



Performance Audit

West Chester University of Pennsylvania

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

January 2013

January 14, 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 West Chester University of Pennsylvania of the State System of Higher Education from July 1, 2008, to May 6, 2011. We conducted our audit under the 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 three 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 West Chester University failed to comply with policy regarding processing and approving of purchasing card transactions, and although the university did implement segregation of duties over the collection of summer camp revenue, the university failed to monitor the collection amounts reported by the contractor.

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

Sincerely,

JACK WAGNER
Auditor General

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education**

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January 2013*

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**Background
Information**

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**Background
Information**

Pennsylvania State System of Higher Education

***History,
mission, and
operating
statistics***

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 System¹, the Pennsylvania Department of Education had administrative control of the 14 universities, 13 of which were then known as state colleges.²

The purpose of the State System is to provide students with the highest quality of 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 operations 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 programs 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.

¹ 24 P.S. § 20-2001.

² 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.

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

West Chester University of Pennsylvania

West Chester University of Pennsylvania, which we will also refer to in this report as West Chester or the university, is located in West Chester, Chester County, approximately 25 miles west of Philadelphia. Although its founding year was 1871, the University traces its roots from the West Chester Academy. The Academy was a private, state-aided school that existed from 1812 to 1869. As the state began to take increasing responsibility for public education, the Academy was transformed into the West Chester Normal School, still privately owned but state certified. The school admitted its first class on September 25, 1871. In 1913 West Chester became the first of the normal schools to be owned outright by the Commonwealth. The School became the West Chester Teachers College in 1927 when Pennsylvania initiated a four-year program of teacher education. In 1960, West Chester Teachers College became West Chester State College in preparation for the addition of liberal arts programs. On July 1, 1983, West Chester State College became a University when it became part of the State System of Higher Education. Currently, it is a multi-purpose institution of higher learning offering more than 80 undergraduate and 70 master's degree and graduate certificate programs.

West Chester is academically accredited by the Middle States Commission on Higher Education, the National Council for the Accreditation of Teacher Education, and other accrediting organizations.

The Joint State Government Commission compiled the following select unaudited operating statistics for fiscal years ending June 30, 2008, through 2011³ for West Chester University individually and the State System as a whole.

³ <http://jsg.legis.state.pa.us/resources/documents/ftp/publications/2012-281-2012%20INSTRUCTIONAL%20OUTPUT.pdf> viewed July 25, 2012, verified December 13, 2012.

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	West Chester University fiscal years ended June 30,				State System of Higher Education fiscal years ended June 30,			
	2008	2009	2010	2011	2008	2009	2010	2011
State instructional appropriations (rounded in millions)	\$53.8	\$52.9	\$49.5	\$50.7	\$479.8	\$473.2	\$439.1	\$439.0
Percentage of State System total	11.2%	11.2%	11.3%	11.5%	100%	100%	100%	100%
<i>Full-time equivalent students:</i>								
Under-graduate	10,922	11,101	11,742	12,045	93,927	94,770	98,075	100,272
Graduate	<u>1,379</u>	<u>1,442</u>	<u>1,537</u>	<u>1,553</u>	<u>10,795</u>	<u>11,148</u>	<u>11,967</u>	<u>12,091</u>
Total	12,301	12,543	13,279	13,598	104,722	105,918	110,042	112,363
Percentage of State System total	11.7%	11.8%	12.1%	12.1%	100%	100%	100%	100%
<i>Full-time equivalent instructional faculty:</i>								
	689	700	716	723	5,416	5,491	5,548	5,552
Percentage of State System total	12.7%	.7%	12.9%	13.0%	100%	100%	100%	100%
<i>Degrees conferred:</i>								
	2,689	3,047	3,053	2,984	22,213	23,356	23,643	24,007
Percentage of State System total	12.1%	13.0%	12.9%	12.4%	100%	100%	100%	100%

Objectives, Scope, and Methodology

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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 West Chester University had three new objectives and a follow up on a previous audit finding. We selected the audit objectives from the following areas: Purchasing cards, service contracts, and travel expenses. The specific audit objectives were as follows:

