



**A PERFORMANCE AUDIT**

**MILLERSVILLE UNIVERSITY OF PENNSYLVANIA**

**COMMONWEALTH OF PENNSYLVANIA  
STATE SYSTEM OF HIGHER EDUCATION**

**JANUARY 2013**

**JACK WAGNER, AUDITOR GENERAL**

**PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL  
BUREAU OF SPECIAL PERFORMANCE AUDITS**

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 Millersville University of Pennsylvania of the Pennsylvania State System of Higher Education from July 1, 2008, to June 30, 2011, unless otherwise noted. 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.

Our report details our audit objectives, scope, methodology, findings, and recommendations. The report contains five findings and offers six recommendations. In our report, we identified areas where Millersville deliberately kept some contracts under the commonwealth’s “no-bid” threshold. We also found that some travel expenses were reimbursed that were neither prudent nor economical. In addition, we found that Millersville did not exercise prudence when awarding State System management salary increases.

In accordance with generally accepted government auditing standards, we provided Millersville’s management with a draft copy of the audit report for its review and comment. Where appropriate, we have included Millersville’s comments in this final report.

Sincerely,

**JACK WAGNER**  
Auditor General



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## **Introduction and Background**

In this section, we provide a brief background on the Pennsylvania State System of Higher Education, of which Millersville University of Pennsylvania is a member institution.<sup>1</sup> We also provide background information on Millersville, including its origins as a teaching university. Finally, we discuss fiscal year 2008 through 2011 state funding to Millersville and its most recent 2011 accreditation status. This background provides a context for our audit.

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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 or PASSHE. Prior to the enactment of Act 188 of 1982<sup>2</sup> that created the State System, the Pennsylvania Department of Education had administrative control of the 14 institutions, 13 of which were then known as state colleges.<sup>3</sup>

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

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

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<sup>1</sup> Officially known as the Millersville University of Pennsylvania, we will refer to the institution as Millersville University, Millersville, or the university in this report.

<sup>2</sup> 24 P.S. § 20-2001.

<sup>3</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.

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

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**State System Board of Governors**

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

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

Board members include legislators, university students, university 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 university has a president and an 11-member council of trustees. While the State System appoints the university president, each university's trustees are appointed by the governor, with approval of the state senate.

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

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**Millersville University's operating environment  
as of fiscal year 2011-12**

While Millersville began in 1855 as a teacher's college, it now offers a wide range of graduate and undergraduate majors. As of fiscal year 2011-12, the university offers 55 bachelor's degree programs and three associate degree programs. In addition, it offers 22 master's degree programs.

The five most popular majors among the 2010 Millersville graduates are as follows:<sup>4</sup>

- Education
- Business, management, marketing, and related support services
- Social sciences
- Psychology
- Communication, journalism, and related programs

According to recent statistics, Millersville has a 23:1 student-faculty ratio, and approximately 15 percent of all classes have fewer than 20 students. The freshman retention rate, meaning those students who complete the first year and return for a second, is 81.8 percent.<sup>5</sup>

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<sup>4</sup> "College Profiles," *U.S. News and World Report*, < <http://colleges.usnews.rankingsandreviews.com/best-colleges/millersville-university-of-pennsylvania-3325>>, accessed June 18, 2012.

<sup>5</sup> "Millersville University of Pennsylvania Academic Life," *U.S. News and World Report*, June 18, 2012, <<http://colleges.us.news.rankingsandreviews.com/best-colleges/millersville-university-of-pennsylvania-3325/academics>> , accessed on June 18, 2012.



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Like all State System universities, admission is open to non-Pennsylvania residents; however, 97 percent of Millersville's student population is from Pennsylvania.

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**State funding to Millersville University**

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

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

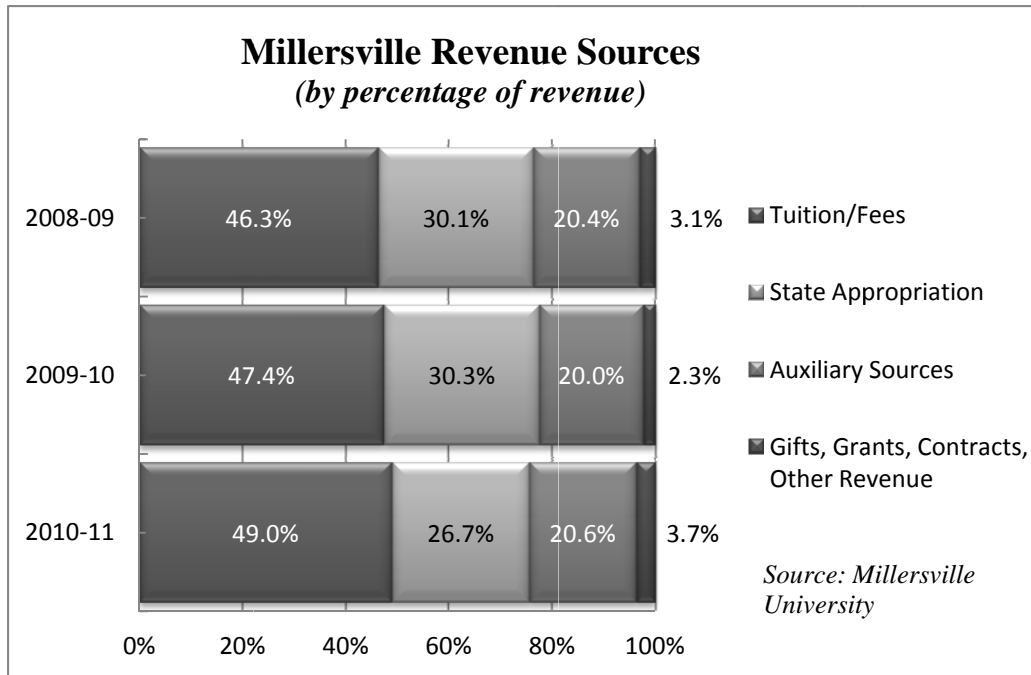
According to the State System, the formula is updated annually to reflect changes in enrollment, physical plant inventory, and inflation, but the basic precepts on which the formula are built are not altered.

According to unaudited information from Millersville, in academic year 2010-11 49 percent of Millersville's revenue came from tuition, while 27 percent of its revenue came from the state appropriation. The state appropriation, as a percentage of Millersville's total revenue, has decreased overall, while taking into account a slight increase from 2008-2009 to 2009-2010.

The remaining portion of the university's revenue is derived from gifts, grants, and other auxiliary sources, which includes funds from the university's housing, dining, and student center operations. The exhibit on the following page further illustrates Millersville's revenue sources.

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As the table on the following page shows, from 2008-09 to 2009-10, Millersville received a \$1.8 million increase in its state appropriation. However, this funding was subsequently reduced in fiscal year 2010-11 by \$2.6 million to \$37 million.

The net effect of the changes in state funding was a decrease of \$835,000. During that same period, in-state tuition costs have increased by 12 percent to reach \$7,700 in year 2010-11.

The number of undergraduate full-time equivalent students is rising as is the number of undergraduate degrees conferred. Overall, among all state system universities, Millersville ranks seventh in enrolled full-time equivalent students.

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<b>Millersville University Selected Statistics</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Operating Budget (\$Millions)			
Tuition/Fees	\$58.1	\$61.9	\$67.7
State Appropriation	37.8	39.6	37.0
Auxiliary Sources <sup>al</sup>	25.6	26.1	28.4
Gifts, Grants, Other	<u>3.8</u>	<u>3.0</u>	<u>5.1</u>
<b>Total</b>	<b>\$125.4</b>	<b>\$130.7</b>	<b>\$138.2</b>
Tuition/Required fees for Full-time Resident Student (Academic Year)	\$6,866	\$7,147	\$7,700
Full-Time Equivalent Students			
Undergraduate	6,988	7,287	7,379
Graduate	<u>806</u>	<u>788</u>	<u>777</u>
<b>Total</b>	<b>7,794</b>	<b>8,075</b>	<b>8,156</b>
Degrees Conferred			
Undergraduate	1,388	1,468	1,554
Graduate	<u>229</u>	<u>250</u>	<u>284</u>
<b>Total</b>	<b>1,617</b>	<b>1,718</b>	<b>1,838</b>

<sup>al</sup>Includes the university's housing, dining, and student center operations.

