

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Audit Committee

Date: May 21, 2014

Title: Review results of Minnesota State University Moorhead Internal Control and Compliance Audit

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input checked="" type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

As part of the Fiscal Year 2014 Internal Auditing Annual Audit Plan, the Office of Internal Auditing conducted an internal control and compliance audit of Minnesota State University Moorhead.

- We reviewed internal controls and compliance over selected activities for fiscal years 2012, 2013, and 2014 through December 31, 2013.
- Except for some receipts, the university generally had adequate internal controls and complied with finance-related legal requirements. For items tested, the university generally complied with MnSCU policies and finance-related legal provisions. We identified seven findings.
- A response from the university is included in the report.

Scheduled Presenter(s):

Beth Buse, Executive Director, Office of Internal Auditing
Melissa Primus, Audit Project Manager, Office of Internal Auditing

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD INFORMATION

REVIEW RESULTS OF MINNESOTA STATE UNIVERSITY MOORHEAD
INTERNAL CONTROL AND COMPLIANCE AUDIT

BACKGROUND

In June 2013 the audit committee approved the Fiscal Year 2014 Internal Auditing Annual Audit Plan. As part of that plan, the Office of Internal Auditing conducted an internal control and compliance audit of Minnesota State University Moorhead.

See attached report.

Date Presented to the Board of Trustees: May 21, 2014

Minnesota State University Moorhead

Internal Control and Compliance Audit

Office of Internal Auditing
May 13, 2014



Minnesota
STATE COLLEGES
& UNIVERSITIES

Reference Number 2014-04
Report Classification: Public



Minnesota
STATE COLLEGES
& UNIVERSITIES

Minnesota State University Moorhead Internal Control and Compliance Audit

Office of Internal Auditing
Reference Number 2014-04

Public Release Date – May 13, 2014

Members of the MnSCU Board of Trustees
Chancellor Steven J. Rosenstone
President Edna Szymanski

This report presents the results of our selected scope financial internal control and compliance audit of Minnesota State University Moorhead for fiscal years 2012, 2013, and 2014 through December 31, 2013. It contains seven findings and recommendations to assist university management in improving business processes, controls, and accountability.

We conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The results of the audit were discussed with university leadership and staff on April 22, 2014.

We appreciate the excellent cooperation and assistance that we received from university employees.

Beth Buse, CPA, CIA, CISA
Executive Director

Audit Scope

We reviewed internal controls and compliance over the following activities for fiscal years 2012, 2013, and 2014 through December 31, 2013.

- Receipts (included tuition, fees, room and board, and other supplemental receipts)
- Employee business expense reimbursements
- Procurement, disbursement, and equipment inventory
- Employee payroll

Conclusion

Except for some receipts, the university generally had adequate internal controls and complied with finance-related legal requirements. For items tested, the university generally complied with MnSCU policies and finance-related legal provisions. We identified seven findings.

Findings

1. The university did not have adequate controls to ensure receipts were safeguarded and properly deposited.
2. Business office cashiers shared accounting sessions and cash drawers.
3. The university did not accurately calculate and record some employee tuition waivers and show evidence of approval for other tuition waivers.
4. The university did not have procedures in place to determine who has the authority and when it is appropriate to waive certain types of fees or charges.
5. The university did not adequately restrict some employee's computer system access.
6. The university did not adequately manage its asset inventory records.
7. The university did not have procedures for a second person to review complex pay-related transactions for accuracy.

Opportunities for Improvement

The university has a unique organizational structure related to processing payments.

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The audit was performed by Carolyn Gabel, Craig Fautsch, Indra Mohabir, and Melissa Primus

Section I: Background

Minnesota State University Moorhead is located in Moorhead, Minnesota. It was founded in 1885 and recently celebrated its 125th anniversary. Current student enrollment is approximately 8,500 and it employs about 680 faculty and 300 staff. MSU Moorhead offers over 75 majors and pre-professional programs, twelve graduate programs, and one doctoral program.

Since fiscal year 2002, the institution prepared combined financial statements that were audited by an external auditing firm. The institution received an unqualified or “clean” financial statement opinion on each of its financial statement audits. This opinion is issued when the financial statements are free of material misstatements and are represented fairly in accordance with Generally Accepted Accounting Principles.

MSU Moorhead’s fiscal year 2013 operating revenues were approximately \$55 million, of which \$32 million was tuition. The university’s fiscal year 2013 non-operating revenues were approximately \$39 million, including \$26 million in state appropriations. Fiscal year 2013 operating expenses were approximately \$94 million, of which \$63 million were salaries and benefits.¹

Dr. Edna Szymanski, the university’s tenth president, has been president since July 2008. Dr. Szymanski plans to retire in June 2014.

