

## Presidential Audit Committee — First Report

<i>Final State Audit Comment</i>	<i>Fact Summary</i>	<i>University Actions Taken as of December 13, 2010</i>	<i>Audit Committee Analysis and Recommendations as of December 13, 2010</i>
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### Section 1 - Financial Reporting and Accounting

#### 1.1 Financial Reporting

<p><b><u>Recommendation:</u></b> Evaluate the adequacy of the University's financial reporting system and continue to address deficiencies to provide timely and accurate information to manage University finances.</p>	<p>The Audit stated that the University does not produce management reports including budget to actual comparison reports; statements of revenues, expenses, and changes in net assets; and profit/loss statements for funds and departments, auxiliaries, and service centers.</p>	<p>The President assigned the responsibility of improving management reporting to the CFO. Significant improvement has been made as budget to actual expense summaries with detail and statements of revenue are available for all department level operating budgets. Similar reports are being developed for other budgets and funds and for the University as a whole, with a timetable for completion by the end of 2010. Many of these reports have existed in various forms for some time.</p>	<p>Department level management reports are available including year-to-date budget to actual reports, balances in revenue accounts, carry forward balances, and Foundation account detail and balances; however, many University managers, academic administrators, and budget officers are not properly trained in how to access this critical information. The Committee recommends: (1) that additional training in Banner be required for all budget officers and anyone with budget authority to be completed on a timeline established by the President and CFO; and (2) that Financial Services complete the management reports it is developing as scheduled.</p>
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#### 1.2 Foundation Reimbursed Expenses

<p><b><u>Recommendation:</u></b> Establish a tracking system to readily identify University expenses subsequently reimbursed by the foundation.</p>	<p>The Audit stated that the University's accounting system does not identify which University expenses have been reimbursed by the Foundation. Approximately \$14.6 million was paid to the University by the Foundation during FY09, most of which was reimbursement of expenses initially paid by the University, but \$10.5 million of the reimbursement was recorded in the accounting system without any detail.</p>	<p>The Audit assertion that more than ten million dollars of University expenses was reimbursed by the Foundation without any detail is incorrect. The great bulk of the monies transferred to the University by the Foundation are donations, seat assessments, suite rental, etc. – not for expense reimbursement, and they support such things as scholarships, programs, and building projects. Less than \$500,000 in FY2009 was for expense reimbursements. The Audit Committee reviewed examples of expense reimbursements and has concluded the documentation is sufficient.</p>	<p>Matter closed.</p>
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<b>1.3 Expense Allocations</b>			
<p><b>Recommendation:</b> Ensure expenses are correctly allocated and provide accurate financial reporting.</p>	<p>The Audit stated that:</p> <ul style="list-style-type: none"> <li>* The University has not properly allocated expenses within the Childhood Development Center (CDC) between its operations.</li> <li>* Personnel costs were not allocated properly to Hammons Student Center/Plaster Sports Complex (\$310,801) and JQH Arena (\$20,509.)</li> <li>* Salary expenses were not properly allocated for four faculty members within the School of Social Work who were assigned non-teaching duties to the College of Education and Office of Institutional Research.</li> </ul>	<p>Child Development Center - This error in expense allocation was identified and corrected during the Internal Audit of CDC.</p> <p>JQH - The President has assigned a task force for the JQH Arena to evaluate the facility's budget and future funding recommendations.</p> <p>The situations involving Social Work faculty members who have been reassigned have resolved. Two are back in the Social Work School, one is retiring, one has died.</p>	<p>Matter resolved. See also Sections 3.1 to 3.5.</p> <p>Matter assigned to Task Force.</p> <p>Matter resolved.</p>
<b>1.4 Financial Statement Error</b>			
<p><b>Recommendation:</b> Ensure the annual financial report provides accurate information for all operations of the University.</p>	<p>The Audit stated that the University's statements of cash flows for the year ended June 30, 2008 contained two misstatements of approximately \$5 million each. These amounts within the athletics and the recreational facilities lines had been transposed, resulting in misstatement of \$5 million each for these items.</p>	<p>This transposition error was corrected within the University's FY09 Audited Financial Statements.</p>	<p>Matter resolved.</p>
<b>Section 2 - University Operations</b>			
<b>2.1 Sabbaticals</b>			
<p><b>Recommendation:</b> Review the current amount expended for faculty sabbaticals and establish monitoring procedures to ensure required reports are filed by the deadline and justify the sabbatical.</p>	<p>The Audit stated that 48 faculty members were paid a total of \$2.2 million during the two years ended June 30, 2009, for sabbatical leave. Written reports within three months of the end of a sabbatical must be prepared and submitted per University policy. Of seven faculty members reviewed during the audit, only two had submitted reports.</p>	<p>All sabbatical reports from the years ending June 30, 2008 and 2009 have been filed except for one, and that employee is no longer employed at the University.</p> <p>Effective August, 2010, the Provost assigned the Associate Provost - Faculty Affairs the responsibility to monitor timeliness of filing of sabbaticals.</p>	<p>The Committee recommends: (1) that a specific date sabbatical reports are due be published on the academic calendar annually; and (2) that the Faculty Handbook Revision Committee be asked to revise Section 7.2.1 of the Faculty Handbook by setting out additional sanctions which are available for failure to submit sabbatical reports</p>