Source: Developed by the Department of the Auditor General from information obtained from Millersville University and from information obtained from the Joint State Government Commission.

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### Millersville is fully accredited

The Middle States Council of Higher Education academically accredits the university. The university was last evaluated in June 2010 and received full accreditation.<sup>6</sup>

Millersville is also accredited by the Pennsylvania Department of Education and is approved by the American Association of University Women.

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<sup>6</sup> Middle States Council on Higher Education, "Report to the Faculty, Administration, Trustees, Students of Millersville University," Spring 2010.

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Each academic discipline must also complete the accreditation process through the appropriate board as required. The most recent academic discipline that received renewal accreditation was the Bachelor of Science in Computer Science program in 2011.<sup>7</sup>

According to *U.S. News and World Report's* 2012 college rankings, Millersville ranked 21 among the top public schools for the Northern region. Among all universities (public and private), Millersville ranked 82.<sup>8</sup>

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<sup>7</sup> Accreditation Board of Engineering and Technology, August 1, 2011.

<sup>8</sup> *U.S. News and World Report*, "College Profiles," < <http://colleges.usnews.rankingsandreviews.com/best-colleges/millersville-university-of-pennsylvania-3325>>, accessed July 6, 2012.

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**Finding One**

**Millersville deliberately kept some contracts just under the “no-bid” threshold, even just \$1 lower, thereby avoiding the need to seek competitive bids.**

Millersville must follow the Commonwealth Procurement Code<sup>9</sup> when contracting for professional services. Therefore, we examined Millersville’s procedures for contracting for services and tested the extent to which the university complied with the Procurement Code when obtaining services from outside parties.

In this finding, we discuss our review of 51 service purchase contracts in effect during fiscal years 2008-09 through 2010-11 and how Millersville purposefully skirted the Procurement Code bidding requirement when contracting for services.

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**Procurement Code requirements when contracting for services**

The Procurement Code requires state agencies, including the 14 state-owned universities, to follow specific procedures when contracting for goods or services. Generally, these procedures require agencies, including Millersville, to seek bids through a *competitive sealed bidding* process when purchasing goods or services, with the lowest bidder receiving the contract.

Under the competitive sealed bidding process, an agency issues an invitation to bid, including a description of what is needed and the expected terms of the contract. The received bids are opened publicly, and the contract is supposed to be awarded to the lowest responsible bidder.

The Procurement Code allows for ten exceptions to the competitive sealed bidding method for awarding contracts. We

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<sup>9</sup> 62 Pa.C.S. § 101 *et seq.* Hereafter, we refer to this law as the Procurement Code.

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found Millersville used four of the allowable exceptions when procuring services.

For certain services, Millersville used a procurement process known as the *most advantageous competitive sealed proposal* method. This procurement process requires contractors to submit sealed proposals, which are evaluated based on cost and technical criteria. We found that after issuing a “request for proposals,” or RFP, Millersville evaluated the submitted proposals based on technical requirements and cost and then awarded the contract to the vendor whose proposal was deemed to be the most advantageous to the university.

Millersville also used the *small procurements* method for procuring services. This exception allows an agency to forgo seeking competitive sealed bids as long as the amount of the procurement does not exceed the amount authorized by the head of the agency. For Millersville, the small procurement threshold during our audit period was \$10,000.

In procuring numerous services, Millersville used another means known as the *sole source procurement* method. With this exception to competitive sealed bidding, the agency can award the contract without bidding if the agency first determines in writing—and then includes that written determination in the contract file—that conditions warranted no bidding. The Procurement Code lists ten conditions that would warrant a sole source procurement, such as the selected vendor is the only one capable of providing the service, it was not feasible to competitively bid, or the awarding of the contract to the selected vendor was in the best interest of the Commonwealth.

Millersville also procured services through the *emergency procurement* method. This exception allows an agency to make an emergency procurement when there is an existing threat to public health, welfare, or safety. In using an emergency procurement, the agency must include in its

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contract file a written determination of the basis for the emergency and for the selection of the particular contractor.

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**Millersville University deliberately awarded contracts for services in the amount of \$9,999 to avoid seeking competitive bids**

Using our professional judgment, we selected 51 service purchase contracts awarded by Millersville during fiscal years 2008-09 through 2010-11 and examined the procurement process used to determine if the university complied with the applicable provisions of the Procurement Code. Our test group included the following number of contracts awarded by method of procurement:

- 25 sole source
- 17 small procurements
- 4 competitive sealed proposal
- 3 competitive sealed bid
- 2 emergency

With these 51 service procurements, we found that Millersville followed the procurement requirements outlined in the Procurement Code. Specifically, we found the following:

- **sole source**—appropriate and written justification was provided stating why each contract was not competitively bid
- **small procurements**—each was under the \$10,000 threshold
- **competitive sealed proposal**—an RFP was issued, scoring sheets were used, and the highest scoring vendor was selected based on stated criteria for each contract
- **competitive sealed bid**—the lowest bidder was selected in each case

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- **emergency**—written justification stating the emergency situation and the reason to use the selected vendor was provided in each case

Our examination of procurement documentation showed that Millersville University awarded five of the 17 small procurements in the amount of \$9,999—just \$1 under the no-bid threshold. Millersville also awarded two contracts through the small procurement method in the amounts of \$9,990 and \$9,950. These contracts are highlighted in the table below.

<b>Contractor</b>	<b>Services</b>	<b>Date</b>	<b>Amount</b>
A	Consulting services for university fund-raising campaign	12/11/2009	\$9,999
B	Facilitator for an off-campus workshop	2/18/2011	\$9,999
C	Consulting services for student housing project	3/18/2011	\$9,999
D	Resurface shower floors in student dormitory	11/10/2008	\$9,999
E	Consulting services to coach university leadership through transformational change	3/15/2011	\$9,999
F	Piano storage and handling	12/30/2009	\$9,990
G	Photography services	8/17/2010	\$9,950

*Source: Developed by Department of the Auditor General staff from information obtained from Millersville University.*

Forty-one percent of the small procurement contracts we reviewed were awarded just under the \$10,000 bidding requirement, which raised a red flag to us. Therefore, we discussed the procurement of these services with Millersville officials. University officials informed us that these contracts were *purposefully* awarded just under the \$10,000 no-bid threshold.

These officials believed that such an action saved the university money since contractors could not exceed the established threshold if the contractor wanted to continue to do



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business with the university and not compete against other contractors. Further, the officials believed that by offering the contract at just under the \$10,000 threshold, the university saved itself the time and expense of going through a competitive bidding process.

We do not concur with the university's deliberately awarding contracts just under the no-bid threshold. First, since no other contractors were able to submit bids, the university's cost savings claims are unsupported. If the university used the competitive sealed bidding process, the university could have ensured that it paid the lowest price, rather than what it *believed* was a potential cost savings. Moreover, PASSHE Office of Legal Counsel highly recommends competitive bidding even for those contracts under \$10,000.<sup>10</sup>

Second, we note the university did not procure these services via the sole source method, which leads us to conclude that the selected vendors were not the only ones who could provide the services. Therefore, the contracts should have been bid.

Third, by deliberately avoiding the no-bid threshold requirement, Millersville presents—at a minimum—the appearance of impropriety. As the practice currently stands, Millersville has opened itself to criticism that it is favoring particular vendors instead of seeking bids from a wider field.

