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**Thursday, February 20, 2014
2:00 p.m. or immediately following
previous meeting**

**Tod Hall
Board Meeting Room**

AGENDA

- A. Disposition of Minutes for Meeting Held December 12, 2013**
- B. Old Business**
- C. Subcommittee Item**
 - 1. Discussion Items**
 - a. Internal Audit Report of Procurement Card and Business Related Expenses** **Tab 1**
Packer Thomas will report.
 - b. Internal Audit Report of Grants** **Tab 2**
Packer Thomas will report.
 - c. Internal Audit Report of Information Technology General Controls Review** **Tab 3**
Packer Thomas will report.
 - d. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*** **Tab 4**
Katrena Davidson, Controller, will report.
 - e. Executive Summaries for Strategic Plan Cornerstones** **Tab 5**
Cornerstone Chairs: Evans, Fahey, Grilli and Khawaja, will report.
 - f. Strategic Plan Cornerstone Update** **Tab 6**
Scott Evans, Vice President for University Advancement, will present a progress report on the Regional Engagement initiatives.

D. New Business

E. Adjournment

AGENDA ITEM: C.1.a.

AGENDA TOPIC: Internal Audit Report of Procurement Card and Business Related Expenses

CONTACT(S): Representatives from Packer Thomas

BACKGROUND: An audit of the procurement card and business related expense processes for various periods through 2013, was recently completed by Packer Thomas.

SUMMARY AND ANALYSIS: As we discussed at our last audit subcommittee meeting there was fraud involving an employee using a financial manager's procurement card (Pcard). We understand that the employee has been terminated and the financial manager has been suspended from use of his Pcard. Per your request at our last meeting, we have put on our schedule in April to conduct a follow-up audit of the disciplinary actions for Pcard violators.

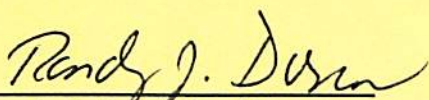
As evidenced in our January 2013 internal audit of accounts payable, there are still many infractions involving the use of the Pcard. These infractions include unallowable purchases, failure to provide receipts, failure to perform the review of the charges, and untimely submitting of support. Stricter and more robust disciplinary actions need to continue to be enforced.

We also mentioned at our last meeting that small equipment purchases, such as iPads, are not inventoried. The University's capitalization policy does not require purchases under \$5,000 to be capitalized; however, small equipment should be inventoried. Without proper documentation of small equipment, the risk increases of misappropriation of University owned property. Small equipment should be inventoried and the list maintained similar to the fixed asset listing. This list should then be referred to upon an employee's termination/retirement so that the equipment is properly retrieved since it is University property.

Consideration should be given to implementing an ethics hotline. Ethics hotlines also called whistleblower hotlines allow for a more ethically sound workplace. These hotlines are an effective tool to combat fraud and abuse of funds. By the time an employee blows the whistle on someone a lot of damage to the university has already occurred. Therefore, not only is it important to have a whistleblower hotline but the message should be that fraud detection and prevention must be a part of each employee's job and that early reporting is key.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:


Randy J. Dunn, President



**PROCUREMENT CARD AND
BUSINESS RELATED
EXPENSES
INTERNAL AUDIT REPORT**

November 18, 2013

DISTRIBUTION

Audit Subcommittee: Mr. Leonard D. Schiavone, Chair
Mr. David C. Deibel, Vice Chair
Mr. James B. Greene
Dr. John R. Jakubek

Chairman of the Board of Trustees: Dr. Sudershan K. Garg

Management: Dr. Randy Dunn
Mr. Eugene Grilli
Ms. Katrena Davidson
Mr. William Wheelock



YOUNGSTOWN STATE UNIVERSITY

PROCUREMENT CARD AND BUSINESS RELATED EXPENSES INTERNAL AUDIT REPORT

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Youngstown State University
One University Plaza
Youngstown, Ohio 44555

This report summarizes the results of our internal audit of the procurement card and business related expenses processes. Please review this report. If you have any questions, please call us at (330) 533-9777.

Management has provided their responses to our findings and those responses are included within this report.

We wish to thank the various University staff that we interviewed for this audit as well as the staff of the Purchasing department and the Controller's office for the cooperation that was extended to us during the course of this audit.

PACKER THOMAS
November 18, 2013

6601 Westford Place
Suite 101
Canfield, OH
44406

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



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there won't be a long-run."

OVERVIEW

An audit of the procurement card and business related expense processes for various periods through 2013, was recently completed by Packer Thomas. Our procedures were performed as a result of the internal audit risk assessment which was approved by the Audit Subcommittee

The objectives of our audit were as follows:

- Review current procedures to determine the adequacy of the internal controls
- Determine the effectiveness and efficiency of operations
- Determine compliance with applicable laws, regulations, policies, procedures and other established guidelines
- Review samples of transactions for accuracy and appropriateness.

Our consideration of internal controls involved assessing the effectiveness and existence of proper internal controls for the following:

- Management oversight
- Segregation of duties
- Safeguarding of assets
- Reconciliations
- Authorizations
- Document retention

The procedures performed during our internal audit included interviews with procurement card holders, Purchasing Department and Controller's office personnel as well as walkthroughs, and specific testing conducted on various sample sizes. Therefore, our consideration of internal control would not necessarily identify all deficiencies in internal control. However, we have listed below the summary of our findings in three separate categories (as applicable): those that we consider to be issues that require immediate action by management, those that need a timely remedy, and those items for consideration by management based on best practices.

AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING IMMEDIATE ACTION

1. Purchases were made for three books totaling \$1,083.98. Our testing revealed that the estimated cost for these books should have been only \$340. Upon further investigation, it was determined that an employee was committing fraud. In addition to this book purchase, there were other fraudulent purchases made of which a total amount has not yet been determined. University police are conducting an investigation. The purchases were made by an employee that was not the actual cardholder but an assistant to the cardholder. The cardholder, who was also the financial manager, did not follow the University's preventative controls which disallow cardholders to authorize others to use their card and requires supervisory or financial manager review of all purchases. The lack of a proper review of procurement card transactions by the cardholder and the noncompliance with University policy of not allowing others to use your card allowed for the fraud to occur and to go undetected for a period of time.

As a result of our accounts payable internal audit dated January 10, 2013, the Controller's office has properly put in place controls to assist in preventing and detecting fraud; however, if employees do not



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follow the required procedures then there is an increased risk of fraud. The Controller's office should be commended for the procedures they have implemented which helped to uncover this fraud. We suggest an audit rotation that includes all cardholders to be audited every twelve to eighteen months on a surprise basis. These audits should incorporate testing for the reasonableness of the expense. Procurement card holders need to be reminded of the importance of following the University's policies and procedures. Cardholders should be informed of the details of this fraud in order to demonstrate how the required policies and procedures would have prevented this fraud from occurring. Additionally, the Board requested that Internal Audit perform follow up audits on the disciplinary actions that the Controller's office is performing against offenders of the procurement card policies. These audits will be performed in the Spring of 2014.

MANAGEMENT RESPONSE

Through the use of accounting interns, all cardholder's statements and forms are being reviewed by the Controller's Office each month for compliance, which includes a review for reasonableness of expenses. The Auditing Process is documented in the Payment Card (PCard) Guidelines that became effective November 2013.

A memo from the Vice President for Finance and Administration was distributed campus wide on November 22, 2013 to communicate areas of continued non-compliance, cardholder and supervisor/financial manager responsibilities and consequences for non-compliance. The memo mentioned that there was an abuse that is currently the subject of an ongoing investigation and emphasized critical internal control procedures designed to prevent and identify potential misappropriation of funds.

- 2. We noted instances of unallowable purchases on the procurement cards. The infractions include the purchases of hazardous materials. The commercial card guidelines prohibit the use of the procurement card to purchase hazardous materials.

Any improper use of the procurement card should result in disciplinary actions as stated in the commercial card procedures manual and personnel who do not comply with the policies should lose their procurement card privileges.

