Follow-Up Audit

February 16, 2024

Report No. 188-24

Office of Internal Audit & Risk Management

DATE: February 16, 2024

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FROM: Natalie B. McNish, Director of Internal Audit and Risk Management
Grant Jones, Internal Auditor
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Follow-Up Audit

BACKGROUND

The Office of Internal Audit and Risk Management has completed review procedures to follow up on nine audit reports issued between January 1, and February 28, 2023, to formally report on actions taken by University management in response to audit recommendations. We interviewed responsible parties and when applicable, requested documentation to determine and support the status of each recommendation. The title and date issued for each of the nine audit reports is listed along with a summary of each finding, the recommendation, and the status of the recommendation. The status is classified as one of the following:

Implemented: Management fully implemented the recommendation, either as originally described in the audit report or in a manner that resolved the issue.

In Progress: Management has begun to implement the recommendation and intends to complete the implementation process.

Not Implemented: Management has not taken action to implement the recommendation.

SUMMARY

These 9 audit reports included 51 recommendations of which 36 have been implemented, 11 are in progress, and 4 are no longer relevant to the unit the recommendation was originally issued to. The Office of Internal Audit and Risk Management applauds University management for the action taken to address each recommendation.

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Natalie B. McNish, CFE, CGAP
Director of Internal Audit and Risk Management

Internal Auditors:
Grant Jones, Internal Auditor
Nathanim Philipos, Internal Audit Intern

Audit Field Work Completed: January 26, 2024

Summaries, Recommendations and Statuses

Mail Theft – Tampering Letter
Issued: February 16, 2022

Internal Audit and Risk Management was alerted of a potential mail theft or tampering situation at Hutchens House during the 2021-2022 winter break. With further examination we determined controls could be improved to mitigate future risk and certain actions were required to address the current issue.

Recommendations:

A. Contact each impacted individual to notify them of the situation and offer them credit monitoring services paid for by Residence Life.

B. Develop a method of tracking pieces of mail received, sorted, and returned each day and the initials of each employee completing this work.

C. Educate employees through training, signage, and other mechanisms of the legal ramification of mail tampering.

D. Consider working with Networking and Telecommunications and University Safety to develop a plan that adds security cameras to the most beneficial and high-risk common areas of residence halls over a period of time.

Statuses:

A. **Implemented –** A letter offering credit monitoring services at the University's expense was sent to each individual impacted by the incident.

B. **Implemented –** Mail procedures were modified to include identification of the staff members processing mail items and a parcel scanning system was added to increase efficiency and accuracy to information stored in the system.

C. **Implemented –** Training was provided to existing desk workers in March 2022. Also training materials were updated to include this information to ensure all future desk workers would have information regarding the importance and legal ramifications of proper mail handling.

D. **Implemented –** A camera, with a clear view of the front desk, was added to the lobby of Hutchens House. Cameras in other residence hall lobbies will be considered as funding allows.

Procurement & Travel Policies & Procedures
Issued: April 27, 2022

The University procures goods and services (not including contracts for construction or for the professional services of architects, engineers, and land surveyors) through the aid and guidance

of the Office of Procurement. Under the policies in place at the time of our review, departments were authorized to solicit goods and services with a transaction value of less than $10,000 themselves, including use of procurement cards for transactions of $3,000 or less. For transactions valued at $10,000 or more, competitive procurement was required through the Office of Procurement. Goods and services with a transaction value of $25,000 or more required both advertisement and competitive solicitation.

The former Chief Financial Officer requested this review of procurement policies with a specific objective of building increased efficiencies into current procedures. At the time of this request, the Office of Internal Audit & Risk Management had already initiated field work to review transactions processed using single event travel (SET) cards and procurement cards. Overall, recommendations meant to strengthen existing controls, build efficiency into existing procedures, and ensure compliance with policy were issued regarding all three areas of procurement.

1. Procurement & Travel Policies

A. Procurement thresholds
Operating policy 8.16, Procurement Procedures, had not been updated since January 8, 2018. Since that date, state regulations regarding procurement have changed, as had the volume and complexity of transactions processed by the Office of Procurement. Auditors completed analysis to understand the volume of transactions processed at each threshold, researched procurement policies for the State of Missouri and other public four-year institutions and verified procurement regulations applicable to Missouri State University.

B. Contracts and other vendor risk mitigation activities
Operating Policy 8.16, Procurement Procedures, did not include requirements directing buyers to issue separate contract documents when necessary. In addition, related third-party risks could be further managed through development of additional procedures.

C. Information technology procurement
Procurement policies do not require pre-approval of information technology (computer hardware and software) purchases from the Office of Information Services. With increasing cybersecurity regulations requiring our institution to know how information is processed, stored, and shared, it is critically important for this office to be involved in these transactions.

D. Sole and single feasible source
Operating Policy 8.16, Procurement Procedures, provided exemption from solicitation when a single feasible source (including sole source) exists; however, the guidance provided did not capture all justified uses of this solicitation exemption. In addition, the quality of documentation providing justification for single feasible source would be improved if the Office of Procurement required a standardized form to be used.

E. Clear and complete policies
At the time of our review, we determined some policies were unclear, duplicative, or omitted relevant information, and in certain circumstances a user must utilize multiple policies to obtain a complete understanding of program requirements.