- One To determine if West Chester University monitored purchase card usage, maintained records, and reviewed charges recorded on purchase card statements. (Finding 1)
- Two To determine if West Chester University procured contracts in accordance with applicable policies and procedures and whether a contract monitor ensured that contracts did not duplicate, overlap, or conflict with the university's efforts to meet its mission. (Finding 2)
- Three To assess the adequacy of West Chester University's controls over travel expenses, and to also assess whether the university complied with applicable State System and its own internal travel policies. (Finding 3)

Unless indicated otherwise, the scope of the audit was from July 1, 2008, through May 6, 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 West Chester University. In the course of our audit work, we interviewed various university management and staff. The audit

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**Objectives,
Scope, and
Methodology**

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results section of this report contains the specific inquiries, observations, tests, and analysis 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 recommendations made during our prior audit related to the summer camp registration system. (Prior Finding II-1)

West Chester University management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the university is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures. Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented. Additionally, we gained a high-level understanding of the university's information technology (IT) environment and evaluated whether internal controls specific to IT were present. Any significant deficiencies found during the audit are included in this report.

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Audit Results

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

- Statement of the objective
- Relevant laws, policies, and procedures
- Scope and methodologies used to gather sufficient evidence to meet the objective
- Finding(s) and conclusion(s)
- Recommendation(s), where applicable
- Response by West Chester University management, if applicable
- Our evaluation of West Chester University management's response, if applicable

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**Audit Results
Purchasing Cards**

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**Audit Results
for
Objective
One**

The objective

Objective one for this performance audit was to determine if West Chester University monitored purchasing card usage, maintained records, and reviewed charges recorded on purchasing card statements.

Relevant laws, policies, and procedures

Purchasing Cards

The purchasing card program was established by the commonwealth in order to provide a rapid turnaround of requisitions for low dollar value goods, and to reduce paperwork. West Chester has established policies and procedures for the use of university issued purchasing cards provided to employees in order to make purchases of goods and services.⁴ These policies and procedures incorporate the requirements set forth by both the State System⁵ and commonwealth⁶ and include requirements regarding processing purchasing card transactions and the record keeping of documents that support the purchase. Additionally, West Chester's policies set maximum dollar amount limits for individual purchases made by individual cardholders. Finally, all purchases must be used directly for the benefit of official university activities, events, or operations.

Scope and Methodologies to meet our objectives

In order to accomplish our objective, we performed the following steps:

We interviewed appropriate university personnel who were responsible for the processing and oversight of purchasing card transactions.

We obtained and reviewed applicable West Chester University policies and procedures for purchasing cards.

We obtained and reviewed a copy of the PowerPoint presentation that was provided to employees by the university prior to the employee being

⁴ West Chester University of the Pennsylvania State System of Higher Education Purchasing Card Program, Policy and Procedures Manual issued by the Finance and Business Services in April 2007.

⁵ Pennsylvania State System of Higher Education Board of Governors, Policy 1998-04-A: Procurement of Goods, Services, Supplies, and Construction, adopted October 8, 1998 and amended April 8, 2004.

⁶ Act 57 of 1998 and subsequent amendments, known as the Commonwealth Procurement Code.

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able to utilize a newly issued purchasing card. The presentation included information such as what types of purchases the card cannot be used for, the need for cardholder and manager signature approvals on card statements, the university's tax exempt status, the dollar limits set for purchases, and the documentation required supporting the charge(s) based on the dollar value of the transaction.

We obtained a list of active purchasing cards as of January 3, 2011, and verified that there were 332 active cards issued to various university employees.

We obtained a list of the 30,912 purchasing card transactions from the university, totaling over \$5 million, that were executed between July 1, 2008, and January 3, 2011. The university obtained the list from data that was downloaded electronically from the bank that processes purchasing card transactions for the university.

From the list of transactions, we randomly selected 45 transactions involving 39 purchasing cards and reviewed those transactions to determine if the transactions were processed in accordance with various university policies.

We requested and reviewed copies of the individual cardholder statements for each of the 45 transactions selected for testing. Each university cardholder received a statement from the processing bank at the end of the card's billing cycle. Each statement contained all of the transactions that occurred during the billing cycle for the purchasing card.