¹ Minnesota State University Moorhead *Annual Financial Report For the Years Ended June 30, 2013 and 2012*

Section II: Audit Objectives, Scope, Methodology, and Conclusion

Audit Objectives

The objectives for this audit were to answer the following questions for each activity included in the audit scope:

- Were internal controls adequate to ensure the university safeguarded receipts and other assets, properly paid vendors and employees in accordance with management’s authorization, produced reliable financial accounting information, and complied with finance-related legal requirements?
- For the items tested, did the university comply with significant finance-related legal requirements, including state laws, regulations, contracts, and applicable policies and procedures?

Audit Scope

Our audit reviewed the following activities for fiscal years 2012, 2013, and 2014 through December 31, 2013.

- Receipts
 - tuition, fees, room and board
 - other supplemental receipts (theatre, swimming, and parking)
- Employee business expense reimbursements
- Procurement, disbursement, and equipment inventory
 - operating and administrative expenses
 - equipment expenses
- Employee payroll

Audit Methodology

We interviewed university staff and reviewed relevant documentation, including policies, procedures, or guidelines, and internal control documentation prepared for financial statement purposes to gain an understanding of the university’s internal controls. We considered risks of fraud and errors, and potential noncompliance with finance-related legal requirements. We analyzed accounting and purchasing card data to identify unusual transactions or significant changes in financial operations. We reviewed employee computer system access to identify the transactions staff can initiate, approve, or process to determine whether access is based on need, and duties are adequately separated. In addition, we selected a sample of transactions and reviewed supporting documentation to test whether controls were effective and transactions complied with laws, regulations, policies, and contract provisions.

Audit Conclusion

Except for some receipts, the university generally had adequate internal controls to ensure it safeguarded receipts and other assets, properly paid vendors and employees in accordance with management’s authorization, produced reliable financial accounting information, and complied with finance-related legal requirements. However, we identified control weaknesses over supplemental receipts and equipment inventory as discussed in the following findings and recommendations.

For items tested, the university generally complied with MnSCU policies and finance-related legal provisions. However, it did not comply with some MnSCU requirements as discussed in the following findings and recommendations.

Section III – Audit Findings and Recommendations

1. The university did not have adequate controls to ensure some receipts were safeguarded and properly deposited.

The university did not have adequate controls to ensure receipts were safeguarded and properly deposited. The university business office collects many receipts, such as tuition and fees, directly from students. Other supplemental receipts including theatre events, swimming lessons, and parking revenue are collected elsewhere at the university and delivered to the business office to be deposited. We found the following weaknesses when reviewing receipt controls.

- Someone independent of the receipt collection process did not review the daily cash reconciliations. Cashiers reconciled their own cash receipts to ISRS and prepared the daily bank deposits. Similar deficiencies existed over theatre, swimming, and parking receipts. In addition, documentation, such as an employee's signature indicating they prepared the reconciliation, should be retained to show evidence of the independent review.
- The parking office and theatre department lacked methods to reconcile some receipts collected to what should have been collected. For example, pre-numbered receipts were not issued for parking day passes sold compared to actual receipts collected. The theatre department did not have an adequate method to ensure other miscellaneous receipts such as costume and prop rentals were properly collected and deposited.
- The parking office does not reconcile the deposit slips obtained from the business office to the monthly general ledger activity reports to ensure receipts were posted appropriately.
- The university did not always deposit receipts in a timely manner. For example, \$4,000 collected from theatre box office sales between September 13, 2012 and October 15, 2012 were deposited with the business office on October 16, 2012. Daily collections during this time ranged from \$10 to \$930. On March 18, 2013, the box office deposited just over \$10,000 at the business office for receipt collections from March 4, 2013 to March 7, 2013 where daily sales exceeded \$250. MnSCU system policy 7.5 Financial Institutions and Investments require receipts totaling \$250 or more be deposited daily with receipts collected on the weekend deposited the next business day. Although deposits typically consist of a combination of cash, checks, and credit card charges, the policy requires that all receipts be deposited daily when over \$250.
- Money bags containing cash, receipts, other items such as parking passes, were not adequately safeguarded. While they were stored in locked rooms or offices, they were accessible by several people including student workers and employees. When cash or receipts are stored in easily accessible areas, theft or loss may occur and be difficult to investigate.

