

**Arizona State University  
Cronkite School of Journalism and  
Mass Communication Audit Report  
August 4, 2017**

This page left blank intentionally.

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

**Summary:** The Cronkite School of Journalism and Mass Communication audit was included in the Arizona State University (ASU) FY 2017 audit plan approved by the Arizona Board of Regents (ABOR) Audit Committee and ASU senior leadership. The audit focused on the overall financial and operational processes within the Cronkite School. This audit is in support of ASU's mission of attaining national standing in academic quality.

**Background:** The Cronkite School is one of the nation's premier professional journalism programs and is home to Arizona PBS, the largest media outlet operated by a journalism school in the world. Students get hands-on experiences in a dozen intensive, full-immersion professional programs that produce news, information and community engagement on critical issues for the state, region and nation. These initiatives originate in a state-of-the-art media complex that is considered one of the best journalism education facilities in the nation. It is equipped with 14 digital newsrooms and computer labs, three TV studios, digital student workstations, the Cronkite Theater, and the First Amendment Forum.

Cronkite School awards more than \$140,000 in scholarships each year. These scholarships are possible through the generous donations of Cronkite alumni, local media companies and organizations and other benefactors. The School collaborates with third parties such as FOX News, Society of American Business Editors & Writers (SABEW) and Society for American Baseball Research (SABR) through the use of facility use agreements. These agreements provide students of Cronkite direct access and involvement with these organizations.

In addition, the School facilitated two camps in 2016 for high school students. The Summer Journalism Institute includes hands-on experience in reporting, social media, Web production, shooting and editing video and photos, and producing and directing a student newscast. The second camp, Cronkite Sports Broadcast Boot Camp, is designed exclusively for high school students interested in sports journalism. In 2017, a third camp was added, the Media Innovation Camp, which pairs high school students with entrepreneurs, technologists, journalists and professors to learn how to create compelling content for digital audiences. The camps are managed by Cronkite staff, faculty and students.

**Audit Objective:** The objectives of the engagement were to assess the design and operating effectiveness of the financial and operational processes within the Cronkite School. Specifically, the following areas were included:

- Assess financial and operational processes for compliance with relevant ABOR

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

and ASU policies

- Assess compliance with contractual terms and oversight of facility use agreements
- Assess controls in place governing summer camps; and
- Identify opportunities for improvement.

**Scope:** The scope of the audit focused on the time period of April 2016 to March 2017. This audit did not include coverage of AZ PBS nor KBAQ. These areas are subject to external audits which were currently in process.

**Methodology:** Our audit consisted of tests of procedures and policies necessary to provide a reasonable basis for expressing our opinion. Specifically, audit work consisted of interviews with Cronkite staff, observation of work processes, review of documented policies and substantive tests including the following areas:

- Reviewing 25 Purchasing Card (PCard) reconciliations to ensure that timely reconciliations occurred, including appropriate secondary review and approval and that all transactions included were appropriate expenses and had adequate supporting documentation.
- Confirming cash handling and petty cash training were completed where necessary.
- Ensuring facility use agreement invoices are billed in a timely and accurate manner for a sample of two months.
- Ensuring background/fingerprint checks for new hires are conducted in a timely manner.
- Confirming existence for all leased Apple equipment through reconciling the Apple Lease to a current status report of the JAMF tool utilized to manage the equipment in addition to tracing a sample of 26 machines to the physical device to confirm existence and accuracy of the JAMF monitoring tool.
- Validating the student equipment checkout process through observation and by tracing a sample of 51 inventory items to the physical item to ensure existence and accuracy of the reporting tool.
- Validating a sample of 15 scholarships awarded for the 2016-2017 academic year to ensure the awards were accurately posted to student accounts and that students selected met the requirements of the donors.
- Assessing controls of the summer camps with minors through the following:
  - Confirming background/fingerprint checks were completed on all camp counselors and instructors prior to the start of the camps for the 2016 summer camps and two 2017 camps.
  - Ensuring camp counselors and instructors were properly trained on expectations,

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

key policies, and procedures for working with minors on campus through observation of training session, review of documentation and verification of completed acknowledgement forms.

- Ensuring the required parental forms were obtained for the 2016 summer camp participants.
- Validating petty cash expenditures related to summer camps.