2. Procurement Card Program

A. Procurement Card Manual and other guidance
The Procurement Card Manual could be improved by reviewing documented procedures for clarity and conformity with actual processes in use. In addition, review of allowable and unallowable transactions should be completed periodically to ensure proper risk levels are accepted and use of the transaction log should be reconsidered.

B. Approvals not documented in UMB system
Many transactions were not reviewed and approved by the Department Coordinator as required. According to the Procurement Card Manual if transactions are not reviewed and approved in the system by the 15th of each month, then penalties including a written warning, suspension of cards for one billing cycle, or cancelation of cards may be enforced. Our review determined approximately 3,000 transactions (not including SET Card transactions) each year are not reviewed and approved as required in the system. On average, 55% of these unapproved non-SET card transactions were processed using cards issued to Intercollegiate Athletics. Another 30% of these non-SET card transactions were processed using cards issued to the Office of Procurement. Most of these transactions are approved department requisitions; however, without documented supervisory review we are unable to ensure all transactions have a valid business purpose. The other 15% of these non-SET card transactions were processed using cards issued to various Departments, Colleges, Divisions, and Offices across campus.

C. Documentation not uploaded in UMB system
The Office of Procurement does not require supporting documentation for all transactions to be uploaded into the UMB system; however, linking the electronic documentation creates a more complete file, increases the efficiency and effectiveness of the department coordinators review, and continues the University's sustainability efforts (paperless). According to reports from the UMB system, electronic documentation has improved, but a deficit remained.

D. Monthly Reviews
Time spent performing monthly reviews could be shortened by determining risk-based criteria for flagging questionable transactions for review. In addition, the Office of Procurement did not utilize stronger penalties provided by the Procurement Card Manual, even when an employee has multiple violations in a given period of time.

3. Single Event Travel (SET) Card Program

A. Independent oversight
Due to limited staff, one employee of the Office of Procurement approves the SET card applications, establishes the line of credit including the cash withdraw limit with the procurement card services vendor, receives the PIN number required for cash withdraw, writes the letter required for local financial institution cash withdraw, records all applicable card information in the electronic log, and deactivates the card after the travel return date. A different employee of the Office of Procurement receives the actual card from the vendor, issues the card to the cardholder, and activates the card. However, both employees have access and authorization to perform all tasks listed and no one monitors these processes to ensure all cards issued are used as intended, closed when required, and that all transactions are properly reconciled. Due to limited number of staff, separating duties may not be feasible. To reduce the risk of unauthorized card issuance and use, and

to ensure all cards issued are properly processed, additional documented independent oversight should be added to the current process.

B. Set Card application

Improvement to the SET card application and approval process are necessary to ensure sufficient assessment is completed and documented, and all requirements are clearly communicated to the requestor.

C. SET Card issuance and return

Written procedures for SET Card issuance and return in place at the time of our review were not followed. These procedures required a SET Card Acceptance form be completed to document each card's issuance and return from the Office of Procurement; however, upon the onset of the COVID pandemic and altered working arrangements, this practice was changed. Instead of using the prescribed form, the cardholder was instructed to send an email to the Office of Procurement after the card had been picked up. Upon receipt of the email, the Office of Procurement would activate the card. After the trip completion, the cardholder was instructed to shred the card and send an email to document this task had been completed.

D. Supporting documentation and timeframes for review

SET card transaction and approval documentation is sometimes incomplete, and timeframes set by written procedures are often not met. This causes increased workload in the Office of Accounts Payable. In our review of 25 SET card transactions and approvals, we determined supporting documentation was not submitted to the card coordinator or the Office of Accounts Payable within the required timeframe for nine cards, with the longest delay totaling 155 days. We also noted supporting documentation for one card issued March 31, 2021, was not submitted to the Office of Accounts Payable until April 2022. According to the UMB system, nearly $28,000 has been charged to this card.

E. Penalties for SET card non-compliance

The Office of Procurement has not established realistic penalties for non-compliance related to SET card procedures. Currently, documented procedures state, "Failure to return the SET Card to the Office of Procurement Services after travel is complete or failure to provide the required documentation may result in the loss of SET card privileges." When travel advances were used, the amount of cash withdrawn was immediately charged to the employee's account receivable balance. Once travel was concluded, documentation and remaining cash was submitted, and the reconciliation complete and approved, the charge was removed. However, this model does not directly apply because as a rule, a portion of the credit limit is not even accessible as cash withdraw. The Office of Procurement has also established penalties for non-compliance related to procurement cards, though these also do not directly apply because most requestors use a SET card infrequently (Education Abroad) or require access to SET card functionality to effectively complete their tasks (Athletics).

F. Canceled trip guidelines

Documented procedures did not address responsibilities of cardholders and SET card coordinators in the event a trip is cancelled. Often, many expenses related to travel are pre-paid with the SET card. If these charges exist, simply closing the line of credit is not sufficient. Efforts to obtain reimbursements must be made and supporting documentation must be reconciled to charges.

G. Use of software to enhance processing
The future of transaction processing is the automation of processes and use of software to identify abnormalities, duplications, and misinformation.

