accident.

***Comments from East Stroudsburg University management:***

*In regards to the auditors' finding, the ESU Procurement department follows standard PASSHE practices and requests Insurance Certificates for our contracts as appropriate. In the specific cases related to the audit finding, most of these certificates were indeed in our possession; however, they were not physically filed with the actual contract. They were kept in a binder in alphabetical order by company. For the one or two certificates that we did not have in our files, we notified the vendor(s) and had them supplied immediately.*

*Towards adopting the recommended actions, we have taken steps to request any absent certificates and have put additional emphasis on this step in our process going forward. In regard to the filing of certificates, we are maintaining our binder practice but also file a copy with the actual SPC.*

**East Stroudsburg University of Pennsylvania  
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**Audit Results:  
Maintenance  
Work Orders**

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**Audit Results  
for  
Objective  
Four**

**The objective**

Objective four for our performance audit was to evaluate the procedures used for processing work orders and related purchasing practices.

**Scope of our audit work**

*Maintenance Work  
Orders*

We selected and examined 190 work orders out of a total of 16,977 work orders processed during the fiscal year ended June 30, 2008.

**Relevant policies**

East Stroudsburg’s facility management department is responsible for overseeing the preservation of the university's buildings and grounds. The largest section of the facility management department is facility services, comprised of three units that operate and maintain 66 buildings and 256 acres of land. The three units are as follows:

1. Building care services - operates routine custodial service.
2. Campus services - provides grounds keeping and labor shop services.
3. Building trades services - provides maintenance and repair to the buildings, equipment, and grounds.

East Stroudsburg University purchased a new computerized maintenance management software system, known as the TMA System, at a cost of \$54,540.50 in December 2005. East Stroudsburg purchased three additional add-on modules – “Digital Maintenance Assistant,” “Key Management Module,” and “Room Inspection Module” – at a cost of \$10,332.75 in January 2006. In addition, East Stroudsburg entered into yearly software maintenance agreements. The agreement for the period from November 1, 2007, to October 31, 2008, cost \$6,818.25. The maintenance agreement cost rose to \$7,500 for the period from November 1, 2008, to October 30, 2009. These costs have accumulated to over \$79,000 through October 30, 2009.

**Audit Results:  
Maintenance  
Work Orders**

**East Stroudsburg University of Pennsylvania  
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East Stroudsburg has assembled a series of procedures for use of the maintenance management software system. The procedures have been placed in the university's TMA work order operation/procedure manual.<sup>19</sup>

The new software system was designed to provide campus wide connectivity. Connectivity would enable all faculty and staff members' access to process work requests, directly to the facility management department. The TMA System has three levels of operating procedures as follows:

- Submitting and completing work orders
- Issuing and submitting shop generated work orders
- Instructions and procedures for other departments at the university to submit a work order to the facility management department.

According to university management, the TMA System was implemented on January 3, 2007.

**Methodologies to meet our objective**

We obtained and reviewed the maintenance management software system purchase contract, and the manufacturer's proposal on the software system function, features, equipment, services and options to obtain an understanding of the features available in the system.

We interviewed the East Stroudsburg manager of space & information technology, the manager of customer & administrative services, and the manager of energy & plant services.

We compared the purchased TMA System services with the services actually used by the university.

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<sup>19</sup> East Stroudsburg University, Facilities Management, Letter for TMA Systems Implementation, December 14, 2006;

East Stroudsburg University, Facilities Management, Procedures for Submission and Completion of TMA Work Orders;

East Stroudsburg University, Facilities Management, Procedures for Issuing and Submission of Shop Generated Work Orders into TMA;

East Stroudsburg University, Facilities Management Guide for Service Request.



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Finally, we examined 190 work orders out of a total of 16,977 work orders processed during the fiscal year ended June 30, 2008, for detailed testing of the work order management provisions used by East Stroudsburg.