- Staff or students from supplemental receipt areas walk receipts to the business office for deposit. For larger deposits, the university may want to consider using escorts to transport the deposits to the business office.

Recommendation

- *The university should identify all supplemental revenue sources, assess the adequacy of controls, and implement controls to ensure receipts are properly safeguarded, deposited, and processes and controls are documented. Controls should ensure:*
 - *deposits are complete and reconcile to supporting systems and documentation,*
 - *receipt reconciliations are completed by an independent person,*
 - *receipts are deposited timely, and*
 - *receipts are physically secured while being stored or delivered.*

2. Business office cashiers shared accounting sessions and cash drawers.

Cashiers in the university business office shared the same cash drawers and ISRS accounting system cash sessions. Although two primary cashiers typically collected and recorded receipts, they were not required to log off the system and change cash drawers when a backup cashier filled in.

Requiring cashiers to log on and off their cash sessions and maintain separate cash drawers provides accountability for transactions and any cash shortages. These controls also help protect cashiers if cash shortages occur. The university would have difficulty investigating missing cash if it cannot determine who recorded transactions or handled each cash transaction.

Recommendation

- *The university should require cashiers to log on and off ISRS cash sessions when appropriate and maintain separate cash drawers.*

3. The university did not have a process to review tuition waivers or calculations for accuracy.

The university did not have a process to review employee or student tuition waivers or calculations for accuracy. Waivers must be manually calculated and entered into ISRS making them more error prone. Without an independent review, errors or irregularities may go undetected.

The university inaccurately calculated employee tuition waivers for two of the three employees we tested. One of the employees tested received waivers for three terms; therefore, five waivers were reviewed. The errors resulted in ineligible waivers of \$222 and \$165 to two employees. Because of our testing, management reviewed an additional 175 employee tuition waivers for

fiscal year 2014, noting some additional errors. The university is working to remedy the tuition waiver errors.

Recommendations

- *The university should implement controls, including independent reviews, to ensure waivers are properly authorized, calculated, and documented.*
- *The university should seek reimbursement from or provide refunds to employees who received incorrect tuition waivers.*

4. The university did not have guidance to determine who has the authority and when it is appropriate to waive certain types of fees or charges.

The university did not have written guidance to determine who has the authority and when it is appropriate to provide complimentary theatre tickets or waive parking fines. The theatre department occasionally provides complimentary tickets to its events. However, it does not have written guidance and instead, the producer of each event determines how many tickets can be provided as complimentary tickets and who should receive them.

In addition, the university did not always follow its policy related to handling some parking citations. The university's Parking Policy indicates that appeals for parking citations shall go through the university's Parking Committee. However, some parking citations do not follow this process and are instead voided upon request of management.

Without written guidance, it is not clear who has the authority to provide complementary theatre tickets or remove parking citations. As a result, the university and its employees may be at risk of violating Minnesota statutes or MnSCU policies and procedure related to employee code of conduct and ethics.

Recommendation

- *The university should adopt a written policy that clearly defines who has the authority and in what circumstances complimentary theatre tickets can be provided and parking citations can be voided.*

5. The university did not adequately restrict some employee's computer system access.

The university did not adequately restrict some computer system access. Some employees had access they did not need or did not have access removed timely when they separated employment. Some employees had incompatible access without effective mitigating or detective controls. Finally, student workers in the human resource department shared an employee's account and password.

Unnecessary Access

Five student workers and six employees continued to have access to accounts receivable functions in ISRS after separation from employment. Two of the six former employees also had access to accounts payable functions in ISRS. The university is required to annually review and recertify employee's access to ISRS. The primary purpose of this is to identify and remove unnecessary access not removed timely. The university recertified five of the six employees after they had separated employment.

One employee, whose job responsibilities changed, retained access to several ISRS accounts receivable functions not needed in the employee's current job in human resources. Another employee had unnecessary access to the State's payroll system, SEMA4. Access to SEMA4 would allow an employee to make unauthorized changes to personnel records that could result in improper payroll transactions.

Incompatible Access

Four employees had incompatible access related to ISRS accounts payable functions. Three of the employees had incompatible access that allowed them to both initiate purchases and pay vendors in ISRS. Although the university designed an effective detective control to mitigate the risks that someone could prepare an unauthorized or fictitious purchase order and subsequently pay it, documentation demonstrating the control was being performed was not retained. One employee with physical access to checks could also void or cancel checks in ISRS excluding them from the report used by the person reconciling bank statements to ISRS. The university did not have a mitigating control for this incompatibility.