H. Program Expansion
The success of this program should be commended, and following the above recommended adjustments, expansion of this program should be considered.

4. Conflicting job duties
Conflicting job duties related to human resources, purchasing, and accounts payable have been assigned to one employee on the West Plains campus. While supervisory oversight may exist, transaction volume is too large for this oversight to significantly reduce risk and segregation of duties is required.

Recommendations:

1.A. Review and revise procurement thresholds to ensure compliance with state regulations and alignment with management's risk appetite while also ensuring buyer resources are utilized for the highest value and risk-based procurement activities.

1.B. Develop criteria to outline when separate contract documents are required and investigate the advantages provided through utilization of screening software if budget allows.

1.C. Require purchases of new hardware and software be reviewed and approval documented by the Office of Information Services.

1.D. Enhance the existing single feasible source guidance to encompass both sole and single feasible attributes and develop and require a single feasible source justification form to ensure complete and well documented support for each use of this exemption is documented and retained.

1.E. Review and revise current policies to ensure program requirements are clear, concise, and complete.

2.A. Review and revise the Procurement Card Manual and related documents to ensure they align with current procedures, provide intended value, and clearly communicate required procedures and expectations.

2.B. Re-educate department coordinators on their responsibilities with regard to procurement card review and approval.

2.C. Require all supporting documentation for procurement card transactions be uploaded and linked in the UMB system and consider advantages of using the mobile application.

2.D. Consider adding additional risk-based criteria to transactions selected for monthly reviews and enforce penalties outlined in the Procurement Card Manual for repeat violators.

3.A. Establish documented independent oversight of SET Card processes completed within the Office of Procurement.

3.B. Improve the SET card application and related processes by clearly communicating necessary approvals and requirements for SET card issuance, developing separate methodology to request and approve credit/cash limit increases and decreases, ensuring all approval information is reviewed documented, and consider efficiencies offered through development of dynamic forms.

3.C. Comply with current written procedures or revise the guidance to align with actual and best procedures related to the issuance and return of SET cards.

3.D. Ensure complete and sufficient supporting documentation is retained for all transactions and reviews of all transactions are completed within reasonable timeframes.

3.E. Establish realistic penalties for non-compliance with documented SET Card procedures and related policies.

3.F. Develop guidance for cancelled trips to ensure all transactions are properly reconciled, even if refunded, in a timely manner.

3.G. Consider use of available software to enhance SET Card documentation retention, facilitate allocation, and document approval, in a similar fashion used to account for procurement card transactions.

3.H. Consider expanding the SET Card program as opportunity arises following additional risk assessment.

4. We recommend the Office of Business & Support Services segregate conflicting duties to the extent possible and implement appropriate documented reviews and monitoring procedures where conflicting duties must remain assigned to the same employee.

Statuses:

1.A. Implemented - Changes to operating policy 8.16 were presented to and approved by Administrative Council on May 2, 2022. Additional clarifications were proposed and approved by Administrative Council on October 31, 2022. This policy revision increased procurement card limits for approved categories from $3,000 - $10,000, allowed purchases under $25,000 to be completed by departments exercising good judgement, allowed purchases between $25,000 and $100,000, excluding purchases under cooperative contracts, to be processed with at least three quotes, and increased the formal bidding with advertisement requirement from $25,000 to $100,000.

1.B. **Implemented -** Changes to operating policy 8.16 were presented to and approved by Administrative Council on May 2, 2022. This policy revision included, "In complex, multi-year situations, solicitation documents may not provide the appropriate protection of the University's interests. To protect the University's interests, the Office of Procurement will work with the Office of General Counsel and Compliance regarding the use of Contracts when solicitation documents are not sufficient. The contract must cover all terms and conditions of the solicitation." Changes to this same policy also require the Office of Procurement to mitigate third-party risk by utilizing Office of Foreign Assets Controls and denied/restricted party screening software for all vendors.

1.C. Implemented - Changes to operating policy 8.16 were presented to and approved by Administrative Council on May 2, 2022. This policy revision included, "All requisitions or payment requests for purchases of new hardware and software are required to be reviewed, approved, and documented by the Office of Information Services. Documentation must be submitted with the requisition payment request."

1.D. Implemented - Changes to operating policy 8.16 were presented to and approved by Administrative Council on May 2, 2022. This policy revision included wording to encompass both sole and single feasible source attributes. In addition, the Office of Procurement developed a Sole/Single Source Justification Form which is now required anytime competitive procurement is required but not used.

1.E. Implemented – Changes to operating policies where the Office of Procurement has ownership has occurred. Many policies where conflict was noted exist outside of the Office's ownership; however, the Administrative Council has established a goal to review these policies annually and make any necessary changes. This practice is ongoing.

2.A. Implemented – The Procurement Card Manual was eliminated. Instead, a policies and procedures webpage was created to provide users quick access to needed information and the ability of management to change the reference material when necessary. In addition, the requirement for the cardholder log was removed and allowable and unallowable purchase guidelines were updated.

2.B. In Progress – Training for card coordinators was planned for summer of 2023; however, due to the necessary absence of the employee who would have delivered this training, it was postponed until summer of 2024. We pulled transactions for September – November of 2023 and determined the percentage of unapproved transactions has increased; however, we do agree that re-education is the best approach to the issue and anticipate a decrease following the training mentioned.

