



PERFORMANCE AUDIT

INDIANA UNIVERSITY OF PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA

**PENNSYLVANIA STATE SYSTEM OF HIGHER
EDUCATION**

OCTOBER 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE
AUDITOR GENERAL

October 30, 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 Indiana University of Pennsylvania of the Pennsylvania State System of Higher Education from July 1, 2009, to June 7, 2013, unless otherwise noted. We conducted our audit under the authority of Section 2015-A (relating to Annual audit) of Article XX-A of the Public School Code of 1949, 24 P.S. § 20-2015-A, which states, “Activities of the system under this article shall be subject to the audit of the Department of the Auditor General.” The audit was also conducted under the authority provided for in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

Our report details our audit objectives, scope, methodology, findings, and recommendations. Among the major objectives of our performance audit were an evaluation of Indiana’s efforts to ensure the safety and welfare of minors attending youth camps, on campus, as well as security measures taken to ensure the overall safety of students, faculty, and staff. The report indicates that the university failed to ensure that all university employees who had direct contact with children and were affiliated with youth camps had obtained appropriate background checks during 2012 and notes that Indiana’s agreement with private camp sponsors did not adequately ensure that camp employees had obtained the required background checks. Furthermore, the university failed to ensure appropriate background checks of university employees, affiliated with youth oriented camps/events hosted by various university departments.

The report also recognizes measures taken by the university to improve the safety of students, faculty, and staff on campus. Additionally, the report notes that Indiana’s eight recently constructed student housing facilities met all fire safety regulations and fire safety code requirements. Finally, the report notes that the university implemented our prior audit recommendations.

We discussed the contents of the report with the management of the university, and all appropriate comments are reflected in the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

EUGENE A. DEPASQUALE
Auditor General

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**Background
Information**

*History, mission,
and operating
statistics*

Pennsylvania State System of Higher Education

Pennsylvania's 14 state-owned universities are part of the Pennsylvania State System of Higher Education, generally referred to in this report as the State System or PASSHE. Prior to the enactment of Article XX-A of the Public School Code of 1949 through Act 188 of 1982, as amended,¹ that created the State System, the Pennsylvania Department of Education had administrative control of the 14 institutions,² 13 of which were then known as state colleges.³

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

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

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

State System Board of Governors

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

- Establishing broad fiscal, personnel, and educational policies under which the state system universities operate
- Appointing university presidents

¹ 24 P.S. § 20-2001-A *et seq.*

² These institutions originated as "state normal schools" and teachers colleges. *See* [http://www.portal.state.pa.us/portal/server.pt/community/institution_types/8713/pennsylvania_state_system_of_higher_education_\(passhe\)/522469](http://www.portal.state.pa.us/portal/server.pt/community/institution_types/8713/pennsylvania_state_system_of_higher_education_(passhe)/522469)

³ Indiana University of Pennsylvania was already known as a university as early as 1965 and prior to the creation of the state system. *See* <http://www.iup.edu/upper.aspx?id=2067> 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.

Indiana University of Pennsylvania Pennsylvania State System of Higher Education

- Coordinating, reviewing, amending, and approving university operating and capital budgets
- Setting tuition and fee levels
- Creating new undergraduate and graduate degree programs
- Promoting cooperation among institutions

Board members include four legislators or his/her official representative, and 14 members appointed by Pennsylvania's governor with the approval of the state senate, including three university students, five trustees of constituent institutions, each from different universities, and six members of the public. The governor and the state's secretary of education, or their designees, also serve on the board.⁴ Additionally, the board appoints a chancellor to serve as the chief executive officer of the State System's board and shall have the right to speak on all matters before the board, but not have a vote.⁵

At the university level, each university has a president and an 11-member council of trustees, including a full-time undergraduate student in the upper classes in good academic standing. While the State System appoints the university president, the members, with the exception of the student member, of the university's council of trustees are appointed by the governor, with approval of the state senate.⁶

University trustees make recommendations to the State System chancellor for the appointment, evaluation, and dismissal of the university president. Trustees also assist with setting the university budget and new academic programs. The university trustees also approve all fees, other than tuition.⁷ The State System chancellor serves as an ex-officio member for all the universities' council of trustees.⁸

Indiana's Operating Environment As of Fiscal Year 2011-2012

While Indiana began in 1875 as a State Normal School for the education of teachers, it now offers a wide range of graduate and undergraduate

⁴ 24 P.S. § 20-2004-A(a).

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

⁶ 24 P.S. §§ 20-2008-A(a) and (b) and 20-2010-A. Please note that the student member is appointed by the governor **without** the approval of the state senate.

⁷ 24 P.S. § 20-2009-A.

⁸ 24 P.S. § 20-2005-A(10).

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majors. As of fiscal year 2011-12, the university offers 136 degree programs. In addition, the university offers 57 masters' degree programs and 11 doctoral programs.

The five most popular majors among 2011 Indiana graduates are as follows:

- Business, management, marketing and related support services
- Social Sciences
- Health professions and related programs
- Visual and performing arts
- Communication, journalism and related programs⁹

According to recent statistics, Indiana has a 19:1 student to faculty ratio and approximately 26 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 year is 75 percent.¹⁰

Like all State System universities, admission is open to non-Pennsylvania residents; however, as of the fall 2012 semester, over 87 percent of Indiana's student population is from Pennsylvania.

State funding to Indiana

As a member of the State System, Indiana receives a portion of its funding from the State System's yearly allocation from the commonwealth budget. Act 188 of 1982, as amended, outlines the parameters for Indiana'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.¹¹

⁹ "College Profiles," *U.S. News and World Report*, <<http://colleges.usnews.rankingsandreviews.com/bestcolleges/Indiana-university-of-pennsylvania-3277>>, accessed February 21, 2013.

¹⁰ "Indiana University of Pennsylvania Academic Life," *U.S. News and World Report*, February 5, 2013, <http://colleges.usnews.rankingsandreviews.com/best-colleges/indiana-university-of-pennsylvania-3277/academics>, accessed February 21, 2013.

¹¹ 24 P.S. § 20-2002-A(b).

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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 Indiana, in academic year 2011-2012, 52 percent of Indiana's revenue came from tuition, while 24 percent of its revenue came from the state appropriation.

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 as well as revenue from Indiana's cogeneration energy plant.

Indiana University of Pennsylvania Selected Statistics	2009-10	2010-11	2011-12
Operating Budget (\$Millions)			
Tuition/Fees	\$110.2	\$119.7	\$135.4
State Appropriation	53.3	52.6	46.9
Auxiliary Sources ^a	<u>20.7</u>	<u>21.7</u>	<u>16.7</u>
Total	\$184.2	\$194.0	\$199.0
Tuition/Required fees for Full-time Resident Student (Academic Year)	\$7,209	\$7,571	\$8,362
Full-Time Equivalent Students			
Undergraduate	12,524	13,207	13,012
Graduate	<u>1,694</u>	<u>1,613</u>	<u>1,575</u>
Total	14,218	14,820	14,587
Degrees Conferred			
Undergraduate	1,957	2,156	2,171
Graduate	<u>901</u>	<u>787</u>	<u>764</u>
Total	2,858	2,943	2,935

^aIncludes the university's housing, dining, and student center operations. It also includes revenue from Indiana's cogeneration energy plant.