Finally, and perhaps most troubling, when the university awards contracts just under the no-bid threshold, it also avoids having to publically advertise the contract. Consequently, this lack of transparency denies the public the opportunity to know exactly how and for what purpose the university is awarding funds to contractors.

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<sup>10</sup> Pennsylvania State System of Higher Education, Office of Legal Counsel, <<http://www.passhe.edu/inside/legal/areas/pages/questions.aspx>>, accessed June 20, 2012.

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**Recommendation**

1. Millersville should not award contracts with selected vendors just under the no-bid threshold in order to avoid seeking competitive bids from other vendors.<sup>11</sup> Whenever possible, Millersville should seek competitive bids to ensure it receives the lowest price.

**Comments from Millersville University management**

*On page 10, the report states “we found that Millersville followed the procurement requirements outlined in the Procurement Code.” If this is a Performance Audit and we complied with all Procurement Code and PASSHE policies, why would there be a Finding? The Procurement Code was setup to provide the University with small procurements which is exactly what Millersville followed. Millersville University followed the Procurement Code and did not violate the code at any time.*

**Our evaluation of management’s response**

According to generally accepted government auditing standards, performance audits provide objective analysis to assist management to improve program performance and operations, reduce costs, facilitate decision-making, and most importantly, contribute to public accountability. Simply stated, we presented this finding because the university’s actions in this area are in direct contrast to public accountability.

While we stated that Millersville complied with the Procurement Code with its no-bid contracts—it did so only by ensuring the dollar value of the contracts remained under the “no-bid” threshold. Millersville deliberately skirted the law and denied other potential vendors an opportunity to bid on the contracts noted in the finding.

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<sup>11</sup> Under provisions of Act 82 of 2012, effective July 1, 2012, this threshold was raised to \$18,500.

Finding Two

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**Finding Two**

**Millersville University reimbursed employees for travel expenses that were neither prudent nor economical.**

As directed by the State System, Millersville has established a travel expense reimbursement policy, which among other requirements, specifies “all persons who travel at university expense are expected to exercise prudence and economy.”<sup>12</sup>

As specified in Millersville’s policy, employees’ travel expenses are supposed to be reimbursed through an approved travel expense voucher. Employees are responsible for ensuring that expenses claimed on their vouchers are proper and accurate. Supervisors are responsible for reviewing and approving the vouchers submitted by employees.

This finding presents the results of our work in examining the extent to which Millersville complied with required travel expense policies and procedures. It also reports on the extent to which Millersville’s employees exercised prudence and economy when incurring travel expenses during our audit period.

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**Background and methodology  
used for this finding**

Millersville employees receive reimbursement within prescribed maximums for travel expenses incurred in the performance of their official duties. The State System has developed a policy that specifies the type of employee travel that is allowable and reimbursable.<sup>13</sup> Millersville’s policy largely mirrors State System policy.

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<sup>12</sup> Millersville University, *Administrative Policy: Travel Expense Regulations*, approved September 1, 2009, p 1.

<sup>13</sup> Pennsylvania State System of Higher Education, Board of Governors, Policy 1986-07-A: *Travel Expense Regulations*, adopted October 12, 1986, and amended April 9, 1998.

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For example, Millersville's travel policy addresses the eligibility, rates, and documentation required for the reimbursement of travel expenses including lodging, meals, personal mileage, and commercial transportation.<sup>14</sup> This policy relies on the reimbursement rates established by the State System's Office of the Chancellor.

For the audit period July 1, 2008, through June 30, 2011, the university spent nearly \$4 million for travel and transportation expenses. We examined 46 travel expense vouchers amounting to \$87,801 that related to travel incurred during our audit period. Our review of these vouchers noted several points of concern which are highlighted in the following sections.

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**Millersville paid for a chauffeured car service for the university president even though she already had a university-leased car**

The State System allows the president of each member university to be reimbursed up to \$650 a month for the lease of a vehicle.<sup>15</sup> At Millersville, for a term of June 2009 through the end of 2012, the university president has leased a 2009 Toyota Avalon, Limited Edition.

The monthly lease payment on this vehicle is \$726.31 or \$76.31 above the \$650 monthly allowance. Even though the university does not reimburse an amount beyond the \$650 (i.e., the president pays the amount over \$650), this reimbursement policy is already generous for a public entity. But we found the travel privileges were taken to another level when, in addition to her leased vehicle, the president also hired a car service company to chauffeur her at Millersville's expense.

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<sup>14</sup> Millersville University, *Administrative Policy: Travel Expense Regulations*. Approved September 1, 2009, pp. 1-7.

<sup>15</sup> Pennsylvania State System of Higher Education, *Executive Vehicle Lease Reimbursement Procedures*, effective May 19, 2005.

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This practice was initially uncovered as a result of an internal audit conducted by the State System's internal review group that examined expense reimbursements for the six-month period January 1, 2008, through June 30, 2008. As part of their examination, State System auditors found three separate instances where Millersville's president used a local car service company.

Each destination was relatively close to Millersville—two trips from Millersville to Harrisburg International Airport and one from Millersville to Philadelphia. The total cost for the car service for these three trips was approximately \$900. The internal audit group stated in its report that in each case, costs would have been lower utilizing the president's State System provided-vehicle plus associated parking fees.

In addition to the instances uncovered by the State System auditors, we found two additional cases where the president was chauffeured via a car service. These two trips, which totaled nearly \$900 and occurred in October 2008, included round-trip travel to Washington, D.C., and Philadelphia.

We discussed the president's use of the car service with Millersville officials, and they stated that the president no longer uses the car service as a direct result of the State System audit.

In responding to the State System's internal auditors, Millersville management stated "during the winter when the weather conditions can change rapidly, the president does not feel comfortable driving her automobile." While traveling in winter can provide tricky weather scenarios, the two car service trips that we found occurred in October, thereby negating weather as a reason for using the car service.

While the president no longer uses a car service, we raise the issue in this report because it highlights a permissive travel expense environment and shows that Millersville did not

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exercise prudence and economy with regard to the president's travel expenses.

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**Millersville paid for hotel expenses that exceeded maximum allowable rates without obtaining justifications for these expenses as its policy dictates**

As we stated earlier, both the State System's and Millersville's travel policies provide guidance on allowable and reimbursable travel expenses including lodging expenses. The State System's Office of the Chancellor has established allowable maximum lodging rates for persons who travel on behalf of the system universities including Millersville.

These policies list situations in which a traveler may not be able to secure a hotel at the allowable rate, such as using the hotel at a conference site rather than using less expensive lodging at a different site. However, the policies state that in those cases where lodging expenses are in excess of the maximum rates established by the Chancellor's Office, a complete explanation of lodging costs must be included on the travel expense voucher.

In our review of 46 travel expense vouchers covering the time period July 1, 2008, through June 30, 2011, we found 13 instances where Millersville reimbursed its employees for hotel charges that exceeded the allowable lodging rates. The employees seeking the expense reimbursements did not include any written documentation for the hotel costs in any of these cases—even though both Millersville and the State System policies require such justification.

The table below shows those instances where we found that the lodging costs exceeded the allowable rate.