2.C. Implemented – The Assistant Director of Procurement/Senior Procurement Card Coordinator developed training videos for new cardholders and new UMB system users in 2023. Since that time, a marked improvement in documentation has been noted. We pulled transactions for September – November of 2023 and determined the percentage of transactions without linked documentation had decreased to 10.57%.

2.D. In Progress – Additional risk-based criteria were added to "audits" completed by the Office of Procurement at the time of the report. These procedures then moved to the Office of Internal Audit and Risk Management, where risk-based criteria were then reassessed and reapplied. Procedures to enforce consequences for noncompliance are currently under review, with changes or implementation anticipated in Spring of 2024.

3.A. In Progress – Management had determined oversight and separation of duties required an additional employee, but a necessary extended absence of the employee who would have oversight of this new employee stopped the search process during the summer of 2023. Since that time, the procurement and financial functions were realigned and placed within the Division of Administration and Finance. This change opens new opportunities for the office. With these changes, the Office will develop oversight and separation of duties with existing resources.

3.B. Implemented – A dynamic form was built to apply for and approve a SET card. We reviewed 5 cards which used this process and found all issues were properly identified and remedied by Procurement before issuance.

3.C. Implemented – Procedures were changed to require a log to be signed documenting each card being received by the authorized party and the requirement for cards to be returned was removed. The current guidance provides for cards to be destroyed by the cardholder at the end of the applicable period of use.

3.D. Implemented – The Office of Procurement has taken action to establish timeframes and educate cardholders of the timeframe and penalties for noncompliance.

3.E. Implemented – Penalties for non-compliance were developed and Financial Services has taken action to implement penalties when necessary.

3.F. Implemented – Procedures for cancelled trips have been established and appear adequate.

3.G. Implemented – Use of the UMB Bank application, which provides a VISA OCR (Optical Character Recognition) feature that allows users to automatically link receipts to transactions. This has helped minimize the risk of lost receipts. In addition, the Office of Procurement has developed procedures to pull all information for SET card transactions specifically issued to Intercollegiate Athletics and provide them to Financial Services for processing via a shared drive. This has improved processing times.

Other software which was researched during the audit is still not available for consideration at this time due to funding constraints. However, the Office of Procurement will continue to monitor the industry and investigate other technological opportunities for efficiency as they evolve.

3.H. Implemented – SET cards are still primarily used by the Office of Education abroad and Intercollegiate Athletics; however, the program has been expanded to include Campus Recreation, Childhood Education and Family Studies, College of Education, International Programs, Music, and TRIO.

4. Implemented – Conflicting duties were separated as recommended.

West Plains Commuting Mileage
Issued: June 14, 2022

Missouri State University – West Plains had historically compensated per-course faculty who travel more than 40 miles to/from campus to teach. Our review determined the campus had no formal written policy allowing this practice and due to control deficiencies in reporting and recording these payments, amounts on 11 Form W-2s were under-reported and 1 Form W-2 was over-reported.

Recommendations:

1. Academic Affairs should discontinue the practice of reimbursing commuting mileage. Adjustments to pay to compensate for travel should be made to the pay rate and not paid via reimbursement.

2. Financial Services should work with tax advisors to determine if Form W-2 Cs are required for the exceptions noted and ensure all fall 2021 and all 2022 commuting mileage is included in the 2022 Form W-2s.

Statuses:

1. **Implemented –** The campus discontinued reimbursing mileage for commuting in 2022.

2. **Implemented –** The advisors were consulted, and it was determined Forms W-2 Cs were not necessary.

NJCAA Camps & Clinics
Issued: June 23, 2022

The University permits the conducting of camps and clinics to display the University's programs and facilities and to provide opportunities to young people to enhance and develop their skills in a specific sport or activity. Head coaches are permitted by their contract to hold sport camps and clinics with the proceeds retained for his/her own benefit, less a fee of $1 per camp enrollee or $100 per camp, whichever is less. Coaches are also permitted to use University facilities, permitted they schedule in advance and pay for any use of residence or dining halls.

1. NJCAA Non-Compliance
Student-athletes were employed during summer and winter basketball camps held by the Head Basketball Coach without use of a formal application process as required by NJCAA rules and the Athletics Department did not have procedures in place to identify and correct the non-compliance before the camps started.

2. Contractual and Policy Non-Compliance
Non-Compliance with employment contracts and the Athletic Department Policy and Procedure Manual was noted for camps held during the year ended December 31, 2021 including non-university employed camp staff did not complete University-required mandated reporter and/or Title IX training prior to the start date of any of the camps held during the year ended December 31, 2021, commercial general liability insurance for the two basketball camps did not list the Board of Governors of Missouri State University as an additional insured, proof of insurance was not provided to the University prior to the start of any camp held during the year ended December 31, 2021, and a camp roster was not submitted with the camp fees paid for the volleyball camps. Further, fees paid for the July basketball camp were not submitted until November 2021.