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<b>2.2 Operating Losses</b>			
<p><b>Recommendation:</b> Analyze auxiliary enterprises, service centers, JQH Arena and other areas of the University that operate at a loss for ways to make them more cost effective and reduce or eliminate the need for continued transfers from the University's operating fund.</p>	<p>The Audit stated that the University has not completed a documented review of financial reports for some operations, such as service centers, auxiliary enterprises, and other areas of the University, to ensure these operations are efficient. Specific operations were addressed wherein operating costs were stated as exceeding revenues:  * Intercollegiate Athletics  * JQH Arena  * Printing Services  * Greenwood Laboratory School</p>	<p><b>Intercollegiate Athletics and JQH Arena</b> - The President has assigned a task force to evaluate the facility's budget and future funding recommendations.</p> <p><b>Printing Services</b> - Actions were taken in FY2010 to reduce costs by reducing personnel expenditures.</p> <p><b>Greenwood Laboratory School</b></p>	<p>Matter assigned to Task Force.</p> <p>Matter resolved.</p> <p>Greenwood currently serves 342 students, 35 of which are children of University employees. It runs a \$400,000 annual deficit. The College of Education has evaluated Greenwood expenses and plans to implement cost-saving measures during FY12. Greenwood Laboratory School is valuable to the University as a way to train teachers and interact with alumni and the community. Its tuition, however, is lower than that of all its private school competitors: Springfield Catholic Schools, Summit Preparatory School, and New Covenant Academy. A survey of tuition charged by the three private schools in Springfield has also been completed. Tuition rates for high school students range from \$5,540 to \$7,050 (Greenwood is \$4,450). Tuition rates for those schools for elementary school students range from \$4,515 to \$5,975 (Greenwood is \$4,450) plus fees. Greenwood tuition was increased by 2% (\$84) in Fy11. The Committee recommends:  (1) that tuition be increased for the 2011-2012 academic year, with consideration given to a greater increase in high school tuition since Greenwood high school tuition is significantly below that of our competitors;  (2) that by the beginning of the 2013-2014 academic year, the \$400,000 annual deficit has been eliminated through tuition and fee increases and expenditure reductions; and  (3) that consideration be given to increasing the tuition waiver for children of University employees to offset at least part of the tuition increases.</p>

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<b>2.3 Budgeting</b>			
<p><b>Recommendation:</b> Ensure budgets provide reasonable estimates of anticipated financial activity.</p>	<p>The Audit stated that review of University budgets showed significant budget to actual variances. Specifically, the audit addressed the following budgets for FY 09: Men's basketball; Women's basketball; and Hammons Student Center/Plaster Sports Complex. The audit claimed that significant budget overage of \$838,822 occurred in the HSC/Plaster Sports Complex account.</p>	<p>A business manager was hired for the Athletics Office in FY 2010, whose duties include support for budget development and management. She is developing the FY2012 budget based on actual expenditures to reduce budget variance.</p> <p>There was no \$838,822 overage in the HSC/Plaster Sports Complex budget. Rather a surplus of \$3,793 existed in that account in the year ending in June 30, 2009.</p>	<p>Matter resolved.</p> <p>Matter closed.</p>
<b>2.4 President's Carry Forward Monies</b>			
<p><b>Recommendation:</b> Ensure approval documentation is prepared and maintained to support budget transfers from the President's Carry Forward account and establish a policy providing guidance over the monies transferred in and out of this account.</p>	<p>The Audit stated that at the end of each year, a transfer is made of remaining funds allocated to selected budget lines to the President's Carry Forward account. These funds are used at the President's discretion for special projects, budget overruns, and other items approved by the President.</p> <p style="text-align: right;">Approximately</p> <p>\$5.9 million was transferred from the account without documentation that an email had been sent and copied to the President, and suggested that a better method of documenting the President's approval should be identified.</p> <p>In addition, the Audit stated that the University should have a policy addressing how the monies within the President's Carry Forward account should be used.</p>	<p>Governing Policy proposed.</p>	<p>Matter will be resolved upon adoption of policy.</p>