## Finding Two

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<b>Instances where Millersville paid excessive hotel room charges (July 1, 2008, through June 30, 2011)</b>						
<b>Location/year</b>	<b>Room rate</b>	<b>Allowed rate</b>	<b>Amount over per night</b>	<b>Percent room rate exceeded allowed rate</b>	<b># of nights</b>	<b>Total Over Allowable Rate</b>
St. Pete's Beach, FL (2010)	\$235	\$120	\$115	96%	5	\$575
Phoenix, AZ (2009)	\$172	\$160	\$12	8%	7 <sup>a/</sup>	\$504 <sup>a/</sup>
Amelia Island, FL (2010)	\$159	\$82	\$77	94%	5	\$385
New Orleans, LA (2011)	\$224	\$131	\$93	71%	4	\$372
Clearwater Beach, FL (2009)	\$193	\$127	\$66	52%	5	\$330
San Antonio, TX (2011)	\$189	\$106	\$83	78%	3	\$249
Lake Buena Vista, FL (2010)	\$169	\$90	\$79	88%	3	\$237
Baltimore, MD (2010)	\$209	\$161	\$48	30%	4	\$192
Orlando, FL (2009)	\$189	\$133	\$56	42%	3	\$168
Denver, CO (2008)	\$189	\$149	\$40	27%	3	\$120
Pittsburgh, PA (2008)	\$125	\$108	\$17	16%	4	\$68
Erie, PA (2008)	\$129	\$85	\$44	52%	1	\$44
Boulder, CO (2009) <sup>b/</sup>	\$142	\$124	\$18	15%	2	\$36
	\$153	\$124	\$29	23%	1	\$29

<sup>a/</sup> This trip included six rooms for seven nights for earth science students to attend American Meteorological Society meeting. The overage for one room was \$84 (\$12 times 7 nights); therefore, the overage for six rooms was \$504 (\$84 times 6).

<sup>b/</sup> The employee reserved a hotel room for one night at a rate of \$153; however, the employee erred on the date and cancelled the reservation. A few weeks later, the employee stayed at that same hotel for three nights. The hotel charged \$142 for two nights, its rate at that time. For the third night, the hotel applied the \$153 rate as a credit for the cancelled hotel room. Millersville reimbursed the employee the \$153 rate.

*Source: Developed by Department of the Auditor General staff from information obtained from Millersville University.*

When we discussed these lodging overages with Millersville officials, they stated that employees often stay at the same hotel in which a conference is held even if the lodging rate exceeds the maximum allowable rate.

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While this explanation may at times be reasonable, in some cases the hotel rate exceeded the maximum daily rate significantly. For example, the allowable rate for a hotel in St. Pete's Beach in 2010 was \$120, yet Millersville reimbursed the employee \$235 for each night's lodging, nearly double the allowable rate. With the trip lasting five days, Millersville paid \$575 (not including taxes) in lodging costs over the allowable rate. In cases such as this trip, it would have been prudent for the employee to determine if a less expensive hotel were available and then taken transportation between the cheaper hotel and the conference site. We are hard pressed to imagine transportation charges that would have amounted to \$575 during those five days, the amount Millersville paid in lodging costs over the allowable rate.

In another example, a Millersville employee stayed at the Ritz-Carlton in Amelia Island, Florida, in December 2010 at a cost of \$159 per night. The maximum allowable lodging rate for that location at that time was \$82, resulting in Millersville paying nearly double the allowable rate on a daily basis. Again, we found no justification on the travel expense voucher to explain why this employee needed to stay at one of the most expensive hotels on the island.

Millersville's policy requires an explanation on the travel expense voucher when the maximum daily lodging rate is exceeded. Accordingly, we expected to see justification on these vouchers for the hotel charges, not just for our own purposes, but especially for the benefit of the approving supervisor.

More important, both Millersville and the State System have developed policies and procedures to ensure prudence and economy in incurring expenses. When those policies are circumvented, as was the case when explanations for excessive lodging expenses were not provided, Millersville did not provide full transparency and accountability in travel expenses.



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**Millersville employees did not consistently  
submit itemized receipts**

Millersville's travel policy requires that employees submit an itemized receipt for every item of expense \$10 or more except for subsistence (meals) and personal automobile mileage (e.g., tolls, taxi fare, etc.).<sup>16</sup> In fact, the sections of the policy that describe the reimbursement process for car rentals, lodging, meals associated with official meetings, expenses incurred on behalf of others, and miscellaneous expenses clearly state that itemized receipts are required.

In our review of 46 travel expense vouchers, we found four vouchers for which Millersville reimbursed persons for travel expenses even though the required receipts were missing.

For example, we found that one employee traveled to Columbus, Ohio, for a four-day conference in November 2008. The total trip expense amounted to \$2,146, which was reimbursed to the employee. While the employee included itemized receipts to support the claimed parking, tolls, and meal expenses, the employee did not include proof of expenses for the \$1,545 hotel expense and the \$168 limousine transportation expense.

In another instance, we found that an employee submitted a travel expense voucher for an in-state conference at Slippery Rock University. The travel date was listed as February 6, 2009, and the total amount reimbursed for this trip was \$4,594. The employee claimed \$763 for hotel reimbursement for five rooms for two nights and \$2,145 in registration fees on this voucher and yet did not include receipts supporting any of these expenses. Regardless, Millersville reimbursed the employee for all requested expenses.

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<sup>16</sup> Millersville University, *Travel Procedures*, provided by Millersville University on March 26, 2012, and accessed at <http://www.millersville.edu/purchasing/files/Travel%20procedures%202-18-08.pdf>, on August 14, 2012.

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When we asked Millersville staff why the travel expenses were paid even though the travel receipts were missing, they informed us that, as matter of practice, travel expense vouchers were not approved without receipts and that, accordingly, internal auditors must have misplaced the receipts in the files when those auditors reviewed expense payments. We have no means of verifying the validity of this statement.

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**Millersville reimbursed employees for mileage expenses even when the most direct and expeditious route was not used**

Millersville travel policy states the following:

All travel shall be by the most direct and expeditious route. When an employee travels directly from home to a travel site, the distance from home or the University, whichever is shortest, will be used to compute mileage.<sup>17</sup>

In order to determine if Millersville complied with this provision of its travel policy, we reviewed 18 travel expense vouchers for those employees who supervise student teachers.<sup>18</sup> We selected this group of employees because they drive extensively as part of their job duties and submit reimbursements for personal mileage expenses.

Millersville places student teachers in cooperating school districts so that the students may gain hands-on teaching experience. As part of this practicum, Millersville's field services department assigns field supervisors to monitor each student teacher's progress. Because field supervisors must

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<sup>17</sup> Millersville University, *Travel Procedures*, provided by Millersville University on March 26, 2012, and accessed at <http://www.millersville.edu/purchasing/files/Travel%20procedures%202-18-08.pdf>, on August 14, 2012.

<sup>18</sup> This group of 18 is distinct from the 46 travel expense vouchers we mentioned earlier.

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visit each student teacher placement multiple times, field supervisors incur travel expenses, most notably for reimbursement of personal vehicle mileage. Field supervisors use travel expense vouchers to seek reimbursement for their travel expenses.

The 18 travel expense vouchers we selected included a total of 722 claimed trips (each voucher includes more than one trip, and often one voucher will include all trips completed in a month or semester). In some cases, the field supervisor started the trip from home and, in other cases, the supervisor started the trip from Millersville. Additionally, some trips included multiple destinations, which meant that one supervisor checked on several student teachers on a particular day.

In our review of these 18 travel expense vouchers, we used the same commercial mapping software that the university uses to verify the mileage claimed on each voucher. Our examination revealed two vouchers that were inconsistent with Millersville's policy of reimbursing the employee only for the shortest distance from either home or the university.

In the first example, an employee claimed 63 trips on a travel expense voucher, with dates ranging from October 1, 2010, through December 16, 2010. All trips originated from the field supervisor's home. Our examination of this voucher showed that approximately \$370 was overpaid to the employee because Millersville did not ensure that the actual shortest mileage was used as the basis for the trip.

For example, for one of the employee's trips to an elementary school, we calculated the mileage from the employee's home to the elementary school to be 22 miles. We then calculated the distance from Millersville to the elementary school and found that distance to be 68 miles. Therefore, according to Millersville's policy, the employee should be allowed reimbursement only for 22 miles (44 miles round-trip).