3. Institutional Oversight
Missouri State University West Plains must develop increased oversight of athletic camps and clinics to ensure compliance with NJCAA rules, employment agreements, and other policies and procedures. While the department has established an Athletic Department Policy and Procedure Manual, the document requires annual updating and was not updated or disseminated for the

2021-2022 academic year and is not held in an accessible location where it can be accessed and referenced as needed. In fact, one coach expressed no knowledge of the document existing. In addition, the University has not developed necessary training related to NJCAA rules and other compliance requirements. Compliance is often met through education and awareness. Training is the simplest way to ensure compliance procedures are effectively implemented.

Recommendations:

1. The Athletic Department should self-report this NJCAA violation and develop policies and procedures to monitor future compliance with this rule

2. Ensure compliance with all contractual and policy requirements regarding athletic camps and clinics.

3. Establish institutional oversight sufficient to ensure camps and clinics are conducted in compliance with all NJCAA rules, employment contract requirements, and University policies and procedures.

Statuses:

1. Implemented – Management reported this issue to the NJCAA with no recourse and developed procedures to monitor for future compliance.

2. In Progress – We reviewed documentation for summer camps/clinics held in 2023 and found continued issues with insurance requirements being met for softball or volleyball events. The Athletics Director noted they will work to ensure this employment contract requirement is met prior to the date of future events.

3. Implemented – The new Athletics Director position provides a central point of oversight for athletic activities. Additional efforts to educate coaches have been made and improvement is noted.

Grizzly Athletics Financial Review
Issued: June 23, 2022

In response to a request by Chancellor Dennis Lancaster, we completed a financial review of Grizzly Athletic programs at the Missouri State University – West Plains campus. We determined the total financial costs of Grizzly Athletic programs was approximately $850,000 per year and rising while program related revenue is declining.

1. Financial Monitoring
Members of management do not currently have access to timely and complete financial information for planning and monitoring of specific programs or the department overall. The comprehensive and program specific financial information documented above and in exhibits A and B were built using information recorded in 30 different funds, including the West Plains Operating Fund, 12 Designated "B" Funds, and 23 Foundation Funds, and 12 different organization codes. Due to the number of funds and organization codes used, it is not possible to obtain a complete financial picture using the reporting offered by the Banner system.

2. Budgeting Practices
Management has historically under-budgeted expenses attributed to the Grizzly Athletic programs by an average of $150,000 per year. Action has been taken to correct this in the West Plains Operating Fund budget for the year ending June 30, 2023, by increasing the budget by $128,000 and reducing other expense categories. While this may address the issue in this specific budget year, without altering the method in which budgets are developed and developing a process for continual budget to actual expense monitoring, this issue may reemerge overtime.

3. Revenues & Expenses
West Plains Grizzly Athletic Program management must make a concerted effort to increase revenues and decrease expenses to benefit current and future programs. While athletic programs should not be expected to generate operating revenue to supplement academic programs, or even be self-sufficient, our review of revenues attributed to these programs identified a decrease in total revenues earned of approximately $25,000 between the years ended June 30, 2017, and 2021. This indicates there may be additional revenue sources not currently pursued which ought to be considered.

4. Continued Monitoring
While this financial review has provided management with the answers to the specific questions asked, management would gain a more complete understanding using a more holistic approach to continued monitoring. Management should define metrics to monitor the performance of each area selected, establish goals, and track progress toward those goals.

Recommendations:

1. Develop comprehensive financial reports for each program and the Grizzly Athletic Department which can be easily accessed by necessary members of management in future planning and monitoring activities.

2. Require analysis of prior and current year budgeted and actual expenses when establishing future budgets and ensure management has access and knowledge needed to monitor budget vs. actual expenses on a continual basis.

3. Develop strategies to increase program revenues and decrease associated program costs.

4. Develop and utilize a holistic approach to monitoring and reporting Grizzly Athletic performance.

Statuses:

1. **In Progress –** The Athletic Director and all coaches now have access to review financial information in the Banner accounting system; however, no specific reports combining fund data have been developed at this time.

2. **Implemented –** The Associate Vice-Chancellor for Business and Support Services has developed a budget to actual analysis which includes information needed to forecast expenses. This tool was reported to be a great asset to management in making strategic decisions.

3. **In Progress –** Strategies to increase program revenues and decrease program expenses where able have been developed and executed for two of the three existing sports. The third sport is continuing to develop a strategy which will be in place in 2024. With the addition of a fourth sport in 2024, management plans to take a proactive approach, pursuing new or additional revenue sources from the program development stage.

4. **In Progress –** While no specific holistic approach has been implemented, work to develop a more formal monitoring and reporting structure has been in progress and will continue into 2024.

NCAA Camps & Clinics
Issued October 17, 2022

As a member of the National Collegiate Athletic Association (NCAA) Division I, Missouri State University has an obligation to ensure overall compliance with all applicable rules and regulations of the Association in the conduct of its intercollegiate athletics programs. Each athletic program employs a head coach with authority to operate their own camps/clinics as allowable by NCAA bylaw 13.12. In addition, the University has established additional requirements for these coaches which are outlined in their employment agreements.

1. Pre-Camp/Clinic Procedures
Pre-camp/clinic paperwork was not submitted for seven camps/clinics and insurance documentation was either not submitted or did not list the Board of Governors as an additional insured as required by the coach's employment agreements.