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**Finding 4**

**East Stroudsburg University's facility management department did not fully utilize its \$79,000 maintenance management software system.**

Our audit of the computerized maintenance management software system determined that the university's facility management did not fully utilize the capabilities of the purchased computerized maintenance management software system. The areas of non utilization are as follows:

**Management is not prioritizing work orders in accordance with the computerized maintenance management software system manual.**

After faculty and/or staff inputs a work order request onto the system, the university's customer & administrative services manager, assigns the work order to the various maintenance and repair shops based on the work order request. At this time, the manager should also assign a priority code to the work order. The priority codes are as follows:

- Level 1 – Routine
- Level 2 – Normal
- Level 3 – Rush
- Level 4 – 1st Priority
- Level 5 – Emergency

Our examination of 190 work orders showed that the same priority code was used no matter what type of repair work was being requested. This situation is occurring because the system automatically defaults to level 1-routine. By not assigning different priority codes to work orders the possibility exists that an emergency repair may go unnoticed and not receive immediate attention. We also observed from our examination of the 190 work orders that most work orders did not include a due date, another tool available on the TMA System.

**Management prevents the system from prioritizing work orders by level of importance by not assigning priority codes.** The concept of

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assigning priority codes to work orders normally signifies the time frame necessary or acceptable for completing the related work. For example, level 1 – Routine could be assigned a time frame of hours or days where level 5 – Emergency could be assigned an acceptable time frame of immediate. East Stroudsburg management has not established time frames for any of its five levels of importance. The 190 work orders that we examined averaged 17 days from request to completion. Without a point of measure, it is unknown whether 17 days was reasonable.

Also, by not inserting the proper priority code into the system there is no distinction of importance between one work order and another. Routine tasks may end up pre-empting critical tasks. For example, a work order was requested on July 16, 2007, to add an exterior fire extinguisher cabinet adjacent to the gasoline storage tank. The work order was assigned a routine status and was not completed until April 10, 2009. We believe the safety of individuals working in and around this area was compromised by the 618 day delay.

**Management is not utilizing the tracking component for including materials used and labor costs on each completed work order.** Our examination of 190 work orders revealed that at least 32 of the 190 work orders, or 16.8 percent, appeared from the work order task description to have needed maintenance materials, but materials used were not recorded.

Regarding labor costs, East Stroudsburg management did include on each work order a field for the amount of labor hours charged to the job. However, our testing revealed that in 18 of the 190 work orders examined, or 9.5 percent, the labor hours field was not completed.

By not tracking work order material and labor costs, management has not taken advantage of a very valuable tool for economy, efficiency, and fiscal control purposes. By failing to use the materials and labor costs feature on the system, management loses its ability to evaluate and budget for time and costs expended by the maintenance shops. Management is also unable to accurately account for actual labor and material costs incurred on each work assignment. Finally, by failing to record and track materials requisitioned from the storeroom, pilferage and/or misuse of materials not used on specific jobs may go undetected.

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**A key tracking module, purchased with the software system at an additional cost of \$1,995, is not being utilized by management.** The key tracking system maintains accountability for all facility keys while providing a fully automated audit trail for tracking key issuance data. The system tracks when a key was issued, to whom a key was issued, number of keys issued, key assignment status, quantities of lost keys, master keys, and department/function of each key issued. The key tracking feature is not used.

**Other Unused Features.** The work order system has the capability to control material application such as ordering, scheduling and purchasing of materials, inventory/storage controls, inventory utilization, bid and cost control methods and invoicing. These functions are already currently being performed as part of the SAP accounting and financial management system. It is unclear whether the two systems are compatible with one linking to and feeding information to the other system.

Finally, we determined that East Stroudsburg management has not established internal expectations for its work order system. Management only uses the TMA System to record and assign work orders. By not using the system to its full capabilities, the work being completed is not evaluated by the university for economy, efficiency and fiscal control purposes. Therefore, university management has spent over \$79,000 for an underutilized work order system.

**Recommendation  
for Finding 4**

5. East Stroudsburg University management should develop additional policies and procedures to oversee the maintenance management software system operations. These policies and procedures should require documentation of the following procedures:
  - Assignment of priority codes
  - Prioritizing of work orders based on priorities codes
  - Inclusion of material and labor costs on each work order
6. East Stroudsburg University management should take advantage of the key control module purchased to help improve the overall efficiency and effectiveness of their key controls.