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However, during the month of October 2010, the employee claimed 68 miles for several round-trips from his home to this school. Paradoxically, in the prior month (September), the employee claimed the correct mileage, 44 miles, for several of the trips. No justification was provided by the employee for this discrepancy in mileage, nor was it corrected by Millersville officials processing the voucher.

Similarly, in the second example we found, the supervisor claimed mileage for 63 trips that occurred from January 18 to May 1, 2008,<sup>19</sup> with 22 of those 63 trips originating from the employee's home. Our calculations showed that for these trips, the actual mileage that should have been reimbursed was 336 miles, but Millersville instead reimbursed the employee for more than three times that mileage, or 1,183 miles. This oversight resulted in an approximately \$420 overpayment to the employee.

We discussed these payments with Millersville officials, who stated that they maintain a listing of all local schools and the corresponding mileage from the university to those schools. These same officials noted that as a matter of practice, when an employee claims mileage from home, as long as the mileage is less than or equal to the maximum mileage from the university to the school, they do not question the mileage.

In other words, when an employee traveled from his or her home, as long as the employee did not claim more miles than the distance from the university, adjustments were not made to the voucher. Consequently, this permissive practice failed to ensure that Millersville complied with its own travel policy requiring the shortest distance be claimed for reimbursement from either the employee's home or the university.

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<sup>19</sup> Millersville reimbursed this employee for claimed expenses on July 22, 2008, which means this expense fell within our audit period of July 1, 2008, through June 30, 2011.

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**Conclusion**

Millersville created a travel expense policy as required by the State System. This policy contains procedural requirements, including the submission of receipts, the use of required forms, and the justification of excessive charges. The policy also requires that all persons traveling at the university's expense exercise prudence and economy.

With regard to the procedural requirements of Millersville's travel policy, Millersville followed its policy by requiring travel expenses to be documented through travel expense vouchers. However, we found Millersville to be out of compliance with its travel policy when reviewing vouchers for receipts, certain pre-approvals, and justifications for hotel expenses exceeding allowable rates.

As for Millersville's requirement for employees to exercise prudence and economy in travel expenses, our results found instances where expenses were neither prudent nor economical. Specifically, we cite the decision-making process that allowed the university to reimburse its president for a chauffeured car service while also reimbursing her \$650 a month for a leased car.

We further conclude that the university did not exercise prudence and economy by allowing employees to stay in hotels that were nearly double the normal allowable room rate. Last, with regard to mileage reimbursements, we conclude that the university did not exercise prudence and economy by allowing employees to be reimbursed for mileage that, in at least two examples, exceeded the shortest traveled distance.

The issues we have identified were found in our test groups. While we cannot extrapolate the results, collectively, they indicate a need for Millersville to tighten its administrative oversight over all travel expense reimbursements.

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**Recommendations**

2. Millersville should require all supervisors to scrutinize the travel expense vouchers of subordinates and refuse to authorize reimbursements for hotel charges that exceed allowable rates without written justification for the excessive charges.
3. Millersville should require all supervisors to scrutinize the travel expense vouchers of subordinates and refuse to authorize reimbursements for travel-related expenses over \$10 without receipts.
4. Millersville should require all supervisors in the field services department to scrutinize the travel expense vouchers of subordinates and refuse to authorize reimbursement for mileage that exceeds the shortest distance.

**Comments from Millersville University management**

With respect to the recommendation #2:

*Millersville University has an Administrative Policy covering Travel Expense Regulations approved by the President's Cabinet on September 1, 2009. On page four to that policy under Overnight Lodging, the policy allows four exceptions for **costs in excess of the maximum set by the Chancellor's office**. Exception #3 clearly states, "When employees reside at a host establishment while attending a conference or convention on official business." This means if an employee travels to a conference booked at a hotel, they are allowed to stay at that hotel even if the lodging exceeds allowable rates.*

*Millersville agrees with the recommendations #3 and #4.*

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**Our evaluation of management's response**

We do not dispute that Millersville's travel policy allows standard lodging rates to be exceeded in certain cases, such as conference attendance. However, the university is not enforcing another provision of the travel policy that requires a written justification to be included on the travel expense voucher when the allowable lodging rate is exceeded. We stand by our recommendation that a written justification is needed to document why allowable rates were exceeded.

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**Finding Three**

**Millersville University awarded over \$800,000 in salary increases to its management staff and was not prudent in exercising its discretion to make these awards.**

As a member of the State System, Millersville follows compensation policy guidelines issued by PASSHE for its management (i.e., non-union represented) employees.<sup>20</sup> These guidelines include salary ranges as well as merit-based salary increases.

For the period July 1, 2008, through June 30, 2011, we reviewed Millersville's adherence to PASSHE's directives in awarding merit-based salary increases to its employees.

PASSHE allowed university presidents to have discretion in determining the amount of the salary increase given to each employee. We found that Millersville's president exercised this discretion and awarded increases that varied widely.

Overall, we found that while Millersville complied with PASSHE guidelines in awarding employee salary increases, it could have done so in a more prudent manner.

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**Background information on employee  
merit-based pay increases**

During our audit period of July 1, 2008, through June 30, 2011, PASSHE issued guidelines allowing for merit-based salary increases in fiscal year 2008-09 and again in fiscal year 2010-11. PASSHE did not allow merit-based salary increases for management staff in fiscal year 2009-10.

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<sup>20</sup> Not all employees in this group have managerial responsibilities. Some employees may be administrative staff (e.g., administrative and executive assistants) but are still classified as management.



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In its merit-based salary increase guidelines, PASSHE directed the state universities, including Millersville, to establish a “salary pool” within its operating budget from which to award merit pay increases. Salary pools were created by taking a percentage of the total of all management (non-union) salaries for the university and setting it aside to fund the pay increases. PASSHE set the salary pool percentage, which was five percent in fiscal year 2008-09 and three percent in fiscal year 2010-11.

The five percent in 2008-09 and the three percent in 2010-11 were not the actual salary increases given to each eligible employee; rather, those percentages were the amount that subsidized the “pot” of funds available for distribution. The pot of funds was then distributed to applicable staff based on each employee’s performance, as determined by the employee’s performance evaluation.

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**Millersville was not prudent in determining  
the salary pool amounts used to award  
merit-based increases**

PASSHE policy governing the management salary increases said that each university had the *option* to include the salaries of vacant positions in the salary pool if the positions were being filled or planned to be filled in the near future. In calculating the salary pool from which the salary increases were made, we found that Millersville University included the salaries of vacant positions.

By opting to include vacant-position salaries in the salary pool, more funds were available for distribution to eligible employees, thereby increasing the potential amount of each merit-based salary adjustment.

Including vacant positions’ salaries into the pool was most beneficial for employees in 2010-11. In that year, the salaries for vacant positions totaled \$1.3 million. By including that

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amount in the salary pool, each employee who was awarded a merit-based salary increase received, on average, an additional \$375.

Salaries for vacant management positions amounted to \$217,259 in 2008-09. By including that amount into the salary pool, each employee who was awarded a merit-based salary increase received, on average, an additional \$95.

While \$375 and \$95 may not seem large when viewed individually, these amounts were added to already generous salary increases that, in some cases, allowed sizable salaries to grow even higher.

Further, Millersville opted to give employees these added salary increase bumps at a time when taxpayers—including students and their families—would expect a state-owned university to make more prudent expenditure decisions.

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**Millersville allowed some raises  
to exceed \$15,000 per employee**

In addition to providing guidance on how salary pools were to be formed, PASSHE also suggested ranges for eligible employee awards. PASSHE defined eligible employees as those who received a favorable performance evaluation in the previous year and who had been employed in their position beyond a probationary six-month period.

The guidelines allowed eligible employees who had received higher performance ratings to receive a higher percentage of the total salary pool. Similarly, lower performing employees received a smaller percentage of the salary pool. PASSHE set recommended ranges; however, university presidents had discretion in the actual final awards made to eligible employees.