MANAGEMENT RESPONSE

Hazardous material purchases are required to be made by purchase order rather than PCard because controls are in place in the purchasing system to ensure that any hazardous materials purchased are shipped to the Chemical Management Center for compliance monitoring. The transactions were not a misappropriation of funds and although the purchases did not follow proper procedure, they were appropriately shipped to the Chemical Management Center. The department that made the purchases is now using a contracted supplier through the purchasing system for this type of purchase.

- 3. By various card holders' own admissions and by our testing of various transactions, it was noted that procurement cards are frequently used by someone other than the approved card holder. As specifically stated in the card holder agreements, procurement cards are not to be shared between cardholders. Each card holder has certain limits that are pertinent to them and the card they hold. Using another card



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holder's card results in circumventing management controls and increases the risk of unauthorized transactions.

Any improper use of the procurement card should result in disciplinary actions as stated in the commercial card procedures manual.

MANAGEMENT RESPONSE

A memo from the Vice President for Finance and Administration was distributed campus wide on November 22, 2013 to communicate areas of continued non-compliance, cardholder and supervisor/financial manager responsibilities and consequences for non-compliance. Cardholders are allowing their cards to be used as "Office Cards" or Department Cards" was listed as an example of non-compliance noted during recent audits. In addition, on December 1, 2013, a second communication was distributed to all cardholders to specifically address the sharing of PCards, including re-emphasizing that cardholders **MUST NOT** share their card number with any other person and that per the cardholder agreement, "The only person entitled to use your card is YOU. The card is not transferable and may be used by the cardholder only." Cardholders were also directed to have their card replaced ASAP if they have shared their card.

4. We noted in our January 2013 internal audit report of accounts payable that many financial managers are not adhering to the University's procurement card policy and this is still occurring. Infractions include failure to remit original receipts, failure to perform their review and failure to submit the supporting receipts by the required due date. This increases the risk of fraud and adversely affects the efficiencies of the Controller's office personnel who are in charge of collecting and reviewing these reports.

As a result, the Controller's office has implemented stricter disciplinary actions to ensure compliance with University policy. In addition to other recommendations we have already made within, if purchases are made without proper documentation, continued enforcement of the written disciplinary actions should occur.

MANAGEMENT RESPONSE

A memo from the Vice President for Finance and Administration was distributed campus wide on November 22, 2013 to communicate areas of continued non-compliance, cardholder and supervisor/financial manager responsibilities and consequences for non-compliance. Stricter disciplinary actions were incorporated into the Payment Card (PCard) Guidelines, which was revised November 2013, and includes

- Cardholder privileges are subject to a minimum 30 day suspension for failure to comply with monthly deadlines for online reconciliation, statement review and submission, failure to comply with audit requests by specified date and for multiple violations.
- Suspended cardholders are not reinstated until they come into compliance and receive targeted mandatory retraining and are approved by Procurement Services.
- Disciplinary action up to and including personal financial liability, card cancellation, termination of employment and criminal prosecution may be taken for non-compliance.

5. Small equipment purchases, such as iPads, are not inventoried. The University's capitalization policy does not require purchases under \$5,000 to be capitalized; however, small equipment should be



inventoried. Without proper documentation of small equipment, the risk increases of misappropriation of University owned property.

Small equipment should be inventoried and the list maintained similar to the fixed asset listing. This list should then be referred to upon an employee's termination/retirement so that the equipment is properly retrieved since it is University property.

MANAGEMENT RESPONSE

Tracking of small equipment under the capitalization threshold is the responsibility of the Financial Manager. The Controller's Office will remind financial managers that it is their responsibility to track small equipment including retrieval from employees upon separation from their department. Additionally, upon termination, employees are prompted to complete The Employee Exit Survey which includes the following statement: REMINDER: All YSU property including keys, ID cards, parking tags and access cards, computer equipment, cell phone pagers, tools, etc. must be returned by your last day worked.

AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING A TIMELY REMEDY

1. Many financial managers are not adhering to the University's business related expense (BRE) policy. Infractions include failure to remit the required documentation, failure to remit and fully complete the required BRE form and amounts exceeding the allowed per meal limits. This adversely affects the efficiencies of the personnel who are in charge of collecting these reports and reviewing them. Without the proper documentation, there is risk that the expenses could be viewed as pertaining to unrelated business activity since the support for demonstrating how the expense relates to the university's mission is not documented properly.

Written disciplinary actions should be strictly enforced. In addition, consideration should be given to requiring sign in sheets at various business related events so as to properly document the attendees. This could also serve as a form of evaluation of the event; higher attendance typically means greater cost benefit.

MANAGEMENT RESPONSE

Through the use of accounting interns, cardholder's statements and BRE forms are being reviewed by the Controller's Office each month for compliance with the Payment Card (PCard) Guidelines and the BRE Expense Guidelines. Instances of non-compliance are being tracked and monitored and appropriate action taken. The Auditing Process and Card Discipline Process is documented in the Payment (PCard) Guidelines that became effective November 2013. Sign-in sheets are utilized where feasible.

2. Procedures do not exist to verify that deposits made for conferences/events are refunded or applied appropriately. Due to the nature of the volume of transactions that occur using the procurement card and business related expenses, it makes it difficult to reconcile deposits made just from memory alone. For



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instance, in one of samples there were four transactions out of a total of thirty- three tested that were deposits for various conferences and events. In addition, we noted a refund for a deposit. We were; however, unable to verify that the amount of the refund was accurate in the amount of \$3,285 due to the lack of documentation. The lack of procedures relating to deposits increases the risk of misappropriation of University funds and overpayment to vendors.

In order to tighten controls over deposits, a list of deposits made should be maintained and then follow up documentation should be required after the event has occurred in order to verify the deposit was properly applied and or properly refunded if the reservation was cancelled.

MANAGEMENT RESPONSE

Financial Managers are responsible to ensure that funds are being expended appropriately. The Controller’s Office will add an audit step that when a deposit exists to make sure that deposits made for conferences/events are refunded or applied appropriately.

BEST PRACTICES

1. Ethics hotlines also called whistleblower hotlines allow for a more ethically sound workplace. These hotlines are an effective tool to combat fraud and abuse of funds. By the time an employee blows the whistle on someone a lot of damage to the university has already occurred. Therefore, not only is it important to have a whistleblower hotline but the message should be that fraud detection and prevention must be a part of each employee’s job and that early reporting is key.

2. Various cardholders and financial managers have questions regarding the guidelines of Procurement cards for their specific departments. Along with creating a “procurement card frequently asked questions” on the YSU website (as mentioned in our January, 2013 accounts payable internal audit report), a ‘beyond basic’ retraining with the cardholders and financial managers may help reduce questions and noncompliance issues. The majority of the cardholders we interviewed do not have a good understanding as to the reasoning behind the written rules and guidelines. Explaining the necessity of the guidelines and what could go wrong if they are not followed may help encourage cardholders to be more diligent in their compliance. Additionally, the Board requested that an Ethics element be included in future cardholder training.



AGENDA ITEM: C.1.b.

AGENDA TOPIC: Internal Audit Report of Grants

CONTACT(S): Representatives from Packer Thomas

BACKGROUND: An audit of grants for the period of July 1, 2011 through June 30, 2013, was recently completed by Packer Thomas.

SUMMARY AND ANALYSIS: Due to the fact that the external auditors included in their audit all of the federal grants, we focused our audit on all other grants.

In performing our audit we discussed the Youngstown State University Research Foundation. We understand that it is in its infancy stage but there appears to be no real direction or vision for the Foundation. The past two years of revenue was less than \$18,000. When considering it's purpose please make sure to understand the affect it may have on the SB6 ratios if grant money is awarded to the Foundation versus YSU. Additionally, there is no segregation of duties with the Foundation. There is one person handling everything and this increases the risk for misappropriation of assets.

We already informed management of an incorrect invoice that overcharged the University by over \$2,000. Staff are in the process of contacting the vendor for a refund. Invoices should be checked for mathematical accuracy.

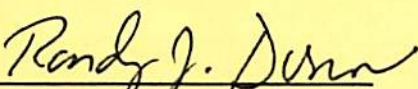
Closing out of grants is not being done timely. One grant we noted that had an expense charged to it after the grant end period fortunately was a fixed fee grant so not issues resulted.

