



PERFORMANCE AUDIT

MANSFIELD UNIVERSITY OF PENNSYLVANIA

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

AUGUST 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

August 28, 2013

Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of Mansfield University of Pennsylvania of the Pennsylvania State System of Higher Education for the period July 1, 2008, to June 30, 2011, with updates through December 31, 2012. 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 in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains five findings and 10 recommendations. The report indicates that the university lacked proper documentation to support travel expenses, and it had insufficient controls over its fixed assets, computers, computer-related equipment, and iPads. The report also discusses the university's inadequate management controls related to its work order system. In addition, the report notes that Mansfield took action to conserve energy use on campus. Finally, the report indicates that the university implemented most of 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".

EUGENE A. DEPASQUALE
Auditor General

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Table of
Contents**

Background Information 2

Audit Objectives, Scope, and Methodolgy 5

Audit Results 7

Finding 1 – Mansfield did not properly document and support \$27,965 in expenses for two separate trips to Thailand, and it incurred \$3,400 in costs for a cancelled trip to Austria. 9

Finding 2 – Mansfield did not document the transfer and disposal of fixed assets which resulted in inaccurate inventory records thereby increasing the risk that theft or misuse of the assets would be undetected. 14

Finding 3 – Mansfield did not maintain adequate inventory controls over computers, iPads, and computer-related equipment thus increasing the likelihood that these items could be lost or stolen. 17

Finding 4 – Mansfield did not establish written policies and procedures over its maintenance work order system. 21

Finding 5 – Mansfield took several actions to conserve energy..... 25

Status of Prior Audit 26

Audit Report Distribution List 33

Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education

**Background
Information**

*History 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, which we refer to as the State System or PASSHE in this report. Prior to the enactment of Article XX-A of the Public School Code of 1949 through Act 188 of 1982, as amended, that created the State System,¹ 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 cost.⁴ The 14 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 operation and development of the State System. Examples of the board's statutory powers include the following:

- establishing broad fiscal, personnel, and educational policies under which the State System universities operate

¹ 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 Mansfield University of Pennsylvania has a long and illustrative history as a state normal school established in December 1862, and has been part of the State System of Higher Education since the early 1980's. <http://www.mansfield.edu/150/timeline/1860s/>. By way of further background, while Indiana University of Pennsylvania was already known as a university as early as 1965 and prior to the creation of the State System, each of the other 13 state colleges, including Mansfield, became known as the (Name) University of Pennsylvania of the State System of Higher Education effective July 1, 1983.

⁴ 24 P.S. § 20-2003-A(a).

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

- appointing university presidents
- coordinating, reviewing, amending, and approving university operating and capital budgets
- setting tuition and fee levels
- creating new undergraduate and graduate degree programs
- promoting cooperation among institutions

Members of the board include four-legislators, or his/her official representative and 14 members appointed by Pennsylvania's governor with approval of the state senate, including three State System university students, five trustees of constituent institutions, each from different universities, and six members of the public. The governor and secretary of education or their designees also serve on the board.⁵ 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.⁶

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 is appointed by the governor, with approval of the state senate.⁷

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.⁸ The State System chancellor serves as an ex-officio member for all the universities' council of trustees.⁹

⁵ 24 P.S. § 20-2004-A(a).

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

⁷ 24 P.S. §§ 20-2008-A(a) and (b) and 20-20010-A. Please note that the student member is appointed by the governor **without** the approval of the state senate.

⁸ 24 P.S. § 20-2009-A.

⁹ 24 P.S. § 20-2005-A(10).

Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education

Mansfield University of Pennsylvania

Mansfield University of Pennsylvania, which we refer to as Mansfield or the university in this report, was established in 1862 as a State Normal School for the education of teachers. Mansfield, which is located in northeastern Pennsylvania, now offers a wide range of graduate and undergraduate majors. As of fiscal year 2011-12, the university offered 94 degree programs and six associate degree programs. In addition, it offered six graduate degree programs.

The Mansfield campus consists of 174 acres and 39 buildings including three auditoriums, a library, a fitness center, a student union, and a child care center as well as multiple recreation areas, playing fields, and an indoor swimming pool.

Mansfield is academically accredited by the Middle States Association of Colleges and Secondary Schools, the National Council for Accreditation of Teacher Education, and other professional organizations.

As the table below shows, on average, Mansfield's full-time equivalent students for both undergraduate and graduate studies was approximately 3,100, and its state appropriation averaged \$18.2 million annually.