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**2008-09 Salary Increases.** In 2008-09, the merit ranges set by PASSHE varied from zero percent (for employees who were considered “below expectations” on their performance evaluation) to 6.5 percent or higher (for those who received the highest rating of “significantly exceeds expectations”). The merit increases that Millersville awarded to its employees ranged from a low of 3 percent of gross salary to a high of 12.2 percent of gross salary—a rather wide span in awards.

Overall, in fiscal year 2008-09, Millersville awarded 113 employees salary increases that amounted to \$521,192, with an average increase of \$4,612 per employee. The largest salary increase, which was awarded to the vice president for finance and administration, amounted to \$15,972, bringing his final salary to \$186,978. The two other vice presidents eligible for awards that year also received similar salary increases. One vice president received \$15,240, bringing his final salary to \$190,211, and the other received \$15,505, bringing his final salary to \$191,153.

As we further analyzed the 113 merit awards, we noted the following:

- 16 employees who had ratings of “meet expectations” on their performance evaluations received a straight 3 percent salary increase.
- 45 employees who were rated as “exceeds expectations” received salary increases between 4.4 to 5.0 percent. However, three other employees—who also received that same rating—were awarded salary increases of 7.1 percent, 8.4 percent, and 8.95 percent.
- 34 employees who were rated at the top of the performance scale as “significantly exceeds expectations” received salary increases of 7 percent. Yet, an additional 15 employees—who also earned that same top rating—received salary increases that ranged from 7.74 percent to 12.24 percent.

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While PASSHE's guidelines stated that those persons who received the highest rating of "significantly exceeds expectations" could be awarded an increase of 6.5 percent or higher, Millersville was more than generous with the amounts it awarded.

Awarding 7 percent to two-thirds of the employees who "significantly exceeded expectations" was already a very generous salary increase, and one that already exceeded PASSHE's stated guideline of 6.5 percent, but to award employees increases beyond 7 percent was yet again another non-prudent decision by Millersville.

**2010-11 Salary Increases.** In fiscal year 2010-11, merit increases were similarly distributed on a sliding scale with lower rated employees receiving a smaller percentage salary increase and higher rated employees receiving a larger percentage salary increase.

Because PASSHE permitted a salary pool of only 3 percent in 2010-11, the merit increases were generally lower for each manager. Salary increases in 2010-11 ranged from a high of 8.21 percent of gross salary to a low of 2.25 percent of gross salary. We found that employee performance ratings, which were based on 2009-10 performance, fell under one of two categories. These categories were either "at or above expectations" or "significantly exceeds."

In terms of actual awards in 2010-11, Millersville awarded 108 employees<sup>21</sup> salary increases amounting to \$302,495, with an average increase of \$2,801 per employee. The largest salary increase, which was awarded to the vice president for university advancement, amounted to \$10,182, which brought his final yearly salary to \$190,668.

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<sup>21</sup> In fiscal year 2010-11, there were 116 filled management positions, and as we stated, 108 employees received salary increases. Those eight employees who did not receive a salary increase were not eligible based on the short length of time in their positions.

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In analyzing the 2010-11 salary increases, we noted that the president again exercised discretion—and went beyond prudence—in determining salary increases. Specifically, we found the following:

- 15 employees who were rated “at or above expectations” were awarded salary increases of 2.25 percent.
- Another 50 employees who were rated “at or above expectations” received salary increases of 2.75 percent. However, two employees who also received that rating were awarded salary increases of 5.72 percent and 7.52 percent.
- 26 managers who were rated as “significantly exceeds expectations” received a 3.25 percent salary increase. Yet, the president awarded another 15 employees—who received that same performance rating—salary increases that ranged from 4.68 percent to 8.21 percent. These 15 employees represented just 14 percent of the total eligible non-union employees; however, they received 36 percent of the total awarded salary increases.

As previously stated, PASSHE did not allow management salary increases in 2009-10. The table on the following page provides more detail on the salary increases awarded during our audit period.

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<b>Millersville merit based payments fiscal years 2008-09 and 2010-11</b> <i>(No merit increases awarded in 2009-10)</i>		
<b>Item</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>
Number of managers receiving merit pay increase	113	108
<b>Total Merit Pay Distributed</b>	<b>\$521,192</b>	<b>\$302,495</b>
Lowest merit pay increase	\$1,559	\$823
Highest merit pay increase	\$15,972	\$10,182
Average merit pay increase	\$4,612	\$2,801

*Source: Developed by Department of the Auditor General staff from documents obtained from Millersville University.*

While PASSHE allowed Millersville, as well as all the state-owned universities to award merit-based salary increases, as shown in the table above, Millersville awarded generous pay increases to some of its employees.

To illustrate our point, at the start of fiscal year 2008-09, one vice-president's base salary was \$171,007. After a 9.34 percent increase amounting to \$15,972, that vice president's annual salary was \$186,979. The next time Millersville awarded merit-based salary increases (2010-11), that vice president received a 5.39 percent salary increase in the amount of \$10,077, ending the year with a new salary of \$197,055 and putting him at the top of his pay scale. Therefore, in just two merit-based awards, this executive's salary increased \$26,000.

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**Millersville's non-union salary increases  
exceeded those given at one other  
comparable state-owned university**

We conducted additional comparison analysis on the merit-based salary increases awarded to employees at Millersville by comparing those amounts to those awarded at Kutztown

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University, another state-owned school similar in size to Millersville. The following table shows how Millersville's salary increases exceeded those of Kutztown.

<b>Merit-based salary increases for 2008-09 Millersville University compared to Kutztown University</b>		
	Millersville	Kutztown
Number of managers receiving merit-based salary increase	113	110
Number of managers who salary increase exceeded 8.0 percent	16	0
Total merit pay distributed	\$521,192	\$462,629
Lowest merit pay increase	\$1,559	\$1,460
Highest merit pay increase	\$15,972	\$11,200
Average merit pay increase	\$4,612	\$4,206

*Source: Developed by Department of the Auditor General staff from documents obtained from Millersville University and Kutztown University.*

We obtained that same information for Mansfield University and Edinboro University, both of which are smaller than Millersville. We found that Edinboro's total merit pay distribution amounted to \$287,113, averaging \$3,545 for each manager during 2008-09. Mansfield distributed \$190,197 in management merit-based salary increases, averaging \$4,047 for each employee.

We also obtained information from these other three universities for 2010-11, and again we found that Millersville's average merit-based salary increase of \$2,801 exceeded those of the other schools, which ranged from \$2,349 to \$2,643. During that same year, Millersville's highest salary increase was \$10,182, while the highest increases at the other universities ranged from \$4,620 (Mansfield) to \$7,983 (Kutztown).

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We did not audit the merit-based salary increases at these three other state-owned universities, and therefore we cannot attest to the funding decisions made by those universities' presidents. Nevertheless, based on the information presented, it appears that Millersville was much more generous in awarding salary increases to its managers than these other state universities were.

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**Conclusion**

While we found that Millersville followed PASSHE guidelines in awarding its management staff merit-based salary increases, we believe Millersville could have been more prudent in holding the awards to allowable minimums, rather than taking every opportunity to maximize these increases.

For example, Millersville maximized its salary pool by including salaries of vacant positions, and Millersville "maximized" individual pay raises by awarding increases that went beyond the minimums suggested by PASSHE. While it was within the president's discretion to award these generous pay raises, we believe that the president could have been more prudent in granting these increases—especially in light of these tight budgetary times.

Taxpayers may also find it difficult to understand how Millersville can award such generous pay raises at the same time it eliminated programs, such as men's indoor track and field, men's outdoor track and field, and men's cross country.

In fact, on February 14, 2012, Millersville announced that it was cutting the above athletic programs in light of "declining resources" and that it expected to save \$200,000. It is important to note that Millersville, by its own admission, was contemplating these cuts as far back as August 2010. Yet in January 2011, Millersville still found enough resources to award merit-based pay increases amounting to \$302,000.