**Conclusion:** Overall, the Cronkite School of Journalism and Mass Communication is generally following and enforcing university policies and practices pertaining to general business operations with some minor exceptions; however, improvement is needed in the facilitation of the Summer Camp programs.

Specifically, key controls in place to ensure the University promotes the safety and welfare of minors entrusted to the university's care and to minimize ASU's overall risk related to having minors on campus were found ineffective. Controls are in place and operating to ensure that individuals hired to run the camps (primarily faculty and students) go through the fingerprinting process; however, the process does not ensure that the results are received prior to the camp starting. As a result, testing identified 31% (8 of 26) of the fingerprint results were received after the camp started. Various forms also are required to be signed by the participant's parent or guardian covering areas of release/indemnity, consent for medical care, and health information including immunizations. Testing indicated that 15% (8 of 55) of camp participants had one or more of the required forms missing.

In addition, the training and guidance provided to faculty and students involved in the camps was effective and covered key expectations, including prohibiting one-on-one interactions with the minors; however, controls did not operate to ensure that signed acknowledgement forms of the expectations were consistently collected.

The control standards we considered during this audit and the status of the related control environment are provided in the following table.

<b>General Control Standard</b> (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	<b>Control Environment</b>	<b>Finding No.</b>	<b>Page No.</b>
<b>Reliability and Integrity of Financial and Operational Information</b>			
<ul style="list-style-type: none"> <li>• Invoicing processes are effective to ensure accurate billing and timely collection of payments related to facility use</li> </ul>	Reasonable to Strong Controls in Place.	N/A	N/A

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

agreements.			
<ul style="list-style-type: none"> <li>Petty cash processes are effective and ensure compliance with cash handling policy and guidelines.</li> </ul>	Reasonable to Strong Controls in Place.	N/A	N/A
<ul style="list-style-type: none"> <li>PCard processes are effective and ensure compliance with PCard policy and guidelines.</li> </ul>	Reasonable to Strong Controls in Place	N/A	N/A
<b>Effectiveness and Efficiency of Operations</b>			
<ul style="list-style-type: none"> <li>Scholarship processes ensure donor funds are appropriately applied to student accounts and are awarded in accordance with conditions of endowment agreements.</li> </ul>	Reasonable to Strong Controls in Place.	N/A	N/A
<ul style="list-style-type: none"> <li>Processes governing the summer camps with minors ensure the safety and well being of camp participants and ensure compliance to defined ASU policies and procedures.</li> </ul>	Significant Opportunity for Improvement	1	5
<b>Safeguarding of Assets</b>			
<ul style="list-style-type: none"> <li>Asset management controls are in place related to the Apple Leased equipment and equipment available for student checkout.</li> </ul>	Reasonable to Strong Controls in Place.	N/A	N/A
<ul style="list-style-type: none"> <li>Required cash handling training is completed by those required at least every 5 years as required by FIN 305.</li> </ul>	Opportunity for Improvement	2	7
<b>Compliance with Laws and Regulations</b>	Not Applicable	N/A	N/A

We appreciate the assistance of the Cronkite School staff during the audit.

*Kim Prendergast*

Kim Prendergast, CPA, CIA, CFE  
Internal Auditor Senior

*Lisa Grace*

Lisa Grace, CPA, CIA, CISA, CISSP  
Executive Director

## **Audit Results, Recommendations, and Responses**

### **1. Controls are not adequate to ensure the Cronkite School promotes the safety and welfare of minors in the university's care and to ensure compliance to defined ASU policies and procedures.**

**Condition:** The Cronkite School has designed effective controls governing their summer camps that address the key safety and risk components involving minors on campus; however, there is a general lack of compliance to these controls.

**Criteria:** The Cronkite School has implemented the following requirements related to the summer camps offered:

- All faculty, staff and students involved in facilitating the camps are required to complete a background/fingerprint check.
- A required training meeting is held to ensure camp counselors and instructors are trained on expectations, key policies, and procedures for working on with minors on campus including a signed acknowledgement that they understand the defined expectations.
- All camp participants are required to have signed parental forms prior to the camp starting addressing release/indemnity requirements, consent for medical care, and health information including immunizations.