Mansfield University Selected Statistics	2008-09	2009-10	2010-11	2011-12
Full-Time Equivalent Students (FTE's)				
Undergraduate	2,887	3,002	2,946	2,726
Graduate	<u>235</u>	<u>271</u>	<u>248</u>	<u>210</u>
Total	3,122	3,273	3,194	2,936
Full-Time Equivalent Instructional Faculty	178	175	172	161
Degrees Conferred	704	702	704	695
State Appropriations (<i>rounded in millions</i>)	\$19.0	\$18.2	\$18.2	\$17.4

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

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**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 Mansfield had four objectives. We selected the objectives from the following areas: staff and faculty travel, fixed assets and computers, work orders, and energy conservation. The specific audit objectives were as follows:

- One: To determine if Mansfield personnel complied with required travel expense policies and processed travel reimbursements in accordance with required procedures. (Finding 1)
- Two: To determine if Mansfield's management has adequate controls over the purchase and inventory of fixed assets and computers. (Findings 2 and 3)
- Three: To determine if Mansfield management processed work orders in a timely manner and if the university had adequate controls over the purchasing of materials and supplies used to complete work orders. (Finding 4)
- Four: To determine what actions Mansfield management has taken to conserve energy in campus facilities and whether those actions have improved efficiency and resulted in energy cost savings. (Finding 5)

The scope of our audit was July 1, 2008, through June 30, 2011, with updates through December 31, 2012.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, procedures, financial accounting standards, and manuals of Mansfield, the State System of Higher Education, and the Commonwealth of Pennsylvania. We also reviewed relevant Pennsylvania statutes and interviewed various members of university management and staff. Finally, we performed inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit. Those recommendations addressed fire safety, purchasing cards, contracts,

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

miscellaneous revenues, social security number protection, and credit card solicitation.

Mansfield 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 Mansfield'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.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Audit Results

We organized our audit results into four sections, one for each objective. Each section 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 Mansfield University management, where applicable.
- Our evaluation of university management's response, where applicable.

Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education

Audit Results
for
Objective
One

Travel
Expenditures

The objective

Objective one was to determine if Mansfield personnel complied with required travel expense policies and processed travel reimbursements in accordance with required procedures.

Relevant policies and procedures

Mansfield employees are eligible to receive reimbursement within prescribed maximums for travel expenses incurred in the performance of their official duties. Reimbursement to employees is made on the basis of approved travel expense vouchers. Employees are responsible for ensuring that expenses claimed on their travel expense vouchers are proper and accurate, and supervisors are responsible for reviewing and approving the travel expense vouchers submitted by employees.

The State System travel policy, which stipulates that “all persons who travel at State System expense are expected to exercise prudence and economy,” specifies the types of employee travel that are allowable and reimbursable. This policy addresses eligibility, rates, and documentation required for reimbursement of travel expenses such as those for lodging, meals, personal mileage, and commercial transportation.

The State System has adopted the privately-owned vehicle mileage reimbursement rates and the maximum subsistence and lodging reimbursement (per diem) rates established by the U.S. General Services Administration. According to the U.S. General Services Administration’s website, rates for foreign travel are established by the U.S. Department of State.

Mansfield’s travel procedures describe the process for obtaining reimbursement for traveling and incorporate requirements from the State System’s policy. In addition to requiring employees to submit an approved travel expense voucher after returning from a trip, Mansfield’s travel procedures require employees to complete a travel approval request form prior to any travel. This form, which details information such as the purpose and estimated costs of the trip, must be signed by the appropriate supervisor prior to any travel.

Scope and methodology

The scope of this audit objective was July 1, 2008, through June 30, 2011.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

During the audit period, the university spent approximately \$1.57 million for travel and transportation as shown below. The university decreased travel expenditures approximately 32 percent from fiscal year 2009 to fiscal year 2011.

<u>Period</u>	<u>Amount of travel expenditures</u>
July 1, 2008, to June 30, 2009	\$ 647,966
July 1, 2009, to June 30, 2010	\$ 481,492
<u>July 1, 2010, to June 30, 2011</u>	<u>\$ 440,674</u>
Total	\$1,570,132

We interviewed appropriate Mansfield personnel and we examined the university's travel expenditure ledger for the audit period.

From the travel expenditure ledger we selected 42 out of 5,598 transactions and verified whether Mansfield personnel complied with travel policies and procedures. For these transactions, we compared the personal mileage, subsistence, and lodging costs documented on the reimbursements to the applicable rates and maximums set by the State System's Office of the Chancellor, the U.S. General Services Administration, and/or the U.S. Department of State to determine whether allowable rates were exceeded.

We selected an additional 65 transactions and reviewed supporting documentation (including travel approval request forms, travel expense vouchers, invoices, receipts, traveler credit card statements, e-mail communications, conference flyers and/or registration forms, and travel itineraries) to determine whether each of these transactions were appropriately approved and properly documented.

Finding 1

Mansfield did not properly document and support \$27,965 in expenses for two separate trips to Thailand, and it incurred \$3,400 in costs for a cancelled trip to Austria.

Our detailed review of 42 travel expense transactions disclosed two instances where the university did not ensure that applicable policies and procedures were followed. Both transactions related to the advancement of student program fees to a professor for two six-week courses in Thailand.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Mansfield's travel procedures allow monies to be advanced to employees prior to travel through the completion of a travel approval form. Upon return from the trip, a travel expense voucher must be filed to confirm that the travel occurred. In addition, travel procedures require receipts for costs, such as lodging and miscellaneous expenses, over \$35, to be submitted after the trip. Furthermore, prudent business practices require receipts in order to verify the accuracy and legitimacy of expenses.

In 2009 and 2011, a biology professor instructed a six-week natural science course in Thailand. Students paid airfare costs and a \$1,645 student program fee. This program fee was to cover lodging, subsistence, and miscellaneous expenses including train fares, bus and van rentals, gas, tolls, admission fees and guides.