One employee temporarily had incompatible access that allowed them to collect receipts and record them in ISRS while also being able to adjust, waive, or defer the amounts owed by students or others. Receipts could be stolen and hidden by reducing the amounts owed. Temporary access for cashiering functions was needed to provide adequate customer service in the absence of the normal cashiers. The university did not have adequate controls to mitigate the risks posed by this employee having these temporary but incompatible duties.

Separating incompatible duties is preferred because it prevents errors, unauthorized transactions, and fraud from occurring and going undetected. However, preventative controls are not always possible. Therefore, the university needs strong after-the-fact monitoring or detective controls when it cannot separate duties. In addition to documenting these control procedures, including who does what and when, the university should monitor them to ensure they are being completed properly.

Shared Account and Password

Student workers in the human resources department used an employee's account and password to access MnSCU's personnel system and perform their job duties. The university indicated the system office denied a request to assign student workers their own accounts that only had the ability to view personnel data. The employee account used by student workers provided "HR Superuser" access that would allow them to change any personnel data or initiate any personnel transactions. Accountability is lost when people share an account and password making it nearly impossible to determine who made any changes. MnSCU system procedure 5.22.1 Acceptable

Use of Computers and Information Technology Resources and system guideline 5.23.1.1 - Password Usage and Handling prohibits this practice.

Recommendations

- *The university should implement procedures to ensure computer system access is removed or modified timely when an employee changes jobs within the university, goes on extended leave, or separates employment.*
- *The university should ensure the annual ISRS access recertification is completed accurately.*
- *The university should evaluate whether it can remove incompatible access. If not practical, detective controls should be established and monitored to ensure they are performed, effective, and proper documentation is retained.*
- *The university should ensure student workers and employees are assigned their own unique logon accounts and passwords. It should work with the system office to provide student workers in the human resources department individual accounts with the minimum access needed to do their jobs.*

6. The university did not adequately manage its asset inventory records.

The university did not adequately manage its asset inventory records. The university indicated they performed a physical inventory; however, it did not retain any documentation from completed physical inventories or properly update the ISRS Equipment/Capital Asset Module from the physical inventory. As a result, there were assets such as furniture and other equipment acquired since the 1970's that likely no longer exist but remain current assets in ISRS. We selected nine items recorded as current assets in ISRS to test and were only able to locate three of them. The items not found were valued between \$10,000 and \$122,000. The one item valued at \$122,000 had been disposed.

The university's information technology department kept its own inventory records for computer equipment in electronic spreadsheets and completed its own periodic physical inventories. However, ISRS was not updated after physical inventories were completed. Except for audiovisual equipment, the computer equipment records did not provide information helpful to locate the equipment. In addition, the physical inventories were completed by IT staff that may not be independent because of their access to computer equipment increasing the risk that irregularities could occur and not be detected.

MnSCU System Procedure 7.3.6 Capital Assets requires the university to record assets valued over \$10,000 and any sensitive items regardless of value, such as computers and other electronic equipment, in the ISRS Equipment/Capital Asset Module. The module tracks information about each asset including its value, location, date of disposal, and the date of the last physical inventory. The university is required to complete an annual physical inventory of all assets with an acquisition cost or value of \$10,000 or greater and a physical inventory no less than every three years for all other assets maintained in the ISRS module. Without updating ISRS, the

university is not able to easily determine what assets exist and location increasing the risk that lost or stolen assets would not be detected in a timely manner and records may be inaccurate.

Recommendations

- *The university should implement controls to ensure employees update ISRS timely when assets are acquired, sold, or disposed.*
- *The university should implement controls to ensure periodic physical inventories are completed, documented, and records are updated in ISRS in compliance with MnSCU system procedure.*
- *The university should conduct a physical inventory of university assets and update ISRS so it properly reflects current assets, including their location and date of physical inventory, and those that have been disposed.*

7. The university did not have procedures for a second person to review complex pay-related transactions for accuracy.

Adequate procedures were not in place to ensure complex pay-related transactions, including faculty assignments and severance calculations, were reviewed by a second person for accuracy. Faculty assignments are challenging because bargaining agreements and individual faculty situations can be very complex, the volume of assignments is high, and there are a wide variety of coding options. Severance calculations are error prone due to their complexity and reliance on manual calculations.

Recommendations

- *The university should have faculty assignments and severance pay calculations reviewed by a second person for accuracy.*

Section IV – Opportunities for Improvement

The university has a unique organizational structure related to processing payments.