In times of budgets shortfalls, grant writing is even more important. The annual report prepared by the School of Graduate Studies and Research shows that grants awarded have declined significantly in the past three years. In FY 2011, grants awarded were \$8,684,702 and in FY 2013 grants awarded were \$3,533,670. This decline supports the concept that more employees need to be submitting proposals for grants.

Overall, there can be greater efficiency and control with the implementation of a grants management program. The current process is very manual and time consuming. Several levels of approval contribute to the time lag.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:


Randy J. Dunn, President



**GRANTS
INTERNAL AUDIT REPORT**

January 2, 2014

DISTRIBUTION

Audit Subcommittee: Mr. Leonard D. Schiavone, Chair
Mr. David C. Deibel, Vice Chair
Mr. James B. Greene
Dr. John R. Jakubek

Chairman of the Board of Trustees: Dr. Sudershan K. Garg

Management: Dr. Randy Dunn
Mr. Eugene Grilli
Ms. Katrena Davidson
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Dr. Scott Martin
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YOUNGSTOWN STATE UNIVERSITY

GRANTS INTERNAL AUDIT REPORT

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Youngstown State University
One University Plaza
Youngstown, Ohio 44555

This report summarizes the results of our examination of grants for the period July 1, 2011 through June 30, 2013. Please review this report and if you have any questions please call us at (330) 533-9777.

Management has provided their responses to our findings and those responses are included within this report.

We wish to thank the various Principal Investigators we interviewed as well as the staff of the Grants and Sponsored Programs department and the Controller's Office for the cooperation that was extended to us during the course of this audit.

PACKER THOMAS
January 2, 2014

6601 Westford Place
Suite 101
Canfield, OH
44406

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



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OVERVIEW

An audit of grants for the period of July 1, 2011 through June 30, 2013, was recently completed by Packer Thomas. Our procedures were performed as a result of the internal audit risk assessment which was approved by the Audit Subcommittee.

Independent third parties perform audits and/or reviews on various areas of certain grants. In an effort to avoid duplication of efforts, we included, in the scope of our audit, areas that we believe were not already reviewed by those third parties or areas that we believe, based on our risk assessment, should be included in our audit. Federal grants are audited as part of the external annual audit conducted by Crowe Horwath LLP. Accordingly, the scope of our audit focused on examining adherence to the University's policies and procedures in relation state, local, and private grants. It was noted that for the 2 year period under audit, state, local, and private grants accounted for approximately 40% of all grants.

The objectives of our audit were as follows:

- Review current procedures to determine the adequacy of the internal controls
- Determine the effectiveness and efficiency of operations
- Determine compliance with applicable laws, regulations, policies, procedures and other established guidelines
- Review samples of transactions for accuracy and appropriateness as they relate to direct and indirect costs, billings, grant reports, and matching/cost sharing.

Our consideration of internal controls involved assessing the effectiveness and existence of proper internal controls for the following:

- Management oversight
- Segregation of duties
- Safeguarding of assets
- Reconciliations
- Authorizations
- Document retention

The procedures performed during our internal audit included interviews of Principal Investigators of various grants as well as with personnel in the departments of Grants and Sponsored Programs and the Controller's office. Additionally, we performed walkthroughs, and specific testing conducted on various sample sizes. Therefore, our consideration of internal control would not necessarily identify all deficiencies in internal control. However, we have listed below the summary of our findings in three separate categories (as applicable): those that we consider to be issues that require immediate action by management, those that need a timely remedy, and those items for consideration by management based on best practices.



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AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING IMMEDIATE ACTION

1. There is a lack of segregation of duties within the YSU Research Foundation (YSURF). Currently, all accounting and operating functions are conducted by one individual. Proper segregation of duties is not always possible in small organizations such is the case at YSURF, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud.

Since the YSURF is in its infancy stage, it may not be appropriate to hire additional staff. We would suggest; however, that at a minimum, the bank statement be reconciled by someone other than the sole YSURF staff and that invoices be approved by the YSURF staff's supervisor. This adds a layer of oversight to help reduce the fraud risks associated with improper segregation of duties.

MANAGEMENT RESPONSE

The YSURF President will bring the recommendation to the attention of the YSURF Board and will provide a follow-up response to the University.

2. We noted an invoice that was mathematically incorrect which resulted in the University being overcharged by \$2,096.

We have informed the Controller's office of the overpayment and suggested that they contact the vendor in order to request a refund for the overpayment. Additionally, invoices should be checked for mathematical accuracy prior to payment in order to reduce the risk of overpayments.

MANAGEMENT RESPONSE

Procurement Services sent a request for refund to the vendor. As a standard procedure, accounts payable does perform mathematical checks prior to payment of invoices. In this particular case, the error occurred in the body/text of the invoice, not the billing column.

3. We noted an expense that was charged to a grant fund after the grant period ended. The grant was not closed in a timely manner which allowed the expense to be charged to the grant fund. Fortunately, the grant in question was a fixed fee grant so the error did not result in overcharging the grantor. Improper closing of grants increases the risk of unallowable costs being charged to a granting agency.

A proper close-out procedure should be implemented in order to ensure timely close outs of grants at the grant period end date.

MANAGEMENT RESPONSE

More timely close out is expected since the filling of the vacant Grants Coordinator position in the Controller's Office in July 2013. Current policy requires the final close-out of a grant within six months of the end of the grant period. System controls are in place to prevent



posting after the six month period. In addition, a spreadsheet identifying grants that need to be closed is maintained and monitored by the Associate Controller. However, in general, untimely close-out has not impacted proper billing of grants.

4. Currently, there are grant files that are maintained on an employee's local computer drive; therefore, it is not accessible to others that may need the grant information. The grants files should be stored on the University's network shared drive with appropriate access restrictions so that designated individuals may have access to the files. This not only allows for greater efficiency but it also results in the data being backed up regularly with the University's normal network backups.

Consideration should be given to using a shared network drive for grant files.

MANAGEMENT RESPONSE

Plans are being developed to store (backup) these grant files on a shared network drive (folder) available to the OGSP as well as the Controller's office. The drive will be limited in its accessibility to the appropriate individuals, with their secured user IDs and passwords.

5. Social security numbers and federal ID numbers appear on commonly used documents such as the graduate assistants renewal form and the non-student billing form. The use of social security numbers on forms that are widely used throughout the University increases the risk that the number will be misappropriated. Identity theft affects as many as 9 million Americans each year. The trend among U.S. businesses over the past several years has been to discontinue the use of social security numbers as personal identifiers.

The University primarily uses an arbitrary number, known as the Banner ID number, as its primary identifier for employees, students and vendors. Documents and forms should be updated to eliminate the use of social security or federal ID numbers and solely use the Banner ID number.

MANAGEMENT RESPONSE

The graduate assistants form was revised in FY2013 to remove the request for social security number (SSN) with the Banner ID.

The Office of Student Accounts and University Receivables has been diligent in eliminating the need for SSN's on any documents used or maintained in the office. In the few incidents that a SSN is used or maintained, the records are kept in filing cabinets in a secure location only accessible to employees. Tax IDs or SSN's are required for new billing vendors. If the billing vendor has a current Banner ID, then a Tax ID or SSN is not needed. The Request for Non-Student Billing form has been updated to only require the Tax ID or SSN if the vendor has no Banner ID.



AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING A TIMELY REMEDY

- 6. Even though the YSURF Research Foundation (YSURF) has a written mission statement, it's core purpose is not well understood. This is evident by the fact that for calendar years 2012 and 2013 it had only \$17,911 in total revenue. A better defined purpose can also help inform grantors, customers, suppliers, employees, and other stakeholders about how they can benefit from dealing with the YSURF. If YSURF's purpose will involve a concentrated effort in obtaining more external funding, it is important to consider how that will impact the University's SB6 ratios.

We suggest that management consider developing a specific strategic direction for the YSURF and communicating it to employees. Developing a strategic direction will require management to perform a thorough analysis of the current grant process and the benefits/detriments of utilizing the YSURF more often. In analyzing whether or not to make a more concentrated effort to better utilizing the YSURF, it is imperative to analyze how it will affect the University's SB6 ratios. We believe this effort can help management better understand and guide the YSURF.

