

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

Tab 1

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.
- D. New Business
- E. Adjournment



CONTINUOUS MONITORING PAYROLL INTERNAL AUDIT REPORT

July 19, 2012

DISTRIBUTION

Audit Subcommittee: Dr. John Jakubek

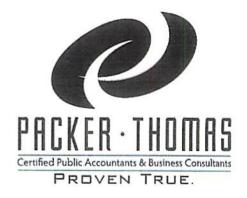
Atty. Leonard Schiavone Mr. David Deibel Mr. Harry Meshel Mr. Joshua Prest

Chairman of the

Board of Trustees: Dr. Sudershan Garg

Management: Dr. Cynthia Anderson

Mr. Eugene Grilli Ms. Katrena Davidson Ms. Lisa Reichert





YOUNGSTOWN STATE UNIVERSITY

CONTINUOUS MONITORING - PAYROLL INTERNAL AUDIT REPORT

CONTENTS

Cover Letter

Overview and Summary of Results

Attachment A







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 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







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	

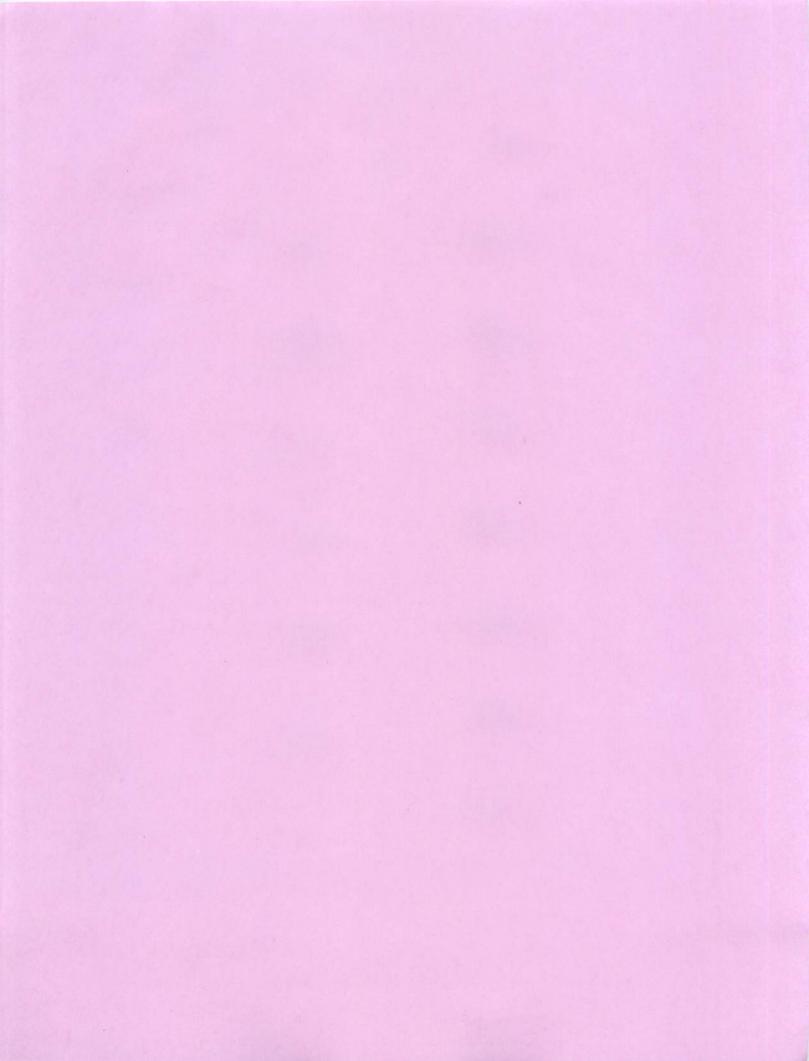
Items identified do not require further investigation per management Exception(s) found in testing