Upon receipt of all student program fees, the controller's office advanced the student program fees directly to the professor to pay for student expenses in Thailand. In 2009, the university advanced \$11,515 to the professor, and in 2011 the university advanced the professor \$16,450.

Upon return from each Thailand trip, the professor did not complete a travel expense voucher as required to account for the expenditure of the student program fees released to him prior to the trip. In lieu of a travel expense voucher and receipts, the professor merely provided a handwritten ledger that listed the students' expenses by category, such as lodging and subsistence.

The total amount listed for the student expenses' on this ledger matched the amount advanced to the professor. However, without any receipts, we could not verify—nor could the university—if the ledger total was a true reflection of the actual costs.

Mansfield management failed to enforce required travel policies and procedures. As a result, the university could not be assured that the amount advanced to the professor was fully needed to cover the students' expenses. Without documentation to support the cost of the trip, the university did not have adequate information to determine the program fee to charge each student.

**Mansfield incurred \$3,400 in unrefundable travel
costs for a cancelled trip to Austria**

In July 2008, the university concert choir traveled to Europe to participate in the World Choir Games in Graz, Austria. Mansfield paid for the

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

university's president to attend the trip at a non-refundable cost of \$3,400. Days before the trip, the president broke her foot and was unable to travel based on her doctor's recommendation.

While the trip cancellation was certainly justifiable, the university could have avoided incurring the costs if it had obtained travel insurance. The university did not have a policy that required the traveler to purchase travel insurance. Nonetheless, such a practice could protect the financial interests of the university when it pre-pays for non-refundable travel packages.

Mansfield took action to reduce travel costs

During our audit, we found that Mansfield sent employees to meetings/conferences when webinars were an alternative. When we asked university officials why Mansfield did not take advantage of webinars to save money, they stated that such a practice was not required in policy.

Soon after we brought this issue to their attention, Mansfield's office of the budget revised the university's travel approval request form. The form now requires a written justification to explain why an employee does not utilize an available webinar in lieu of traveling to attend conferences or meetings.

**Recommendations
for Finding 1**

1. Mansfield management should require all personnel who receive advancements of student program fees to document on a travel expense voucher how the advancements are spent and submit receipts for all of the faculty and/or students' expenses to validate the accuracy and legitimacy of the travel expenses as well as the fee charged.
2. Mansfield University should consider purchasing travel insurance when non-refundable travel packages are purchased.

**Management
Response**

**Written comments provided by Mansfield University
management:**

The university does require the instructor to document and provide receipts for advances made associated with class trips requiring a class fee. Although the expectation was known and numerous requests were made for receipts, few were provided in the two trips cited. We agree accountability is important and

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

will explore enforcement options to ensure better collection of receipts from all class fee related travel.

The university will perform a cost-benefit analysis to see if purchasing air fare travel insurance is cost effective.

**Auditors'
Conclusion**

The collection and review of receipts and documentation supporting travel expenses by the university is required under PASSHE's travel policy and is essential in determining the propriety of the expenses. Mansfield must hold their employees accountable for travel expenses and compliance with PASSHE and university travel policies. We will evaluate the actions taken by Mansfield to address our recommendations during our next audit.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Audit Results
for
Objective
Two**

*Fixed Assets and
Computer
Inventories*

The objective

Objective two was to determine if Mansfield's management has adequate controls over the purchase and inventory of fixed assets and computers.

Relevant policies and procedures

The State System's policy related to fixed assets defines a fixed asset as any equipment, furniture, software, buildings, and improvements with a cost in excess of \$5,000 and an estimated useful life of two years or more. This policy requires all state-owned universities, including Mansfield, to tag the fixed assets to signify university ownership and to record on a fixed asset ledger all fixed asset purchases.

Additionally, according to the State System's policy, universities should complete a physical inventory of fixed assets at least every *three* years; adjust the fixed asset ledger for assets that have been taken out of service, were lost, stolen, or otherwise disposed of; and develop a policy for equipment taken off campus.

Mansfield's purchasing department and the controller's office established fixed asset policies that mirror the State System's definition of a fixed asset and the requirement that each fixed asset must be tagged. In addition, this policy requires the completion of a fixed asset inventory control sheet when a fixed asset is transferred, moved or disposed. However, the policies did not agree on how frequently a physical inventory must be taken. When we questioned university officials about these variances, Mansfield management explained that the two university policies will be revised to require a physical inventory to be completed at least once every *three* years in accordance with the State System's standard.

Scope and methodology

The scope of this audit objective was July 1, 2008, through September 17, 2012. In order to accomplish our objective, we reviewed the fixed assets policies and we interviewed appropriate Mansfield personnel.

We obtained and examined the university's fixed asset accounting reports for both equipment and furniture from July 1, 2008, through June 30, 2011, maintained by the university's director of accounting. These reports showed that the university purchased 102 items during that time frame.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

We selected 25 of the 102 fixed asset purchases and traced the purchases to the September 17, 2012, fixed asset inventory listing to ensure all purchases were properly added to the university's accounting system.

We requested an inventory listing of all university computers and related equipment, but the campus technology associate director stated that Mansfield did not conduct an inventory on its computers and computer-related equipment and did not maintain any reports related to computer purchases.