MANAGEMENT RESPONSE

The YSURF President and Board will work with University leadership (President, Provost, and Associate Provost and Dean of Graduate Studies and Research) to clarify the strategic direction and operation of YSURF.

- 7. Currently, there is no formal procedure for monitoring technical report due dates for grants. External funding is such an important ingredient to the success of the Urban Research cornerstone of the strategic mission that it is imperative to properly abide by each grant agreement. We were made aware that technical grant reports have been filed late in the past. The ultimate risk of missing important due dates is the loss of external funding.

We recommend implementing a formal procedure to monitor technical grant due dates. This will ensure that the required grant reports are filed timely per the grant agreements. This may be as simple as a spreadsheet that tracks all the various due dates of each grant or as sophisticated as a software system that is specific to grant management. A cost benefit analysis will help to determine which approach fits best for the University.

MANAGEMENT RESPONSE

An oversight procedure will be implemented by the grants and sponsored programs office to monitor the timely submission of the reports by the Principal Investigator. Non-compliance by the Principal Investigator will be communicated to the appropriate supervisors who will provide and recommend guidance, including disciplinary actions as needed. An accounting intern has been hired to assist in the implementation of the oversight procedure.



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8. Many Principal Investigators questioned the role of the Office of Grants and Sponsored Programs over the grants process. We very much appreciate the candor evidenced in discussions with various staff. This openness and transparency is vital to meeting the requirements of our auditing procedures, as well as to contributing to our overall comfort level with your internal controls and processes. During the course of our audit, it was expressed that principal investigator's often experience roadblocks from the Grants and Sponsored Programs department with obtaining grants instead of receiving assistance with the grants proposal process. When dealing with applying for external funding it is important to have a successful team approach.

A more formal review of the duties assigned to the Office of Grants and Sponsored Programs department should be made in order to determine whether appropriate tasks are being performed by the appropriate persons.

MANAGEMENT RESPONSE

The perception of "roadblocks" in the OGSP may originate from the following:

- Faculty and staff, in some cases, may not be aware of University policies and procedures related to grant applications, despite communication via website and workshops offered every semester during the year.
- Staffing in the office has been somewhat inconsistent the past year. Four different individuals, including the Director of OGSP, have served as the University's Authorized Official for grants and contracts in the past year. In addition, a grants coordinator position was authorized and filled in June 2013, but unfortunately became vacant after a few months.

A request has been initiated to start a new search for a grants coordinator. One of the main goals with this position is to provide better education and service to PI's by increasing outreach efforts including grant submission procedures, budgeting, etc., which should significantly reduce the perception of "roadblocks" in the OGSP.

A search is underway for a new Associate Provost and Dean of Graduate Studies and Research. This individual will restore continuity to supervision of the OGSP. A formal review of duties will be performed at that time.

9. We noted one instance out of thirty where a conflict of interest form for a Principal Investigator was not completed. University Guidebook Number 7001.01 requires all employees authorized to sign for expenditures or involved in making purchasing decisions on behalf of the University to complete one of these forms. Additionally, a conflict of interest in appearance or fact can damage the objectivity and credibility of the principal investigator and the University.

In addition to having financial managers update the conflict of interest form annually, we recommend employees complete a conflict of interest form as part of the process of



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becoming a financial manager. This will ensure employees who become financial managers during the year have a completed form on file.

MANAGEMENT RESPONSE

A new procedure has been implemented to require a new financial manager to complete the Conflict of Interest form as part of the process of becoming a financial manager.

10. The majority of the Principal Investigators we spoke with did not feel that there was a real incentive to write for grants. In times of budgets shortfalls, grant writing is even more important. The annual report prepared by the School of Graduate Studies and Research shows that grants awarded have declined significantly in the past three years. In FY 2011, grants awarded were \$8,684,702 and in FY 2013 grants awarded were \$3,533,670.

The University should explore different alternatives to help increase the number and amount of grants received.

MANAGEMENT RESPONSE

The OGSP plays only a small role in providing incentives for faculty and staff to seek external grants. The primary incentive must come from the vision, goals, and policies established by the University Board of Trustees and administration. First, the faculty must realize that pursuit of external funding is essential in promotion and tenure decisions, and they must be given adequate release time for grant writing. Next, for senior faculty, University policies must reward continued scholarship and grant seeking. To this end, the Board of Trustees Policy 7023.02 on Supplemental Pay from Grants should be reviewed, and revised if possible, to provide the greatest incentive to faculty permissible by law. In addition, the idea of merit pay rewards should be revisited.

Adding a grants coordinator in OGSP can contribute to growth of the research operation by helping PI's to identify more funding opportunities, and by improved assistance in proposal submission and post-award guidance. However, this will play a small role in improving the incentive for grant writing.

The drop in funding cited between FY 2011 and FY 2013 is only due in small part to a decline in incentives for writing grants. It should be noted that external grants to YSU for the first half of FY 2014 totaled \$5,186,670.

11. The University's grants process is largely a manual function. As a result, the University has had limitations in processing grant applications/proposals in an efficient manner. A predominately manual system increases the risks of an undesirable level of inefficiencies, inaccuracies, or untimely applications and reports.

We believe that the University would benefit by adopting an automated approach to processing and managing grants.



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MANAGEMENT RESPONSE

Grant proposals (submissions) must follow the specific process of the Sponsor. Given the wide variation and complexity of formatting, the initials steps are not and cannot be entirely internalized. The OGSP has taken steps to develop more interactive iPDFs and forms required by the sponsor and the university, and to enhance the OGSP website. When the Banner system was initially purchased, the pre-award module was not initialized. OGSP was not given access to the system until later. Comparison to pre-award offices at other universities indicated that the system was not entirely capable of producing desirable reports. As staffing is stabilized, the Banner system and its module capacity, as well as commercially available eRA (electronic research administration) software systems will be analyzed for their possible application.

BEST PRACTICES

1. Currently there are, at a minimum, five levels of approval needed for a grant proposal (more if the grant is over certain dollar thresholds). Since the proposal authorization form (blue sheet) has not been revised since 2009 we suggest reviewing the form and determining if the number of approval levels is still deemed appropriate. Although approvals are a significant internal control, too many levels of approval can impede the efficiency of any given process.

2. Nine out of a sample of thirty grants tested did not expend the entire amount of the grant. The total amount not expended for these grants was \$144,596. At times grants have specific spending criteria that may make it difficult to expend all of the funds; however, attempts should be made to expend the entire grant amount to the extent possible. Care should be given though so that funds are not expended at or near the end of the grant that would cause question as to the reasonableness of the expenditure (for example, equipment purchased at the end of a grant would cause question as to how can this equipment really be used for a grant that is over in a week?) Proper guidance should be given to principal investigators so that they understand how to charge expenses to a grant in order to fully expend the grant dollars in an appropriate manner.



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AGENDA ITEM: C.1.c.

AGENDA TOPIC: Internal Audit Report of Information Technology General Controls Review

CONTACT(S): Representatives from Packer Thomas

BACKGROUND: An audit of IT General Controls was recently completed by Packer Thomas.

SUMMARY AND ANALYSIS: The purpose of a general computer controls review is to gain a general understanding of the IT control environment, and more specifically surrounding the financial system. These general controls are important because they provide a foundation upon which other controls reside. Our audit included a review of the existence of policies and procedures, default settings, and the controls used to manage logical access.

From our inquiry and IT configuration review, it was discovered that there is no default Windows setting requiring users to create a complex password or to periodically change their password. A strong Windows password policy is the first line of defense for protecting against unauthorized system access because Windows is the first 'layer', upon which the other applications reside. Complex passwords (those greater than 6 digits and including alphanumeric and special symbols) should be required to reduce the risk of employees using passwords that are easily guessable like their user name or child's name. In addition, Windows should be configured to require users to change their passwords at least every 90 days.