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

	4th Q 2012	3rd Q 2012	2nd Q 2012	1st Q 2012	4th Q 2011	3rd Q 2011	2nd Q 2011	1st Q 2011	4th Q 2010
Facilities Maintenance	2,271.69	2,451.34		15,248.26	13,918.24	13,814.71	16,714.50	19,654.51	2,643.19
Police Department	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
Parking		1,465.70	3,140.46	1,494.99			715.68		
Admin Assistants				1,766.48				567.92	
Account Clerk							1,091.52		
Network Services							6,691.20	22,773.90	9,259.93
University Development							·	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





YOUNGSTOWN STATE UNIVERSITY

CONTINUOUS MONITORING - PURCHASING INTERNAL AUDIT REPORT

CONTENTS

Cover Letter

Overview and Summary of Results







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 July 19, 2012 Suite 101 Canfield, Ohio 44406

6601 Westford Place

330-533-9777 1-800-943-4278 Fax: 330-533-1734 www.packerthomas.com







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.

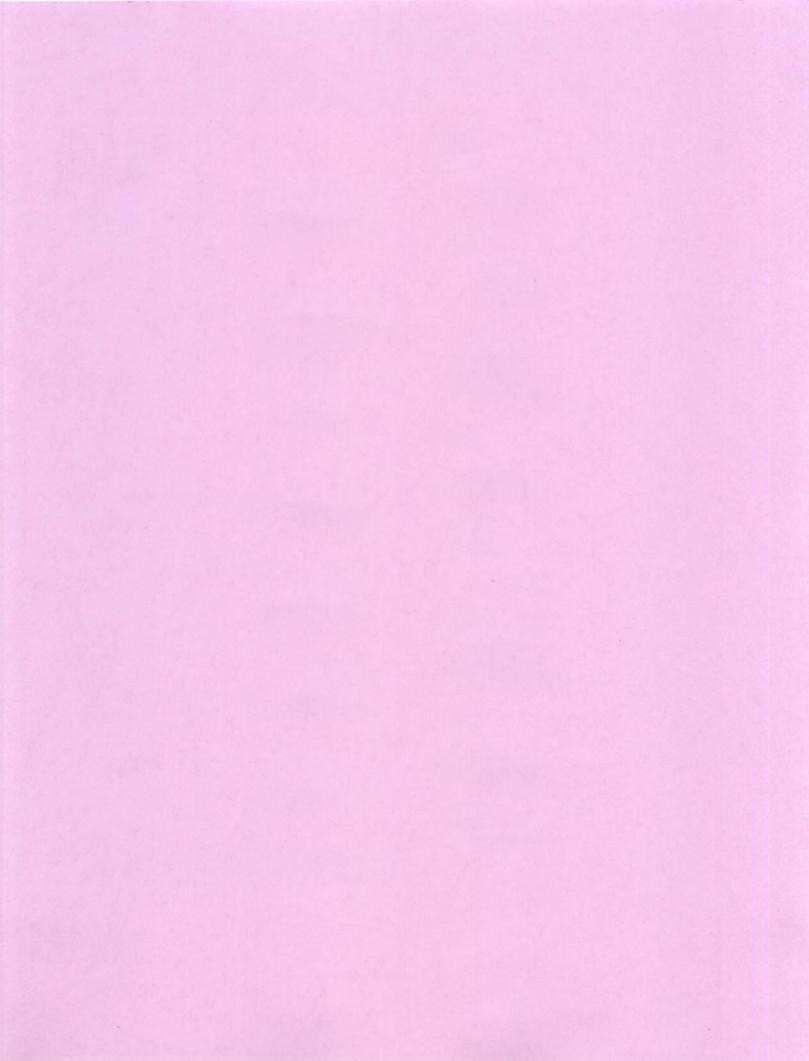
These analyses are intended to provide trends in operational controls between regularly scheduled internal audits. These trends are then reviewed by management in order for them to determine whether or not the results need to be investigated further. Continuous monitoring is not intended to replace normal 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
	Purchase Order and Pcard	
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	
	Vendor Master List	
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







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 1-800-943-4278 Fax: 330-533-1734

www.packerthomas.com

	Hours through August	
Internal audit project	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
Total hours to date	1859	