Finding 2**Mansfield did not document the transfer and disposal of fixed assets which resulted in inaccurate inventory records thereby increasing the risk that theft or misuse of the assets would be undetected.**

Our review of 25 fixed assets purchased by the university during the period July 1, 2008, through June 30, 2011, confirmed that university staff recorded these fixed asset purchases in the university's records. Further, university officials stated that fixed assets were tagged to indicate university ownership.

In addition, we found that university management conducted an inventory of fixed assets in 2008 and 2010, and plan to inventory fixed assets in 2013, which is in compliance with the State System policies. When we asked university officials if they conducted any spot checks of fixed assets between the years of full physical inventories, they stated that they do not have the staff and time to do so.

While Mansfield conducted required inventories and recorded new fixed asset purchases on its inventory records, we found that the university failed to fully keep track of its fixed assets. Specifically, we found that Mansfield staff did not complete the fixed asset inventory control sheet when it transferred, moved, or disposed of assets even though the use of the form is required in the university's policy. Mansfield officials stated that the policy was never enforced.

Using such a form allows Mansfield to keep track of its assets. While the fixed assets that Mansfield has purchased, such as carpet, blinds, other furnishings, copiers, and other large equipment, are not the type of assets that easily "walk off," it is still important for Mansfield to have an accurate location and status of all its assets. Further, by failing to

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

complete the required control sheet when moving, transferring, or disposing of fixed assets, Mansfield did not maintain updated and accurate fixed asset records.

During the 2010 inventory, university officials stated that they had to update the master inventory listing to account for 16 items that were disposed and transferred since the last physical inventory. These items included generators, video projectors, and work stations. At the time Mansfield conducted its 2010 inventory, officials only knew that these items were missing. Because no control sheets were completed, Mansfield did not know if the items were disposed—or stolen.

If Mansfield staff had completed the fixed asset inventory control sheet as required, then the fixed asset records could have been updated as those changes occurred, which would have ensured accurate fixed asset records as well as accountability on the location of the items. The absence of this control increased the risk that if an asset was stolen, the theft would go undetected until the university conducted the next three-year physical inventory.

**Recommendations
for Finding 2**

3. Mansfield management should complete the fixed asset inventory control sheet when assets are moved, transferred, or disposed as required by its own policies in order to safeguard all assets and ensure the accuracy of the asset inventory listing.
4. Mansfield management should update the fixed asset inventory listing with the information on the control sheets at the time each control sheet is completed.
5. Mansfield management should conduct semi-annual or annual spot checks on its fixed assets during the three-year inventory intervals.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Management
Response**

**Written comments provided by Mansfield University
management:**

The university will reexamine our fixed asset inventory control sheet process exploring options to better identify fixed assets for departments and movers to ensure these assets are recorded prior to moving or disposing. Most furniture and equipment have values less than \$5,000 which don't need to be tracked and may be confusing to departments.

Control sheets collected on fixed assets changes will be recorded in the inventory master file.

The university's fiscal auditors generally sample our fixed assets at year end. We will consider this sample an interim step between actual inventory cycles.

**Auditors'
Conclusion**

The actions being taken by the university appear to be in line with PASSHE and Mansfield policy requirements. Accurate record keeping is an essential control to preventing theft and misuse of the university's fixed assets. We will evaluate the actions taken by Mansfield to address our recommendations during our next audit.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Finding 3**Mansfield did not maintain adequate inventory controls over computers, iPads, and computer-related equipment thus increasing the likelihood that these items could be lost or stolen.**

The university did not maintain a master inventory listing of computers and computer-related equipment, such as printers, during our audit period. As a result, Mansfield officials were unable to provide us with the total number of computers the university owned or the dollar value of those computers.

Instead, we found that the university had the ability to generate a “live” listing of computers, but that list was limited to only those computers that were actually logged into the university’s computer system at that moment in time. As of August 21, 2012, this “live” listing showed that 1,247 desktops, 77 laptops, and 28 servers were logged into the university’s computer system, but those numbers did not represent a comprehensive count of all computers owned. Therefore, this “live” listing was not a sufficient substitute for a master inventory listing.

We also found that Mansfield did not conduct an inventory of its computers and computer-related equipment, nor did it place inventory tags on its computers and related equipment to show ownership of these items. Further, the university did not use a control sheet when disposing of or transferring computers and computer-related equipment, and Mansfield did not require employees to complete a form ensuring all computer equipment was returned to the university on the last day of employment.

In addition, we found that during the period July 1, 2008, through June 30, 2011, the university purchased 504 computers. Because the university did not maintain an inventory listing, the university did not record these new computers on any listing. However, when the university purchased 145 new computers during the spring 2012 semester, the campus technology staff developed an Excel spreadsheet to record the name of the person assigned to each computer and the location of the computers. Mansfield officials stated that this spreadsheet allowed them to track the assignment of the computers, and they planned to continue using this spreadsheet when purchases are made in the future.

Mansfield’s technology staff stated that the university purchased 48 iPads. The technology staff provided to us four separate documents that showed the serial numbers and the location and staff person to whom the iPads were originally assigned. However, the university did not have one

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

inventory list for all 48 iPads, did not document changes in the location or user of the iPads and did not place tags on the iPads. For the 34 iPads Mansfield assigned to three computer labs, the university developed sign out sheets and user accountability forms in an effort to safeguard the iPads.