In addition to the Windows Password policy, we determined that user accounts for terminated employees are not being removed from the system in a timely manner. There is no procedure to remove access for terminated employees or to periodically review user accounts to ensure that only authorized employees have active user accounts, creating a risk of a security breach to the system when an employee leaves. Establishing procedures whereby a department manager works with IT upon an employee termination to ensure immediate account deactivation would minimize the risk of unauthorized access.

For the University's core IT application, BANNER, we determined that active generic user accounts exist. Generic accounts are ids not assigned to a specific individual. Generic accounts increase the risk of unauthorized access because the passwords can be shared and there is no accountability to one individual for activity performed under a generic account. User accounts should be reviewed and generic accounts should be eliminated in order to minimize the risk of unauthorized activity.

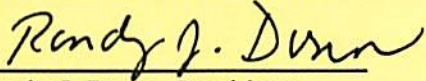
Additional access control observations included that fact that there is no segregation of duties in the IT programming department. Programmers have access to the system data. This increases the risk of unauthorized changes to the financial system. Duties should be segregated between employees who create programming changes and those who convert those changes to the live system.

We noted that data is currently backed up onto tapes and stored on campus. Currently, no testing is performed to ensure that backed up data is restorable. In addition, there is no disaster recovery plan. Backed up data should be stored off campus and periodic testing of the disaster recovery

plan, including data restores, should be performed to ensure that data can be retrieved if needed and that downtime of critical business functions will be minimized.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:



Randy J. Dunn, President



**GENERAL COMPUTER
CONTROLS
INTERNAL AUDIT REPORT**

January 28, 2014

DISTRIBUTION

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Board of Trustees: Dr. Sudershan K. Garg

Management: Dr. Randy Dunn
Mr. Eugene Grilli
Ms. Katrena Davidson
Mr. Ken Schindler



YOUNGSTOWN STATE UNIVERSITY

GENERAL COMPUTER CONTROLS INTERNAL AUDIT REPORT

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there won't be a long-run."

Youngstown State University
One University Plaza
Youngstown, Ohio 44555

This report summarizes the results of our internal audit of the University's general computer controls. Please review this report. If you have any questions, please call us at (330) 533-9777.

Management has provided their responses to our findings and those responses are included within this report.

We wish to thank the staff of the Information Technology department for the cooperation that was extended to us during the course of this audit.



PACKER THOMAS
January 28, 2014

6601 Westford Place
Suite 101
Canfield, OH
44406

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



OVERVIEW

An audit of the University's general computer controls for 2013 was recently completed by Packer Thomas. Our procedures were performed as a result of the internal audit risk assessment which was approved by the Audit Subcommittee.

The objective of our audit was to obtain and document a general understanding of the information technology and various other internal controls that are significant to financial reporting to determine the adequacy of the internal controls.

Our consideration of internal controls involved assessing the overall environment for the general computer controls, including the existence of policies and procedures, default settings, and logical access provisions. This general controls review examined the overall technology control structure. An intensive review of the effectiveness of these controls, including a review of specific application level controls, was not within the scope of this audit.

The procedures performed during our internal audit included interviews with technology staff and technical reviews of policies and data. It should be noted that our review of IT controls would not necessarily identify all deficiencies or inefficiencies. However, we listed summary findings that include two categories: those that we consider to be issues that require immediate action by management and those items for consideration by management based on best practices. We have made recommendations for improvements based upon the weaknesses reported.

AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING IMMEDIATE ACTION

1. We reviewed the Windows group password policy and noted that it is not configured to require users to periodically change their password.

In addition, the Windows group policies for password complexity requirements are "disabled", allowing users to utilize weak passwords. The Windows password policy settings for password complexity may either be marked "enabled or disabled" as a default. Passwords complexity requirement means that users must use long passwords and a variety of characters, such as capital and small letters, numbers and non-alphanumeric characters (i.e. !@#) when creating a password. Without these requirements, there is an increased risk of unauthorized access to the system.

The default password policy should be set to require users to change passwords at least every 90 days and to force utilization of a complex password that is not easily guessable.

MANAGEMENT RESPONSE

YSU agrees and has been actively working toward implementing an expiring password system. YSU has engaged a consultant to implement a new password management hub in the network, to implement new password change software, and to implement an expiration routine. A key feature of the new system will be a self-service web site for forgotten passwords which will significantly improve service to the University and reduce staff workload at the Tech Desk (Help Desk).



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AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING IMMEDIATE ACTION (continued)

YSU's Information Technology Advisory Committee has recommended and the University Administration has adopted a 180-day expiration policy which is consistent with the majority of Universities in the State of Ohio. YSU's Network Security Team is currently reviewing the University's password complexity requirements and will make a recommendation for review by February 1, 2014.

YSU's Information Technology Services department will start testing the password change system starting on February 1, 2014. If testing is successful, the new password change system, including expiring passwords, will be introduced to the University at large starting March 1, 2014.

2. There are generic system user accounts in Banner. Generic accounts are accounts not assigned to a specific individual. Some examples are user names "SAISUSR and HRISDAT", which are generic system accounts that may have been utilized during the initial software conversion process. Access to system accounts should have been deactivated after the software conversion. The existence of generic accounts creates an increased risk of unauthorized access within the system. In addition, there is no accountability to a specific user for transactions performed within a generic account.

All accounts should be assigned to a specific individual. Best practices for the system accounts created during the software conversion are that the accounts should be set as 'locked and expired'.

MANAGEMENT RESPONSE

Ellucian support indicated that the specified accounts are required for Banner system patch and upgrade processing. The accounts may remain locked during periods of normal operation. This schedule will be tested in a non-production instance and migrated to production once verified.

3. There is lack of segregation of duties within the technology department. The technology department noted that programmers have access to the financial production data. Privileges should be separated between the individuals making programming changes and the individuals with access to the financial production data.

One way to correct this weakness would be to assign access in a manner that is compatible with proper segregation of duties. Programmers would make and test programming changes within the test environment only, and another individual would be responsible to move the changes to the live system. Another way to mitigate this weakness would be to log and review the activity of the programmers within the live system to ensure only authorized changes/activity are made. Either one of these options would help to minimize the risk of frauds and errors in the financial system.



MANAGEMENT RESPONSE

Application support staff have been granted read-only access to financial data in order to assist in problem determination, resolution, and address the general support needs of the functional areas.

A formal Production Data Modification Request (PDMR) procedure exists to request, track and grant temporary production update privileges to IT staff. Such access is provided to execute “one-shot” data corrections at the request of the functional data owners.

AUDIT FINDINGS & RECOMMENDATIONS - REQUIRING A TIMELY REMEDY

1. We compared the user listings for Banner and Sciquest against the list of terminated employees and noted that there are terminated employees with log on accounts to both systems. We were informed by the Controller’s office that deactivation of a terminated employee is handled jointly by the Banner Finance Security Officer and the IT database administrator. We received evidence that the Controller’s Office processed the terminations timely by deactivating rights within Banner, however, the accounts were not locked by IT until several months after the termination date. The risk of unauthorized access in these examples is low because of the Controller’s Office actions; however the process of locking accounts is important to ensure unauthorized access does not occur in the future.

Written procedures or automated solutions should be adopted to ensure the timely deactivation of user accounts for terminated employees is coordinated between the Finance and IT departments.

MANAGEMENT RESPONSE

Written procedures will be updated to reflect the importance of timely deactivation. The feasibility of an automated solution will be explored.

BEST PRACTICES

1. Data backups should be stored offsite in order to increase the probability that data will be accessible in the event of a business interruption. This can be done by removing physical backup tapes to an offsite location daily or creating a virtual backup to an offsite server.

Currently, backup tapes are being rotated and stored on campus – either in Meshal Hall or Tod Hall. This creates an increased risk of business interruption in the event of a disaster affecting the geographic area/campus.

2. A formal disaster recovery plan should be created and implemented to minimize the risk of interruption of critical business functions. A disaster can be caused by natural events (weather), technical hardware or software issues, or human sabotage. The disaster recovery plan should include provisions for testing the plan and testing data restores of backups.

According to the written interview with the technology department, there is currently no disaster recovery plan.



AGENDA ITEM: C.1.d.