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#### ***Comments from East Stroudsburg University management:***

*The Facilities Management Department has formed a committee comprising functional managers from within the department to develop procedures that aim at promoting optimal utilization of the computerized maintenance management system (TMA). The two main goals of this committee will be:*

- *Work Order Prioritization*
- *Capturing of Materials/Labor Costs*

*The committee will establish the criteria for prioritization of work orders by October 31, 2011. They will then conduct training for all FM staff included in the work order process with go-live by January of 2012 and begin using the established criteria for the prioritization of work order.*

*The issue of recording materials and labor for work orders has remained a concern because of the incompatibility of SAP and TMA. It is also more difficult to determine a per work order cost when materials are purchased in bulk and not in manner where they are individually packed. In addition, the effort to reduce in-house inventory and move toward an on-time delivery concept (by vendors), recording of sundries is impractical. Buying the items in bulk allows material purchasing to be more economically feasible as well as environmentally friendly (due to packaging). Considering the issues mentioned, the committee is charged with researching how other universities handle their per work order material cost. They will also reevaluate the relationship between SAP and TMA to determine whether an integration may be possible.*

*As far as the key control module is concerned, the University adopted the key control software from BEST Locking Systems instead of the software that is referred to in the report (which is essentially integrated as a part of TMA) due to the fact that all University locks are on the BEST Locking System. The effectiveness of this software compared to the one referenced in the audit report is greater because it not only allows effective tracking and control but also helps with the coding of keys. With the decision to use the BEST Locking System, ESU has not renewed its license for the Key Control Module.*

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**Audit Results:  
Employee Awards  
and Bonuses**

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**Audit Results  
for  
Objective  
Five**

**The objective**

Objective five for our performance audit was to determine whether employee special performance awards and contractual bonuses were justified.

**Scope of our audit work**

*Employee Awards  
and Bonuses*

We selected and examined employee awards and bonuses paid during the fiscal year ended June 30, 2006, 2007, and 2008.

**Relevant policies or agreements**

East Stroudsburg University has established special performance awards for managers to recognize outstanding contributions to the university's success.<sup>20</sup> According to the policy, the awards are limited to a maximum of \$1,500, or 2 percent of annual salary, whichever is greater. All award recipients must be nominated by a director/department manager. The nominations must be thoroughly documented and supportable. The university's vice president responsible for overseeing of the nominee and the full president's council must also approve the nomination.

**Methodologies to meet our objective**

We reviewed East Stroudsburg University's administrative memo for special performance awards for managers.

We interviewed the director of financial affairs and human resource director.

We also obtained expenditures by object code from accounting/personnel for the fiscal years ended June 30, 2006, June 30, 2007, and June 30, 2008, for identification of employee awards.

Finally, we examined supporting documentation to assure that the amounts paid for employee awards were proper and justified.

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<sup>20</sup> East Stroudsburg University, Office of Finance and Administration, Administrative Memo, Number P-01, "East Stroudsburg University Special Performance Awards for Managers," dated November 8, 2001.

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**Employee Awards**  
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**Finding 5**      **East Stroudsburg University's awards and bonus payments were made in accordance with the applicable management memo.**

For the three fiscal years ending on June 30, 2006, June 30, 2007, and June 30, 2008, East Stroudsburg University expended \$20,645.56 to 17 employees for management special performance awards. The awards were paid as follows:

<b>Fiscal year ended</b>	<b>Awards</b>	<b>Amount</b>
June 30, 2006	12	\$13,635.56
June 30, 2007	0	0.00
June 30, 2008	<u>5</u>	<u>7,010.00</u>
Total	<u>17</u>	<u>\$20,645.56</u>

We selected all awards for testing against supporting documentation. The awards were found to have met the required justification and approval criteria set forth in the office of finance and administration's administrative memo for management special performance awards.

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**Audit Results  
for  
Objective Six**

**The objective**

Objective six for our performance audit was to assess internal controls over selected miscellaneous revenues.

*Miscellaneous  
Revenue*

**Scope of our audit work**

We selected and examined the activity in 18 revenue accounts with account balances greater than \$5,000 for the fiscal year ended June 30, 2008.

**Relevant policies**

East Stroudsburg University takes in revenue over and above its collections for tuition, room and board, and fees. These other revenue sources totaled over \$888,000 for the fiscal year ended June 30, 2008. East Stroudsburg had 14 active miscellaneous revenue accounts valued at \$186,930.93, 40 active self-supporting accounts valued at \$462,268.72, and 11 active sales and service accounts valued at \$239,066.52. Examples of revenue included parking fines, orientation fees, international program trips, university dance company income, and athletic clinics.