When we discussed the lack of controls over computers, computer-related equipment, and iPads with Mansfield officials, they stated that neither PASSHE nor the university established policies related to conducting inventories and recordkeeping for such equipment. Mansfield officials did not believe that the lack of policies was a problem. Instead, they believed that if a computer was lost or stolen an employee would not be able to get his or her work done and would report the missing computer so the university could address the theft accordingly.

When we asked Mansfield officials how many computers had been reported missing during our audit period, they stated that there had not been any computers lost or stolen in the last ten years. However, because the university does not maintain adequate inventory records, university officials would have no way of knowing if any computer equipment was missing or stolen.

We believe the absence of a policy was not a valid reason for Mansfield to have insufficient inventory controls over computers, computer-related equipment, and iPads. The controls over fixed assets, such as conducting physical inventories and maintaining current inventory records, can be applied to computers, even though individual computers do not meet the \$5,000 fixed asset threshold.

As a result of the deficiencies outlined in this finding, we concluded that Mansfield did not establish and implement procedures to ensure that computers and related equipment were properly safeguarded and accounted for.

**Recommendations
for Finding 3**

6. Mansfield management should develop a master listing of all of its computers, computer-related equipment, and iPads that includes the location and person assigned to each item.
7. Mansfield management should develop procedures to update the master listing each time a new computer, computer-related equipment, or iPad is purchased or when existing items are transferred or disposed.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

8. Mansfield management should develop procedures to inventory its computers, computer-related equipment, and iPads on a routine basis. If such an inventory occurs less frequently than once a year, then the university should conduct a six-month spot check on these assets.
9. Mansfield management should develop procedures to ensure employees return all computers, computer-related equipment, and iPads on the last day of employment with the university.

**Management
Response**

**Written comments provided by Mansfield University
management (Mansfield officials did not break out their
response by recommendation for this finding area):**

Effective spring 2012 the university started to capture and track new low valued (under \$5,000) computer equipment purchased. Campus Technologies (CT) will develop a comprehensive database to track new computer equipment such as desktops, iPads & Laptops from purchase to delivery to an individual or department. This should confirm items purchased are put into use as well as tracking the item's location. The process will incorporate the return of original equipment, reallocation or disposal. A physical inventory schedule will be developed for CT to confirm equipment status and location. Our HR office will be advised to incorporate and reference this information into their employee exit process.

**Auditors'
Conclusion**

The actions taken by Mansfield to address our recommendations appear to be sufficient. We will evaluate the accuracy of the new database during our next audit.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Audit Results**for
Objective
Three***Work
Orders***The objective**

Objective three was to determine if Mansfield management processed work orders in a timely manner and if the university had adequate controls over the purchasing of materials and supplies used to complete work orders.

Relevant procedures

Mansfield's physical plant department is responsible for providing routine repairs, emergency repairs, and preventative maintenance through the use of a work order system. Neither Mansfield nor the State System has any written policies or procedures that address repairs, maintenance, or a work order system.

Because there were no written policies or procedures, we interviewed appropriate Mansfield staff to obtain an understanding of how Mansfield identified, scheduled, and completed work related to repairs and maintenance through the use of its work order system. The officials provided us with the following overview of the work order system.

Mansfield's work order process begins when an employee identifies a potential repair and notifies the physical plant department of that repair. After the reported repair is confirmed by a facility manager, the manager logs the repair and its associated location into the computerized work order system, and a work order is generated with an assigned priority completion date. Work orders are assigned to the appropriate physical plant department (carpentry, paint, electrical, masonry, etc), and any needed materials are purchased by a physical plant supervisor.

Once the repair is completed, the physical plant department employee who completed the work manually writes on the work order the completion date, the number of hours it took to complete the repair, and the associated labor costs. That work order is reviewed by a supervisor, who attaches any receipts for purchased materials to it, and then forwards it to the physical plant director for final approval. Once approved, clerical staff from the physical plant department enters a close-out date for the work order into the computer system.

At the end of each month, the clerical staff reviews the monthly Visa purchasing card statement to verify that receipts for work order materials were submitted for each purchase. If a receipt is missing, the clerical staff completes a purchasing card missing receipt form in accordance with purchasing card policies and procedures.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Scope and methodology

The scope for this objective was July 1, 2008, through June 30, 2011, with updates through September 30, 2012.

In order to accomplish this objective, we interviewed Mansfield personnel responsible for the processing of maintenance work orders and the purchasing of supplies to complete the work orders.

We obtained a list of work orders for the period of July 1, 2008, to June 30, 2011. This list contained a total of 15,506 work orders processed by the physical plant department. From that list we selected 62 completed work orders to conduct further analysis related to the work order process. Of this group of 62, one work order was cancelled, seven related to preventative maintenance, and 54 related to routine maintenance.

We also obtained a list of purchase transactions from the materials general ledger account for the audit period. This list included a total of 4,401 transactions and we selected 70 for detailed review. We examined supporting documentation for those 70 transactions to determine if the purchases were properly approved and supported with an invoice or receipt and to determine if the purpose of the purchase was documented.