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

Indiana accreditation

The Middle States Council of Higher Education academically accredits the university. The university was last evaluated in November 2011 and received full accreditation.

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Indiana is also accredited by the Pennsylvania Department of Education. In addition, certain programs and degrees have earned special accreditation and recognition.¹²

¹²www.iup.edu/academicaffairs/accreditations/default.aspx viewed February 20, 2013

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**Objectives,
Scope, and
Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of Indiana had three objectives. We selected the audit objectives from the following areas: youth camps, campus security and dormitory fire safety. The specific audit objectives were as follows:

One: To evaluate what measures Indiana University of Pennsylvania has implemented to ensure the safety and welfare of minors¹³ attending camps, conferences, workshops and other programs (collectively referred to as camps) held on university property.

Two: To evaluate the security measures Indiana has in place to improve the safety of students, faculty, and staff.

Three: To evaluate whether Indiana's recently constructed on campus student housing facilities met and/or exceeded fire safety regulations and fire safety code requirements.

The scope of our audit was for the period for July 1, 2009 to June 7, 2013, unless indicated otherwise.

To accomplish our objectives, we obtained, reviewed and analyzed university records as well as policies, agreements and guidelines of the university, the Commonwealth, and the State System of Higher Education. In the course of our audit work, we interviewed various members of Indiana's management and staff as well as members of the State System's management. The audit results section of this report contains specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also conducted inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit. Those recommendations addressed vending commissions, first class mail, and delinquent student accounts and collection methods.

¹³ The definitions of a "Minor" and "Adult" are as follows, respectively: "An individual who is not an adult" and "An individual who is 18 years of age or older." 23 Pa.C.S. § 6102.

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Indiana 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. In conducting our audit, we obtained an understanding of Indiana's internal controls, including any information systems controls, as they relate to those requirements and that we considered to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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Audit Results

The audit results are organized into three sections, one for each objective. Each of the three sections is organized as follows:

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

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Audit Results**for
Objective
One***Camps***The objective**

Objective one of our performance audit was to evaluate what measures Indiana University of Pennsylvania has implemented to ensure the safety and welfare of minors¹⁴ attending camps, conferences, workshops and other programs (collectively referred to as camps) held on university property.

Relevant laws, regulations, policies, and agreements

The Pennsylvania General Assembly has enacted various laws that are intended to protect minors by requiring individuals working, or seeking to work, directly with children to secure certain criminal background checks and child abuse clearances (collectively, background checks) prior to employment. For example:

The Public School Code of 1949¹⁵ which includes the following:

- Act 34 of 1985¹⁶ - This act requires a Pennsylvania State Police Criminal Background Check that is dated no more than one year earlier than the date of the employment application. In this report, we refer to this requirement as “Act 34 criminal background check.”
- Act 114 of 2006¹⁷ - This act requires a request for a federal criminal history record and fingerprints sent to the FBI that are dated no more than one year earlier than the date of the employment application. In this report we refer to this requirement as “Act 114 federal criminal background check.”
- Act 114¹⁸ also specifies that all applicants for employment including independent contractors and their employees who have direct contact with minors must undergo background checks dated

¹⁴ The definitions of a “Minor” and “Adult” are as follows, respectively: “An individual who is not an adult” and “An individual who is 18 years of age or older.” 23 Pa.C.S. § 6102.

¹⁵ 24 P.S. § 1-101 *et seq.*

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

¹⁷ 24 P.S. § 1-111(c.1).

¹⁸ 24 P.S. § 1-111(a.1).

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no more than one year earlier than the date of the employment application.¹⁹

Child Protective Services Law²⁰ includes the following:

- Act 151 of 1994²¹ - This act requires a Pennsylvania child abuse clearance to be obtained prior to the school employee beginning work with minors. In this report, we refer to this requirement as “Act 151 child abuse clearance.”

Section 8.1 (relating to Definitions) of the State Board of Education’s regulations, 22 Pa. Code § 8.1, includes the following:

- “*Criminal history background check* - A report of criminal history record information from, or a statement that no information is on file with, the State Police; or, for nonresidents of this Commonwealth, a report of Federal criminal history record information from, or a statement that no information is on file with, the Federal Bureau of Investigation.”²²
- “*Direct contact with children* - The possibility of care, supervision, guidance or control of children by a paid employee or contractor of, or an employee of a person under contract with, a school entity, and routine interaction with children by a paid employee of a school entity or a person under contract with a school entity.”²³

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

- PASSHE Policy 2009-01, “Criminal Background Investigations.” This policy requires criminal background investigations to be completed for candidates for employment for all positions in PASSHE. According to this policy, criminal background investigations include inquiries to determine past criminal

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

²⁰ 23 Pa.C.S. § 6301 *et seq.*

²¹ 23 Pa.C.S. § 6355.

²² 22 Pa. Code § 8.1.

²³ *Ibid.*

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convictions and these inquiries must comply with all state and federal laws.

- Indiana Background Investigation Policy, Office of Human Resources. Indiana developed this policy to comply with PASSHE Policy 2009-01. This policy was written “to ensure a consistent level of pre-employment background investigations for successful candidates for all positions at Indiana University of Pennsylvania. The policy is also applicable to all volunteers and individuals who work with minors at summer camps.”

Further, when Indiana allowed private organizations to hold camps on the university’s property, it required the camp organizers to sign an agreement for the use of its facilities. The untitled agreement used by Indiana’s Office of Conferences did not require the camp organizers to provide proof that all individuals associated with the camps had obtained the Act 34, Act 114, and the Act 151 clearances.

Scope and methodology to meet our objective

This objective related to the athletic and educational youth camps held on Indiana’s property during the 2012 calendar year. The majority of the camp participants were minors. Various university sports teams host camps for minors each year. They are operated by university employees and are considered to be sponsored by Indiana, which we refer to as Indiana camps. Private camp sponsors can also contract with Indiana to use the university’s facilities for a fee and we refer to these camps as private. Indiana used profits generated from all camps to help fund various university programs, including athletic scholarships and team operating expenses.

In 2012, the university athletic department hosted 24 youth camps. Four other camps were operated by private sponsors through the university’s conference office. Various university departments also hosted events for children on campus (i.e. performing arts workshops, math or science programs, and physical fitness programs). However, the university was unable to provide us with a complete listing of these events. Discussions with university management disclosed that the university did not assign the responsibility of overseeing these events to any department or staff person. This situation is addressed in finding 3 of this report.

