University Reviews/Audit Results

University Procurement/Payroll Certification Review - Completed July 2010

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement/Travel Card</td>
<td>Red</td>
<td>Green</td>
<td>N/A</td>
</tr>
<tr>
<td>Blanket Pos</td>
<td>Red</td>
<td>Green</td>
<td>N/A</td>
</tr>
<tr>
<td>Travel</td>
<td>Green</td>
<td>Green</td>
<td>N/A</td>
</tr>
<tr>
<td>Payroll Certification</td>
<td>Yellow</td>
<td>Green</td>
<td>N/A</td>
</tr>
<tr>
<td>Overall</td>
<td>N/A</td>
<td>Green</td>
<td>N/A</td>
</tr>
</tbody>
</table>

University's Criteria: >=90% all attributes tested are accurate and comply with policies & procedures = "Green"; >50% and <90% = "Yellow", and <50% = "Red"

The university did not perform the above review for FY2011, therefore, this status chart will not be used for FY12 and has been removed from the Service Center Scorecard.

General Ledger Reconciliations Status

As a result of the centralized nature of the Office of Student Life's fiscal service center, the University has approved the use of sampling techniques to achieve a 95% confidence Level with a +/- 5% confidence interval for completing general ledger reconciliations.

FY2011 Reconciliation Status (based on selected GL samples)
As of: 6/30/2011

<table>
<thead>
<tr>
<th>Total Student Life Transaction Population</th>
<th>28,675</th>
<th>20,542</th>
<th>23,217</th>
<th>30,049</th>
<th>27,005</th>
<th>24,035</th>
<th>23,612</th>
<th>25,699</th>
<th>36,063</th>
<th>28,021</th>
<th>29,304</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation Sample Population</td>
<td>377</td>
<td>376</td>
<td>378</td>
<td>379</td>
<td>360</td>
<td>378</td>
<td>377</td>
<td>379</td>
<td>378</td>
<td>379</td>
<td>378</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Categories/Est. % Complete</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/Deposits *</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Payroll</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Internal Orders/Expenses</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Travel</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Purchasing Card</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>82</td>
<td>0</td>
</tr>
<tr>
<td>Purchase Orders</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Utilities</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Reimbursements/Convenience Orders</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Percent Complete</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>99</td>
<td>63</td>
</tr>
</tbody>
</table>

* Reconcile 100% of cash deposits received/processed through Micros, including Campus Dining and BuckID (excluding Woody's and Sloopy's until Micros upgrade is complete).

Note: We experienced delays due to concerns with the SQL server for the April transactions. Based on the information received by SL TS, our routine monthly process will be pushed back by 4 days in order to ensure the information in the database agrees with the SQL server.

Reconciliation Completion Status: Outstanding Pcard transactions for April relate to 2 transactions awaiting documentation and 1 transaction requiring additional research as it does not appear on the Pcard transaction report. Outstanding items for May include 1 A/R, 1 miscellaneous, and 27 PO transactions awaiting documentation; 8 sales tax, 10 PCard, and 13 contracts (other expenditures) that were not completed by the assigned student employee as he was assisting Accounting with process documentation prior to month-end close; and 41 IDBs that were not completed as the assigned staff member was assisting with Delegation of Authority updates. All outstanding items are in process and expected to be completed by July 20.
Reconciliation Findings/Results

The below chart identifies the transaction types reviewed/reconciled and that for FY2011, 87% of the transactions reviewed have been assessed as being accurate and compliant. However, only 79.8% of the monthly transaction types are considered as being generally compliant (Green).