AGENDA TOPIC: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*

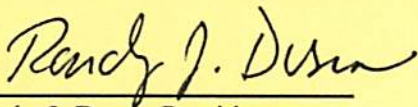
STAFF CONTACT(S): Katrena Davidson, Controller

BACKGROUND: GASB 68, which is effective in FY2015 will result in significant accounting and reporting changes for Youngstown State University and other governmental employers that participate in cost-sharing, multi-employer defined benefit pension plans, such as OPERS and STRS.

SUMMARY AND ANALYSIS:

- **Accounting Implications:** Governments will be required to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pensions. The Statement enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). YSU's share of these liabilities will have a material adverse impact on net position. The standard impacts reporting not funding. The responsibility for funding the liability has not changed and remains with OPERS and STRS.
- **SB 6:** A Senate Bill 6 Review Committee was formed to review the impact of GASB 68 on the SB 6 calculation and is also looking at all requirements of SB6, including quarterly reporting. Communications are also occurring with the Higher Learning Commission and bond rating agencies.
- **OPERS:** OPERS is a national leader in testing and implementing and working to help ensure that all OPERS-reporting and contributing employers are well-positioned to implement these standards. STRS is expected to follow.
- **Resources and Training:** The complexity of implementing the standard is being addressed in the GASB 68 Implementation Guide and American Institute of CPAs audit guidance, both in process and not yet issued. The University continues to take advantage of resources and training opportunities.

REVIEWED AS TO FORM AND CONTENT:



Randy J. Dunn, President

Youngstown State University
GASB Statement No. 68, Accounting and Financial Reporting for Pensions
January 29, 2013

Overview

On June 25, 2012, the Governmental Accounting Standards Board (GASB) approved two new accounting standards – GASB 67, Financial Reporting for Pension Plans, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 67, which is effective in FY2014, applies to pension plans; whereas GASB 68, which is effective in FY2015, applies to employers who provide pensions to their employees. These will result in significant accounting and reporting changes for Youngstown State University and other governmental employers that participate in cost-sharing, multi-employer defined benefit pension plans, such as OPERS and STRS. The statements are designed to improve the decision-usefulness of reported information and to increase the transparency, consistency, and comparability of pension information across state and local governments.

Accounting Implications

GASB 68 requires governments to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pensions. The Statement enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). Accounting implications include:

- Pension expense will be reported as pension benefits are earned.
- Net pension liability will be reported if the amount funded is less than the pension expense.
- Changes in pension liability will be recognized as pension expense or reported as deferred outflows/inflows of resources depending on nature of change.

Cost-sharing employers will be required to report a net pension liability, based on their proportionate shares of the collective net pension liability of all employers in the plan. Although not yet determined, YSU's share of these liabilities will have a material adverse impact on net position. The new accounting and financial standard is for reporting purposes, and will not impact funding requirements. The responsibility for funding the liability remains with OPERS and STRS.

SB 6 Ratios

GASB 68 will have a dramatic impact on the calculation of the University's Senate Bill 6 ratios (SB 6) and composite score. Under current administrative rules set forth by the Ohio Board of Regents, an institution may be placed on "fiscal watch" if its SB 6 composite score falls below 1.75 for two or more years. It is anticipated that YSU's SB 6 score (and the scores of many other state-supported institutions) would fall below the fiscal watch threshold. In response, the Office of Budget and Management (OBM) and the Ohio Board of Regents formed the Senate Bill 6 Review Committee last summer to review the impact of GASB 68 on the calculation, including whether or how to modify the SB6 ratios. Discussions have also expanded to review all of the requirements of SB 6, including potentially modifying the quarterly reporting. The committee is also communicating with the Higher Learning Commission, and bond rating agencies (Moody's and Standards and Poor's) to understand the impact on their reporting and rating procedures. The committee includes representation from the Auditor of State, OBM, the Ohio Board of Regents, the four-year colleges and the two-year colleges. YSU's Controller is on the committee.

OPERS

OPERS is a national leader in the testing and implementation of GASB67 and GASB68. A test implementation was performed in 2013 and included identification of required disclosure elements for both OPERS and employers, and development of a method to allocate the proportionate pension liability share to each employer entity. OPERS has completed its work with the employer test group to prepare pro forma financial statements and disclosures using the data provided. With that information, OPERS has begun to develop educational and outreach materials for a broad-based implementation for all 3,700 employer entities. OPERS is working on contribution reporting reconciliation, proportionate share calculations, defining the level of necessary detail, external audit approach and developing tools for employers. OPERS is partnering with employers by making available the information necessary for compliance. OPERS is working to help ensure that all OPERS-reporting and contributing employers are well-positioned to implement these standards. Outreach outlets include employer-specific webinars, group meetings, self-help guides and more. In addition, an employer forum is being developed so that employers can share resources, experiences and best practices as the new GASB is implemented.

Resources and Training

The complexity of implementing the standard is being addressed in the GASB 68 Implementation Guide and American Institute of CPAs audit guidance, both in process and not yet issued. The University continues to take advantage of resources and training opportunities provided by audit firms, NACUBO, OACUBO, OPERS and GASB to prepare for the implementation of this standard. Presentations were made by OPERS and STRS to the IUC Business & Finance Officers in December 2013. We will continue to consult with the external auditors, IUC colleagues, and the Ohio Board of Regents and to participate in ongoing training regarding the impact of these new accounting standards.

AGENDA ITEM: C.1.e.

AGENDA TOPIC: Executive Summaries for Strategic Plan Cornerstone

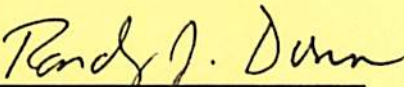
STAFF CONTACT(S): Scott Evans, Vice President for University Advancement; Jack Fahey, Vice President for Student Affairs; Gene Grilli, Vice President for Finance and Administration; and Ikram Khawaja, Provost and Vice President for Academic Affairs

BACKGROUND: The chairpersons of each of the four Strategic Plan Cornerstones report in summary form to the Board of Trustees at each quarterly meeting. The background material in the Audit Subcommittee includes the matrix of progress for all of the initiatives of the Strategic Plan.

SUMMARY AND ANALYSIS: Executive Summaries for Strategic Plan Cornerstones are attached.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:



Randy J. Dunn, President

YSU 2020

Cornerstone on Accountability and Sustainability
Executive Summary
March 2014

This summary was prepared based on accomplishments as of January 20, 2014.

Progress on utilizing YSU's new "Modified Strategic Initiative-Based Budgeting" has been challenged by the need to balance YSU's current and upcoming annual budget due to declining revenues. However, YSU has been aggressively budgeting in a manner that supports strategic initiatives and to support efforts to sustain and increase revenues.

Progress continues to be steady in the area of our developing data warehouse; data views were established delivering cost per credit at the college, department, and instructor levels on a credits-attempted basis. Remaining efforts are focused on automating the instructor workload component, currently maintained via a manual process, as well as investigating outstanding course data inconsistencies.

YSU submitted to the Ohio Board of Regents and then on to the State Legislature our list of operational efficiencies, largely centered on savings in salaries, health care costs, various insurance premiums purchased through IUC collaboration, and energy.

Customer service improvement initiatives are now focusing on YSU's procedures and business practices in recruiting new employees.

YSU 2020

Cornerstone on Regional Engagement
Executive Summary
March 2014

Since the last report, members of the Regional Engagement Cornerstone Team have assembled updated metrics as described in Appendix B of the YSU 2020 Strategic Planning Initiative. This information will be presented by Scott Evans, Vice President of University Advancement, at the Audit Subcommittee Meeting on February 20, 2014.

YSU 2020

Cornerstone on Student Success Executive Summary March 2014

The Student Success Cornerstone is divided into three themes. Each theme has a host of initiatives and metrics. The themes are:

- Academic Achievement (fourteen initiatives, thirteen metrics)
- Student Satisfaction with Academic and Non-Academic Experiences (eight initiatives, four metrics)
- Readiness for Post-College Success (four initiatives, four metrics)

Progress on Initiatives

Significant progress has been made on twenty-four of twenty-eight initiatives.