Finding 4

Mansfield did not establish written policies and procedures over its maintenance work order system.

Our audit found that while Mansfield maintained adequate controls over purchases related to work orders, it failed to establish policies and procedures for the completion of work order documentation that would enable the university to better control costs and materials.

Specifically, our examination of 70 purchases related to work orders revealed that Mansfield maintained adequate controls related to those purchases. We examined these 70 purchases to ensure that an invoice or receipt was on file for each transaction, the purpose of the purchase was recorded on the invoice, and an approval signature was on the invoice.

We found that Mansfield staff obtained receipts and invoices for each of the 70 purchases made and forwarded those documents to the physical plant director for his approval. We also found that the director, or his designee, signed each invoice and receipt to indicate approval and

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

recorded the cost center for accounting purposes on each invoice or receipt.

However, with regard to other aspects of the work order process, we found that Mansfield did not maintain adequate management controls over the process.

We examined 54 completed work orders related to routine maintenance in order to determine the extent to which Mansfield complied with its stated procedures for processing work orders. Specifically, we reviewed each work order for the following:

- assignment to a physical plant department employee
- location of work identified
- assignment of a priority completion date
- number of labor hours
- amount of labor costs
- completion date recorded
- supervisor sign-off
- any costs for needed materials

Based on our review, we found that Mansfield staff followed its stated procedures on all 54 work orders except that labor costs were recorded on only 22 of the 54 work orders we reviewed. When we discussed this issue with Mansfield officials, they stated that some persons completing the work orders believe that employee wage information is confidential and therefore did not include it on the work orders.

We also examined these 54 work orders to determine if supervisors recorded the costs for materials on the work orders. Documenting the costs of materials increases management's ability to evaluate the reasonableness of the type and cost of materials used; it also deters excessive purchases or purchases for unauthorized or personal use. We found that supervisors did not write material costs on any of the 54 work orders.

Documenting both material and labor costs is a good management tool for the university because such information allows the university to budget for future projects. Without the inclusion of costs on work orders, management compromises its ability to control the costs of its maintenance projects.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Recommendation for Finding 4	10. Mansfield management should develop and implement written policies and procedures related to processing work orders and purchasing materials needed to complete those work orders. These policies and procedures should include, but not be limited to, recording labor and material costs on completed work orders.
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**Management
Response**

**Written comments provided by Mansfield University
management:**

We acknowledge the noted weaknesses in our work order system. The Physical Plant Director is not pleased with the performance of the software system and has been considering a different software system for work order tracking. Mansfield is the only (or perhaps one of two) PASSHE university using Maintemizer as their software system. It is believed to be cumbersome, inefficient and somewhat ineffective at capturing all work performed. Maximo and School Dude are two other systems which are more widely used within PASSHE. Both of these systems are believed to be more robust, less cumbersome, more efficient and potentially more accurate if used properly. Regardless of which software tool chosen for the future, Mansfield management will strive to capture all needed data and will develop and implement formal procedures which govern the work order system.

**Auditors'
Conclusion**

We are pleased that Mansfield recognizes the need for a software system that will enable university staff to improve its controls over the work order system. We will assess Mansfield's actions to implement our recommendation during our next audit.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Audit Results
for
Objective
Four**

*Energy
Conservation*

The objective

Objective four was to determine what actions Mansfield management has taken to conserve energy in campus facilities and whether those actions have improved efficiency and resulted in energy cost savings.

Relevant laws and agreements

The Guaranteed Energy Savings Act, which was incorporated into the Commonwealth Procurement Code, allows government units, including state-owned universities, to enter into contracts for evaluating, recommending, designing, implementing, and installing energy conservation measures.¹⁰

On December 17, 2008, Mansfield entered into a guaranteed energy savings contract with Honeywell Building Solutions (Honeywell) for ten different guaranteed energy saving campus projects. Projects included interior and exterior lighting upgrades, weatherization, boiler plant upgrades, air conditioner replacement, digital diagnostic energy system upgrades, heat recovery system replacements, and air handling unit modifications and replacements.

Honeywell estimated the total cost of the contract to be \$9.9 million, which included \$7.1 million in project costs, \$2.8 million in financing fees, and \$32,102 for a performance bond.

Scope and methodology

The scope of this audit objective was July 1, 2008, through June 30, 2011, with updates through December 31, 2012.

In order to accomplish this objective, we interviewed Mansfield's utility plant manager, building maintenance and construction manager, and director of purchasing and contracts. We met with these individuals to discuss the energy savings agreement and other energy conservations actions implemented by the university.

¹⁰ See 62 Pa.C.S. § 3751 *et seq.*

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Finding 5

Mansfield took several actions to conserve energy.

We found Mansfield initiated several projects designed to conserve energy and reduce the university's energy costs. These projects include lighting and electrical upgrades in two campus buildings as well as closing two older dormitories and replacing them with new dormitories that use geothermal wells for heating. Further, university officials stated that the university's recycling program assists in reducing waste removal costs.

One of the most significant initiatives undertaken by Mansfield to conserve energy and reduce energy costs is its energy savings contract with Honeywell. Under this project, Honeywell installed ten different projects that were designed to conserve energy on campus. Honeywell completed the last of the energy savings projects listed in the contract on February 28, 2011. Accordingly, the first year of energy conservation from all the projects began in 2012.

