

**BOARD OF TRUSTEES  
AUDIT SUBCOMMITTEE  
John R. Jakubek, Chair  
Leonard D. Schiavone, Vice Chair  
David C. Deibel  
Harry Meshel  
Joshua M. Prest  
Sudershan K. Garg, Ex-Officio  
Cynthia E. Anderson, Ex-Officio**

**Tuesday, September 18, 2012  
2:00 p.m. or immediately following  
previous meeting**

**Tod Hall  
Board Meeting Room**

**AGENDA**

- A. Disposition of Minutes for Meetings Held June 7, 2011; and June 5, 2012**
- B. Old Business**
- C. Subcommittee Item**

- 1. Discussion Item**

- a. Report of Internal Auditors, Packer Thomas**

- Packer Thomas will provide an update on work in progress, Continuous Monitoring Reports on Payroll and Purchasing and a quarterly report of services. Packer Thomas will also present an update on the Early Retirement Incentive Program (ERIP). Phil Dennison and Nicole Ferraro will report.

**Tab 1**

- D. New Business**
- E. Adjournment**



**CONTINUOUS MONITORING -  
PAYROLL  
INTERNAL AUDIT REPORT**

*July 19, 2012*

DISTRIBUTION

Audit Subcommittee: Dr. John Jakubek  
Atty. Leonard Schiavone  
Mr. David Deibel  
Mr. Harry Meshel  
Mr. Joshua Prest

Chairman of the  
Board of Trustees: Dr. Sudershan Garg

Management: Dr. Cynthia Anderson  
Mr. Eugene Grilli  
Ms. Katrena Davidson  
Ms. Lisa Reichert



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# YOUNGSTOWN STATE UNIVERSITY

## **CONTINUOUS MONITORING - PAYROLL INTERNAL AUDIT REPORT**

### CONTENTS

Cover Letter

Overview and Summary of Results

Attachment A



“In the long run, if you don’t put ethics before profits,  
there won’t be a long-run.”



# PACKER · THOMAS

Certified Public Accountants & Business Consultants

Youngstown State University  
One University Plaza  
Youngstown, Ohio 44555

The results of our continuous monitoring of the payroll process for the three month period ending June 30, 2012 are attached for your review. We have reviewed all of the results of this monitoring with management.

*Packer Thomas*

PACKER THOMAS  
July 19, 2012

6601 Westford Place  
Suite 101  
Canfield, Ohio  
44514

330-533-9777  
1-800-943-4278  
Fax: 330-533-1734  
[www.packerthomas.com](http://www.packerthomas.com)



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**Youngstown State University  
Continuous Monitoring - Payroll  
For the period covering 4/1/12-6/30/12**

The goal of continuous monitoring is to provide greater transparency of the operations of the University and a more timely evaluation of operations for management and the Board of Trustees. Our continuous monitoring process consists of the analysis of information from the University’s system, processes, transactions, and controls. The timely analysis of this information helps to ensure compliance with policies and procedures and identify trends that may need to be addressed. In many cases, continuous monitoring can act as an early warning to detect control failure.

These analyses are intended to provide trends in operational controls between regularly scheduled internal audits. These trends are then reviewed by management in order for them to determine whether or not the results need to be investigated further. Continuous monitoring is not intended to replace normal internal audit procedures which are more in-depth and include inquiries, walkthroughs, and specific testing conducted on various sample sizes. However we have listed below the results of our procedures.

	PROCEDURES	RESULT
1.)	Duplicate check numbers	
2.)	Duplicate direct deposit numbers	
3.)	Duplicate back account numbers	
4.)	Excessive regular hours worked	
5.)	Excessive overtime hours worked	Refer to Attachment A for analysis of overtime by department by quarter since the 4th quarter of fiscal year 2010.
6.)	Terminated employees receiving payment after termination	
7.)	Employees who have changed their own employee records in the system	

	Items identified do not require further investigation per management
	Exception(s) found in testing



“In the long run, if you don’t put ethics before profits, there won’t be a long-run.”

**ATTACHMENT A****Cumulative OT Hours Greater than 20 by Quarter  
Quarter ended June 30, 2012**

	<u>4th Q 2012</u>	<u>3rd Q 2012</u>	<u>2nd Q 2012</u>	<u>1st Q 2012</u>	<u>4th Q 2011</u>	<u>3rd Q 2011</u>	<u>2nd Q 2011</u>	<u>1st Q 2011</u>	<u>4th Q 2010</u>
<b>Facilities Maintenance</b>	2,271.69	2,451.34		15,248.26	13,918.24	13,814.71	16,714.50	19,654.51	2,643.19
<b>Police Department</b>	1,343.76	6,880.11	12,620.33	16,701.69	7,820.89	4,297.06	12,897.73	18,013.58	9,456.81
<b>Parking</b>		1,465.70	3,140.46	1,494.99			715.68		
<b>Admin Assistants</b>				1,766.48				567.92	
<b>Account Clerk</b>							1,091.52		
<b>Network Services</b>							6,691.20	22,773.90	9,259.93
<b>University Development</b>								6,331.88	4,448.45





**CONTINUOUS MONITORING -  
PURCHASING  
INTERNAL AUDIT REPORT**

*July 19, 2012*

DISTRIBUTION

Audit Subcommittee: Dr. John Jakubek  
Atty. Leonard Schiavone  
Mr. David Deibel  
Mr. Harry Meshel  
Mr. Joshua Prest

Chairman of the  
Board of Trustees: Dr. Sudershan Garg

Management: Dr. Cynthia Anderson  
Mr. Eugene Grilli  
Ms. Katrena Davidson  
Mr. William Wheelock



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# YOUNGSTOWN STATE UNIVERSITY

## **CONTINUOUS MONITORING - PURCHASING INTERNAL AUDIT REPORT**

### CONTENTS

Cover Letter

Overview and Summary of Results



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# PACKER · THOMAS

Certified Public Accountants & Business Consultants

Youngstown State University  
One University Plaza  
Youngstown, Ohio 44555

The results of our continuous monitoring of the purchasing process for the three month period ending June 30, 2012 are attached for your review. We have reviewed the results of this monitoring with management.