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We focused the scope of our work on background checks obtained by individuals who work or volunteer at these youth camps. For camps sponsored by the university's athletic department, Indiana utilized its fulltime employees as coaches and administrators, student employees as coaches' assistants and housing personnel, and non-payroll workers and volunteers to assist wherever needed. Camps hosted by Indiana's conference office allowed the private camp sponsor to provide staff with the exception of the student housing personnel.

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

We also reviewed the applicable PASSHE and Indiana policies related to criminal background investigations to gain an understanding of the university's background investigation process.

We conducted interviews with numerous Indiana officials. These officials included: the associate vice president for human resources, the athletic director, the athletic department's business officer, the assistant vice president for administration, the director of conference services, the director of housing and residence life, and the assistant director for occupancy in the office of housing and residence life.

To determine the extent to which individuals who worked with minors at camps had obtained the three background checks (Act 34, Act 114, and Act 151) we reviewed personnel records and verified whether the university obtained the three background checks for these individuals. Specifically, we examined the records for 80 workers from the 2012 camp schedule. These 80 workers included the following: 18 university employees, 53 student employees, and nine workers paid to assist a specific camp. We also examined the background checks obtained by the 13 student employees who worked in the residential halls as summer housing representatives during the summer of 2012.

Finally, we reviewed one of the four agreements between Indiana's office of conferences and the sponsors of private camps who held their youth oriented events on university grounds, to determine whether it contained a stipulation that adults working with children at the private camp had obtained the three background checks.

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Finding 1**Indiana failed to ensure that university employees, student employees, non-payroll workers, and volunteers who had direct contact with children and were affiliated with the 2012 Athletic Camps obtained appropriate background checks.**

On June 24, 2009, Indiana implemented a policy that requires new employees (hired after June 24, 2009) to obtain Act 34 criminal background checks prior to employment. There are two exceptions to that policy. The university requires employees who work in the education, psychology, and health departments and who have direct contact with minors to have an Act 151 child abuse clearance, an Act 114 federal criminal background check, and an Act 34 criminal background check regardless of their hire date. The university requires Act 34 criminal background checks of all athletic department employees, student workers and volunteers who work at youth camps hosted by the athletic department.

In 2012, the university's athletic department hosted 24 youth camps

We compiled a list of camp employees using Indiana's camp cost analysis reports, camp payroll reports, and camp operational expenditure reports. Our analysis determined that there were 80 employees who worked in the athletic department's 24 camps and 13 student workers employed by residence life.

The university did not maintain a complete list of the names of volunteers and non-payroll workers and their specific assignments at these 24 camps. Therefore, we were unable to determine if the university obtained Act 34 criminal background checks for volunteers and non-payroll workers.

The table on the next page shows the extent to which the university obtained the Act 34 criminal background checks for the 80 employees and 13 student workers.

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Number of background checks conducted on university personnel working at camps 2012 calendar year	
	<u>Act 34</u> criminal background check
18 Athletics Employees	17
53 Athletics Student Employees	46
9 Paid Athletics Camp Workers	9
13 Housing and Residence Life Student Workers	13

Our review of the criminal background check documentation disclosed that the university could not provide evidence of Act 34 criminal background checks for one (1) athletic department employee and seven (7) athletic department student workers. Although Indiana did not obtain required criminal background checks for eight (8) employees the university allowed these individuals to work with youths at the athletic camps.

When we discussed the lack of Act 114 federal criminal background checks and the Act 151 child abuse clearances with university officials, the officials stated that PASSHE policy does not address the requirement to obtain either of the clearances. Therefore, the university believed it was not required to obtain the Act 114 or Act 151 clearances for employees, volunteers or non-payroll workers.

We believe that Indiana should obtain Act 151 child abuse clearances and Act 114 federal criminal background checks for all persons who work directly with minors at the athletic camps. Because these clearances and background checks are required by the Public School Code and the Child Protective Services Law for persons working with minors in school settings, those same minors should have the same level of protection when participating in youth camps on university property.

Including the Act 151 child abuse clearances and Act 114 federal criminal background checks into its procedures will allow Indiana to obtain all background data available on individuals and to fully screen employees.

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Further, including the Act 151 clearance and the Act 114 federal criminal background check will add another measure to Indiana's efforts to provide a safe environment for its students, faculty, staff and visitors, including youth who attend athletic camps.

**Recommendations
for Finding 1**

1. Indiana should ensure that it obtains Act 34 criminal background checks for employees, student employees, non-payroll workers and volunteers who have direct contact with children through their work at youth camps held on Indiana property.
2. Indiana should establish a written policy that states that Act 114 federal criminal background checks and Act 151 child abuse clearances must be obtained before anyone can be employed or volunteer to work directly with minors at the youth camps.
3. Indiana should obtain all missing background checks for current employees affiliated with youth camps.
4. Indiana should develop and maintain a process to record all volunteers and non-payroll workers who participate in youth camp activities, and obtain Act 34 background checks, Act 114 federal background checks, and Act 151 child abuse clearances for those who have direct contact with children at the camps.

**Management
Response**

The University agrees that it has a responsibility to help assure that people with criminal convictions that may create a risk of harm for minors should be identified and removed from direct contact with minors who have been invited to the University campus. The University is in the process of implementing policies regarding campus camps and conferences it sponsors that will help insure that all employees, students and volunteers who have direct contact with minors are (a) identified and (b) required to provide clearances under Act 34, Act 114 and Act 151. The University will also institute procedures and policies to verify that required clearances have been obtained. The University points out that the report appears to take as its starting point that the University is subject to the Public School Code and that it has violated the law. The University is not subject to the statute as a sponsor of camps. It is important to make clear that the University has not violated the law. The Public School Code applies to students and faculty who engage in internships in Pennsylvania school districts. They are required to comply as a precondition to participation, and the

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obligation for ensuring compliance falls on the school districts. While the University is not subject to the statute, the University agrees it is prudent to obtain the additional background checks and is thus voluntarily working to adjust its policies regarding campus camps and conferences as described above.

**Auditors’
Conclusion**

We are pleased Indiana recognizes that it has a responsibility to help assure that people with criminal convictions who may create a risk of harm for minors should be identified and removed from direct contact with minors who have been invited to the campus. We are also pleased that Indiana is implementing policies to improve its oversight of campus camps and conferences by insuring that all employees, students and volunteers who have direct contact with minors are (a) identified and (b) required to provide clearances under Act 34, Act 114 and Act 151.

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

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

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Indiana's legal liability and ultimately, will assist in safeguarding taxpayer funds.