We conclude that Mansfield has made significant changes to the campus as a whole with regard to energy use that will lead to energy conservation.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Status of
Prior Audit**

The prior audit of Mansfield University covered the period of July 1, 2005, to March 12, 2008, and contained nine findings. One of the findings (Finding 3) was positive and thus had no recommendations. The remaining eight findings, their accompanying recommendations and the status of Mansfield's implementation of those recommendations are presented below.

Scope and methodology

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

**Prior Finding 1 Mansfield did not conduct unannounced fire drills.
(Resolved)**

Our prior audit revealed that all monthly dormitory fire drills at Mansfield were announced to the campus police and resident hall directors one week before the actual fire drills were conducted. The day of the scheduled monthly dormitory fire drills, campus police arrived and asked the resident directors if they were ready before the fire alarm was pulled. We recommended that Mansfield should conduct unannounced fire drills.

Status as of this audit. In our current audit, Mansfield provided us with a copy of its fire drill policy that now requires all monthly dormitory fire drills to be unannounced, except for the first drill of each semester, which is to be used as an educational experience for residence life staff. During the first drill of each semester, residence life staff is trained on its responsibilities during an emergency evacuation.

In addition, Mansfield management provided us with copies of three fire drill reports covering the 2009 and 2010 calendar years. In our review of these reports, we found that the university documented the drills as unannounced. As a result of the actions taken by Mansfield, we concluded that the university implemented our recommendation.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Prior Finding 2 Mansfield did not maintain a listing of fire extinguishers and did not conduct monthly fire extinguisher inspections. (Resolved)

Mansfield University did not conduct monthly fire extinguisher inspections and did not maintain a listing of all fire extinguishers as required by the university's fire safety plan. An interview with the environmental health and safety director revealed that he had been in the position for less than one year and was not aware that maintaining a fire extinguisher listing and completing monthly fire extinguisher inspections were required by the university's fire safety plan. We recommended Mansfield conduct monthly inspections of fire extinguishers, as manpower permits, and maintain an up-to-date master list of all fire extinguishers.

Status as of this audit. On November 18, 2011, Mansfield management provided us with a copy of the 2010 calendar year inventory listing of all fire extinguishers. Mansfield officials stated they will update this inventory listing annually after the fire extinguisher maintenance and inspection is completed by an outside vendor.

In addition, the environmental health and safety director stated that either he or a student worker inspects every extinguisher on campus and initials and dates the actual tag attached to each extinguisher as proof of inspection. Additionally, when inspecting fire extinguishers, the environmental health and safety director or the student worker utilizes a checklist that lists the name of each building on campus to ensure that the fire extinguisher inspections were completed for each building. As a result of the actions taken by Mansfield, we concluded that the university implemented our recommendation.

Prior Finding 4 Mansfield management did not ensure that its purchasing cardholders complied with purchasing card policies and procedures. (Resolved)

Our prior audit included an examination of 96 purchasing card transactions revealed that Mansfield employees did not comply with its purchasing policies when using these cards in 16 of the transactions. In addition, our review of 71 travel expense vouchers disclosed 28 instances of non-compliance with Mansfield purchasing cards policy which states:

Purchasing cards may not be used for travel-related expenses such as hotel, transportation, gas, airline

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

tickets and meals, which must be processed as usual on travel expense vouchers.

We recommended that Mansfield management distribute the travel/purchasing card use policy and to require each employee to sign an acknowledgement that he or she has read and accepts responsibility for compliance with the policy.

Status as of this audit. Mansfield officials stated that each time the university issues an employee a purchasing card, the university now requires employees to sign an acknowledgement form stating that the employee has read the travel/purchasing card policy and accepts responsibility for compliance with that policy when using the purchasing card.

Mansfield officials also stated that they could not recall any employees using the purchasing cards for the procurement of prohibited items, which are listed in the purchasing card policy, during the 2009 and 2010 calendar years. Based upon the actions taken by Mansfield, we concluded that the university implemented our recommendations.

Prior Finding 5 Mansfield did not obtain competitive bids for purchases between \$3,000 and \$10,000. (Partially Resolved)

During our prior audit, we examined 14 contracts and found that university management did not comply with purchasing policies and bidding requirements for five of the contracts. Specifically, university management was unable to produce evidence that it obtained any price quotes for purchases that ranged between \$3,000 and \$10,000 as Mansfield's policy dictates.

Mansfield adopted purchasing policies and bidding requirements on December 15, 2004, in order to comply with the State System's regulations. The Mansfield purchasing policy states:

All purchases and services with a dollar value less than \$10,000 and greater than \$3,000 will require competitive quotes. To obtain the best possible price three or more competitive quotes are needed. These quotes may be in a form of telephone, fax, and written bids.¹¹

¹¹ Purchasing Policies and Bidding Requirements Memo, from Mansfield University, Director of Purchasing, dated December 15, 2004.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

We recommended that Mansfield obtain competitive quotes according to prescribed guidelines.