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<b>2.5 Room and Board Rates</b>			
<p><b>Recommendation:</b> Ensure adequate documentation of room and board rate calculations is maintained.</p>	<p>The Audit stated that adequate supporting documentation was not maintained for the calculation of increases in room and board rates. Once anticipated costs are reviewed by various administrators, a schedule of proposed increases is then provided to the Board of Governors annually who set the rates compared with other Missouri universities, as well as financial information. However, no documentation was maintained to support how the rates were calculated.</p>	<p>The Audit Committee has investigated these issues and determined that the process for calculating room and board rates is appropriate. The recommendations for room and board rates are based upon objective data which is discussed in Administrative Council and presented to the Board. Documentation of material upon which the recommendations are based is retained.</p>	<p>Matter closed.</p>
<b>Section 3 - Child Development Center</b>			
<b>3.1 Undeposited Funds</b>			
<p><b>Recommendation:</b> Investigate the undeposited cash receipts and take appropriate action. In addition, the Board of Governors should ensure all monies collected are transmitted to the Bursar and deposited, and supplies for the CDC are purchased through appropriate University procedures.</p>	<p>The Audit stated that some monies received by the CDC (Child Development Center) could not be accounted for, and significant weaknesses were identified in accounting controls and procedures.</p> <p>In addition, according to the Director, when supplies are needed, cash is withheld from the receipts and used to purchase supplies, but no documentation was retained to support these purchases.</p> <p>In total, at least \$4,038 received by the CDC between July 1, 2007 and December 21, 2009, was not remitted (deposited) with the Bursar based on a comparison of receipt books to amounts transmitted to the Bursar.</p>	<p>Repayment of undeposited funds is being made.</p> <p>CDC has been instructed to utilize appropriate purchasing procedures for supplies.</p> <p>A part-time receptionist/clerk will begin work in January, 2011. One of her duties will be to make daily deposits to the Bursar.</p>	<p>The Committee recommends: (1) that the College of Education monitor repayment of funds and supply purchases to insure continued compliance; and (2) that the CDC begin to verify that the deposits made to the Bursar have been deposited into its revenue account.</p>
<b>3.2 Segregation of Duties</b>			
<p><b>Recommendation:</b> Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.</p>	<p>The Audit stated that accounting duties are not adequately segregated at the CDC.</p>	<p>The College of Education Budget Officer and the CDC Director now review the deposits and supporting receipts and oversee the deposits being made at the Bursar's office.</p>	<p>Matter resolved</p>

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<b>3.3 Receipting and Transmitting Monies</b>			
<p><b>Recommendation:</b> Provide for improved receipting and depositing procedures at the CDC to adequately account for all monies received.</p>	<p>The Audit stated that numerous weaknesses were noted in the procedures used to account for monies received regarding timing of deposits, issuance of receipt slips, voided receipt slips, and the type of receipt books used (not official/numerically sequenced.)</p>	<p>The Budget Officer for COE is now reviewing receipts and deposits and overseeing deposits to the Bursar during the week. Upon the hiring of a clerk, daily deposits will be made. Sequentially numbered receipts are in use and will be retained.</p>	<p>Matter resolved.</p>
<b>3.4 Record Retention</b>			
<p><b>Recommendation:</b> Ensure financial records are retained in accordance with University policy.</p>	<p>The Audit stated that receipt slips issued from July 1 through December 17, 2007, and January 6 through February 12, 2008, were not retained by the CDC. In addition, attendance records for the year ended June 30, 2009, were not retained.</p>	<p>The CDC has been made aware of the record retention requirements and is securing and retaining the receipt books and attendance records. Documentation exists from 2007 to date and has been stored electronically. Records will be retained for 5 years.</p>	<p>Recommendation - College of Education should monitor compliance.</p>
<b>3.5 Late Fees &amp; Partial Payments</b>			
<p><b>Recommendation:</b> Establish formal written policies and procedures for the handling of partial payments and assess late fees in accordance with the established parent handbook.</p>	<p>The Audit stated that the CDC has not established formal written policies and procedures allowing for collection of partial payments, and that the current CDC policy for late fees is not consistently enforced. Many instances were noted where full or partial payments were received after the due date, and no late fee was charged.</p>	<p>The CDC is enforcing the collection of late fees as set forth in the CDC Parent Handbook</p>	<p>The Committee recommends: (1) that the CDC Director draft a policy regarding partial payments to be included in the CDC Parent Handbook; and (2) that the College of Education monitor compliance with these policies.</p>