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

Finding 2**Indiana's agreement with private youth camp/conference sponsors did not adequately ensure that camp employees who had direct contact with children obtained the required background checks/clearances, which could place children attending these camps at risk.**

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

Our review of one of the four agreements disclosed that the standard fee agreement did not require camp sponsors to provide proof that they obtained Act 34 criminal background checks, Act 151 child abuse clearances, or Act 114 federal criminal background checks for all the workers and volunteers of the privately sponsored youth camps.

When we initially discussed the 2012 agreement with Indiana officials in March 2013, they stated that they would discuss this issue with administrators and their legal counsel. Our follow-up discussion with Indiana's director of conference services in April 2013, found that Indiana intended to amend the language in their standard agreement that would now require all youth camp workers employed by the sponsor to obtain all three background clearances. We received a revised version of the standard agreement in May 2013. Our review of the new agreement found that the university added a rider (Rider A) to the agreement. This rider requires private youth-oriented camp sponsors to supply copies of all three background clearances for all camp affiliated workers to Indiana's conference office four weeks prior to the commencement of the camp. However, the rider does not instruct the sponsor to notify the university if modifications to the list of workers are made by the sponsor subsequent to the agreement becoming effective.

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**Recommendations
for Finding 2**

5. Indiana should amend its private camp agreement to require the private sponsor to notify the university of any changes made to the list of camp workers provided under Rider A. In the event additions and revisions are made, Indiana should require the sponsor to provide an updated list and all background clearances related to the applicable individuals.
6. Indiana should establish procedures to review and verify the submission of all required clearances, in order to ensure that any camp worker with disqualifying convictions/child abuse adjudications is prohibited from participating in the camp.

**Management
Response**

Written comments provided by Indiana management:

The University will institute policies and procedures to insure that private sponsors of camps and conferences targeted to and for minors require clearances under Act 34, Act 114 and Act 151 and institute procedures to evaluate those records. The University does not agree that in all cases it should assume the obligation to do the clearance review. It will in all cases require that the sponsor provide affidavits of compliance and it will reserve the right to audit compliance.

**Auditors'
Conclusion**

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

Indiana should not rely on the sponsor to ensure that people with criminal convictions who may create a risk of harm for minors are identified and prohibited from direct contact with children who attend privately sponsored camps or conferences on the University's campus. Indiana should obtain and review the clearances and background checks prior to the start of each private camp to ensure persons with criminal convictions who may create a risk of harm for minors are identified and prohibited from having direct contact with children. In addition, to document due diligence in this matter, Indiana should maintain copies of all clearances and background checks and evidence of their timely review. Again, these recommended practices will not only protect the safety of minors

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attending the youth camps but will also limit Indiana's legal liability and ultimately, will assist in safeguarding taxpayer funds. During our next audit, we will determine whether our recommendations were implemented.

Finding 3**Indiana failed to ensure that university employees who had direct contact with children and were affiliated with youth camps/events hosted by university departments had obtained appropriate background checks/clearances.**

During our audit we learned that in addition to the athletic department, various university departments hosted camps or events for youths. However, these departments were not required to obtain university approval to host the camps/events. The university was not able to provide us with a list of these camps/events or the names of employees involved with them. Therefore, we were not able to determine if employees who had direct contact with youths at these camps/events obtained Act 34 background checks required by university policy. We were also unable to determine if these employees obtained Act 114 federal criminal background checks or Act 151 child abuse clearances.

We believe that Indiana should obtain Act 34 criminal background checks, Act 151 child abuse clearances and Act 114 federal criminal background checks for all persons who work directly with minors at university department hosted camps or events for youths. Because these clearances and background checks are required by the Public School Code and the Child Protective Services Law for persons working with minors in school settings, those same minors should have the same level of protection when participating in youth camps or events on university property.

We concluded that the university failed to ensure that its employees who had direct contact with youths at these camps/events obtained the required background checks. This condition could affect the university's ability to provide a safe environment for youths attending these camps/events.

**Recommendations
for Finding 3**

7. Indiana should develop policies and procedures to ensure that it maintains adequate oversight of all youth camps/events hosted by university departments. This would include having all appropriate

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employees obtain Act 34 and 114 background checks and the Act 151 child abuse clearances prior to having direct contact with children.

**Management
Response**

Written comments provided by Indiana management:

See response to Finding 1. The University will treat youth camps/events hosted by academic departments as it treats camps and conferences.

**Auditors'
Conclusion**

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

Again, these recommended practices will not only protect the safety of minors attending the youth camps but will also limit Indiana's legal liability and ultimately, will assist in safeguarding taxpayer funds. During our next audit, we will determine whether our recommendations were implemented.

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**Audit Results
for
Objective
Two**

The objective

Objective two of our performance audit was to evaluate the security measures Indiana has in place to improve the safety for students, faculty, and staff.

*Campus
Security*

Relevant laws, regulations, policies, and agreements

In 1990, Congress enacted the Crime Awareness and Campus Security Act of 1990.²⁴ This act requires that all postsecondary institutions participating in federal student financial assistance programs maintain and disclose campus crime statistics and security information. The act was amended in 1998, renaming the law the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act in memory of a student who was slain in her dormitory room in 1986. The law is commonly referred to as the “Clery Act.”

On August 14, 2008, Congress enacted the Higher Education Opportunity Act²⁵ amending the Clery Act and created additional safety- and security-related requirements for institutions. Specifically, it added:

- New categories to the list of hate crimes all institutions must disclose;
- A new disclosure regarding the relationship of campus security personnel with state and local law enforcement agencies;
- Implementation and disclosure of emergency notification and evacuation procedures for all institutions;
- Implementation and disclosure of missing student notification procedures for institutions with on-campus student housing facilities;
- Fire safety reporting requirements for institutions with on-campus student housing facilities.

The U.S. Department of Education publishes annually *The Handbook for Campus Safety and Security Reporting*. The handbook provides guidance

²⁴See 20 U.S.C. § 1092(f) (Title II of Pub. L. 101-542). The act, which amended the Higher Education Act of 1965 (Pub. L. 89-329), has its implementing regulations codified at 34 C.F.R. 668.46.

²⁵ The act (Pub. L. 110-315) reauthorized the Higher Education Act of 1965, as amended,

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to all public and private postsecondary institutions that participate in student financial assistance programs.

The Pennsylvania General Assembly has also enacted various laws that are intended to protect and enforce safety measures at institutions of higher learning. These include:

- Chapter 3 (entitled Higher Education Security Information) of the Uniform Crime Reporting Act²⁶ requires that each university provide information related to security policies and procedures to students, employees, and applicants; to provide certain crime statistics to students and employees; to make those statistics available to applicants and prospective employees upon request and annually file, on or before March 1, an assurance statement regarding the institution's compliance with the act and the regulations.²⁷
- Act 120²⁸ requires municipal police officers to receive 12 hours of annual training. Officers must be qualified to carry their weapon(s) and all officers must maintain a current first aid/CPR certification. Although the act addresses municipal officers, Indiana requires their officers to meet these standards.