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

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Youngstown State University

Internal Audit- Packer Thomas Internal audit contract year 2012-2013

Summary of hours through August, 2012

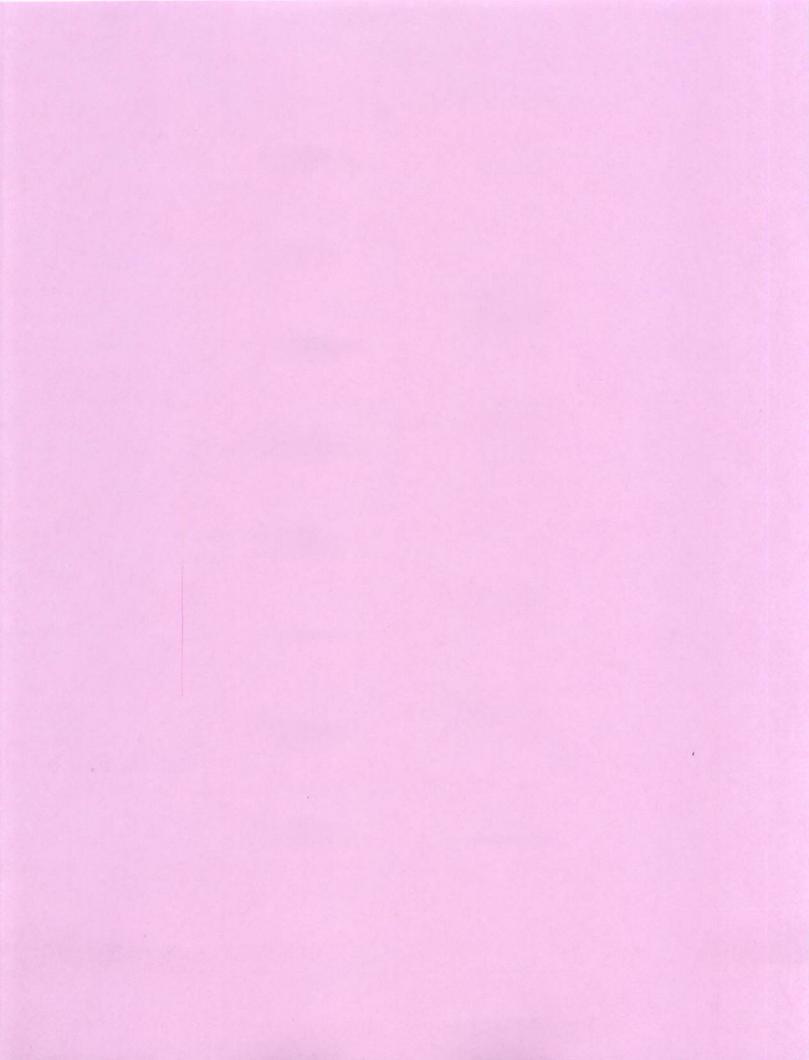
6601 Westford Place Suite 101 Canfield, Ohio 44406-7005

330-533-9777 1-800-943-4278 Fax: 330-533-1734

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Internal audit project	Hours through August 2012	Status of project
Assessed a quality	67	450/ 22-201040
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
Total hours to date	336	1

Total contract	\$ 226,000
Services to date	\$ 40,489
Contract remaining	\$ 185,511



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

	Start Up Funding	One Time Savings	Base Savings	Payments to OPERS	1/2 Sick Payouts	Fund Balance
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)	
Balance at 6-30-11	\$1,647,413.93	\$171,357.00	\$0.00	(\$3,110,252.00)	(\$238,823.00)	(\$1,530,304.07)
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)	
Cumulative Bal at 6-30-12	\$1 647 413 93	\$3 142 948 00	\$1 828 953 00	(\$3 943 962 57)	(\$337 269 85)	\$2,338,082,51
Cumulative Bal at 6-30-12	\$1,647,413.93	\$3,142,948.00	\$1,828,953.00	(\$3,943,962.57)	(\$337,269.85)	\$2,338,082.51

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.