We reviewed the card account statements provided to the card holders to determine if the balances due were approved for payment by both the purchasing card holder and their manager. The signatures on the statements indicate that a review and reconciliation of the transactions was conducted by both the card holder and manager. The reconciliation included ensuring that all transactions listed on the statement were supported by a store sales receipt and that the purchase was necessary for operations.

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Purchasing Cards**

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Finding 1

West Chester University failed to comply with its policy regarding the processing and approving of purchasing card transactions

Our audit of 45 purchasing card transactions selected for testing found the following:

- For three transactions the university was unable to provide the three respective approved card statements for the related billing cycle. In addition, documents such as, invoices, cash register tapes, and credit card slips supporting the transactions were not provided by the university.
- For one transaction over \$500 in value the university could not provide the required pre-approval form.
- Three transactions listed on three individual cardholder monthly statements did not have either the cardholder's or their manager's approval signature, and one other transaction was listed on another monthly statement that also did not have a manager's approval signature, as required by university policy.

The dollar values for the three transactions that the university could not locate the approved statements were \$25, \$100, and \$330, and were for research and educational material, office supplies, and journals for the library, respectively. Although the statements and support documents could not be located, the above information was obtained from the data downloaded electronically from the bank that processed the transactions and allowed us to conclude that the types of purchases appeared to be for university related items.

Regarding the transaction over \$500, management stated that although university policy requires pre-approval for transactions over \$500, there are employees for whom the policy has been waived for certain transactions. According to management, this transaction was one that met the criteria for waiving completion of the form. However, we found

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that the university policy did not specify the names of the specific employees or the types of transactions that were exempt.

Regarding the missing signatures on 4 monthly individual cardholder statements, West Chester's policy requires the cardholder to review all purchasing card charges and attach the support documents to the statement provided by the bank that processed the transactions. Once the review is completed, the cardholder is to sign the statement and forward it to their manager.

The manager of the individual card holder is responsible for reviewing the statement and support documents attached to confirm that support documents exist for each transaction, that the goods were received or that the services were performed, and that the cardholder has complied with applicable procedures. The manager is required to sign the statement indicating that they have conducted the required review and approve of the purchases made. Management stated that although there were signatures missing on the statements, there was vendor information available from the data provided by the bank that processed the purchasing card transactions to support the legitimacy of the transactions. However, the signatures of the cardholder and the manager are essential to ensuring the propriety of card expenditures.

The items purchased on the 45 transactions that we examined were appropriate for university operations and the dollar amounts of the purchases were within the limits established by the university for each card. Additionally, regarding sales tax, West Chester added a tax exempt statement on each card to remind the cardholder and vendor to not charge sales tax on purchases.

**Recommendations
for Finding 1**

1. University management should revise the purchasing card policy to reflect their current practices regarding the individuals who are required and those who are exempt from obtaining pre-approval for purchases greater than \$500.
2. University management should ensure that its staff is aware of and adheres to the policies regarding the utilization and approval of purchasing card transactions for both the cardholder and their manager.

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Comments from West Chester University Management:

Response to Recommendation No. 1

We agree. WCU policy does not require a form to be completed and pre-approved for a one-time credit line increase. However, in order to increase the credit line for a one-time purchase, a cardholder will need sufficient budgeted funds and to contact the Card Systems Manager for the credit limit to be temporarily raised to allow the purchase.

Limits are generally set at a maximum single transaction amount of \$1000 and a maximum monthly amount of \$5000. The limits will be determined by:

- A monthly limit that cannot exceed 33% of the operating budget for the specific cost center*
- Determining the total number of existing purchasing cards assigned to the cost center and their respective credit limits*
- Coordinating with the Card Systems Manager and cost center manager to ensure appropriate limits and that the cards meet the departmental needs*

The cardholder may request a permanent increase to the above-mentioned amounts. In these cases, the cost center manager must provide a business justification and approval for the increase. The Card Systems Manager makes final approval.