Additionally, Indiana has in place various safety and security policies. These include:

- Reporting of criminal actions or other emergencies.
- Security of campus facilities.
- Crime prevention.
- Campus law enforcement/security.
- Alcohol and drugs.
- Sex offenses.
- Emergency evacuation.
- Missing student notification.
- Timely warning policy.

²⁶18 P.S. § 20.301 *et seq.*, enacted on November 29, 2004 (immediately effective), and the associated regulations at 22 Pa. Code Chapter 33.

²⁷ See also the related memorandum issued by the Pennsylvania Department of Education's Office of Postsecondary and Higher Education, dated January 2, 2013.

<http://www.pde.state.pa.us/portal/server.pt/community/reporting/8716>

²⁸ Chapter 21, Subchapter D of the General Local Government Code provides for the Municipal Police Officers' Education and Training Program, 53 Pa.C.S. § 2161 *et seq.* (Act 177 of 1996 repealed and replaced Act 120 of 1974) and the associated regulations at 37 Pa. Code Chapter 203.

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- Portable electronic devices and smoking.
- Fire safety education and training programs.

Finally, Indiana implemented a revised emergency operation plan (EOP) dated March 2013. It is designed to provide the basic administrative structure and procedures necessary to cope with emergency situations that may happen on campus or at a regional campus. It is also designed to assist university management with coordinating emergency responses to minimize the effect on employees, students, visitors, and facilities.

Scope and methodologies to meet our objective

We focused the scope of our work on Indiana's efforts to provide a safe campus climate for students, faculty and staff. Our work on this objective covered the period of July 1, 2009, through June 7, 2013.

To accomplish our campus security objective, we reviewed the applicable legislation discussed above to gain an understanding of Indiana's crime reporting requirements.

We also obtained and reviewed Indiana's safety and security plans, policies and procedures to determine whether these procedures were adequate in order to protect the welfare of faculty, students, and staff.

We conducted interviews with numerous university officials including the director of public safety, crime prevention specialist, the director of facilities operations, the associate vice-president for finance, the assistant director of housing, the building maintenance foreman, and the manager of contract administration for Foundation for IUP. We specifically inquired with the director of public safety and director of facilities operations about police services, building access controls, and the function and maintenance of security and safety equipment.

We obtained and reviewed the emergency operations plan and ascertained the procedures for emergency notifications, evacuation and closing of the campus, building lockdown procedures, emergency support functions, and incident specific plans.

We reviewed the training records of the campus police officers to determine what training these officers received on an annual basis.

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Further, we toured five classroom buildings and a new student housing facility to observe and discuss with university officials the security and safety measures and equipment Indiana has implemented and installed.

Finally, we also obtained and reviewed security equipment maintenance reports and documents to determine if Indiana performs operational checks and conducts routine maintenance on safety and security equipment (specifically emergency call boxes and security cameras).

Finding 4**Indiana has measures in place to improve the safety of students, faculty, and staff on campus.**

The university has an established campus police department that is comprised of 30 employees. The staff consists of 21 commissioned officers, including a director of public safety and four lieutenants, who serve as the primary supervisors. In addition, the police department employs five full time dispatchers, two parking enforcement officers, one emergency operations officer, and an administrative assistant. Indiana's police are responsible for campus security twenty-four hours a day, seven days a week. Indiana has mutual aid agreements with local, county and state agencies. Furthermore, the Borough of Indiana and Pennsylvania State Police have police authority on campus when additional police are needed on campus. University police officers have full police authority on Indiana's campus and conduct foot, vehicle and bicycle patrols as part of their daily routines. University police also provide other services such as bicycle registration, escort services, engraving of valuables, crime education programs for students, observation of fire drills, and the monitoring of the campus-wide emergency phone system.

In order to maintain a competent police force, Indiana strives to provide annual training to its officers that match the training requirements of Pennsylvania municipal police officers. Pennsylvania requires²⁹ that all municipal police officers receive 12 hours of academic training annually. They are also to be annually certified in the use of weapons. We reviewed training records for calendar years 2012 and 2013 and determined that university officers received 12 hours of academic training and were certified in the use of weapons for both years. We noted additional officer training that included an active training exercise with local first responders. These exercises are held annually with local first responders. Additionally, all police department employees are certified in basic first aid and CPR.

²⁹ 37 Pa. Code § 203.52 (relating to Mandatory in-service training courses).

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We obtained Indiana's most current emergency operations plan and noted that the plan was updated in March 2013. The plan was revised to update incident management, emergency notifications, evacuations and closing of campus, lockdown procedures, and emergency support functions. This comprehensive plan also addresses emergency operations and considers incident-specific plans such as bomb threats, tornadoes, floods, terrorism, power outages, feeding of campus population in the event of an emergency, disaster recovery, and biological, chemical, or radiation incidents. Indiana demonstrated their preparedness for these various scenarios by maintaining and updating the emergency operations plan and conducting disaster exercises annually.

During the tour of five classroom buildings and a student housing facility, we found the presence of exterior lighting, fire hydrants, fire extinguishers, fire alarms, security cameras, blue light emergency phones (a 72-station emergency call system located throughout campus), emergency lighting, smoke detectors, sprinklers, fire hoses, fire hose connections, magnetic door locks, and door locking mechanisms. All systems appeared operational during the tour and we determined that Indiana has initiated a preventive maintenance system to inspect these systems to ensure their proper operation by scheduling routine checks and ongoing maintenance. Through our interviews of staff and inspection of documents, we determined that Indiana also relies on the campus community including building managers and custodial staff to notify the maintenance department of any needed repairs via the electronic work order system. Building managers and custodial staff are responsible for assessing the condition of the buildings and grounds and reporting of any deficiencies on a daily basis.

The assessment of the preventative maintenance system included a review the maintenance records and scheduled repairs completed on the security camera system, blue light emergency phones, exterior lighting. The results of our review of selected safety and security systems found the following:

- Indiana has an extensive camera system that provides the campus police department with coverage of campus buildings and grounds;
- Indiana timely repairs security cameras;
- Indiana regularly inspects emergency phones;
- Indiana regularly inspects exterior lighting;
- Indiana restricts access to its dormitories as well as other student housing facilities; and
- Indiana uses residential staff to monitor entry and egress to dormitories and other student housing facilities 24 hours per day.

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The Clery Act requires Indiana to meet certain requirements. These requirements include the collection of all vital crime/fire statistics, the presentation of these statistics in a format available to all interested parties, and the development and implementation of safety and security policies and procedures. An unsafe environment that is reflected by these statistics could adversely affect student enrollment at Indiana. Our audit work found that Indiana has demonstrated their compliance with these requirements as outlined in the following list.