East Stroudsburg has established a policy for cash collection and deposit that contains procedures for control and safeguarding of the revenues.<sup>21</sup> The revenues deposited in these accounts could be in the form of cash, check, money order, or credit card.

**Methodologies to meet our objective**

We reviewed East Stroudsburg University's revenue policy on cash collection and deposit procedures.

We interviewed university personnel responsible for monitoring of the selected revenue accounts. Our interviews included the East Stroudsburg University police chief, student operations associate director, enrollment services representative, continuing education administrative assistant, assistant controller, computing & telecommunications director, a library assistant, student conduct and community standards coordinator,

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<sup>21</sup> East Stroudsburg University, Cash Collection and Deposit Procedures June 4, 1999, revised January 10, 2006.

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enrollment management assistant to the vice president, international programs coordinator, university dance company professor, finance & administration vice president, camps & conferences coordinator, university health services health center director, speech - language pathology center interim chair, student affairs assistant vice president, and dining services director.

We obtained East Stroudsburg University's trial balance for miscellaneous revenue as of June 30, 2008. Using our professional judgment, we selected 18 of 65 revenue accounts, or 27.7 percent, that were greater than \$5,000 for the period from July 1, 2007, to June 30, 2008. The listing of accounts selected for inquiry follows;

<b>Revenue Type</b>	<b>Description</b>	<b>Amount</b>
Miscellaneous	Parking fines	\$142,691.00
Miscellaneous	Forfeiture of deposits	19,607.93
Miscellaneous	T-Mobil USA, Inc.	9,947.03
<b>Subtotal</b>		<u>\$172,245.96</u>
Self-Supporting	Alcohol EDU fines	\$ 6,010.00
Self-Supporting	Orientation fees	195,495.00
Self-Supporting	International programs – China 2008	50,084.00
Self-Supporting	International programs – China 2006	33,148.00
Self-Supporting	University dance company	22,600.35
Self-Supporting	Learn to swim	9,400.00
Self-Supporting	Health center vaccinations	5,931.87
Self-Supporting	Speech-language pathology center	11,060.00
Self-Supporting	Athletic clinics	17,809.00
Self-Supporting	Conference services	20,915.41
Self-Supporting	Family weekend	7,683.00
Self-Supporting	International program – Puerto Rico 2008	<u>13,786.60</u>
<b>Subtotal</b>		<u>\$393,923.23</u>
Sales and Services	Library XEROX copy fees	\$ 5,916.60
Sales and Services	Verizon telephone cellular tower	21,600.00
Sales and Services	University Ridge / UPI rent	<u>166,381.21</u>
<b>Subtotal</b>		<u>\$193,897.81</u>
<b>Grand Total</b>		<u>\$760,067.00</u>



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Finally, we made inquiries about the functioning and sequencing of revenue controls for the accounting of checks, cash, "E-cards" and deposit receipts for each selected account.

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**Finding 6****East Stroudsburg University's university dance company did not establish sufficient controls to safeguard its cash receipts.**

Our examination of the university's revenue collection and deposit procedures revealed that procedures were in place to identify all monies to be collected, recorded, and deposited in 17 of the 18 sampled miscellaneous revenues accounts. However, controls and monitoring over miscellaneous revenue in the university dance company account were not sufficient to properly safeguard all collections.

The university dance company consists of two programs: the community dance program and the university dance company stage performance.

**Community dance program.** The community dance program utilizes university teachers and students to teach dance lessons to children and adults for a fee. There are five general areas of dance offered. Each general area offers from two to four types of sessions that also vary by date and session length. Fees also vary by session.

We identified the following control weaknesses:

- University dance company employees did not keep records of the number of dance classes offered, the price of each class, and the actual number of participants.
- University dance company employees did not provide the participants with a cash receipt.
- University dance company employees did not reconcile the number of actual participants with money collected.

**University dance company stage performance.** The university dance company stage performance is a performing dance production on stage in

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front of a paid audience. The company has two shows each year with three performances per show. The shows occur in the fall and spring semesters. In addition to selling open seating tickets, the company also sells business and personal advertisement space for the program booklet.