Response to Recommendation No. 2

We agree. Management addressed this recommendation by hiring a staff member for this area. Early 2012, WCU hired a Card Systems Manager to coordinate, train, and perform the functions of administering the purchasing card program for our campus. Each month, cardholders that had transactions during the month must review and print their statement online at www.paymentnet.jpmorgan.com. The statement reflects all charges for that billing cycle. If applicable,

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cardholders are required to reconcile their card statement to their verification documents each month using the following procedures:

- *Each purchase listed on the statement must be supported by the related verification documents to ensure all charges are appropriate.*
- *The receipts must be attached in the order as they appear on the statement.*
- *Documentation must support the business purpose of the transactions. If the business purpose is not easily determined from the verification documents, a brief written explanation must be included with the reconciliation.*
- *The monthly statement, verification documents, and completed reconciliation, must be approved by the cardholder's cost center manager. If the cost center manager is the same as the cardholder then the cardholder's supervisor must approve the charges.*
- *All reconcilements must be submitted to the Card Systems Manager by the 10th of each month. If the reconciliation is not received within a timely manner and if there is no communication from the cardholder with the Card Systems Manager as to the delay, purchasing privileges may be temporary suspended until the reconciliations are up to date.*

The Card Systems Manager audits the reconcilements to ensure appropriate manager approval on account statements.

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**Audit Results
Contracts**

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**Audit Results
for
Objective
Two**

The objective

Objective two for our performance audit was to determine if West Chester University procured contracts in accordance with applicable policies and procedures and whether a contract monitor ensured contracts did not duplicate, overlap or conflict with the university's efforts to meet its mission.

Contracts

Relevant policies, and procedures

West Chester University contracts with vendors to provide essential services that cannot be provided by their staff, because the services may not warrant full-time positions, or university personnel may not possess the necessary expertise to complete the work. West Chester⁷ and the State System⁸ have established policies on the contract procurement process. During our audit period, the State System required formal bidding for procuring contracts of goods and services exceeding \$10,000.⁹ The policies also stipulate what management approvals are necessary for entering into a contract.

Scope and Methodologies to meet our objectives

In order to accomplish our objective, we performed the following steps:

We obtained and reviewed applicable university and State System policies and procedures that set forth requirements regarding procurement and contract approvals.

⁷ West Chester University "Purchasing Policy", as viewed online at <http://www.wcupa.edu/INFORMATION/AFA/FBS/PROC/PO/PurchPolicy.asp>. Verified December 13, 2012.

⁸ Pennsylvania State System of Higher Education, Office of Legal Counsel's fourth edition of the "Manual for Preparing and Processing Contracts for Goods and Services." Pennsylvania State System of Higher Education Board of Governors, Policy 1983-02-A: Purchasing, adopted June 6, 1983 and amended January 14, 2010, and Policy 1998-04-A: Procurement of Goods, Services, Supplies, and Construction, adopted October 8, 1998 and amended April 8, 2004.

⁹ Act of November 3, 2011, (P.L.400, No.97), effective January 1, 2012, increased the minimum dollar amount to advertise and seek bids for purchases and contracts from the threshold of \$10,000 to \$18,500.

**Audit Results
Contracts**

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We interviewed appropriate university personnel who were responsible for overseeing West Chester's contract procurement process.

We randomly selected 27 of the 559 vendors that were on contract with West Chester during the period of July 1, 2008, through June 30, 2010 and we examined the contracts and procurement related documents to determine if the university procured contracts in accordance with applicable policies.

We interviewed the 19 university employees assigned the duty of monitoring the 27 contracts selected for testing and inquired about the services provided.

Finding 2

West Chester University complied with all applicable procurement policies and procedures regarding contracting. Also, the contracted services reviewed did not conflict with available institution services

For the 27 contracts selected for testing, West Chester provided documentation that was sufficient and appropriate for us to find that the university complied with all applicable procurement policies and procedures. The following summarizes the results from our review of West Chester's process of procuring five of the 27 contracts that exceeded \$10,000:

- For four contracts we found that West Chester obtained competitive sealed bids from vendors and awarded the contract to the vendor in compliance with procurement guidelines.
- For one sole source contract, West Chester provided adequate, approved documentation to support the vendor's selection.