Highlights:

- Conditional admission initial compliance is up to 97% and the rate of students successfully completing the conditional semester is up to 70%.
- Ongoing work in the enrollment, recruitment, and marketing initiatives has resulted in gains in graduate recruitment. We have migrated recruitment and processing from Undergraduate Admissions back to the Graduate School (as planned).
- We are addressing affordability by keeping net costs down, leveraging our increased YSUF dollars to attract students, and adding another merit scholarship for students with a 3.0 and 20 ACT.
- Creation of an online bulletin which provides students with an online source where they can easily see the graduation requirements for their academic program.
- Increase in marketing. We engineered a campaign targeted to greater North East Ohio with a presence in Columbus.

Measurement/Metrics

Most of our metrics indicate successful progress toward our goals.

Highlights:

- The recent NSSE survey (2013) indicates that for first-year students, our top 5 highest performing areas relative to peer institutions indicate quality interactions with faculty and with student services staff.
- The percentage of students registering for more than 14 semester hours has increased over the last two years (Fall = 9% increase, Spring = 3% increase).
- The Fall 2013 course completion rate of 83.3% is 2.5% higher than Fall 2012 and is the highest Fall rate in at least 5 years.
- The percentage of NAFs (non-attendance Fs) has steadily reduced from 4.41% in Fall 2011 to 2.9% in Fall 2013.

YSU 2020

Cornerstone on Urban Research University Transition Executive Summary March 2014

Progress continues on a number of initiatives within the Urban Research University Transition Cornerstone. These initiatives impact undergraduate and graduate education as well as international students.

Expanding online options for students continues to be an institutional priority for YSU, and distance learning is included in the University's strategic plan as a way to improve student satisfaction with academic and non-academic experiences. With seven fully-online programs officially up and running in addition to three programs set to launch in Fall 2014, the Office of Distance Education has engaged with two industry standard online marketers—gradschools.com and elearners.com—in an effort to bolster national exposure to YSU's online offerings and increase out-of-state enrollments. The marketing campaign went live on January 9, 2014, and Distance Education has received 43 undergraduate and 22 graduate program inquiries in less than two weeks. Daily outreach effort is in place to convert these inquiries into enrollments for the Fall 2014 semester.

The Office of Distance Education is also focusing on making sure YSU offers the highest quality online programs and courses to its students. Currently, YSU has 53 courses under development. These courses will be peer reviewed to ensure they meet the expectation of highest quality, pedagogically-focused online courses from faculty trained in the best practices of online instruction. Currently, 177 YSU faculty members have received this distance education training. The Office of Distance Education has engaged in a contract with Software Secure to ensure authentication of students through online video exam proctoring starting in the Spring 2014 term. The goal will be to have online faculty proctor at least one exam (or more) throughout the online course to increase academic integrity in distance courses as well as to add an additional layer to YSU's current authentication process.

This is a busy time of year for undergraduate research. The first meeting of the QUEST / Undergraduate Research Advisory Committee was held in Fall 2013. Committee membership has increased from nine to more than 30 members. In addition to helping set the QUEST program, these 30 faculty members have agreed to serve as contacts for undergraduate students seeking research opportunities. Of the 19 proposals received for undergraduate student research grants, 12 were funded totaling approximately \$11,000. The funds will support students' projects in collaboration with their faculty mentors. This spring's QUEST will mark the 25th anniversary of the research symposium. Special events will be planned to celebrate the occasion.

In the second quarter of FY 2014, YSU faculty and staff were awarded 19 grants totaling \$2,951,651 in external funding. The largest grant received in the second quarter was \$2.13 million from the Ohio Development Services Agency for collaboration of YSU's STEM College with the National Additive Manufacturing Innovation Institute (NAMII—now known as "America Makes"). In addition, 28 new proposals were submitted, requesting more than \$8.5

million in funding. In the first half of FY 2014, a total of \$5,186,670 in external grants was received. This amount exceeds the total of \$3.55 million received by YSU for the entire fiscal year of 2013.

Efforts to increase international student enrollment continue on several fronts. Beginning in Spring 2014, the Provost's Scholarship was made available to international students in order to attract more international students with strong academic profiles. In February, YSU representatives traveled to China, Indonesia, Malaysia, Singapore, Thailand, and Vietnam to recruit international students. The YSU representatives spent three days and traveled to multiple schools in each country. Provost Khawaja joined the representatives in Thailand for an alumni reception with approximately 50 YSU alumni, the majority of whom are graduates of YSU's business programs. Features that continue to be attractive for international students include: YSU's wide range of curricular options, value in terms of return on investment, affordability of Youngstown and YSU, and the high percentage of YSU courses taught by faculty members.

AGENDA ITEM: C.1.f.

AGENDA TOPIC: Strategic Plan Cornerstone Update

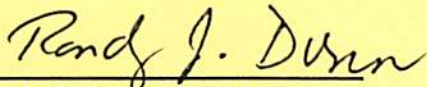
STAFF CONTACT: R. Scott Evans, Vice President for University Advancement

BACKGROUND: Vice President Scott Evans will present a progress report on the Regional Engagement initiatives.

SUMMARY AND ANALYSIS: Several of the Regional Engagement metrics listed in Appendix B of YSU 2020 Strategic Plan demonstrate growth and progress when 2012 and 2013 data were compared.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

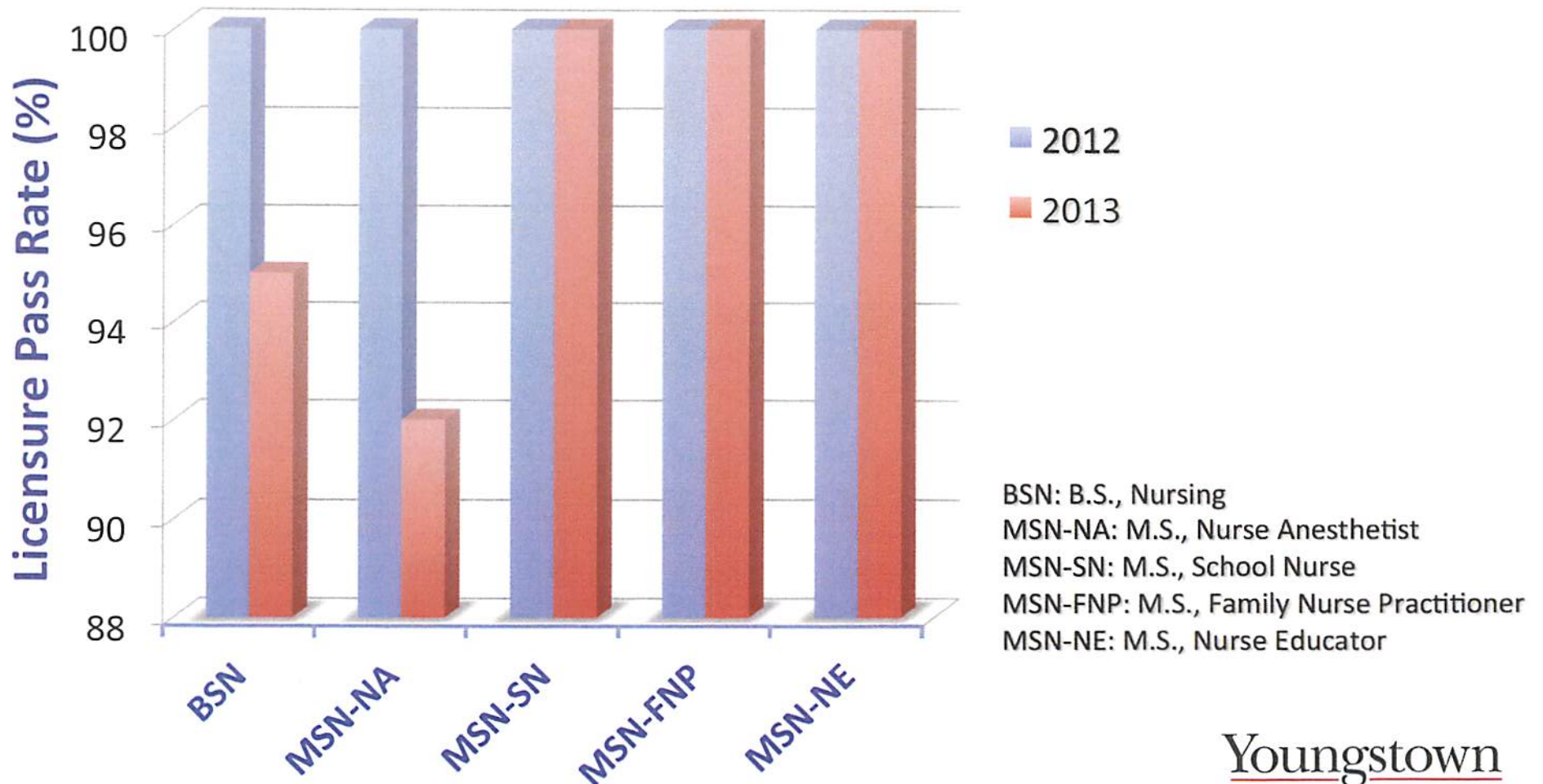
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A handwritten signature in cursive script that reads "Randy J. Dunn". The signature is written in black ink and is positioned above a horizontal line.