We identified the following control weaknesses:

- University dance company employees did not document the number of tickets sold due to the use of unnumbered tickets and open seating. Without sales records and beginning and ending ticket numbers, nobody was able to determine how many tickets had been sold.
- University dance company employees did not document the price of the tickets sold, or perform a reconciliation of tickets sold to cash receipts.

East Stroudsburg University management recorded \$22,600.35 in miscellaneous dance revenue for the fiscal year ended June 30, 2008. However, we were unable to verify the accuracy of this revenue because of insufficient record keeping and lack of documentation. In addition, the university dance company had not established controls to ensure all monies were collected, recorded, and deposited. Without controls in place to establish the quantity and price of ticket sales and dance classes, the university dance company was unable to determine if the correct amount of revenue was being collected and deposited.

**Recommendation  
for Finding 6**

7. University management should establish internal control and a monitoring system over the university dance company's miscellaneous revenue. As part of this control the university at a minimum needs to establish the following procedures:
  - Use pre-numbered performance tickets
  - Maintain a listing of all complimentary tickets by ticket number
  - Maintain a listing of all stage performance prices by year and show
  - Maintain a list of all dance lessons being offered by class, session, price, number of participants, and year

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- Maintain a list of all advertising sold by year, size, price, and show
  - Assign a monitor independent of the university dance company to account for all cash collections related to tickets sold and dance classes attended
  - Maintain individual records to identify university dance company revenue by program (community dance program and stage performance)

***Comments from East Stroudsburg University management:***

*The Business office has had discussions with the University Dance Coordinator regarding the establishment of an internal control and monitoring system over the University dance company's (UDC) miscellaneous revenue.*

*As a result of these discussions, cash control recommendations were drafted. These recommendations were communicated to the coordinator.. The University Dance Coordinator then confirmed a plan of action to implement the cash control recommendations in a practical and timely schedule.*

*These controls were implemented in the fall of 2009 and did include pre-numbering performance tickets, recording costs of all tickets sold including complimentary tickets, publishing all stage performance prices by year and show, printing of a brochure and display ad for all dance lessons being offered and recording the number of participants in each class.*

*The University Dance coordinator is now in the process of developing a spreadsheet to record the sale of all advertizing by year, size price and show. An independent monitor has not been assigned and this has been a challenge that will have to be discussed with the Dean. In lieu of an independent monitor, information on the Community Dance Program is kept by the Office of Continuing Education and data on number and cost for individual tickets sold for the UDC performance have been kept since fall 2009.*

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The following is a summary of the findings and recommendations presented in our audit report that covered the period of July 1, 2004, to June 29, 2007, along with a description of the disposition of each recommendation. Three of the findings (Findings 5, 9, and 10) were positive and thus had no recommendations. The status of the remaining findings (Finding 1, 2, 3, 4, 6, 7, and 8) and the accompanying recommendations is presented below.

**Methodologies to meet our objective**

In order to determine the status of our prior recommendation, we performed one or more of the following procedures:

- We performed detailed testing as part of, or in conjunction with, the current audit.
- Discussions with appropriate university personnel regarding the prior audit findings and recommendations.

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**Prior Finding 1 East Stroudsburg University did not monitor the fire system inspection contract. (Resolved)**

Our prior audit reported the university entered into a service and maintenance agreement with SimplexGrinnell to test, maintain, and repair Portable Fire Extinguishers in accordance with National Fire Protection Association (NFPA) 10 requirements. However, the contractor did not perform the required monthly fire extinguisher inspections on all fire extinguishers in the administrative and academic buildings.

We recommended management should follow NFPA policy and inspect all fire extinguishers both monthly and annually as required. In addition, the university should monitor the monthly invoices and any contract discrepancies should be discussed with SimplexGrinnell representative.

**Status as of this audit.** Our current audit revealed the university assigned the Health and Safety Director as the contract monitor for the service and maintenance of the portable fire extinguishers. The university also implemented a new monthly inspection system for all portable fire extinguishers on campus. The director of health and safety also employed

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four student workers, responsible for inspecting the extinguishers on a monthly basis and turning in their reports to the director by the end of the month. Auditors randomly selected 50 portable fire extinguishers on a campus walkthrough and found all extinguisher tags included monthly and annual inspections dates and the name of inspector. As a result of these actions, this finding has been resolved.

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**Prior Finding 2    Deficiencies continue in East Stroudsburg University's sprinkler system. (Resolved)**

Our prior audit reported that the university did not correct the deficiencies noted in the sprinkler system's inspection reports from October 2006 through April 2007.