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<b>Section 4 - Procurement Cards</b>			
<b>4.1 Number of Cards and Limits</b>			
<p><b>Recommendation:</b> Develop criteria to evaluate the reasonableness of procurement card limits and the number of cards or accounts issued.</p>	<p>The Audit stated that the University has not adequately analyzed the need for issuing 645 procurement cards. Some cards have excessive spending limits and some employees have been issued more than one card. Specific exceptions were noted:</p> <p>* Some individual and monthly transaction limits appear excessive, and 55 cards have no individual transaction limit and 12 cards have monthly spending limits of \$100,000 or more. One card with a \$150,000 limit had a highest single transaction of \$663 and total monthly charges of only \$1,365.</p> <p>* At least 45 employees have been issued more than one card, and five have a monthly transaction limit of \$100,000 each.</p>	<p>The Audit Committee has confirmed that the following actions have been taken:</p> <p>The number of accounts has been reduced to 586 active charge cards, with 3 suspended charge cards, and 59 charge accounts with specific vendors.</p> <p>No charge card has a limit above \$65,000. Only 1 charge account has a limit above \$100,000, which is an account with Dell.</p> <p>Only 28 charge cards have monthly limits above \$5,000.</p> <p>Those employees having more than one charge card have been reduced to 19.</p> <p>The Procurement Card Manual contains appropriate criteria for card limits.</p>	<p>The Committee recommends that by the end of FY12, no employee be issued more than one charge card absent the existence of exceptional circumstances verified by the Director of Procurement Services.</p>

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<b>4.2 Policy Violations</b>			
<p><b>Recommendation:</b> Ensure all cardholders are aware of procurement card restrictions and ensure procurement card coordinators notify the responsible parties of each violation for corrective action.</p>	<p>The Audit stated that some procurement card expenses reviewed appeared to violate the University's policy. 32 Procurement card transactions were tested, totaling \$178,541. Seven specific violations were identified and two general comments were addressed regarding procurement card policy:</p> <ul style="list-style-type: none"> <li>* Two instances violated policy that states P-cards may not be used for travel: one hotel charge of \$1,571 and a charge of \$1,463 for a rental car for a month.</li> <li>* Numerous instances were identified where food purchases were in violation of University policy (general statement).</li> <li>* The audit observed several instances where gifts and gift cards were purchased using the procurement cards. One example was \$450 charged for nine \$50 gift certificates in May 2009. Another instance was a charge to purchase a retirement gift in January 2009.</li> <li>* Two televisions were purchased by Procurement cards (\$1,400 and \$3,000)</li> <li>* Transaction limits were not followed. One cardholder was issued a written exception allowing a purchase for \$3,400 for two wireless microphones; however the completed transaction amounted to \$4,476 with no additional written exception.</li> <li>* The Audit noted that P-Cards were used on campus (bookstore, etc.,) which is a violation of policy.</li> </ul>	<p>Regarding food purchases by P-Card, as of March 2009, the University changed its policy to disallow food purchases by P-Card for amounts under \$100.</p> <p>A blanket exception for food purchases under \$100 remains in place for specific areas such as Res-Life and Student Activities. This exception would have applied to the purchase of nine, \$50 gift certificates for Res-Life.</p> <p>Television purchases: these two purchases occurred prior to change in Procurement card policy as of March 2009, and were therefore allowable at the time.</p> <p>Regarding P-Card purchases where cards were used on campus, this area is a violation, and Procurement Services continues to monitor this via the ongoing P-Card departmental reviews.</p> <p>Regarding the wireless microphones, exceptions were provided the P-Card holder for this purchase to include "\$4,320 plus shipping and handling."</p>	<p>Recommendation - aggressively enforce P-card Manual requirements, imposing appropriate sanctions to improve policy compliance.</p>

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		<p>The current Procurement Policy Manual (adopted 6/19/09) has added a sanctions section for violations of procurement card policies.</p> <p>Procurement Services conducts weekly P-card audits, communicates violations in writing and warns users of the consequences of continued violations, suspends use of P-cards (currently 3), and refuses continued use of P-cards for multiple violations of policy.</p>	
<b>4.3 Reconciliations</b>			
<p><b>Recommendation:</b> Ensure the reconciliation of procurement card logs and cardholder statements are completed and documented by all required parties and original information is obtained.</p>	<p>The Audit stated that reconciliation of procurement card transactions to cardholder statements are not always completed. It was noted that the Office of Procurement Services cardholders did not complete transaction logs to verify charges on the cardholder statements.</p>	<p>In July 2010 Procurement Services began to implement reconciliation of buyer use of P-Cards to the P-Card statements. Documentation of same will be retained.</p>	<p>Matter resolved.</p>
<b>4.4 Supporting Documentation</b>			
<p><b>Recommendation:</b> Require adequate documentation be maintained for all procurement card transactions in accordance with University policy.</p>	<p>The Audit stated that adequate supporting documentation was not always submitted to support procurement card purchases. In many instances, only a credit card charge slip or a statement was submitted, rather than a detailed invoice or receipt slip. If the cardholder is unable to obtain a copy of a missing receipt, a missing receipt form must be completed and kept on file.</p>	<p>Procurement Services conducts weekly P-card audits to address this policy violation, communicates notice of written violations and suspends habitual violators.</p>	<p>The Committee recommends rigorous enforcement of the receipt policy to include refusal to reimburse for expenses for which insufficient documentation exists.</p>