In addition to bidding requirements, West Chester and the State System have established various levels of review and signatures required for contracts. West Chester requires all contracts to be signed by the Vice President for Administration and Finance or his designee. The State System requires that all service purchase

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contracts exceeding \$1,500 and all sole source certifications must be signed by university legal counsel. Additionally, all service purchase contracts exceeding \$20,000 must be signed by the Office of the Attorney General. Our review of contract documentation found that all 27 contracts received proper approvals in accordance with policy.

Our audit found that then university assigned a contract monitor for all 27 contracts. The contract monitor was responsible for overseeing the receipt of services or goods provided by the contracted vendors. We interviewed the 19 employees assigned as monitors for the 27 contracts and inquired if there were university employees that could have been able to provide the same services provided in each of the contracts. The following is a list of some of the responses as to why it was necessary to contract for the services:

- Contracts were for services, such as the calibration of various types of lab equipment and the repair and calibration of a musical organ, that were specialized and required trained individuals to complete them.
- Contracts were for on-campus performance type services provided by a visiting author, artists, and musicians.
- One contract was for armored car services for the transportation of money from the university's bursar's office to the bank.
- Although there were contracts that provided maintenance type services that university employees had training in, due to the size and nature of the project, they were too large to be completed by university staff. For example, West Chester does not employ a large enough painting staff to paint all the rooms in a dorm in the short amount of time that they are empty of students.

From our review, we concluded that the monitors' responses were reasonable and the contracts reviewed were necessary for the continued operations of the university. Additionally, we did not find any contracts that overlapped or duplicated services or that could have been provided by university staff.

Audit Results
Travel Expenses

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Audit Results
for
Objective
Three

Travel Expenses

The objective

Objective three for this performance audit was to assess the adequacy of West Chester University's controls over travel expenses, and to also assess whether the university complied with applicable State System and its own internal travel policies.

Relevant policies and procedures

West Chester University employees who travel as part of their official job responsibilities do so at West Chester's expense and are expected to exercise prudence and economy.¹⁰ All travel must be pre-approved and employees must submit a travel expense voucher to receive expense reimbursement. The State System and its Board of Governors have established policies that detail allowable expenses.¹¹ These policies state that reimbursement to employees shall be made based on approved travel expense vouchers and that the travel expense vouchers shall be audited by the respective university prior to payment. Furthermore, the State System has adopted the U.S. General Services Administration's maximum subsistence and lodging reimbursement (per diem) rates for domestic travel and the privately owned vehicle mileage reimbursement rates.¹² In addition, West Chester has established procedures¹³ elaborating on the State System's

¹⁰ Pennsylvania State System of Higher Education Board of Governors, Policy Number 1986-07-A, "Travel Expense Regulations," adopted October 12, 1986, and amended April 9, 1998.

¹¹ Ibid

¹² Pennsylvania State System of Higher Education's "Employee Travel Expense Reimbursement Rates" as viewed at <http://204.235.152.54/executive/finance/Accounting/Pages/rates.aspx>, verified on December 13, 2012.

¹³ "Travel Expense Reimbursement Procedure" as viewed at <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TravReimbProced.asp>;

"Advance Travel Authorization Procedure" as viewed at <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TravAuthorization.asp>;

"Travel Reimbursement Guidelines" as viewed at <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TravReimbProced.asp>;

"Travel Advances" as viewed at <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TravAdvance.asp>;

"General Policy" as viewed at; <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TravPolicy.asp>.

"Transportation Orders" as viewed at <http://www.wcupa.edu/INFORMATION/AFA/FBS/AP/TransOrders.asp>. All sites verified December 13, 2012.

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and the Board of Governors' policies. For example, West Chester developed an *Advance Travel Authorization Form* that employees complete to document who is traveling, the purpose for the travel, and the costs expected to be incurred. The form must be signed by the traveling employee and their department head. The president of the university is also required to sign the form if it involves international travel. The completion of this form ensures that management has prior knowledge of why the employee will be traveling and the amount of expenses anticipated to be incurred as a result of the travel.