We recommended that the university should follow required NFPA policy for sprinkler inspections in all campus buildings. Corrective action should be taken immediately on repairs to the sprinkler system in the buildings cited in the reports. The contract between the university and SimplexGrinnell should be monitored monthly and any contract violations should be reported to university management and acted upon.

**Status as of this audit.** Our current audit revealed the inspection reports were reviewed by the contract monitor, and if a deficiency was identified, the monitor assessed the situation and had the issue resolved as soon as possible. Auditors compared the inspection reports from September 2008 and January 2009 and noted that 85 percent of the deficiencies found in the September inspection report were corrected by the next inspection completed in January 2009. As a result of these actions, this finding has been resolved.

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**Prior Finding 3    The University did not upgrade the fire alarm system for several campus buildings. (Substantially Resolved)**  
(from the audit report dated July 1, 2004, to June 29, 2007.)

This finding has been identified in every East Stroudsburg audit report since the audit report of July 1, 1999, through April 12, 2002. Our prior audit reported that the university campus-wide fire alarm system is still in need of upgrade. Fire alarm protection varied by building with some

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buildings having addressable, continuous ring fire alarm systems, some only had smoke alarms and some were not protected. Our audit inquiry found that the university identified the cost of the fire alarm system upgrade, but the university had not budgeted funding for the project.

We recommended that the university should upgrade its fire alarm system.

The university responded to our previous audit stating that they were committed to ensuring the safety of its students, faculty, and staff in the event of fire. At the exit conference, the vice-president of finance and administration stated that the university is currently reviewing both alarm and suppression systems to see which system would best fit the needs of the university.

**Status as of this audit.** Our current audit revealed the university approved \$136,000 in funding for the fire alarm protection upgrades in December 2007. The fine arts' upgrade was completed August 2008, the storeroom/power pad installation was completed in June 2009, and the additional buildings except for the boiler (utility) plant were completed in December 2010.

**Subsequent Event**

The auditors through email correspondence from East Stroudsburg University on January 27, 2011, were informed that the final design for the fire alarm upgrade was received from the vendor (Simplex) during the week of January 17-24, 2011, and is awaiting submittal to the Department of Labor & Industry for building permit approval. Once approved, work could begin immediately since the project is funded and parts have already been procured. The project completion date is scheduled for May 2011, which will be confirmed after the Labor & Industry permit is received.

East Stroudsburg University has made significant progress at complying with our recommendation. We will complete our follow up during our next audit.

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**Prior Finding 4 VISA cardholders did not comply with travel policies and procedures. (Unresolved)**

Our prior audit reported that none of the randomly sampled VISA card transactions complied with the policies and procedures of the university. Transactions lacked supervisory signatures. Also, one purchase exceeded the limit of \$1,500, three purchases were for personal items, one purchase included an alcoholic beverage, two purchases were for donor gifts, one purchase consisted of computer software, and four travel vouchers were processed with non-receipted items.

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

**Status as of this audit.** The university has developed standard policies and procedures for operating the VISA purchasing card program.<sup>22</sup> The policies and procedures specify both authorized and unauthorized uses of the VISA purchasing cards, as well as transaction value limits and sales tax exemption. The university policies also outline the required documentation for VISA purchasing card transactions.

Our current audit revealed that the university complied with our recommendation that the office of financial affairs meet with all cardholders to reiterate the VISA purchasing and travel card policies and procedures and that each cardholder has, on file, a signed acceptance form that highlights the university's VISA purchasing/travel card's policies and procedures. However, our current audit also revealed that university employees entered into prohibited and/or unapproved purchasing card transactions totaling \$7,734.66 because the employees did not comply with our recommendation that cardholders follow purchasing card policy and procedures.

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<sup>22</sup> ESU Purchasing/Travel Card Policy and Procedures, Dated: Effective August 1, 2005;

Memorandum of understanding East Stroudsburg University Foundation and East Stroudsburg University of Pennsylvania, Effective Date, June 27, 2007.