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With the acknowledgement of declining resources and tight budgets, Millersville University, as well as all state-owned universities and PASSHE, should reevaluate the extent to which merit-based salary increases are necessary and prudent.

**Recommendations**

5. When establishing a salary pool for merit-based salary increases, Millersville should not include vacant positions in the salary pool
6. Millersville's president should be more prudent in awarding merit based salary awards and not award increases that deviate from PASSHE guidelines.

**Comments from Millersville University management**

*Policy and guidelines for salary increases for university employees are established by the Pennsylvania State System of Higher Education (PASSHE). Each year PASSHE forwards salary information to the Universities outlining how salaries should be calculated and distributed to management employees. The policy allows the University the latitude to establish the salary pool for the merit-based system. Vacant positions may be used for such a calculation. Millersville University calculated the salary pool utilizing vacant positions.*

*PASSHE provides each institution with salary documentation for each employee and vacant positions. Millersville utilizes this data to make salary decisions. The President of Millersville University approves these decisions and forwards the information to PASSHE for their review and approval. No salary can be awarded until PASSHE approves. Therefore, every decision made at Millersville University is approved by PASSHE. At no time did Millersville University violate PASSHE policy or guidelines regarding the calculation or allocation of salaries.*

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**Our evaluation of management's response**

As we presented in the finding, and as Millersville admits in its response, Millersville took every option to maximize the salary pool when calculating management salary increases. Millersville asserts in its response that PASSHE approved all of Millersville's salary increases. However, because PASSHE approved the higher salary increases, we assert that PASSHE would have also approved more sensible salary increases. Therefore, we stand by our recommendations that Millersville should be more prudent in its awarding of management salary increases.

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**Finding Four**

**Millersville University ensured its campus police officers were trained and that campus emergency communication stations functioned properly.**

Millersville's student body includes approximately 8,729 undergraduate and graduate students. Providing a safe campus climate is a critical component of the university's overall mission. In this finding, we discuss our audit results in three areas of campus security.

First, we discuss the university's responsibility in ensuring that its campus police officers are trained according to statutory requirements and how the university is meeting these requirements. Second, we discuss the university's use of emergency communication stations that allow for direct contact to emergency response dispatchers.

Last, we discuss the university's effort to move its emergency dispatch procedures from a campus-based system to one that works with the Lancaster County's 911 call center.

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**Millersville's campus police officers are meeting statutory certification requirements**

Campus security is primarily the responsibility of Millersville's campus police officers. These officers are fully commissioned police officers who, by law, have the power and duty to enforce order, protect life and property, make arrests, and conduct investigations.<sup>22</sup>

Millersville's campus police force consists of 15 officers. A chief of police and a lieutenant serve as the primary supervisors for the force, while twelve police officers are assigned regular patrol duties. Another police officer is assigned as a

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<sup>22</sup> See 24 P.S. § 20-2019-A.

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community policing officer to augment residence hall security. The campus police are responsible for campus security twenty-four hours a day, seven days a week.

According to the university, campus police have supportive working relationships with local and county police agencies. Additionally, campus police coordinate investigations with the Bureau of Liquor Enforcement and other agencies of the Pennsylvania State Police.

As a condition of employment, all Millersville campus police officers must complete a basic police training course as required by Pennsylvania's Act 120 law.<sup>23</sup> Campus police are required to maintain appropriate levels of training in CPR, basic first aid, non-violent crisis intervention, and the use of a police baton.

Additionally, in order to meet continuing Act 120 certification requirements, officers must complete yearly training updates as approved by the Pennsylvania Municipal Police Officers Education and Training Commission and qualify with firearms semi-annually.

As part of our audit, we verified that all Millersville campus police officers completed Act 120 training requirements and that the officers held appropriate police commissions. We found no exceptions in our review.

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<sup>23</sup> Commonly referred to as "Act 120 training," the Pennsylvania Municipal Police Officers Education and Training Program establishes a specific 750-hour training course which all commissioned police officers must successfully complete. The training consists of instructional classroom training as well as tactical training in firearm and patrol activities. See Chapter 21, Subchapter D of the General Local Government Code, 53 Pa. C.S. § 2161 *et seq.*

Finding Four

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**Millersville improved its maintenance  
of emergency communication stations  
that are connected to emergency  
response dispatchers**

As a means of enhancing campus security, Millersville has placed a network of 30 emergency communication stations throughout the campus. These stations include telephones housed within a special pedestal. Blue lights located above the pedestal easily identify the devices, which are commonly referred to as “blue light emergency phones.”

Individuals needing immediate emergency attention simply lift the handset to be connected to emergency response dispatchers. According to the university, campus police are sent to the location, reportedly within three minutes or less.

As part of our audit, we examined the extent to which the university maintains these emergency phones. Clearly, maintenance is important since phones that are not working are of no benefit to students and staff.

During our audit period, we found that Millersville conducted semi-monthly inspections of each emergency phone. We reviewed the inspection reports for the 2008-09 through 2010-11 fiscal years. These reports indicated frequent problems with the emergency telephones, such as malfunctions or other breakdowns. There also was a lag time between when a problem was reported and when the telephone was repaired. These delays potentially left students without the protections intended by the emergency telephones. Worse yet, a false sense of security was presented, as students trusted these devices would work in an emergency situation.

When we discussed the delay in repairs with Millersville officials, those officials indicated that they were aware of the problem and have since taken corrective action. Specifically, the university chief of police noted that the contractor who maintained the emergency telephones prior to December 2009

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was not reliable. The university replaced the contractor with a new contractor, and performance—at least according to the university—has subsequently improved.

At the time of our field work, University maintenance staff were also in the process of learning how to repair certain issues with the emergency blue light phones. Such repairs were expected to result in reduced lag time between an issue being reported with an emergency phone and it being repaired. This reduced lag time was reflected on the 2011 inspection reports that we examined.

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**Changes to Millersville’s emergency response  
dispatching are expected to improve service  
and save the university \$80,000 annually**

Effective July 1, 2012, Millersville University changed dispatch procedures for emergency calls from the emergency blue light phones. Previously, all calls from the emergency phones went directly to the campus communication center, which then summoned campus police directly to the caller.

According to the chief of police, this practice proved to be inefficient since campus communication could not directly dispatch other emergency responders, such as fire or medical to the scene. To remedy this situation, calls from the emergency phones now go directly to the Lancaster County 911 call center. Although campus police will still respond to all campus-related emergency calls, the university expects improved service to the campus by having professionally trained dispatchers answer the calls.

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**Finding Five**

**Millersville University took steps to ensure the confidentiality of students' social security numbers.**

Historically, most educational institutions have relied on student social security numbers to create unique student identifiers for tracking purposes. However, legislation enacted by the General Assembly in 2006 requires universities, as well as other state agencies, to protect the information.<sup>24</sup>

Although Millersville no longer tracks students exclusively with social security numbers, the university must still retain social security numbers for certain state and federal reporting requirements. Retaining this data presents certain risks to the university since social security numbers are sensitive data. For example, if social security numbers are lost or stolen, Millersville's students may be subject to identity theft by individuals intent on committing fraud.

As part of our audit, we examined the extent to which Millersville ensured that student social security data remained protected while in the university's possession.