Scope and Methodologies to meet our objectives

In order to accomplish our objective, we performed the following steps:

We obtained and reviewed applicable travel policies and procedures regarding the reimbursement of travel related expenditures.

We interviewed appropriate university personnel responsible for processing and approving employee travel reimbursements to gain an understanding of the travel reimbursement system.

Using professional judgment, we selected 77 transportation expense transactions processed between July 1, 2008, and June 30, 2010, to test for compliance with applicable policies regarding travel authorization, eligible travel expense reimbursement amounts, and receipts required to support travel expenses.

To test expenditures made for international travel, we examined the university's report of travel and transportation expense transactions processed between July 1, 2008, and June 30, 2010. Based upon the travel descriptions listed in the report, we selected an additional 22 transactions identified as international travel.

Finally, we included two transactions that did not list an identifying description. The lack of description led us to select these transactions to conduct further review and to test for justification for travel, approved support documentation such as receipts for travel expenses incurred, and compliance with applicable policy and procedures.

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Travel Expenses

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Finding 3

West Chester, in most instances, processed travel expense transactions in accordance with applicable policy.

According to policy, university employees are entitled to receive reimbursement, within certain maximum limits, for travel expenses incurred in the performance of duties. Allowable types of reimbursements are for meals, transportation, mileage, and overnight accommodations. The university also established requirements for pre-approval and reimbursement of travel expense.

Our initial testing of 77 travel expense transactions, totaling approximately \$41,890, disclosed the following:

- We found that 74 travel expense transactions were processed in accordance with policy. Our examination included a review of the pre-approval of travel, approval of cash advances, and the completion and approval of travel forms required when submitting the request for reimbursement. Additionally, mileage and subsistence rates were confirmed to ensure that the reimbursements did not exceed the established guidelines.
- The travel expense reimbursement request and supporting receipts for one of the transactions selected could not be located by university staff. According to detail posted in the university's accounting system, the transaction was a payment of \$100 for a registration fee.
- Two of the transactions, which were prepayments to hotels for room reservations, totaling approximately \$334, did not have an *Advance Travel Authorization Form* (form), which was required by university policy. Accounts payable staff responsible for processing and filing travel related documents stated that the form may have been submitted via email and reviewed by staff but not printed out to include on file.

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Our examination of documentation outlined in the bullets above was also conducted on 22 additional international travel expense transactions that we selected for testing to determine compliance with applicable travel policy. Our examination of travel documentation found that all 22 travel expense transactions were processed in accordance with policy.

Additionally, we reviewed the traveler's justification supporting the necessity of the trip for each of the 22 transactions.

The following summarizes the types of travel for the 22 transactions:

- Eight transactions were for international travel that was for student paid trips
- Six transactions were for international travel that was funded by grants obtained by the traveling employees
- Eight transactions were for international travel to conferences that the traveling employees were either presenting papers or chairing a session offered at the conference

Overall, the justification for each of the trips was properly documented, appeared reasonable and was approved by university management in accordance with policy.

Finally, the two transactions that had no travel description listed on the travel expense report were for travel to an out-of-state conference and for expenses relating to a professional development course reimbursement. Our examination of documentation supporting the expenses found that both transactions were processed by the university in accordance with policy.

**Recommendations
for Finding 3**

3. University management should monitor all travel reimbursements to ensure employees comply with the university's travel policy regarding the maintenance of supporting documentation for all reimbursements.

**Audit Results
Travel Expenses**

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
January 2013*

Comments from West Chester University Management:

We agree. In order for the University to ensure all policies and procedures are followed and are enforced uniformly, the processing of travel reimbursements have been consolidated and are handled by one member of the Accounts Payable staff. In addition, the staff member provides training to the campus community regarding the travel policies and procedures.

The audit mentioned the lack of an Advance Travel Authorization Form for prepayment of hotel reservations. Currently this form's purpose is to process cash advances for foreign travel only, not to document advance approval for domestic travel. The form is no longer used for pre-approval of travel within the US. WCU only requires this form to be completed and signed by the appropriate individuals at WCU, if travel takes place outside the contiguous US states. This form is required to be signed for international travel even if no cash advance is requested. When travel outside the contiguous US is completed and a travel expense voucher is submitted, no payment will be made unless an Advance Travel Authorization Form is on file.