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Using auditor's professional judgment, we selected and reviewed 137 of 2,302 VISA purchasing card transactions from July 1, 2007, through March 31, 2009, to determine compliance with policies and regulations. Our review of the purchasing card transactions from July 1, 2007, through March 31, 2009, revealed 31 of the 137 sampled transactions, or 23 percent, did not comply with East Stroudsburg's purchasing/travel card policies and procedures. These transactions, although non-compliant with East Stroudsburg policy, were reviewed and still approved by employee superiors and the transactions were subsequently paid by the accounts payable section. The 31 transactions were as follows:

# of Transactions	Purpose	Dollar value	University purchasing policy	Purchasing Policy Explanation
12	Computer supplies	\$1,379.56	Section C.6	Computer supplies are prohibited except by IT Personnel
7	Postage	940.47	Section C.7.g	Postage items are prohibited.
4	Various purchases	622.74	Section J.2	Advertising purchases are prohibited.
2	Split billings	2,156.00 2,047.00	Section C.7	Single items greater than \$1,500 cannot be purchased using the Visa purchasing card.
1	Advertising	90.15	Section C.7.k	All purchases must have supporting receipts.
1	Calendar	39.54	Section C.7.d	Personalized business items are prohibited.
1	Food	26.28	Section C.7.i	Employee travel costs are prohibited and transaction not approved by supervisor.
1	Transportation	42.50	Section C.7.i	Employee travel costs are prohibited.
1	Office supplies	7.79	Section J.2.e	Supervisor approval signature not present.
<u>1</u>	Purchase of a telephone	<u>382.58</u>	Section C.7.j	Telephones and cellular phones are prohibited.
<u>31</u>		<u>\$7,734.61</u>		

Of the 31 transactions totaling \$7,734.61, 26 of the transactions totaling \$3,143.23 were made by two employees from the office of university advancement. These employees are no longer employed by the university.

We also observed that although not a reported issue in the prior audit, our test sample of 137 VISA transactions identified that only 21 of the 43



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cardholders actually used their card and of those 21 users, only 10 used the VISA purchasing card more than once.

**Recommendation  
for Prior Finding  
4**

8. Again, we are recommending that VISA cardholders adhere to the university's policy pertaining to the use of the university's Visa purchasing cards.
9. The university's office of financial affairs needs to be more vigilant in their oversight of the VISA purchasing cards and not reimburse for prohibited items.
10. VISA purchasing card approvers need to review all policies on allowable VISA purchasing card use.
11. East Stroudsburg management should review the number of VISA purchasing cards currently issued to their employees and reduce the number of cards if the cards are not being used.

***Comments from East Stroudsburg University management:***

*East Stroudsburg University's Financial Affairs Office is vigilant in oversight of the Visa Purchase Card Program. The University has established written policies and procedures which address obtaining a purchase/travel card, employee liability/responsibility, use of the cards, making purchases, returning purchases, dollar limits, sales tax, travel reimbursement requests, delinquent accounts, reporting, violations of the policy and procedures, lost/stolen cards, termination of employment, important dates, exceptions and contacts.*

*These policies and procedures are reviewed by the Accounts Payable Manager with all new cardholders and the cardholder must sign a Visa Purchasing/Travel Card Acceptance Form prior to card issuance. In light of past audit findings, as they relate to our purchase card program, East Stroudsburg University does not loosely issue purchase/travel cards. This is evidenced by ESU's annual card rebate being the second to lowest in the Pennsylvania State System of Higher Education. This is additionally supported by the fact that ESU currently has only 43 cards issued among 936 employees or a mere 4.6%.*

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*In spite of our efforts, we recognize some cardholders have, on occasion, been non-compliant with ESU's Purchasing/Travel Card Policies and Procedures. However, it must be noted that 83.9% of the exceptions noted in this report were committed by two employees whose employment has been terminated with the University. Of the 137 transactions comprising the total sample, only 5, or 3.6%, were exceptions committed by other employees. Given we are strong advocates of improving our controls as necessary and in an effort to reinforce the University's policies and procedures as they relate to Purchase/Travel Card, the Accounts Payable Office will conduct annual purchase/travel card training with all cardholders as well as all cardholders' managers. We will also conduct a review of all cards and close any dormant accounts, retracting the cards.*

*Finally, it must be noted that 12 out of 31 exceptions were related to the purchase of computer supplies. While Section C.6.e of the University's current Visa Purchasing/Travel Card Policy and Procedures prohibits the purchase of "Other technology supplies" with the University purchase card, the intent was not to prohibit purchase card holders from purchasing USB drives. Therefore, the University's Visa Purchasing/Travel Card Policy will be amended to clarify this.*

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**Prior Finding 6    The Office of Camps and Conferences did not adhere to established policies and procedures regarding signed contracts, deposits and pricing structure. (Resolved)**

Our prior audit noted these issues: 7 of 36 camps did not have a signed contract on file; 4 of 22 external groups utilizing campus facilities did not remit a deposit; and 34 of the 36 camps and conferences pricing structure for events was not followed.