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**PASSHE established guidelines for social security number protection**

In 2005, the State System's Office of Legal Counsel and the Executive Deputy Chancellor issued a memorandum to all university presidents outlining business practices that should be followed to ensure social security numbers are protected. These practices include the following:

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<sup>24</sup> "Privacy of Social Security Numbers Law," Act of June 29, 2006, P.L. 281, No. 60. See 72 P.S. § 201 *et seq.*

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1. **Reduce the use and collection of social security numbers.** Campuses should only collect social security numbers when required to do so by law. This means that the use of social security numbers as a primary identification number should be eliminated.
2. **Inform individuals when the campus collects social security numbers.** Campuses should inform individuals of the purpose and intended use of social security numbers.
3. **Eliminate public display of social security numbers.** Campuses should ensure that documents which are widely seen by others do not contain social security numbers. This practice includes protecting the numbers from view when sent by postal mail.
4. **Control access to social security numbers.** Access to records, which contain social security information should be limited to those who have a legitimate need for the performance of their job duties.
5. **Protect social security numbers with security safeguards.** Security plans and written policies should be developed for protecting the confidentiality of social security numbers.
6. **Make the organization accountable for protecting social security numbers.** Campuses should provide training for employees on their responsibility to protect social security numbers.

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**Millersville took appropriate action to protect confidentiality of student social security numbers**

We reviewed Millersville's policies and procedures relating to the protection of student social security numbers. We also met with personnel from Millersville's technology department and



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requested information from university administration to further our understanding of the measures taken by the university to protect student social security numbers. Furthermore, while we did not conduct a formal information systems audit of the university's computer systems, we did observe that Millersville is limiting computer access to student social security numbers to only those individuals who require the information in order to complete their job assignments.

As discussed further in the sections below, overall, we found the university is taking appropriate action to protect the confidentiality of student social security numbers.

**Millersville ceased using social security numbers in 2003.**

In 2006, the General Assembly enacted Act 60, which required state agencies to protect social security numbers. However, Millersville had already stopped using social security numbers as a personal identifier in 2003, three years ahead of the state law. At that time, as part of the university's efforts to protect social security numbers, it issued new identification cards to all students based on newly-assigned student identification numbers that were not tied to social security information.

**Identity Theft Protection Program developed.** On March 31, 2009, Millersville approved its *Identity Theft Protection Program*. This program establishes guidelines for protecting identifying information.<sup>25</sup>

For example, the policy requires complete destruction of paper documents and electronic files containing student account information, after a decision has been made to no longer retain the information. The policy also requires computers to be password protected and current with computer virus protection. Finally, the program defines procedures that university

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<sup>25</sup> Identifying information is defined as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employers or taxpayer identification number, student identification number, computer's internet protocol or routing code."

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employees should follow to detect and respond to “red flags” involving identity theft.<sup>26</sup>

**Identity Theft Committee established.** As a component of the university’s identity theft protection program, the university established an identity theft committee (hereafter referred to as committee) as a means of monitoring the university’s efforts to protect student information.

The committee meets twice a year, and based on our review of its work, has produced useful outcomes. For example, the committee established a red flag matrix, which lists the critical information housed within each university department that needs to be protected. The matrix further outlines each department’s effort to lessen its risk of exposing critical information. Additionally, the matrix documents the procedures the department should take in the event critical information is compromised.

As part of our audit, we reviewed three years (2009 through 2011) of the committee’s meeting minutes. We found that the committee does, in fact, discuss incidents involving potential identity theft and how to resolve the incidents. For example, in one instance we found evidence that the committee had recommended additional training on procedures for properly redacting social security numbers from university documents.

**Computer access to social security data is limited.** We found that the university is taking steps to limit computer access to social security numbers. For example, with the university’s computer system used for tracking students’ personal and academic information, access is strictly controlled on two levels. Users must first log on to the university’s main network, and then using separate authorized credentials, the users are granted access to the critical data. Through a request for computer access records, we noted that the university

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<sup>26</sup> As defined in Millersville’s Identity Theft Prevention Program, a red flag is a pattern, practice, or specific activity that indicates the possible existence of identity theft.

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restricts employee access. Specifically, we found that the university had restricted computer access to student social security information to 67 employees as of December 2011.

**Confidentiality forms.** As a condition of university employment, employees with access to social security numbers must sign confidentiality statements. These forms state that employees must keep certain protected information, including social security numbers, confidential. In some instances, the forms also outline a code of conduct for accessing email or using computer resources. For example, the form used by the admission's department includes a statement that application information is confidential, yet the form also outlines dress code and cell phone usage, which are guidelines found on a code of conduct.

While signing a form does not guarantee employee compliance with the policy, it does reflect the significance of *not* complying with the policy to the employee. We reviewed a sample form from six different offices and found that each form was adequate in conveying the consequences of noncompliance.

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**Conclusion**

We believe Millersville is taking a proactive stance in ensuring that student social security numbers remain confidential. While some minor security lapses are inevitable, through the university's identity theft prevention committee, a framework is in place to mitigate these occurrences.

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**Status of  
Prior Audit**

Government auditing standards require that we evaluate whether Millersville has implemented our recommendations made in prior audits. In this section, we provide an overview of our previous audit of Millersville and our procedures for following up on the prior audit recommendations.

Our prior audit of Millersville covered the period July 1, 2003, to August 18, 2006, and contained three findings. However, only one of the findings contained a recommendation. That recommendation pertained to the university's procedures for monthly inspections of its fire extinguishers. A summary of that finding and the university's efforts to implement the recommendation follows.

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**Prior Finding 1**

**Fire extinguishers were not inspected on a monthly basis**

**Prior finding summary.** Our prior audit found that Millersville had not inspected all of its fire extinguishers on a monthly basis. Specifically, during our prior audit, we examined a total of 125 fire extinguishers in four different buildings and found that 25 of the extinguishers had not been inspected monthly. National Fire Protection Association Standards, as well as Millersville's own policy, require fire extinguishers to be inspected on a monthly basis. Further, the university housekeeping department did not maintain a spreadsheet to record monthly inspections. We recommended that Millersville inspect all fire extinguishers monthly and maintain a logbook recording the inspections.

**Status as of this audit.** As part of our follow-up audit procedures, we visually inspected a total of 87 fire extinguishers located in six different campus buildings. We found all 87 fire extinguishers to be charged and to be inspected monthly. We further found that the university's housekeeping department had developed a spreadsheet for tracking fire extinguisher inspections. Based on our review, we conclude the university implemented our prior audit recommendation.

Appendix A:  
Objectives, Scope,  
and Methodology

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**Appendix A**  
**Objectives,  
Scope, and  
Methodology**

The Department of the Auditor General conducted this special performance audit in order to provide an independent assessment of the operations of Millersville University. We conducted this 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.

**Objectives**

This audit was conducted in two phases. The initial phase covered the period July 1, 2006, through June 17, 2009 and consisted of a preliminary review of Millersville's operations. From this preliminary review, we identified several areas for further analysis, which became our final audit objectives. The specific final audit objectives were as follows:

*Service contracts* – To determine whether the university complied with Commonwealth and PASSHE guidelines for contract procurement.

*Travel expenses* – To determine if the university maintained adequate control over employee travel expenses and if those expenses complied with applicable policies and procedures.

*Bonuses and incentives* – To determine the propriety of the use of bonuses and other pay incentives for university employees. Specifically, the university's merit pay programs for non-union (management) employees.

*Campus security* – To assess whether the university campus police have met training requirements, and whether the university is

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properly maintaining the emergency “blue light” phones on campus.

*Students’ personal information* – To evaluate the university’s protection and confidentiality of students’ social security numbers.

### **Scope**

Our audit work done with respect to our final objectives covered the period July 1, 2008, through June 30, 2011, unless otherwise stated. The results of our test work in this audit report are specific to that audit period.

### **Methodology**

To address our audit objectives, we obtained and reviewed records and analyzed pertinent policies and procedures of PASSHE and Millersville University. In the course of our audit work, we also interviewed various university management and staff.

Millersville’s 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 Millersville’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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**Findings and Recommendations**

We developed five findings during our review of the university's performance for the audit period, and we present six recommendations to address the issues we identified. We will follow up within the next 24 months to determine the status of our findings and recommendations.

Our expectation is that the findings presented herein will improve Millersville's accountability to the public and will provide a framework for corrective action where necessary.

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