- Indiana collected the statistics from all reported crimes on their campus as well as adjacent jurisdictions. Besides maintaining a record of crimes on campus, Indiana collected crime statistics from the Borough of Indiana which provides a daily crime log compiled by the borough police department. Additionally, Indiana's crime documentation system records all fires that occurred on campus.
- The university reported the above mentioned policies, procedures, crime/ fire statistics, as well as a listing of campus buildings to the university community and other interested parties through the release of its annual "Safety and Security Fire Safety Report". Furthermore, Indiana reported the information to the United States Department of Education via its web-based data collection system as required.
- Indiana has in place policies and procedures required by the Clery Act. These policies and procedures included the establishment of a policing authority, emergency evacuation procedures, missing student notification procedures, and a timely warning policy in the event of an unusual incident. Indiana employs various methods to communicate emergencies to students, faculty, and staff including but not limited to social media sites such as Facebook, Twitter, and registered e-mail accounts.

We observed evacuation procedures during a fire drill on April 5, 2013, and an emergency notification on March 25, 2013 when the university closed due to a weather emergency. We noted that there were radio and television announcements and the closing was announced on Indiana's website.

Overall, Indiana has invested time and resources into its efforts to establish, improve, and maintain a safe and secure environment for students and employees of the university.

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**Audit Results
for
Objective
Three**

The objective

Objective three for our performance audit was to evaluate whether the recently constructed on campus housing facilities have met and/or exceed fire safety regulations and fire safety code requirements.

*Dormitory
Fire
Safety*

Relevant laws, regulations, policies, and agreements

The Pennsylvania General Assembly has enacted various laws and regulations that are intended to protect occupants of buildings. These include regulations for the design and construction of new buildings and requirements for the maintenance and the inspection of fire safety equipment on a continuing basis once occupied. These laws and regulations include:

- Pennsylvania's statewide building code, also known as the Uniform Construction Code (UCC) or Act 45 of 1999, as amended.³⁰ The act establishes construction requirements, construction inspections, and the issuance of occupancy permits. The act has been amended eleven times since becoming law³¹ with enforcement initiated in April 2004.
- Fire and Panic Act or Act 299 of 1927, as amended³² establishes fire and safety standards for buildings in the Commonwealth. Additionally, it establishes that the Department of Labor and Industry shall have the power to make, alter, amend, or repeal any rules and regulations for carrying out all of the provisions of the Act.
- The Department of Labor and Industry's regulations in Title 34³³ established pursuant to the Fire and Panic Act³⁴ requires routine

³⁰ 35 P.S. § 7210.101 *et seq.*

³¹ Act 43 of 2001, Act 13 of 2004, Act 92 of 2004, Act 230 of 2004, Act 95 of 2005, Act 108 of 2006, Act 157 of 2006, Act 9 of 2007, Act 39 of 2007, Act 106 of 2008, and Act 1 of 2011. *See also*

http://www.portal.state.pa.us/portal/server.pt/community/uniform_construction_code/10524/ucc_regulations_and_statutes/553804.

³² 35 P.S. § 1221 *et seq.* (although much of this act has been repealed, several important provisions remain effective),

³³ 34 Pa. Code Chapters 49, 50, and 55.

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inspections of building fire safety systems and the practice of fire drills.

- Borough of Indiana ordinance § 327-1.³⁵ Adoption of this property maintenance code establishes a routine maintenance inspections performed by the borough of all non-owner occupied buildings.
- Indiana has established a policy for fire/building evacuation procedures and invoked a student housing license agreement that stipulates residents' duties and responsibilities involving fire safety.

Scope and methodologies to meet our objective

The Foundation for Indiana University of Pennsylvania (FIUP), with consent from Indiana University of Pennsylvania and PASSHE, constructed student housing facilities on university property ground leased to it between May 2006 and July 2010 at a final cost of \$241 million. The University entered into management agreements with the FIUP for each facility pursuant to which it takes responsibility for, among other things, the fire safety of the buildings. The buildings are between four and five stories, the base floor is masonry block construction and the remaining four stories above are wood-built construction.

The scope of our audit work focused on whether the buildings were constructed in accordance with UCC requirements, if Indiana is adhering to fire safety system inspection and fire drill frequency requirements, and if there are systems in place to monitor building inspections, repairs, and the fire safety training of residential services staff. Our work on this objective covered the period from July 1, 2009, through June 7, 2013.

To accomplish the fire safety objective, we reviewed the applicable laws, regulations, ordinances, agreements and policies discussed above to gain an understanding of fire safety requirements for the construction of student housing facilities and the requirements for continuous review and management of fire safety systems.

We obtained the occupancy permits and inspection reports for the recently constructed student housing facilities to determine if the buildings

³⁴ 35 P.S. § 1221 *et seq.* (although much of this act has been repealed, several important provisions remain effective),

³⁵ Borough of Indiana ordinance § 327-1, [Amended 4-7-1998 by Ord. No. 1725]

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conformed to the Department of Labor and Industry's regulations in Title 34 of the *Pennsylvania Code* pertaining to Part XIV Uniform Construction Code.

We interviewed Indiana's safety coordinator, safety administrator, and housing maintenance foreman to determine the fire and safety features of the buildings and if they meet Uniform Construction Code requirements.

We interviewed the manager for contract administration for the FIUP to determine the construction monitoring process. This included a review of approved construction plans, all necessary building inspections, and occupancy permits. Additionally, we assessed whether the FIUP and/or university had a monitoring system in place during the construction of the buildings to ensure that materials and workmanship adhered to construction plans.

We reviewed the fire alarm detection and sprinkler system inspections from January 2010 to April 2013. We also reviewed the fire alarm drills conducted from July 2009 to March 2013. These inspections and drills were reviewed to determine if fire alarm detection systems are tested annually, that sprinkler systems are tested quarterly, and that fire drills occur semi-annually as required by *Pennsylvania Code*³⁶. Additionally, we examined borough maintenance inspections to determine if these inspections occurred as required by Borough of Indiana ordinance³⁷.

We interviewed a local fire department official to determine if this individual still has concerns regarding the fire safety of the recently constructed student housing facilities.

We also determined whether residential housing staff are trained in fire safety and evacuation procedures and if discussions on fire safety are conducted with residents during floor meetings.

Finally, we determined how building deficiencies were addressed and repaired by reviewing the Borough of Indiana's inspection deficiency reports from January 2011 to May 2013. We evaluated whether deficiencies were addressed by reviewing the work orders that were input into the university's maintenance work order system

³⁶ *Pennsylvania Code*, Title 34 Labor and Industry (34 Pa. Code §§ 50.57, 50.58, and 50.72).

³⁷ Borough of Indiana ordinance § 327-1, [Amended 4-7-1998 by Ord. No. 1725].

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Finding 5

Indiana's eight recently constructed student housing facilities met all fire safety regulations and fire safety code requirements.