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education**

**Status of Prior
Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
January 2013*

**Status of Prior
Audits**

The prior audit report of West Chester University covered the period of July 1, 2004, to April 18, 2008, and contained five findings. All five of the findings were positive and thus had no recommendations. The prior audit report also contained one unresolved finding (Prior Finding II-1) from the audit report of the university that covered the period of July 1, 2001, to August 4, 2004. The status of the unresolved finding and its accompanying recommendations is presented below.

Methodologies to meet our objective

In order to determine the status of the implementation of our prior recommendation, we performed detailed testing as part of, or in conjunction with, the current audit. We also interviewed appropriate university personnel regarding the prior audit finding and recommendation.

**Prior Finding
II-1**

Prior Finding II-1 – Management could not account for a shortage of \$2,688 in summer swimming camp fees. (Unresolved)

**From the report dated
July 1, 2001 to August 4,
2004**

In our two prior audits we reported that there was a lack of segregation of duties within the swimming camp collection procedures as evidenced by the camp coordinator being responsible for collecting, recording, and depositing registration fees for the camps. This lack of segregation of duties increased the potential for errors or irregularities to occur and not be detected timely. We recommended management reevaluate its swimming camp collection procedures and implement procedures to ensure the segregation of duties between revenue collection and recordkeeping.

In response to our recommendation, the university entered into a contract with a vendor, who for an agreed upon fee, offers online registration services for summer camps. The vendor collected

Status of Prior Audits

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education**

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payment from the registrants, retained the agreed upon contract fees, and then forwarded the remaining balance to the university bi-weekly during the registration period.

Status

Our review of the camp registration process found that segregation of duties within the collection of swimming camp revenue is now in place. The segregation occurred when the university entered into the previously mentioned contract with a vendor to collect camp revenue.

However, the university now has a responsibility to monitor camp collections made by the vendor, and to also ensure that the fees the vendors charges the university are in accordance with contract terms. We reviewed the collection statements that the university received from the vendor during the period March 2008, through August 2010 and we determined that the statements were not being reviewed for accuracy by the university's assigned contract monitor. When we asked about this oversight, University staff confirmed to us that the statements were not reviewed for accuracy.

Our review of the registration statements for the 2008, 2009, and 2010 summer swim camps disclosed that on the 2009 and 2010 registration statements and supporting documents for summer camp collections, there were several small variances between the fee amounts retained by the vendor versus the fee amounts we calculated under the terms of the contract. We also found variances between the amounts that should have been charged for a camp registration versus the amount actually collected from the camp registrant. Neither of these variances was identified by the university since detailed reviews of the registration statements were not conducted by the university.

As a result of the university not reviewing the vendor's statements, potential differences were not identified and therefore not corrected. Having the contract monitor review and approve the statements as they are received will increase the university's assurance that they are receiving accurate collections of summer camp revenue.

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education****Status of Prior
Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
January 2013*

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| Recommendation
for Prior
Finding II-1 | 4. West Chester University should review the summer camp vendor statements to ensure the accuracy of the calculations and that the fees charged are in agreement with contract specifications. Additionally, any discrepancies identified should be addressed and corrected. |
|--|--|

Comments from West Chester University Management:

We agree. Starting in the summer of 2011, the Summer Camps Coordinator began sending the statements from a 3rd party vendor who handles the registrations, and the camp rosters to the Manager of Restricted Funds. This individual then verifies the income received from the vendor against the camper list. In addition, the coach responsible for each camp accesses their list of campers from the vendor's database and verifies it against the campers actually present at the camp. At the conclusion of each camp, the coach responsible sends the Summer Camp Coordinator a "Post-Camp Summary" which is used to verify the number of campers present against the income received from the camp. This process insures the University that the income we receive from the vendor matches what the camp coordinator expected as revenue, less the fees associated with this service.

**Audit Report
Distribution List**

**West Chester University of Pennsylvania
Pennsylvania State System of Higher Education**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
January 2013*

**Audit Report
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