The university business office includes purchasing and accounts payable staff similar to other MnSCU colleges and universities. However, relatively unique to MSU Moorhead, it also has five positions that are in other departments that also process payments. The five positions, referred to as “business managers,” do not directly or indirectly report to someone in the business office. The five business managers are located in the Bookstore, Comstock Memorial Union (student union), Hendrix Clinic and Counseling Center, Student Housing, and Student Activities / Student Athletics. These five individuals each report to the director of the area they work in.

Each business manager performs purchasing and payment related procedures other than printing checks. They also develop their area’s budgets and perform expense / budget analysis. The remainder of each business manager’s responsibilities may vary by area. Each business manager maintains financial related files and documentation in the area they work. Decentralized accounting services may have some benefits but also challenges. The university should consider these benefits and risks to determine if the structure meets their needs going forward.

May 9, 2014

Minnesota State Colleges and Universities
Members of the Board of Trustees
Chancellor Steven J. Rosenstone
Ms. Beth Buse, Executive Director Internal Auditing
30 7th St E, Suite 350
St. Paul, MN 55101-7804

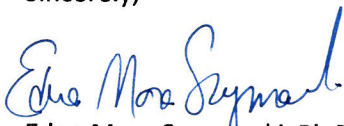
Dear Chancellor Rosenstone, Trustees and Ms. Buse:

Thank you for the opportunity to review and provide responses to the results of the Minnesota State University Moorhead (MSUM) Internal Control and Compliance Audit which was conducted for the time period covering fiscal years 2012, 2013, and 2014 through December 31, 2013. We are pleased that the overall conclusion of the audit was that the university had adequate internal controls, complied with MnSCU policies, and followed other finance-related legal requirements.

As a retiring president and presidential liaison to the audit committee, I would like to take this opportunity to compliment the leadership and staff of the Office of Internal Auditing. The audit of our financial operations was an excellent example of a process that not only reduces risk but also stimulates quality improvement. The constructive conversation at the exit interview was very useful in identifying both strengths and weaknesses in our business practices. We welcome the opportunity to improve our financial operations based on the audit findings.

From my perspective, I believe that this process should be available to colleges and universities on a more frequent basis. Both the practice of the audit and the leadership tone that it reinforces can assist in reducing risk to the institution and the System.

Sincerely,



Edna Mora Szymanski, Ph.D.
President

Cc: Laura King, Vice Chancellor for Finance & Administration
Jan Mahoney, Vice President for Finance & Administration
Jean Hollaar, Associate Vice President for Finance & Administration
Karen Lester, University Comptroller

Following is the university response to the findings along with our plans to resolve them:

Finding 1: The university did not have adequate controls to ensure some receipts were safeguarded and properly deposited.

Minnesota State University Moorhead agrees with this finding. The associate vice president for finance and administration and the university comptroller will work together to put the following process in place beginning in fiscal year 2015 to address the issues identified.

Management will continue to work with all areas that have supplemental revenue. Business Services will communicate clear procedures on cash handling and safekeeping to campus leadership and the campus community at the beginning of each fiscal year. These procedures will include the best business practices of reconciling receipts daily and depositing timely as well as using locked deposit bags. When transporting large amounts of cash to or from Business Services, the use of escorts will also be recommended. Budget supervisors will continue to be advised to review their accounts monthly to verify the accuracy of deposits posted by Business Services. Business Services staff will conduct random checks of supplemental revenue areas to ensure employees are adhering to internal controls and procedures.

The university has purchased SRO4, Blackbaud advanced ticketing software, which is planned to be fully implemented in the next two years. The software will provide a method to reconcile receipts collected to what should have been collected. It also has the capability of accounting for miscellaneous receipts.

Finding 2: Business Office cashiers shared accounting sessions and cash drawers.

Minnesota State University Moorhead agrees with this finding. The associate vice president for finance and administration, the university comptroller, and the accounts receivable supervisor have already put the following process in place to address the issues identified.

Business Services cashiers no longer share cash sessions and/or cash drawers. If there is a need for a replacement cashier due to student lines, the replacement cashier logs in to a separate ISRS cash session and only accepts check or credit, no cash. Additionally, the two Business Services cashiers switch physical cash drawers at the beginning of each day and verify the cash base. The Accounts Receivable Supervisor reviews any daily deposit overages and/or shortages.

Finding 3: The university did not have a process to review tuition waivers or calculations for accuracy.

Minnesota State University Moorhead agrees with this finding. The associate vice president for finance and administration, the university comptroller, and the accounts receivable supervisor have already put the following process in place to address the issues identified.