A. Pre-Approval Reporting
Pre-camp/clinic paperwork was not submitted for 7 of 25 camps/clinics held. In addition, pre-camp/clinic paperwork that was submitted was often incomplete.

B. Insurance Requirements
The University did not have insurance documentation on file for 11 camps/clinics held and 13 of the 14 who did provide documentation, did not list the Board of Governors as additional insured which is required by each coach's employment agreement and the Athletic Sports Camps/Clinics Policy Manual.

2. Post-Camp/Clinic Procedures
Post-camp/clinic paperwork was not submitted for 18 camps/clinics and facility fees were not remitted for 9 camps/clinics as required by the coach's employment agreements.

A. Post-Camp/Clinic Reporting
Post-camp/clinic paperwork was not submitted timely or completely for 18 of 25 camps/clinics held.

B. Facility Fees
Facilities fees were not collected for camps/clinics operated by Football, Men's Basketball, or Baseball coaches. Since no documentation is required to state the number of enrollees present at each camp/clinic, Athletics has no way to determine the amount due; however, the maximum amount to be collected would be $3,000.

3. Institutional Oversight
Intercollegiate Athletics must develop increased oversight of athletic camps and clinics to ensure compliance with NCAA rules, employment agreements, and other policies and procedures.

A. Policy Updates & Education
The Athletics Sports Camps/Clinics Policy Manual is incomplete and sometimes inaccurate, and the department has not adequately educated coaches and staff to ensure compliance with the established guidelines. For example, requirements for post-camps/clinics paperwork did not include documents which would allow the institution to verify financial report accuracy, identify recruiting prospects who may have participated in camps/clinics and their associated role, or explain pay disparities between student athlete employee compensation.

B. ARMS System User Access
Access to Athletics' Administrative Resource Management System (ARMS) was not terminated in a reasonable time for some users whose employment terminated with the University. A comparison of records from the Office of Human Resource and the user access log for the ARMS system identified six users whose employment with the University had terminated and yet, their access to the ARMS system remained active. The compliance system contains student information with a classification level of restricted and private. Access to this information is privileged and should be safeguarded.

C. Outside Income
Procedures do not currently exist to compare outside income reported using the outside income form and the financial information submitted for the camps/clinics. Operating Policy 6.01, Intercollegiate Athletics Policies and Procedures Manual, states, "each staff member is required to provide a written detailed account annually to the President for all athletically related income and benefits from sources outside the institution." Three of five reports submitted did not match information disclosed in post-camp/clinic paperwork.

Recommendations:

1. Ensure all required pre-camp/clinic paperwork, including insurance documentation, is submitted by coaches, and reviewed for completeness and accuracy by the Assistant Director for Athletics Compliance prior to start date of any camp/clinic.

2. Ensure all required post-camp/clinic paperwork, including applicable facility fees owed, are submitted by coaches, and reviewed for completeness and accuracy by the Assistant Director for Athletics Compliance within the required time frame.

3.A. Enhance institutional oversight by updating the Athletics Sports Camps/Clinics Policy Manual to include all necessary rules and requirements and align with current procedures and provide education of expectations to all coaching staff.

3.B. Enhance institutional oversight by ensuring ARMS system user access is deactivated upon any termination of employment/affiliation or change or move into any role which no longer requires the access.

3.C. Enhance institutional oversight by developing procedures to ensure outside income reported is complete and accurate.

Statuses:

1. **Implemented –** We selected four camps/clinics held after October 1, 2023, for review. We found all pre-camp paperwork was complete and on file before the event began.

2. **In Progress –** In a review of camps/clinics held after October 1, 2023, only one camp had been conducted that required post-camp paperwork to be submitted and upon request, we found this was not completed. However, this occurred as the current Assistant Director of Athletics Compliance was coming onboard. According to athletic management, procedures have since been developed to ensure post-camp/clinic documentation is submitted promptly.

3.A. **Implemented –** The Athletics Sports Camps/Clinics Policy Manual was updated November 21, 2022, to include all necessary rules and requirements. Increased education has also taken place and will continue to be integrated into coaches' meetings as needed.

3.B. **Implemented –** User Access has been deactivated for former employees and procedures to ensure future access is restricted have been improved.

3.C. **Implemented –** Procedures to require, review, and submit outside income forms to the President's Office have been developed and implemented.

Control Environment of the Office of Access & Outreach
Issued: December 1, 2022

At the time of this audit, the Office of Access & Outreach had historically reported directly to the Provost but had recently been moved to the Office of the Executive Vice-President. The Office was charged to provide Dual Credit programs to 131 High Schools; Off-campus education programs for transfer students in West Plains, Waynesville, Camdenton, Lebanon, Neosho, Cassville, Nevada, and Webb City; development of articulation agreements for transfer students from two-year institutions; transfer student support; creation of Early College courses and incentives and support for online course and degree development; support for conferences held by external organization, non-credit education programs, including the operation of the Public Safety Training Center in Camdenton, MO; testing services for ACT, GRE, GMAT, etc.; and marketing, promotion, and technical support for all of the above identified programs.

Audit work determined significant improvement was needed with several control environment factors which impacted the reliance of any existing or future developed controls.