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<b>Section 5 - Ticket Sales</b>			
<b>5.1 Segregation of Duties</b>			
<p><b>Recommendation:</b> Ensure accounting procedures for receipts are adequately segregated, including the reconciliation between the computerized ticket accounting system and the University accounting system.</p>	<p>The Audit stated that University procedures to account for receipts from ticket sales for athletic and entertainment events need improvement. The Assistant Box Office Manager for the JQH Arena can sell tickets, enter sales transactions in the computerized ticket accounting system, and transmit monies to the Bursar for deposit into the bank account. The Assistant Box Office Manager is also responsible for reconciling athletic ticket sales recorded on the computerized ticket accounting system with the sales posted to the University accounting system.</p>	<p>Corrective actions were taken where the deposit is prepared by the GA, who cannot access/make changes to the ticketing system, and now reports to the Business Manager. Internal Audit has confirmed responsibilities are now appropriately segregated.</p>	<p>Matter resolved.</p>
<b>5.2 Untimely Reconciliations</b>			
<p><b>Recommendation:</b> Ensure reconciliation reports for performances are prepared timely to ensure all related revenues and expenses are properly reflected in the accounting records.</p>	<p>The Audit stated that reconciliation reports for performances at the Juanita K. Hammons Hall for the Performing Arts were not performed timely.</p>	<p>Reconciliations are being prepared within 45 days of a performance by the box office manager absent extenuating circumstances.</p>	<p>Recommendation - Business manager should monitor compliance.</p>
<b>5.3 Cash Drawer Reconciliations</b>			
<p><b>Recommendation:</b> Ensure cash drawer reconciliations are performed and verified.</p>	<p>The Audit stated that the review and approval of cash drawer reconciliations and transmittal reports are not always documented. Further, there is not always a documented secondary review of the transmittal to the Bursar prepared at JQH Arena.</p>	<p>The MSU-TIX deposit clerk, who now reports to the Box Office Manager, will reconcile the deposit proceeds of the Asst. Box Office managers when necessary and will report all discrepancies to the Box Office manager.</p>	<p>Recommendation - Business manager should monitor compliance.</p>

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<b>Section 6 - Disbursements</b>			
<b>6.1 Procurement Policies</b>			
<p><b>Recommendation:</b> Amend the procurement policy to address documentation of procurement decisions, procurement of items purchased for resale, and timeframes for bid thresholds.</p>	<p>The Audit stated that the University could benefit from a more comprehensive procurement policy that addresses the documentation of procurement decisions, procuring items purchased for resale, and timeframes for which various bid threshold amounts will apply. Purchases of \$30 million were administered by the Office of Procurement Services during the year ended June 30, 2009.</p>	<p>Procurement policies have been revised so that for all purchases ranging from \$3K to \$10K in amount, rationale coding is now documented on the requisition received by Procurement Services.</p> <p>Procurement policies have also been rewritten to address order splitting.</p> <p>Regarding items for resale (within the Bookstore) the bookstore is currently utilizing membership with Connect2One, where it is able to negotiate volume purchasing discounts on merchandise. For 2009, savings of \$82,972 in discounts were achieved from \$994,113 in purchases. In the case of textbooks, bidding is not frequently an option as the bookstore must typically single-source textbooks. Thus, no amendment to the Manual is necessary on the resale issue.</p>	<p>Matter resolved.</p>
<b>6.2 Food Policy</b>			
<p><b>Recommendation:</b> Consider developing a comprehensive policy regarding University-wide food purchases.</p>	<p>The Audit observed that the University does not have a comprehensive food policy, and that approximately \$400,000 of unreimbursed food purchases occurred during the year June 30, 2009. Considering the extent of University-provided food expenditures, the audit urged the University to develop comprehensive policies regarding food purchases in an effort to control and reduce these expenditures.</p>	<p>Fiscal Responsibility Policy, G1.13, has been rewritten.</p>	<p>Matter will be resolved upon adoption of Governing Policy. Food reimbursement rules have been revised and made more specific.</p>