We obtained and reviewed the occupancy permits and inspection reports that were issued by the Borough of Indiana for the eight student housing facilities constructed from May 2006 through July 2010. Borough of Indiana inspectors completed plan approvals and inspections of foundations, plumbing, mechanical, electrical, frame, masonry, and wallboard. A final inspection was completed and the Borough of Indiana issued occupancy permits for all buildings. We found that the construction of the eight student housing facilities complied with Pennsylvania's Uniform Construction Code requirements.

Additionally, we interviewed university and FIUP employees and toured one of the most recently constructed student housing facilities and determined the buildings have the required fire safety equipment which includes fire alarms, sprinklers, fire extinguishers, standpipes, exit signs, egress plans, emergency lighting, and smoke detection systems as required by UCC.

We reviewed the buildings' fire alarm detection and sprinkler systems inspection documents from July 1, 2010 through May 9, 2013, for completeness and found the drills and inspections were completed within the required time frames. The review found that for the eight recently constructed student housing facilities, the fire alarm/detection systems were tested bi-annually as required by 34 Pa. Code § 50.58 and sprinkler and standpipe systems were tested quarterly as required by 34 Pa. Code § 50.72.

Fire drill reports were examined for drills conducted in all recently constructed student housing facilities from July 1, 2009, to March 21, 2013. Since Indiana completed at least 2 drills for every building each year, it has complied with the 34 Pa. Code § 50.57 requirement that semi-annual drills must be performed.

We determined that Indiana's office of housing, residential living and dining's housing staff are trained in fire safety and building evacuation by the university's police and safety administrator. The housing staff receives fire safety training prior to assuming their job responsibilities.

Based on our work, we concluded that Indiana and FIUP constructed the new building in accordance with Pennsylvania's Uniform Construction

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Code and received all necessary permits and inspections to occupy the buildings. Indiana also maintains a monitoring system for fire safety systems to ensure their proper operation. The buildings also undergo continued maintenance inspections by the Borough of Indiana.

Furthermore, Indiana has established monitoring processes for the fire safety systems that include ongoing maintenance and inspections of fire alarm/detection and sprinkler systems, training of community assistants, and a system to report and track building maintenance.

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**Status of
Prior Audit**

The prior audit of Indiana covered the period July 1, 2005, to October 24, 2007, and contained one finding and six prior audit findings. However, only four of the findings contained recommendations. The recommendations pertained to the student cooperative association's failure to adequately monitor soda and juice vending commissions, the university's failure to pre-sort its first-class mail, Indiana's failure to process delinquent student accounts timely, and the university's failure to maximize delinquent account collections. A summary of the findings, their accompanying recommendations and the status of the university's implementation of those recommendations are presented below.

To determine the status of the implementation of the recommendations made during the prior audits, we held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

**Prior Finding
I-2**

The Student Cooperative Association did not monitor soda and juice vending commissions adequately. (Resolved)

Our previous two audits reported that the Student Cooperative Association (Association) did not adequately monitor sales and/or commissions from its soda and juice vending machines. Our first audit for the period of July 1, 2003, and April 1, 2005, the vendor downloaded both cash and I-card sales data from machines with card readers and forwarded the corresponding sales reports to the contract monitor. Sales data from machines without card readers was only forwarded when requested by the contract monitor. As a result, the contract monitor used incomplete and/or unsupported vendor information to calculate the Association's reported sales and commissions. We recommended that Indiana's Student Cooperative Association management adequately monitor the soda and juice contract and require the vendor to routinely provide sales data for all machines. We also recommended that management meet with the vendor to reconcile association data with vendor data. We further recommended that management require the vendor to notify the association and submit final sales readings when any readers are removed or machines are replaced.

Our second audit disclosed that the university only partially implemented our prior audit recommendations. Between December 26, 2004, and June 16, 2007, the vendor provided the Association with quarterly inventory-based sales reports and the related commissions for all machines on the Indiana campus. However, the Association did not reconcile these sales

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reports to the independently generated card reader sales reports. The contract monitor did not possess a complete list of all campus machines. Finally, the Association did not adequately monitor its I-card payments to the vendor.

We recommended that the Association independently verify the inventory-based sales and commission amounts reported by the vendor in order to adequately monitor its bottled beverage vending contract and to ensure the accuracy, completeness, and timeliness of reported sales, commission receipts, and I-card payments. We also recommended that the Association management require the vendor to take card readings on the same day as inventory replenishment so that the Association can compare inventory-based reports to sales reports based on card readings. We noted that the contract monitor should maintain a complete list of all machines on campus. Finally, we recommended that the Association should reimburse the vendor for any uncollected I-card revenue and notify the vendor when any invoice is not received within 30 days of the associated card reader report.

In response to our 2007 audit, Indiana stated that since January 2005, the Association has required the vendor to submit quarterly reports showing all sales and commissions due for machines with and without readers. Quarterly meetings are held with the vendor to ensure data that has been reported matches the data received. Indiana also reported that the vendor is now required to report any readers being removed or replaced and to take final readings. A complete list of all machines will be maintained. The Association will reconcile any outstanding amounts due the vendor and will notify the vendor within 30 days of any outstanding balance.

Status as of this audit. During our current audit, Indiana management informed us that the university has taken over the vending operations from the Student Cooperative Association as of July 1, 2011. The university now requires the vendor to submit monthly meter readings taken from all vending machines on campus. These readings accompany the monthly commission statement received from the vendor. The university has implemented an online card reader system that tracks both cash and I-card sales at each vending machine. The card system allows the university to generate quarterly sales reports in order to monitor total sales and commissions due from the vendor. As a result of our discussions and review of documentation supporting the changes implemented by the university, we concluded that Indiana has complied with our prior audit recommendations.

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**Prior Finding
IV-2**

**The University did not pre-sort its first class mail.
(Resolved)**

The previous two audits reported that the University failed to pre-sort its first class mail. During our first audit for the period of July 1, 2003, to April 5, 2005, the university did not pre-sort its first class outgoing mail. As a result, the university did not receive approximately \$17,000 in postal discounts during 2004. We recommended that Indiana management complete an evaluation of pre-sorting first class mail and implement the option that would provide the greater savings to the university.

Our second audit disclosed that Indiana did not implement our prior audit recommendations. We recommended that Indiana should meet with a vendor to implement a contract to pre-sort its mail.

In response to our audit, Indiana stated that since July of 2005 the university developed procedures to support and promote the pre-sorting of first class mail. Unfortunately, the university encountered multiple problems implementing these procedures. The problems included the lack of computer software needed to properly charge postage to individual university departments, the priority of converting the university's financial reporting system to the SAP finance system, and the building renovation project that centralized 4,000 student residence mailboxes into the University Post Office which further reduced the ability to pre-sort first class mail. The University further stated that the pre-sort contract would expire on June 30, 2008, and it was their intention to investigate all options with the current and other viable vendors.