*Packer Thomas*

PACKER THOMAS  
July 19, 2012

6601 Westford Place  
Suite 101  
Canfield, Ohio  
44406

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**Youngstown State University**  
**Continuous Monitoring - Purchasing**  
**For the period covering 4/1/12-6/30/12**

The goal of continuous monitoring is to provide greater transparency of the operations of the University and a more timely evaluation of operations for management and the Board of Trustees. Our continuous monitoring process will consist of the analysis of information from the University's system, processes, transactions, and controls. The timely analysis of this information helps to ensure compliance with policies and procedures and identify trends that may need to be addressed. In many cases, continuous monitoring can act as an early warning to detect control failure.

These analyses are intended to provide trends in operational controls between regularly scheduled internal audits. These trends are then reviewed by management in order for them to determine whether or not the results need to be investigated further. Continuous monitoring is not intended to replace normal internal audit procedures which are more in-depth and include inquiries, walkthroughs, and specific testing conducted on various sample sizes. However we have listed below the results of our procedures.

	PROCEDURES	RESULT
<b>Purchase Order and Pcard</b>		
1.)	Purchase orders missing from sequential order	
2.)	Purchase orders generated on weekends	
3.)	Duplicate purchase order numbers	
4.)	Purchase orders just below authorization amount	
5.)	Trending of vendors with increases/decreases in activity of 100% or greater	
6.)	Vendors with same address as employee	
7.)	Duplicate invoices paid	
8.)	Single transaction split to circumvent approval for both PO and Pcard	
<b>Vendor Master List</b>		
9.)	No vendor address	
10.)	Vendors with same address as employee	
11.)	Unauthorized users making changes to the vendor master list	

	Items identified do not require further investigation per management
	Exception(s) found in testing



"In the long run, if you don't put ethics before profits, there won't be a long-run."



# PACKER THOMAS

Certified Public Accountants & Business Consultants

**Youngstown State University**  
Internal Audit- Packer Thomas  
Internal audit contract year 2011-2012

Summary of hours through August, 2012

6601 Westford Place  
Suite 101  
Canfield, Ohio  
44406-7005

330-533-9777  
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Fax: 330-533-1734

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Internal audit project	Hours through August 2012	Status of project
Human Resources	534	Completed
Facilities	524	Completed
Athletics	347	Completed
Continuous Monitoring	132	Continuous
Risk Assessment, Board Meetings, ERIP, misc.	322	Continuous
<b>Total hours to date</b>	<b>1859</b>	

Total contract	\$	220,000
Rollover from FY11	\$	7,921
Services to date	\$	227,689
Contract closed	\$	<u>232</u>

**PROVEN TRUE.**

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Certified Public Accountants & Business Consultants

**Youngstown State University**  
Internal Audit- Packer Thomas  
Internal audit contract year 2012-2013

Summary of hours through August, 2012

6601 Westford Place  
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Internal audit project	Hours through August 2012	Status of project
Accounts payable	67	15% complete
Student affairs	6	
Student accounts	227	40% complete
Continuous monitoring	0	Continuous
Risk Assessment, Board Meetings, ERIP, misc.	36	Continuous
<b>Total hours to date</b>	<b>336</b>	

Total contract                   \$                   226,000

Services to date                   \$                   40,489

Contract remaining                                 \$                   185,511

**PROVEN TRUE.**



**ERIP Fund 121009 for the 2011 ERIP  
Cumulative General Ledger Activity From January 1, 2011 to June 30, 2012**

	<u>Start Up Funding</u>	<u>One Time Savings</u>	<u>Base Savings</u>	<u>Payments to OPERS</u>	<u>1/2 Sick Payouts</u>	<u>Fund Balance</u>
Beginning balance 1-1-11	\$1,592,820.38					
Close certain designated funds:						
Academic Alliance	6,556.34					
Community College Initiative	3,754.10					
Centennial Campaign	2,164.22					
Recruitment/Promotion	42,118.89					
Cash payouts				(\$1,267,156.29)	(\$27,126.87)	
FY11 savings		\$171,357.00				
Year end accruals at 6-30-11				(1,843,095.71)	(211,696.13)	
<b>Balance at 6-30-11</b>	<b>\$1,647,413.93</b>	<b>\$171,357.00</b>	<b>\$0.00</b>	<b>(\$3,110,252.00)</b>	<b>(\$238,823.00)</b>	<b>(\$1,530,304.07)</b>
Reverse FY11 accruals				\$1,843,095.71	\$211,696.13	
FY12 1st quarter		\$543,380.00	\$1,504,869.00	(1,537,863.65)	(156,074.81)	
FY12 2nd quarter		681,198.00	29,069.00	(720,792.96)	(62,356.98)	
FY12 3rd quarter		900,665.00	306,120.00	(418,149.67)	(74,150.38)	
FY12 4th quarter		846,348.00	(11,105.00)	0.00	(17,560.81)	
<b>Cumulative Bal at 6-30-12</b>	<b>\$1,647,413.93</b>	<b>\$3,142,948.00</b>	<b>\$1,828,953.00</b>	<b>(\$3,943,962.57)</b>	<b>(\$337,269.85)</b>	<b>\$2,338,082.51</b>

Definitions:

Base Savings - difference between the retiree's actual salary and pay grade minimum (or replacement's salary).

One-Time Savings - based on the minimum annual salary and accrues as long as the position remains vacant.