Status as of this audit. During the period July 1, 2009, through June 30, 2010, Mansfield procured goods or services that were valued between \$3,000 and \$10,000 through 135 contracts. From that group, we selected seven contracts to determine if Mansfield management complied with the provision of its purchasing policy that requires the university to obtain competitive quotes for purchases valued between \$3,000 and \$10,000.

We found that Mansfield management solicited quotes for four of the seven contracts. For two of the seven contracts, Mansfield officials could not provide evidence of quotes and they stated that they did not know if quotes were sought because the purchasing agent responsible for those two contracts retired on August 26, 2010, and that agent's files could not be located. The university did not seek quotes before awarding the seventh contract in our sample.

For the majority of contracts we examined, Mansfield complied with its policy to seek quotes. However, we noted that Mansfield's procurement policy did not align with PASSHE policy. Specifically, Mansfield's own procurement policy requires the university to seek quotes when purchasing goods and services valued between \$3,000 and \$10,000, but PASSHE policy does not place such a requirement on universities. Instead, PASSHE policy states that procurements under \$10,000 may be made without formal bids, but PASSHE recommends that universities consider prudent business practices and solicit at least three telephone bids, when possible.

When we brought the discrepancy between the two policies to Mansfield's attention, officials stated that they would revise the university's internal bid policy to align with PASSHE requirements. While changing its internal policy will address the university's noncompliance with its own policy, we continue to believe seeking competitive quotes is good business practice, and we encourage the university to continue to seek quotes for purchases between \$3,000 and \$10,000. We will monitor the university's practice of seeking competitive quotes in future audits.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

**Prior Finding 6 Mansfield did not monitor its food service contract.
(Resolved)**

Our prior audit found that the food service vendor did not conduct the annual extermination as required. Further, the vendor did not change its product liability insurance coverage from \$3 million to \$10 million as required by the contract.

We recommended that Mansfield should ensure that the food service vendor has complied with the terms of the contract prior to Mansfield making any payment for services.

Status as of this audit. During the current audit, we obtained from Mansfield management a copy of the pest inspection report confirming that the annual extermination was conducted on June 15, 2012.

Management also provided us with a copy of the certificate of liability insurance dated August 29, 2012, which showed that the food service vendor now maintains umbrella liability coverage of \$10,000,000, which is added to any product liability claims. As a result of the actions taken by Mansfield, we concluded that Mansfield had implemented our recommendations.

Prior Finding 7 Mansfield did not have adequate management controls to ensure that miscellaneous revenues were recorded and deposited accurately. (Partially Resolved)

Our prior audit report noted that Mansfield did not have adequate monitoring procedures over the collection and recording of selected miscellaneous revenue accounts related to parking fines, library fines, and athletic camp operations. Without an adequate monitoring system in place we could not verify that all money that was collected was deposited nor could we determine if all money that should have been collected was actually collected.

We recommended that Mansfield establish internal controls over its miscellaneous revenues by implementing procedures to reconcile the deposits to the revenue source documents.

Status as of this audit. We obtained a copy of Mansfield's revised procedures for the collection of parking fines, library fines, and athletic camp operations. In our review of these written procedures we found that

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Mansfield now requires an independent verification and reconciliation of miscellaneous revenues. Based on these revised procedures, it appears that Mansfield has addressed our recommendation. However, we will monitor Mansfield's implementation of these written procedures in future audits.

Prior Finding 8 Mansfield has allowed some of its departments to have access to student social security numbers unnecessarily. (Partially Resolved)

Our prior audit report noted that Mansfield personnel, in 26 of the 41 departments tested, had unnecessary access to student social security numbers through the university's computer system. For example, professors had access to students' social security numbers when the professors accessed student accounts to post grades.

Mansfield officials stated that this unnecessary access had occurred because the university's webmaster had not been made aware that certain departments should not have access to the students' social security numbers. Further, we found that the university had not verified who should have access to that data.

We recommended that Mansfield management should restrict the number of employees and departments with access to social security numbers to those who need that information for authorized business purposes.

Status as of this audit. Mansfield management informed us in its written response to our 2008 report that:

On April 1, 2008, all access to social security numbers was removed and access was/is only given upon written request from a supervisor...only those employees whose jobs require them to access this information are granted access to this field upon receipt of the supervisor's authorization. All others see the social security number field blacked out.

Based on this change, it appears that Mansfield addressed our prior recommendation. However, we will monitor access to social security numbers in future audits to ensure that access to social security numbers is limited.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

Prior Finding 9 Mansfield adopted a policy regarding on-campus credit card marketing but addressed only one of the five recommendations of Act 82 of 2004. (Resolved)

Our prior audit report noted that Mansfield adopted a policy on credit card marketing in 2004. However, we found that the policy addressed only the registration and approval of on-campus credit card marketers. The policy did not specifically discuss debt education, non-allowance of gifts, limitations on locations allowable for on-campus solicitations, and the use of students, not professionals, to solicit information as required by Act 82 of 2004.

We recommended that Mansfield management develop a credit card marketing policy that complies with the Credit Card Marketing Act (Act 82).

Status as of this audit. Mansfield has adopted a policy on credit card marketing that is in compliance with the Credit Card Marketing Act. Further, the university does not allow credit card marketers or other outside marketers on campus.

**Mansfield University of Pennsylvania
Pennsylvania State System of Higher Education**

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