Recommendations:

1. Consider revising the current internal organizational structure of the Office and ensure authority and responsibility are properly delegated and communicated. Management should also consider if certain functions or programs may have parallel objectives to operations outside of the Office and may operate more efficiently or effectively if combined.

2. Build additional communication structures and collaboration opportunities. This could be accomplished in a variety of ways including cross-training of employees between programs or team building exercises where all employees work together on a program advancement. This provides operating efficiencies and a greater understanding for other program goals and objectives.

3. Develop well-written departmental policies and procedures for significant activities and unique issues. These documents add value to the operations, especially with significant turnover. In addition, these documents provide a standard of which performance can be measured equally.

4. Properly hire and train new employees. Ensure job descriptions are clear and accurate, and when changes are necessary, communicate those changes to all impacted employees as soon as possible.

5. Utilize evaluations to both praise good performance, but also provide constructive feedback. Openly address failure to meet performance standards and encourage leadership training, especially for new supervisors.

6. Hold employees accountable for non-compliance with policies or expected behavioral standards and discipline when necessary. Investigate issues of inaccurate leave reporting and sharing of credentials and take necessary action to correct leave balances and ensure all users have needed access.

Statuses:

Work to reorganize the programs within the Office of Access & Outreach began before the letter was released. Since then, additional changes have been made to align missions, strategies, and develop efficiencies. Dual credit programs moved to the Office of Enrollment Management and Services. This achieved goals set for better communications and connection between high school programs and admissions. Transfer student programs including the development of articulation agreements and transfer student supportwere also moved to the Office of Enrollment Management. Off-campus education programs and the related technical support were moved to the College of Education, after a study group determined that was the most effective place for those programs to operate. The Early College program, along with all online course and degree development activities were moved back to the Office of the Provost. After analysis, the Early College programs was discontinued. Non-credit education programs, including the Public Safety Training Center, were moved to the eFactory, where the largest connection with the outside business community resides. College preparedness testing programs were moved to the English Language Institute. Marketing and promotion efforts were moved to the Office of Marketing and Communications, where the team serves as a liaison between Admissions and Marketing. Lastly, management of conferences for external organizations has been discontinued.

The Office of Internal Audit communicated that audit work would continue; however, with the reorganization of this office, additional audit work would have been poorly timed and therefore audit communicated other operational concerns which may have led to future recommendations to responsible management and withdrew the additional planned work.

We consider recommendations 1 and 2 regarding organizational structure and consolidation of programs to be implemented, and the other four recommendations to no longer be relevant.

Insurance Benefit Reconciliation Procedures
Issued: December 15, 2022

The University offers many forms of insurance to benefit eligible employees. Some insurances are provided by the University and premiums are paid by each cost center through the established annual fringe rate. These insurances include basic life, long-term disability, and accidental death and dismemberment. Some insurances are partially provided by the University and a portion of premiums are paid by each cost center through the established annual fringe rate while another portion of premiums are deducted from employees pay. These insurances include medical and dental. The third structure of insurance benefits is voluntary insurance which is offered by the University, but 100% of premiums are deducted from employees' pay. These include vision, additional basic term life, supplemental term life, dependent term life, universal life, short-term disability, accident, critical illness, and new for 2023 is identity protection insurance. The processes of benefit enrollment, premium calculation and deduction entry, and coverage record keeping are housed in the Office of Human Resources (hereinafter the Office). The Office utilizes two systems to complete required tasks. One system is a web-based benefits software platform which is owned and operated by an insurance vendor and is provided at no cost to the University. This system is called Selerix. The other is the University's accounting system. This system is called Banner.

1. Reconciliation Procedures
Reconciliation procedures should be improved, expanded to all benefit types, prioritized using a risk-based approach, and improved to include reconciliation of premium calculations to payroll deductions and vendor remittance. Benefit reconciliations provide the opportunity to identify discrepancies in employee insurance effective/termination dates, plan types, coverage options, premium calculations, payroll deductions, and payments to vendors. These processes are complex and necessary to ensure employee satisfaction and to reduce liability to the University.

A. Improved Data Quality
Data held in the two benefit systems is not always consistent and or identifiable. At the time of our review, accident, critical illness, and identity protection insurance were all recorded in Banner under one deduction code and the two different medical plans offered by the University are also recorded using one deduction code. In addition, during our testing, we identified 36 errors related to manual entry including 17 plan type or coverage amount errors in life, medical, dental and vision insurance and 19 premium calculation errors in life, medical, vision, accident, and critical illness insurance.

B. Expansion and timeliness of current reconciliation procedures
Current reconciliation procedures are not completed for all insurance types and some reconciliations should be completed more often due to associated risks. At the time of our review, reconciliations were not completed for, vision, or any product offered through Allstate and consequently, our audit identified an increased number of discrepancies for these benefits. In addition, reconciliations of medical and dental insurance are only being completed on a quarterly basis. As a result, some errors identified could not be corrected because the employee had terminated employment prior to the review

C. Additional reconciliation procedures
Current reconciliation procedures do not compare premium calculations to payroll deductions for any insurance types or the total of payroll deductions to amounts remitted

to insurance providers for all insurance types. As a result, the Office has less assurance these amounts are accurate.