We recommended that the office of camps and conferences follow all policies and procedures stipulated in the operations guide, ensuring that all contracts are signed and deposits are collected and established pricing structure are followed when determining charges for camps and conferences.

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**Status as of this audit.** As part of our current audit, we selected 15 client files from the 2008 summer camps and conferences schedule. We found that in 14 of 15, clients had signed contracts in their files. Also, 6 of the 10 clients had a deposit remittance. We also found that 14 of the 15 clients followed the price structures for their events.

We selected 15 clients from the 2009 summer camps and conferences schedule to extend our testing of deposit remittances. We found that all 15 clients had signed contracts in their files. We also found that 12 of 13 clients, or 92 percent, who were required to make a deposit remittance had a record of the deposit remittance in their files.

Our current audit also identified the following actions by East Stroudsburg University personnel. The office of camps and conferences established a guideline that created a final receipt date, (April 30), for all signed contracts, deposits and insurance certificates to be in their possession. The office also instituted a reminder notice letter that is sent to all the clients. The last paragraph in the letter clearly states the requirements. "If your contract, deposit and/or insurance certificate is not received by April 30, we will be forced to cancel your event."

In addition, the office of camps and conferences also implemented a new R-25 scheduling software system. According to university personnel, the software system will increase efficiency in managing and controlling the various scheduling aspects from coordination, client facility(s) usage to the tracking of multiple continuous events throughout the campus. Also the system is being utilized by other university departments in planning events associated with camps and conferences.

Finally, the university created a full time position for the office of camps and conferences. The position is for a person to serve as clerical, receptionist and scheduler support for the department.

As a result of these actions by management, the finding has been resolved.

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**Prior Finding 7    The University did not adhere to policy regarding damages to university property. (Resolved)**

Our prior audit noted that the office of camps and conferences did not complete required resident hall post-damage reports for 3 of 30 groups, or 10 percent, which utilized the resident halls. Our audit also found that one group was never invoiced for the damages incurred.

East Stroudsburg's policy and procedure state that an initial and post-damage inspection is to be performed by the staff of the office of camps and conferences after a group is utilizes a resident hall. If damage occurred by the camp or conference group, it is noted on the resident hall post-damage report, and the costs of the damage are then included on the final invoice.

The office of camps and conferences must execute and complete the resident hall initial and post-damage inspection reports accurately and timely to ensure that the university can recover any losses due to damage.

We recommended the office of camps and conferences follow all policies and procedures stipulated in the university's operations guide, including the established pricing structure when determining charges for camps and conferences, ensuring that all contracts are signed and deposits are collected.

**Status as of this audit.** We selected 15 clients from the 2008 summer camps and conferences schedule for testing compliance with the policy for identifying damages. Our current audit found that all 15 client files contained evidence that the resident hall pre-damage and post-damage inspection reports were completed as required. Also, if damage was identified, it was subsequently billed to the client.

In addition, the office of camps and conferences revised the resident hall damage billing description sheet in the director's information packet furnished to all clients. The requirements and costs are clearly explained. As a result of these actions by university management, this finding has been resolved.

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

Our prior audit found that 12 of 22 external groups, or 55 percent, that conducted events at the university did not remit proof of insurance prior to participating in an event. The office of camps and conferences operations guide states that external groups must provide proof of insurance before arrival at the university.

We recommended that the office of camps and conferences ensure that all external groups provide proof of insurance prior to the group's arrival on campus and file the necessary documentation properly.

**Status as of this audit.** We tested implementation of our recommendation to require proof of insurance for groups participating in the 2009 summer camps and conferences. We examined 15 client files and found that only one client failed to provide proof of insurance one month prior to the scheduled event. As a result, we concluded that the finding has been resolved.

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