**Cause:** Controls are ineffective to ensure all required tasks and forms are completed prior to camps starting. For example, the existing process ensures that the background/fingerprint check is performed; however, it is not done in a timely manner to ensure results are received prior to camp starting. In addition, existing collection and retention processes are informal and do not ensure all required paperwork is received and retained.

**Effect:** Testing indicated a general lack of compliance in these areas. Specifically, the following was noted.

- Background/Fingerprint results for 8 of the 26 (31%) individuals involved with the camps were received after the camp started.
- Signed acknowledgement forms were not retained for any of the 2016 camp counselors and there were multiple exceptions related to the 2015 camps. Improvement was noted in the two 2017 camps that had started during the audit.
- 8 of 55 (15%) participants tested had one or more of the required parental forms missing.

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

**Recommendation:** Additional monitoring controls should be implemented to ensure adherence to existing controls in place. Monitoring should include formal reconciliations of required forms and tasks prior to camp starting and incorporate management review to ensure compliance. In addition, processes involving selecting staff for the camps should be reviewed to ensure staff is selected with adequate lead time to complete the required background/fingerprint verification.

ASU is currently in process of finalizing a *Minors on Campus* Policy. Once this is finalized, the Cronkite School will need to reassess their existing process to determine if any further enhancements are required.

**Management Response:**

The Walter Cronkite School of Journalism and Mass Communication agrees with this audit issue. In response, the Cronkite School will follow and implement all recommendations made by the audit team and will also take the following additional steps to ensure future compliance.

The Cronkite School has developed effective controls governing our summer high school camps and the business office will now begin to work directly with the program coordinator and the Assistant Dean who oversees the summer programs to support compliance. The business office will develop processes to reconcile internal controls already in place. These actions will be implemented by 12/31/2017.

The Assistant Dean and Director of Fiscal and Business Operations will take the following steps to implement and compile with our internal controls:

1. In order to receive the results of all fingerprints conducted prior to the start of each summer camp, we will start the employee hiring process for each summer camp no later than January of each year. This will give our camp coordinators enough time to work with the Office of Human Resources (OHR) and Student Employment Office to search, process, hire and fingerprint personnel. The current fingerprint process is completed in the Kenexa system. Each employee communicates and works directly with OHR in the Kenexa system to schedule their fingerprint appointment. The Cronkite School will now proactively schedule those appointments directly with OHR and not through Kenexa. Managing the fingerprint process outside of the recruitment system will ensure timely appointments are scheduled and the results are received prior to the start of each summer camp.

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

2. The Business Office will begin to work directly with the Assistant Dean and program coordinator to develop and implement a process to effectively disseminate acknowledgment forms and all required forms to camp personnel, participants and parents. We will develop a process to set deadlines for receipt of those forms, to reconcile receipt of forms and to respond consistently to any non-compliance issues. We will also develop a communication model to ensure all program requirements are communicated efficiently and timely to ensure compliance with those requirements.

**2. Controls are not adequate to ensure cash handling training is completed timely.**

**Condition:** Cash handling training for one of four applicable staff (25%) was not renewed timely.

**Criteria:** Cash handling training must be completed within three months of hire, and every five years thereafter for applicable staff.

**Cause:** Cash handling training expiration was not monitored by management.

**Effect:** One staff member did not have current cash handling training during the audit. Cash handling training was made current when identified by audit staff.

**Recommendation:** Monitor cash handling training annually to be aware of training to expire in the upcoming year.

**Management Response:** The Walter Cronkite School of Journalism and Mass Communication agrees with this audit issue. In response, the Cronkite School will follow and implement all recommendations made by the audit team. Monitoring will be implemented immediately.

Arizona State University  
Cronkite School of Journalism and Mass Communication Audit  
August 4, 2017

**Distribution:**

Arizona Board of Regents Audit Committee

Michael M. Crow, President

Mark S. Searle, Executive Vice President, University Provost

Morgan R. Olsen, Executive Vice President, Treasurer and Chief Financial Officer

Christopher Callahan, Vice Provost, Dean, and Professor, Cronkite School

Sheila Ainlay, Vice Provost for Planning and Budget

Sandy Mancilla, Director, Fiscal and Business Operations, Cronkite School

Internal Audit Review Board