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<b>6.3 Memberships</b>			
<p><b>Recommendation:</b> Establish a tracking system that allows the University to adequately monitor and evaluate institutional and individual membership costs. In addition, the Board of Governors should consider developing a policy that restricts the number of individual memberships the University will pay for each employee.</p>	<p>The Audit stated that the University needs to improve controls over the tracking and monitoring of institutional and individual memberships. Approximately \$1.1 million was disbursed for individual and institutional memberships by the University during the year ended June 30, 2009.</p> <p>The Audit also stated that the University policy does not restrict the number of individual memberships for which employees may be reimbursed, and the University had not evaluated the necessity and benefits received from memberships.</p>	<p>Fiscal Responsibility Policy, G1.13, has been rewritten.</p>	<p>Matter will be resolved upon adoption of Governing Policy. The criteria for membership fees has been better defined and limited to two per person paid by state funds.</p>
<b>6.4 Contributions</b>			
<p><b>Recommendation:</b> Maintain written contracts and ensure disbursements constitute a necessary use of public funds and provide a benefit to the University.</p>	<p>The Audit stated that some disbursements did not appear to constitute a necessary use of University funds, including contributions to the Downtown Springfield Community Improvement District; Foundation for Springfield Public Schools; Springfield Business &amp; Development Corporation; Partnership for Sustainability; and Urban Districts Alliance. In addition, it was noted that the University did not have a written contract with any of these entities.</p>	<p>The Board of Governors and the Audit Committee have determined that these expenditures provide benefit to the University and no contracts are required.</p>	<p>Matter closed.</p>
<b>6.5 Lobbying</b>			
<p><b>Recommendation:</b> Require detailed documentation of lobbying services, and develop procedures to monitor lobbying activities provided to the University.</p>	<p>The Audit stated that State lobbying services should be better documented, and the University should evaluate the need of some lobbying services. In addition, the contracts with the University's state and federal lobbyists do not require documentation to support the specific services provided. It was further stated that several University memberships to organizations such as the Springfield Chamber of Commerce, Missouri Biotechnology Association, American Association of State Colleges and Universities, Association of Public Television Stations, and American Council on Education, provide lobbying services as a benefit to membership.</p>	<p>The Board of Governors and the Audit Committee have determined that the contracts the University has with its lobbyists and the manner they report to the University are appropriate and necessary.</p>	<p>Matter closed.</p>

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<b>6.6 Police Substation</b>			
<b>Recommendation:</b> Require the City of Springfield to provide detailed monthly billings. In addition, the University should monitor the billings and time sheets to ensure amounts charged are correct.	The Audit stated that invoices received from the City do not contain detail of services provided and that the University failed to obtain documentation prior to payment.	Internal Audit has confirmed that the City is providing additional details of the billings and that the department is comparing detail to invoices and timesheets.	Matter resolved.
<b>7. Controls, Policies and Procedures</b>			
<b>7.1 Oversight of West Plains Campus Bank Accounts</b>			
<b>Recommendation:</b> Establish procedures to adequately review activity of the checking account held by the West Plains Campus.	The Audit stated that additional oversight was needed for the West Plains bank account.	The Business Manager (at West Plains) now performs the review of the checking account/reconciliation.	Matter resolved.
<b>7.2 Team Cash Advances</b>			
<b>Recommendation:</b> Review the current practice of issuing large cash advances to coaches for travel expenses and consider implementing alternative methods of payment for these expenditures.	The Audit stated that cash advances in amounts as high as \$8,700 were issued to coaches while traveling. To better safeguard University funds and provide less risk for employees receiving cash advances, the University should review its current practices.	Athletics has taken steps to reduce the size of cash advances by prepaying for hotels and purchasing group meals; however, per diem payments of \$30 for each student-athlete makes it impossible to eliminate this practice completely.	Matter resolved.
<b>7.3 Background Checks</b>			
<b>Recommendation:</b> Complete periodic background investigations on current employees who have access to sensitive information.	The Audit stated that the University does not perform periodic background reinvestigations on current employees who are working in sensitive information technology positions. To ensure security of sensitive information, the University should develop procedures to perform periodic background reinvestigations on current employees with access to sensitive information.	The University has conducted criminal background checks on all new employees hired after 2006. It has also conducted criminal background checks on information technology employees (7) who have been promoted within the department during the last three years	The Committee recommends that the Criminal Background Check Procedures, OP7.05, be revised by the General Counsel and Director of Human Resources to require that those employees with access to sensitive information be subjected to periodic criminal background checks.