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Prior FY Compliance</th>
<th># of Current FY Transactions</th>
<th>Current FY % Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>N/A</td>
<td>142</td>
<td>96%</td>
</tr>
<tr>
<td>Cash Handling</td>
<td>N/A</td>
<td>509</td>
<td>94%</td>
</tr>
<tr>
<td>Contracts</td>
<td>N/A</td>
<td>76</td>
<td>100%</td>
</tr>
<tr>
<td>Interdepartmental Billings</td>
<td>N/A</td>
<td>444</td>
<td>98%</td>
</tr>
<tr>
<td>Misc.</td>
<td>N/A</td>
<td>440</td>
<td>96%</td>
</tr>
<tr>
<td>Payroll</td>
<td>N/A</td>
<td>254</td>
<td>91%</td>
</tr>
<tr>
<td>Procurement Cards</td>
<td>N/A</td>
<td>136</td>
<td>94%</td>
</tr>
<tr>
<td>PCI Compliance</td>
<td>N/A</td>
<td>541</td>
<td>96%</td>
</tr>
<tr>
<td>Purchase Order</td>
<td>N/A</td>
<td>974</td>
<td>96%</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>N/A</td>
<td>47</td>
<td>96%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>N/A</td>
<td>68</td>
<td>100%</td>
</tr>
<tr>
<td>Travel</td>
<td>N/A</td>
<td>24</td>
<td>96%</td>
</tr>
<tr>
<td>Utilities</td>
<td>N/A</td>
<td>93</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>N/A</td>
<td>3748</td>
<td>87%</td>
</tr>
</tbody>
</table>

**Percentages are consistent with University Procurement Color Code Percentages**
- Green - Generally Complies (Compliance >= 90%)
- Yellow - Partially Complies (Compliance >51% but < 90%)
- Red - Routinely Does Not Comply (Compliance <= 50%)

The below analysis identifies that as of the end of the fiscal year, 79.8% of the transaction types have been assessed as "generally compliant" (green).
### Status of University's 16 Internal Controls

Annually, all University VP/Dean areas are required to assess their compliance with 16 key internal controls. The below chart identifies the status of each of these controls based on the GL reconciliation/control review findings and preliminary Internal Audit findings.

<table>
<thead>
<tr>
<th>Does the College/Office . . .</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11 (Draft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Training</td>
<td>Yellow</td>
<td>Green</td>
<td>Yellow</td>
</tr>
<tr>
<td>2 Personnel &amp; Payroll Policies</td>
<td>Green</td>
<td>Green</td>
<td>Yellow</td>
</tr>
<tr>
<td>3 Procurement Card Policies</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>4 Expenditure Policies</td>
<td>Yellow</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>5 Travel Policies</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>6 Fundraising</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>7 Research</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>8 Budgets</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>9 Retention Guidelines</td>
<td>Yellow</td>
<td>Yellow</td>
<td>Yellow</td>
</tr>
<tr>
<td>10 Reconciliations - Income Statement</td>
<td>Yellow</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>11 Financial Errors</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>12 Reconciliations - Balance Sheet</td>
<td>Yellow</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>13 Fund Restrictions</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>14 Cash Handling</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>15 Ohio Ethics Law</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>16 Custody over Non-Cash Assets</td>
<td>Yellow</td>
<td>Yellow</td>
<td>Yellow</td>
</tr>
</tbody>
</table>
The below table identifies the internal control compliance for transactions reviewed by the Student Life Internal Controls team while performing routine general ledger reconciliations.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Prior FY Compliance</th>
<th># of Current FY Transactions*</th>
<th>Fiscal Quarter 1*</th>
<th>Fiscal Quarter 2*</th>
<th>Fiscal Quarter 3*</th>
<th>Fiscal Quarter 4*</th>
<th>Current FY % Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Training</td>
<td>Yellow</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2. Personnel and Payroll</td>
<td>Green</td>
<td>254</td>
<td>91%</td>
<td>88%</td>
<td>97%</td>
<td>100%</td>
<td>94%</td>
</tr>
<tr>
<td>3. Procurement Card</td>
<td>Red</td>
<td>136</td>
<td>45%</td>
<td>78%</td>
<td>95%</td>
<td>86%</td>
<td>99%</td>
</tr>
<tr>
<td>4. Expenditure</td>
<td>Yellow</td>
<td>1794</td>
<td>64%</td>
<td>70%</td>
<td>78%</td>
<td>79%</td>
<td>81%</td>
</tr>
<tr>
<td>5. Travel</td>
<td>Green</td>
<td>24</td>
<td>100%</td>
<td>50%</td>
<td>100%</td>
<td>56%</td>
<td>100%</td>
</tr>
<tr>
<td>6. Fundraising</td>
<td>Green</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>7. Research</td>
<td>Green</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>8. Budgets</td>
<td>Green</td>
<td>210</td>
<td>84%</td>
<td>100%</td>
<td>95%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>9. Retention Guidelines</td>
<td>Yellow</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>10. Income Statement Reconciliations</td>
<td>Red</td>
<td>2258</td>
<td>70%</td>
<td>73%</td>
<td>82%</td>
<td>82%</td>
<td>85%</td>
</tr>
<tr>
<td>11. Financial Errors</td>
<td>Green</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>12. Balance Sheet Reconciliations</td>
<td>Red</td>
<td>142</td>
<td>77%</td>
<td>100%</td>
<td>94%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>13. Fund Restrictions</td>
<td>Green</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>14. Cash Handling</td>
<td>Yellow</td>
<td>1050</td>
<td>95%</td>
<td>99%</td>
<td>96%</td>
<td>100%</td>
<td>99%</td>
</tr>
<tr>
<td>15. Ohio Ethics Law</td>
<td>Green</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>16. Custody over Non-Cash Assets</td>
<td>Yellow</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Internal Control-related transactions are reviewed Quarterly, Semi-Annually, or Annually, and are therefore may be excluded from the assessment for the month.