2. Leave without pay
The Office of Human Resources should establish procedures to ensure premiums for employees who are on leave without pay status are properly paid by the University, reimbursed by the employee, and recorded in the accounting system.

3. System Access
Access to the Selerix and Banner systems has not been adequately controlled. As a result, the risk of incorrect premium deduction and the risk of information loss or misuse is heightened. During our review of insurance benefits, we identified two employees who changed their benefit selections through the Selerix new employee link after the initial 30-day window allowed by policy and three employees who no longer worked for the Office of Human Resources retained access to the Banner system.

4. Process automation
While the Office of Human Resources has made strides to develop automation in certain procedures, there are many efficiencies which would be provided through additional process automation.

Recommendations:

1.A. Evaluate the possibility of increasing use of "push" procedures to transfer information between the two systems and when manual entry of data is necessary, provide supervisory oversight to ensure information is accurate. In addition, information entered into the Banner system should identify plan type and coverage selections for all insurance types.

1.B. Expand current reconciliation procedures to include all insurance types and perform reconciliations timely based upon risk analysis.

1.C. Develop reconciliation procedures necessary to reconcile premium calculations to payroll deductions and total payroll deductions to insurance provider remittances.

2. Develop formalized procedures to account for premiums owed, paid, and reimbursed for employees when on leave without pay status.

3. Ensure user access to systems is properly controlled.

4. Continue working towards additional automation of procedures.

Statuses:

1.A. Implemented – Action has been taken to record necessary plan information in separate detail codes and improve the push process from Banner to Selerix. Additional improvements have been identified and are awaiting resources for implementation.

1.B. Implemented – Procedures have been developed and applied to reconcile basic term life, accidental death and dismemberment, supplemental life, dependent life, long- and short- term disability monthly. In addition, procedures to reconcile accident/critical

illness/identification protection insurance and vision insurance have been developed and applied monthly or every other month and procedures to reconcile medical and dental insurance have been developed and applied quarterly.

1.C. In Progress – Procedures to reconcile the two benefit systems to ensure premium calculations are accurate and to reconcile premium calculation to payroll deductions have been developed and implemented. Procedures to reconcile these amounts to the amounts paid by financial services are still developing.

2. Implemented – Procedures to improve leave tracking and be more aware of employees moving into leave without pay status has allowed management to identify instances when premiums should be reimbursed more appropriately.

3. Implemented – User access issues identified were remedied at the time of the review. A follow-up review of accesses identified no significant issues.

4. Implemented – Human Resources has worked to develop a new Dynamic Form which replaces the manually processed Personnel Action form. This was launched in October. Several other projects of interest have been identified and will be implemented as resources become available.

NCAA Recruiting Report
Issued: February 16, 2023

As a member of the National Collegiate Athletic Association (NCAA) Division I, Missouri State University has an obligation to ensure overall compliance with all applicable rules and regulations of the Association in the conduct of its intercollegiate athletics programs. Article 13 of the NCAA bylaws provides regulation related to recruiting activities. These regulations are complex and vary depending on sport.

1. Prospective transfer student-athlete profile review
Procedures to identify potential compliance issues of prospective transfer student-athletes could be improved by requiring coaches to work with the Assistant Director of Athletics – Compliance to access and verify the information available in the Tracer application. The NCAA provides Tracer application access, as a part of the Transfer Portal, to the Compliance Officer of all member institutions. This application provides a method for institutions to share student-athlete information regarding academics, athletics, and eligibility.

2. Use of ARMS application for recruiting compliance
Intercollegiate Athletics utilizes a compliance application called ARMS; however, our review identified a significant function of the software which was not being utilized and noted information deficiencies or delays in recording information which make it more difficult for the Assistant Director of Athletics – Compliance to provide oversight of recruiting activities.

A. Use of continuous monitoring tools
The ARMS system includes continuous monitoring tools which continually review information recorded in the system for potential violations; however, due to turnover in the

Assistant Director of Athletics – Compliance position, athletics had not processed 67 potential violation alerts.

B. Accurate information and timeliness requirements
Information entered in the ARMS system is not always complete or entered in a timely manner, which impacts the Associate Director of Athletics – Compliance's ability to provide oversight of recruiting activities and the ability of the continuous monitoring capability to identify issues.

Recommendations:

1. Develop a formal procedure whereby coaches are required to request necessary Tracer profile information of prospective transfer student-athletes from the Assistant Director of Athletics – Compliance and verify the information received prior to making written offers.

2.A. Monitor the potential violation report in ARMS and take prompt action to review any issues identified.

2.B. Require coaches to enter and update all needed information into ARMS in a complete and timely manner to ensure continuous monitoring capabilities can be utilized.

Statuses:

1. **In Progress –** Procedures to proactively identify compliance issues were developed and implemented in January 2024.

2.A. **Implemented –** With the hiring of the new Assistant Director of Athletics Compliance in October 2023, the potential violation report has been monitored and issues resolved in a timely manner.

2.B. **In Progress –** Additional rules education was completed, but additional follow-up and policy is still needed. Casey Hunt, Senior Associate Athletic Director & SWA stated she has plans to work on this through spring 2024 with full implementation anticipated in the fall.