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<b>7.4 Parking Ticket Duties</b>			
<p><b>Recommendation:</b> Ensure procedures for processing parking tickets are adequately segregated.</p>	<p>The Audit stated that duties related to parking tickets are not adequately segregated.</p>	<p>While there is a segregation of duties issue, the risk is small in that less than \$25 per week in cash is collected at the Safety and Transportation Office. The greater risk, not identified in the Audit, is that \$200,000 in parking meter income is collected annually. No evidence of theft was uncovered by the Audit.</p>	<p>The committee recommends: (1) that Safety and Transportation develop a practice that different people accept payment for tickets than those that clear tickets; (2) that two full-time employees continue to be involved in collecting parking meter revenues, with the identify of those fulfilling this function being rotated; and (3) that Safety and Transportation begin to verify that the deposits made to the Bursar have been deposited into its revenue account.</p>
<b>7.5 Food and Concession Vendors</b>			
<p><b>Recommendation:</b> Establish policies and procedures to complete periodic audits of contracted vendor information to ensure rental fees and commissions are properly remitted and contracted vendors are sales tax compliant.</p>	<p>The Audit stated that procedures are not in place to ensure all commissions are properly paid to the University by food and concession vendors, or to ensure that vendors are sales tax compliant. Approximately \$568,700 was collected by the University in commissions during the two years ended June 30, 2009.</p>	<p>Three vendor audits have been completed (Blimpies, Dominos, and Wok and Roll), with the Sodexo audit currently in progress.</p>	<p>The Committee recommends that an audit be conducted on the food vendor for the athletic venues in the next fiscal year.</p>
<b>7.6 Fuel and Usage Logs</b>			
<p><b>Recommendation:</b> Require usage logs be maintained for all University provided vehicles and equipment. These logs should be reconciled to invoices for rented vehicles, and fuel logs should be reconciled to fuel purchases for all vehicles.</p>	<p>The Audit stated that fuel and usage logs are not maintained for some University vehicles and equipment, and usage is not reconciled to fuel purchases.</p>	<p>The audit has correctly concluded that the University is not in compliance with State law and regulation for vehicle use logs.</p>	<p>The Committee recommends: (1) that the current motor pool policy be revised under the direction of the General Counsel to comply with state law and added to the Policy Library of the University; and (2) that Safety and Transportation develop an online system to facilitate compliance with this legal requirement.</p>
<b>7.7 Outdated Policies</b>			
<p><b>Recommendation:</b> Periodically review and update University policies.</p>	<p>The Audit stated that some written policies have not been updated in more than 10 years and refer to personnel positions that are no longer relevant to the University system.</p>	<p>All University policies have been organized into Governing and Operating Policies and are available in an electronic policy library. They have been updated.</p>	<p>Matter resolved.</p>

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<b>7.8 Conference Services</b>			
<p><b>Recommendation:</b> Ensure duties involving Conference Services are adequately segregated or if proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison between the reservations posted to the computer system and the information reported to the Financial Services office. Additionally, any adjustments or voids posted to the computerized reservation system should be adequately tracked.</p>	<p>The Audit stated that Conference Services duties are not properly segregated and controls over adjustments and voids made to the computerized reservation system are not adequate.</p>	<p>Most billing of space rented through Conference Services is done by Financial Services; however, occasionally Conference Services bills clients directly and collects payment. The same person doing the billing and collecting payment also has the authority to negotiate a lower than standard room rental rate.</p>	<p>The Committee recommends: (1) that only standard rates be utilized to rent space to insure consistent treatment to all clients; (2) that all billing be done through Financial Services and all collecting through the Bursar; and (3) that Conference Services begin to verify that the deposits made to the Bursar have been deposited into its revenue account.</p>
<b>8. President's Tenure and Retreat</b>			
<p><b>Recommendation:</b> The Board of Governors should ensure future contracts properly safeguard University interests.</p>	<p>The Audit stated that some terms in the contracts of the former and current University presidents may not be in the best interest of the University. The contract with President Dr. Michael T. Nietzel included a tenure and retreat clause, wherein he was granted the option to retreat to a tenured professorship and be compensated 60 percent of his current presidential salary. The contract also provided the option to take a leave of absence for either the first academic semester at full pay or the first academic year at 50 percent pay.</p>	<p>The Board of Governors believes that the Presidential contracts are appropriate and within industry practice.</p>	<p>Matter closed.</p>

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<b>9. Employment Contracts and Personnel Issues</b>			
<b>9.1 Promotional Compensation</b>			
<p><b>Recommendation:</b> Require the Men's Head Basketball Coach to submit all a report of promotional appearances and presentations completed to support the additional compensation paid throughout the year.</p>	<p>The Audit stated that the University does not require the Men's Head Basketball Coach to submit documentation to support "promotional compensation" earned. The University does not require the Coach to submit a report for promotional appearances or presentations, and does not state the number of appearances necessary to receive additional compensation.</p>	<p>The Audit Committee has confirmed that there is no contractual basis to require the suggested reporting.</p>	<p>Matter closed.</p>
<b>9.2 NCAA Compliance</b>			
<p><b>Recommendation:</b> Ensure all coaches file a report of athletic related income and other benefits provided by outside sources as required by their contracts and NCAA Bylaw 11.2.2.</p>	<p>The Audit stated that the Associate Head Football Coach and one Assistant Football Coach failed to submit a report of all athletic related income and benefits received from sources outside the University for the year ended June 30, 2009 to the President's office as required by NCAA Bylaw 11.2.2 and their employment contracts.</p>	<p>All such reports have been filed for the years ending June 30, 2009 and 2010. The University self-reported the referenced violations to the NCAA. As the bylaw is the governing document, no additional policy is needed. The compliance officer will ensure future reports are filed in a timely manner.</p>	<p>Matter resolved.</p>
<b>9.3 Achievement Payments</b>			
<p><b>Recommendation:</b> Ensure achievement payments are based on correct contractual criteria.</p>	<p>The Audit stated that the Head football coach was compensated \$2,500 in each of the 2 years ended June 30, 2008 and 2009, for an incentive in his contract even though documentation was not available to support the criteria achieved.</p>	<p>This payment will be repaid to the University in November - December, 2010.</p>	<p>Recommendation - The Athletic Department should monitor to insure compliance.</p>
<b>9.4 Vehicle Allowance</b>			
<p><b>Recommendation:</b> Review vehicle allowances and set the allowances to reasonably reflect the actual expenditures incurred by the applicable officials.</p>	<p>The Audit stated that the University made vehicle allowance payments totaling \$93,200 to 18 employees during the year ended June 30, 2009; however the University did not have documentation to support how these amounts were determined.</p>	<p>The Board of Governors believes vehicle allowances are appropriate.</p>	<p>Matter closed.</p>