**Percent rates consistent with University Procurement Color Code Percentages:
Green - Generally Complies (Compliance >= 90%)
Yellow - Partially Complies (Compliance >51% but < 90%)
Red - Routinely Does Not Comply (Compliance <= 50%)

***One transaction may be assessed in multiple Internal Control categories.

### Primary Issues/Concerns and Progress:

#### Training

**Concerns:** Unit-level training requirements are not consistently being met

**Progress:** Provided training status reports to units identifying individuals who have not completed training; performed on-site cash handling reviews to identify training needs; coordinated PCI training for all identified SL staff members

#### Payroll (Items identified by Internal Audit)

**Concerns:** Segregation of duties within payroll processing

- Missing Application for Leave Forms
- Timekeeping approvers not on the delegation of authority listing
- One instance of nepotism
- Position description of the SFO does not contain the required wording
- Documentation for the pay rate for 4 individuals had no authorized signature
- 11 employees had over 500 hours of overtime
- 662 of 4,849 terminations (14%) for CY2010 were processed late
- 143 individuals did not have I-9 forms submitted to the I-9 database

**Progress:** Addressed potential nepotism issues with units, providing education on the nepotism policy and advised appropriate reporting structure; performed

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automated analysis of payroll approvers to delegation of authority and followed-up with units to resolve discrepancies; performed overtime analysis and advised on key points to consider when implementing overtime guidelines; will perform I-9 review at the request of the HR Director in FY12

**Purchase Card**
Concerns: Missing Documentation/Receipts
  - Untimely Receipt of Documents to Complete Reallocations within Time Requirements
Progress: Internal Controls team continues to communicate deficiencies to the Procurement team to facilitate a single-point of contact to the units by the service center. Service center staff members are continuing to work with purchasing card managers to obtain needed documentation; process policy exceptions

**Purchase Orders /Expenditures**
Concerns: Unable to locate Blanket Release Approvals
Progress: Discussed issue at several Fiscal Steering Committee meetings to raise awareness and to help identify possible solutions. It is recognized as a continuing issue by the business managers. Confirmed with Business & Finance that the requirement continues to exist and discussed the issues with the new Business & Finance VP of Operations to see if there are better ways to achieve the desired level of approvals. Will continue to work with units in FY12