Status as of this audit. During our current audit, we found that, in September 2008 the university has entered into a three year contract with an outside vendor for pre-sort mail services. The contract was renewed October 6, 2011, and is scheduled to expire September 30, 2013. Our examination of the university's postal expenses for the fiscal years ended June 30, 2011 and 2012, found that postage expenses decreased by \$87,628. Indiana is now maximizing postal discounts by pre-sorting mail. As a result of our current audit work, we concluded that Indiana has implemented our prior audit recommendations.

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**Prior Finding
V-1**

Controls over summer camp revenues and expenditures were deficient. (Partially Resolved)

The previous two audits reported control deficiencies within the university's athletic department's administration of summer camp revenues and expenditures. During our first audit for the period of July 1, 2003, to April 5, 2005, we reported deficiencies in both registration fee collection and expenditure controls for one of the eight sampled camps and a shortfall in fee collections in another camp. We recommended that Indiana's athletic department enforce its current policies and procedures regarding camp fee collections, purchases and payroll. We also recommended that the athletic department prohibit the use of cash receipts to make cash disbursements. We recommended that Indiana require the residence life office to forward its final housing roster to the athletic department. Finally, we recommended that the athletic department reconcile this housing roster with the camp director's final participant roster to ensure the accuracy of the housing invoice and/or the collection and documentation of all camp participant fees.

Our second audit found that the review of the 2005 and 2006 summer camp documentation disclosed a disagreement between the numbers of campers recorded on the housing invoices and the numbers reported on the receipt records for four of the seven sampled overnight camps. In addition, the review of the 2005 and 2006 summer camp records also disclosed that camp directors or athletic business office personnel did not document the justifications for discounted registration fees charged to 8 of the 605 campers listed on the participant rosters for the 8 sampled camps. During the prior audit, we found that Indiana hired a chief financial officer in May 2007. According to interviews, the chief financial officer adopted several measures to improve controls over the summer camp program. As a result, we did not have any further recommendations. However, we stated that we would conduct an audit of Indiana's summer camps during the next scheduled audit.

Status as of this audit. During our current audit, we found that the chief financial officer hired in May 2007 retired in 2011. According to the discussions with Indiana management, the chief financial officer position will not be filled. Our review of discounts offered indicated a change in the collection process for all camps. We found that the university now utilizes an online clearing house, "Marketplace", to process all payments and/or reimbursements. All camper registration and payments are made through this website. The bursar's office receives all camp registration funds and gives a copy of the deposit slip to the athletics business office.

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The university's procurement office prepares purchase orders for any requisitions made by the athletics department. The athletics department no longer conducts cash transactions. Any payments made on the day of registration must be done by credit card and are handled by the business office staff working on the day of camp registration.

In addition, we found that any discounts offered to campers must be advertised in the camp's brochure and on Indiana's Marketplace website³⁸. Athletics department staff indicated that there is no formal policy on discounts but the Marketplace website will not process any discount not formally included in the payment options. Also, the university implemented a second control with the use of the university's business office staff to process campers on registration day. No discounts can be processed without business office approval which negates camp workers from offering improper discounts.

We attempted to reconcile the final camp participation roster to the invoice submitted for payment by the university's residence life department. This invoice represented all campers in overnight status and the charges incurred by each camp. We found that the residence life department still did not forward the final housing rosters to the athletics department. Therefore, the athletics department did not perform reconciliations of the housing rosters with the camp director's final participant roster to ensure the accuracy of the housing invoice and/or the collection and documentation of all camp participant fees.

Based on our current audit work, we concluded that the university has partially implemented our recommendations from the prior audit. While the university did not develop a written policy regarding the monitoring of camp discounts issued, Indiana did implement some new controls that should limit the opportunity to offer improper discounts. However, we found that Indiana's athletics and housing departments did not ensure that camper housing charges were accurate. Therefore, we will continue to review this area in our next audit of the university.

³⁸ https://ep01.iup.edu/C20877_ustores/web/index.jsp, accessed July 31, 2013.

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**Prior Finding
VI-1****Indiana did not process delinquent student accounts timely.
(Resolved)**

The previous two audits reported that the university did not process delinquent student accounts timely. During our first audit for the period of July 1, 2003, to April 5, 2005, Indiana did not send notices or submit doubtful accounts to the Office of the Attorney General in accordance with established policies and procedures. The university did not send past-due notices to students within the established time. Additionally, the university did not forward delinquent accounts to the Attorney General in a timely manner³⁹ (in some cases more than a year after delivery of the last past-due notice).

We recommended that university management enforce policies and procedures regarding the timelines for processing delinquent student accounts. We also recommended that management evaluate the staff levels and work assignments in the Office of the Bursar and make any necessary changes to ensure that accounts receivable procedures are completed timely.

Our second audit determined that Indiana had partially implemented our recommendations. We found that Indiana still sent initial past due notices late. In addition, a review of 37 delinquent accounts disclosed that the university permitted the registration of 7 students with past due account balances.

We again recommended that Indiana management enforce policies and procedures regarding the timeliness for processing delinquent student accounts. We also recommended Indiana enforce its current policy and procedures⁷ regarding the placement, removal, and override of financial holds on student accounts. We recommended that the university should develop formal, written policies and procedures that incorporate the specifics of its student retention program, including any limitations on the size of eligible past-due balances. Finally, we recommended that university management evaluate the staff levels and work assignments in the bursar's office and make any necessary changes.

In response to our audit, Indiana stated the failure to timely implement our recommendations was due to in part because the bursar's office lost three key staff in November 2006. Due to budget constraints at that time, these

³⁹ Management Directive 310.10, "Collection, Referral, and Compromise or Write-Off of Delinquent Claims," effective November 18, 2011, accessed June 23, 2013.

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positions remained vacant for several months. Since the conclusion of the July 1, 2005, to October 24, 2007 audit, a project was initiated to automate the process of placing financial holds on student registrations, a project was initiated to automate the systematic process of notifying students with past due accounts or (commonly referred to as “dunning letters”), and a delinquent account policy was drafted.

Status as of this audit. We found that Indiana enforced its policy and procedures regarding the placement, removal, and override of financial holds on student accounts. A review of 15 past due accounts found that collection procedures are in compliance with the past due collection policy. The university’s management evaluated the staff levels and work assignments in the bursar’s office and made the necessary changes to ensure the timeliness of dunning letters, financial holds, and reviews of the internal registration reports by hiring a full-time staff person to manage the delinquent account system, automating financial holds and instituting a dunning letter process.

We found through inquiry that Indiana offers students extended payment arrangements during a currently enrolled semester. The university has authorized management to develop payment arrangements with students on an as-needed basis. Students failing to make the minimum payment required by established payment arrangements could be in jeopardy of having their semester registration canceled. Such action would be based upon the recommendation of the bursar’s office in consultation with the Associate Vice President for Finance.

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

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