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<b>9.5 Gift Policy Clarification</b>			
<p><b>Recommendation:</b> Clarify the current gift policy to ensure all gifts are properly reported.</p>	<p>The Audit stated that during the years ended June 30, 2009 and 2008, a total of \$197,900 and \$220,613, respectively, was reported as gift expense; however, the reporting was incomplete. The University has implemented a Gift policy and accounting procedures for any items that are given as gifts during each fiscal year. The Gift information reported to the President is not consistent and University policy does not indicate what information is required. Some gifts were not reported and University policy does not clearly explain what is considered a gift and who is required to report gifts.</p>	<p>The Gift Policy, Op8-11, has been revised.</p>	<p>Matter resolved. The new policy more specifically defines the nature and limits of gifts as well as the reporting requirements and sanctions for failure to follow the policy.</p>
<b>10. Sunshine Law Issues</b>			
<b>10.1 Closed Meetings</b>			
<p><b>Recommendation:</b> Ensure meeting minutes specifically document the reasons for going into closed session, and ensure allowable topics are discussed in closed meetings.</p>	<p>The Audit stated that numerous closed sessions were held by the Board, but the various requirements in Chapter 610, RSMo (the Sunshine Law), regarding closed meetings were not always followed. Open meeting minutes do not always document the specific reasons for closing the meeting or the section of law which allows the meeting to be closed. In addition, the Board did not document how some issues discussed in closed meetings complied under the Sunshine Law.</p>	<p>The Board of Governors and the Audit Committee have concluded that the University strictly complies with Sunshine Law requirements.</p>	<p>Matter closed.</p>
<b>10.2 Redactions</b>			
<p><b>Recommendations:</b> Ensure redactions to requested documents are appropriate and in compliance with the Sunshine Law.</p>	<p>The Audit stated that some redactions made to documents did not appear appropriate. Three audit reports requested by the media were provided partially redacted, citing Sections 610.021(1), (3), and (14), RSMo, as basis for the redactions.</p>	<p>The Board of Governors and the Audit Committee have concluded that the University strictly complies with Sunshine Law requirements.</p>	<p>Matter closed.</p>

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<b>11. Kenneth E. Meyer Alumni Center Renovations</b>			
<b>11.1 Selection of Professional Services</b>			
<p><b>Recommendation:</b> Ensure engineering services are procured in accordance with state law and adequate documentation is maintained to support the evaluation and selection process.</p>	<p>The Audit stated that the Department of Design and Construction failed to document how an architectural and structural engineering firm was selected in conjunction with this project. The department failed to document a minimum of three firms were considered and how the information reviewed was assessed to justify the ultimate decision, and did not document the project as an emergency.</p>	<p>The Audit Committee believes that this is a Foundation matter as the Alumni Center is owned by the Foundation.</p>	<p>Matter closed.</p>
<b>11.2 Change Orders and Contingency Budgets</b>			
<p><b>Recommendation:</b> Ensure adequate planning is performed to reduce the number of change orders, and, if substantial changes are needed, consideration should be given to rebidding the applicable projects. In addition, using excessive project administration and construction contingency amounts to inflate project budgets should be discontinued.</p>		<p>The Audit Committee believes that this is a Foundation matter as the Alumni Center is owned by the Foundation.</p>	<p>Matter closed.</p>
<b>11.3 Project Request Form</b>			
<p><b>Recommendation:</b> Ensure project request forms are submitted to the Department of Design and Construction prior to the start of any project.</p>	<p>The Audit stated that a Project Request form must be properly approved and authorized, to ensure that projects have been properly approved and authorized. The Department of Design and Construction did not receive such form for this project (Kenneth E. Meyer Alumni Center Renovations).</p>	<p>The Audit Committee believes that this is a Foundation matter as the Alumni Center is owned by the Foundation.</p>	<p>Matter closed.</p>