**Cash Handling**
Concerns: Unable to effectively reconcile cash deposits for dining operations at the Ohio Union. Unit not sending money for deposits in a timely manner
Progress: Communicated need for MyMicros and assisted with development of custom reports to aid in the reconciliation of cash deposits for the Ohio Union dining operations; continuing to work with the deposit center and units to improve timeliness of deposits and assist with documentation needs; performed on-site cash handling reviews to identify process deficiencies and recommend solutions

**Non-Cash Assets (Identified by Internal Audit)**
Concerns: Non-capital equipment is not being adequately tagged or tracked
Capital equipment audit findings:
  - 1 item not in the location described in asset management system,
  - 1 item on the listing no longer exists
  - 1 items was not tagged
Progress: Worked with SL Technical Svcs and SL Equipment Coordinator to complete Internal Audit testing and communicated potential issues; have offered to work with Equipment Coordinator on physical audit conducted by Asset Management
Expenditure Policy Exceptions

Policy exceptions identified by the Service Center Procurement Team as a normal course of processing Purchase/Payment requests.

<table>
<thead>
<tr>
<th>FY2011</th>
<th>FY2011</th>
<th>Color Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Trans</td>
<td># of Exceptions</td>
<td>Green</td>
</tr>
<tr>
<td>Purchases/Expenditures</td>
<td>11,868</td>
<td>295</td>
</tr>
<tr>
<td>Travel</td>
<td>1,045</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Exceptions:</th>
<th>Qtr 1</th>
<th>Qtr 2</th>
<th>Qtr 3</th>
<th>Qtr 4</th>
<th>Total</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-the-Fact Purchase</td>
<td>68</td>
<td>59</td>
<td>47</td>
<td>35</td>
<td>209</td>
<td>70.8%</td>
</tr>
<tr>
<td>Missing Original Documents</td>
<td>2</td>
<td>8</td>
<td>12</td>
<td>3</td>
<td>25</td>
<td>8.5%</td>
</tr>
<tr>
<td>Coke Contract Violation</td>
<td>0</td>
<td>1</td>
<td>12</td>
<td>5</td>
<td>18</td>
<td>6.1%</td>
</tr>
<tr>
<td>Untimely Pcard Documents</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>7</td>
<td>2.4%</td>
</tr>
<tr>
<td>Unauthorized Contract</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>2.4%</td>
</tr>
<tr>
<td>No T# Prior to Registration/Purchase</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>2.0%</td>
</tr>
<tr>
<td>Office Supplies not thru Stores</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>2.0%</td>
</tr>
<tr>
<td>Tip &gt; 20%</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>1.4%</td>
</tr>
<tr>
<td>Pcard for Non-Univ Expense</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>1.4%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1.0%</td>
</tr>
<tr>
<td>Pcard for Restricted Commodity</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
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</tr>
<tr>
<td>Expense Paid w/ Change Fund</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0.3%</td>
</tr>
<tr>
<td>Reimbursement to Non-Empl</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.3%</td>
</tr>
<tr>
<td>Retail Alcohol w/o Payment</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.3%</td>
</tr>
<tr>
<td></td>
<td>71</td>
<td>76</td>
<td>88</td>
<td>59</td>
<td>295</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Travel Exceptions:</th>
<th></th>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>T # not issued prior to trip</td>
<td>16</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>22</td>
<td>68.8%</td>
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<tr>
<td>Reimb Request &gt; 90 Days</td>
<td>4</td>
<td>1</td>
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<td>0</td>
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<td>15.6%</td>
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<tr>
<td>Missing Original Receipts</td>
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<td>2</td>
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<td>3</td>
<td>9.4%</td>
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<tr>
<td>Blanket Order for non-mileage</td>
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<td>0</td>
<td>0</td>
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<td>6.3%</td>
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<tr>
<td></td>
<td>20</td>
<td>6</td>
<td>1</td>
<td>5</td>
<td>32</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

AVP-level business managers are involved in all policy exceptions.