The Business Services' administrative assistant calculates and enters employee tuition waivers in the accounting system at the beginning of each term. Because employee tuition waiver processing requires manual calculation and has an added complication due to banded tuition, the accounts receivable supervisor and/or a Business Services cashier review all employee tuition waivers to ensure they are properly authorized, calculated, and documented before the end of each term. The university seeks reimbursement or provides refunds for any processing errors that are found. The university has already sought reimbursement from or provided refunds to employees whom received incorrect tuition waivers during fiscal year 2014.

Finding 4: The university did not have guidance to determine who has the authority and when it is appropriate to waive certain types of fees or charges.

Minnesota State University Moorhead agrees with this finding. By July 1, 2014, the vice president for finance and administration will develop written guidelines clearly defining who has the authority and under what circumstances complimentary tickets can be provided to university events.

The university will follow its policy for handling appeals of parking citations through the university's Parking Committee.

Finding 5: The university did not adequately restrict some employee's computer system access.

Minnesota State University Moorhead agrees with this finding.

The chief human resources officer will work with departments to create a process to remove unnecessary computer security access in a timely manner for employees whom have transferred within the university or left university employment. This process will be implemented by August 2014. Additionally, we respectfully request the System Office to create a technological solution to remove computer security access of separated employees at the StarID level.

Business Services will communicate with supervisors to ensure the annual ISRS security access review and recertification process is completed accurately each year.

The university has reviewed and removed incompatible security access where possible. For any remaining incompatibilities, detective controls have been revised to be more effective and are being performed by supervisors at least quarterly. Supervisors forward mitigating control documentation via e-mail to the university comptroller. University comptroller provides follow-up to ensure review documentation is received timely.

Student workers in Human Resources no longer have computer system access by using an existing employee's logon account and password. This was effective immediately and all Human Resources staff are responsible for not sharing their logon account and password. The System Office is in the process of

creating guidelines for student worker access to personnel data not considered confidential. When the System Office guidelines are available, the university will adopt and follow them.

Finding 6: The university did not adequately manage its asset inventory records.

Minnesota State University Moorhead agrees with this finding. The associate vice president for finance and administration, the university comptroller, and the accounts payable supervisor will collaborate with Information Technology and the Physical Plant to develop an effective business process to address the identified issues:

- 1) to update the Equipment/Capital Asset module timely when assets are acquired, sold, or disposed;
- 2) to conduct an annual physical inventory to document location of all current assets with an acquisition cost or value of \$10,000 or greater and update the module accordingly; and
- 3) to conduct a physical inventory to document location of all current assets maintained in the Equipment/Capital Asset module no less than once every three (3) years and to update the module accordingly.

Effective asset inventory business practices at other MnSCU institutions will be reviewed and the possibility of implementing a technological solution such as radio-frequency identification (RFI) may be considered. With the proper budget allocation for any necessary staffing and/or equipment, effective management of the university's asset inventory is expected to be accomplished according to the following timeline:

During fiscal year 2015, the university will

1. clearly define assets that are considered sensitive;
2. remove from the Equipment/Capital Asset module all assets acquired before 1986;
3. remove from the Equipment/Capital Asset module all assets with an acquisition cost or value of less than \$10,000 that are not considered sensitive; and
4. educate the campus community on the information needed by Business Services in order to update the Equipment/Capital Asset module timely when assets are acquired, sold, or disposed.

During fiscal year 2016 and each year thereafter, the university will

1. conduct a physical inventory to document location of all assets with an acquisition cost or value of \$10,000 or greater and update the module accordingly.

During fiscal year 2017 and at least every three (3) years thereafter, the university will

1. conduct a physical inventory to document location of all assets maintained in the Equipment/Capital Asset module and update the module accordingly.

Finding 7: The university did not have procedures for a second person to review complex pay-related transactions for accuracy.

Minnesota State University Moorhead agrees with this finding. By September 2014, the chief human resources officer will put an audit process in place to have complex pay-related calculations reviewed by a second person.

Section IV: Opportunities for Improvement

The university has a unique organizational structure related to processing payments.

At this time, the Student Union and the Health and Wellness business manager functions will be centralized in Business Services because those positions are currently vacant. The Bookstore, Student Housing, and Student Activities/Student Athletics business managers will continue to process payments and maintain the financial-related files and documentation in the area in which they work. As these positions become vacant, the university will strongly consider the possibility of centralizing these duties in Business Services as well.