Randy J. Dunn, President

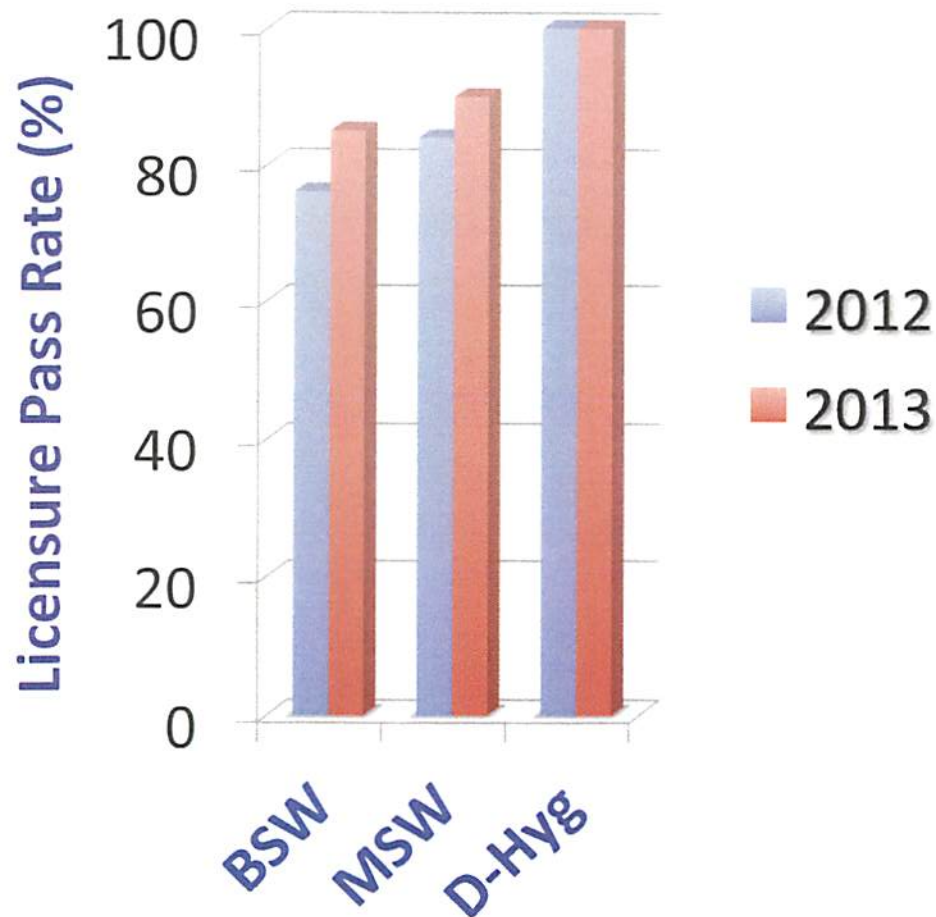
Regional Engagement

Activities that enhance the quality of life, well-being, and economic development of communities by active engagement, not merely by existence.



Regional Engagement

Activities that enhance the quality of life, well-being, and economic development of communities by active engagement, not merely by existence.

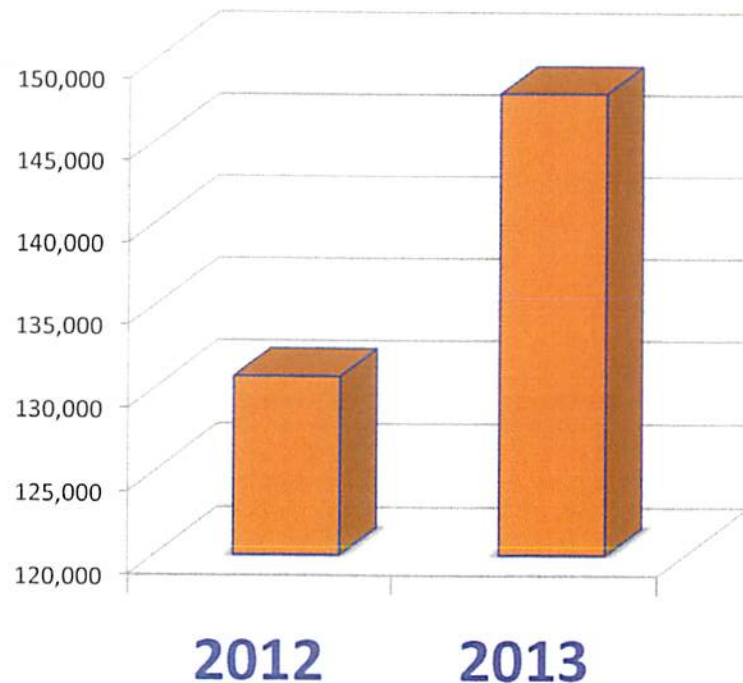


BSW: Bachelor of Social Work
MSW: Master of Social Work
D-Hyg: Dental Hygiene

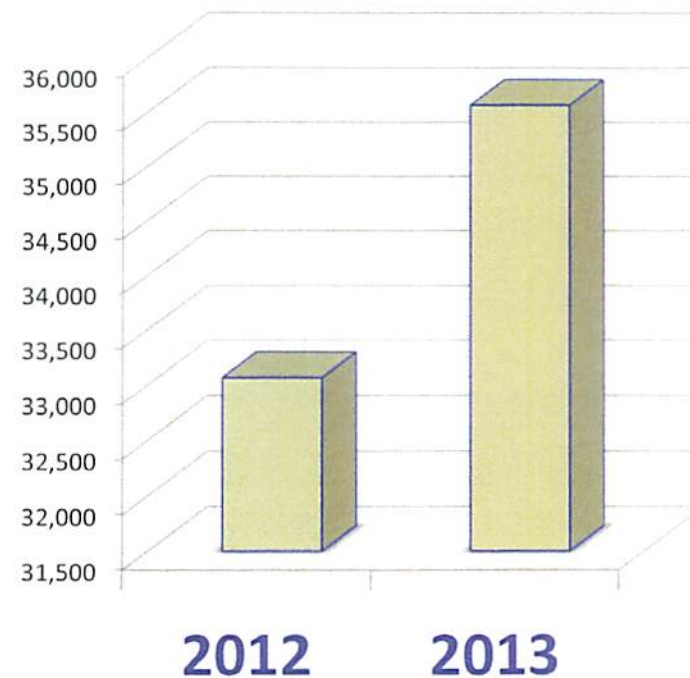
Regional Engagement

Activities that enhance the quality of life, well-being, and economic development of communities by active engagement, not merely by existence.

Attendance of Athletic-Related Events



Attendance of Arts and Cultural Events



Regional Engagement

Activities that enhance the quality of life, well-being, and economic development of communities by active engagement, not merely by existence.

Other Metrics for Athletics

	2012	2013
Increase in External Funding from Prior Year	5%	10%
Number of Teams Finishing in Top Half of Conference [18 teams total]	11	13