April 22, 2014

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Assistant Vice Chancellor/Controller
0951

Subject: ***Student Receivables***
               Audit & Management Advisory Services Project 2014-56

In October 2013, the Vice Chancellor of Resource Management & Planning (VC – RMP) received an email from a parent of a Skaggs School of Pharmacy student (Student), which indicated that the Student was receiving erroneous scholarship refund checks on a weekly basis due to a computer glitch in the Integrated Student Information System (ISIS). The Student was withholding repayment to the University until the glitch was fixed, and the receipt of erroneous refund checks ceased. AMAS initiated a review to evaluate the concern. This report summarizes the results of the review.

Background

The mission of Student Business Services (SBS) is to provide effective, customer-focused debt management and campus card services to UCSD students, faculty, and staff. SBS utilizes the Integrated Student Information System (ISIS) to post tuition, fees, payments, scholarship awards, stipends, etc. to student accounts. Each different type of payment processed through ISIS is assigned to a unique set of data elements, collectively referred to as a detail code. The detail code dictates how the payment will be processed in ISIS. ISIS runs weekly batch jobs to process student account transactions.

When a new scholarship is awarded to a student, a new detail code must be established in ISIS so that the payment can be appropriately processed. To establish the new detail code, the academic department completes an AR Detail Code Worksheet, and submits the worksheet to SBS for manual data entry into ISIS. The AR Detail Code Worksheet includes a description of the detail code, as well as all of the required data elements: type, application priority, and category.

Audit Objective, Scope and Procedures

The objective of the review was to determine: a) the reason the Student inappropriately received multiple refund checks, b) whether other students were affected, and c) whether internal controls, if any, were working as intended. In order to achieve the objective, AMAS performed the following procedures:

o   Reviewed the Student's account activity using the FinancialLink AR Detail Query;

o   Interviewed the Controller, former Associate Controller, and personnel from SBS;
o   Interviewed personnel from Administrative Computing & Telecommunications (ACT);
o   Reviewed e-mails for background on the issue; and
o   Identified additional students who may have received improper refund checks.

Conclusion

Based on our review procedures, we concluded that the detail codes used to account for the Student's scholarships were incorrectly set up using a stipend category code, which caused ISIS to process the scholarships incorrectly and inappropriately issue weekly refund checks to the Student. Four additional students were also affected by this error. ISIS system controls could be improved to prevent this type of error from occurring in the future.

Observations and Management Corrective Actions

Five students repeatedly received inappropriate refund checks totaling $9,437 due to improper setups and edits of various detail codes. ISIS system controls could be improved to prevent this from occurring in the future.

When a scholarship or stipend detail code is established in ISIS, it is imperative that the detail code contains the correct application priority code. Detail codes associated with a stipend payment are assigned an application priority code of 998. Detail codes associated with scholarship payments are assigned an application priority code of 800. Failure to assign the correct application priority code results in the incorrect processing of associated ISIS transactions.

When a scholarship detail code contains the correct data elements, ISIS applies the payment towards any outstanding balance owed, issues a refund check for any excess funds, and zeroes out the scholarship balance. When stipend detail codes are coded correctly, ISIS issues a check to the student in the amount of the stipend, and zeroes out the stipend balance.

In August 2012, the Skaggs School of Pharmacy submitted several AR Detail Code Worksheets to SBS to establish new scholarships in ISIS. Ten of the worksheets incorrectly categorized the scholarships as stipends with an application priority code of 998. As a result, these scholarships were not applied toward the unpaid balances of the student accounts, but rather paid out in whole to the students. Students were then required to remit payment back to the University for any unpaid balances.

In September 2012, the Skaggs School of Pharmacy contacted SBS to correct these scholarship detail codes.   Application priority codes were changed from 998 to 800, as is appropriate for scholarships, but the category codes remained unchanged. Because the application priority and category codes were incompatible, ISIS began to issue scholarship refund checks to the affected students on a weekly basis without clearing the scholarship balance from the student account.

This only occurred in instances when there was a balance due to the student. Between September 2012 and December 2013, a total of five students received erroneous refund checks for a cumulative amount of $9,437 due to the detail code error.

Within a week of issuing the erroneous checks, the Skaggs School of Pharmacy recognized that students had received erroneous refund checks, and requested that the students repay the University. However, ISIS continued to issue erroneous refund checks until the detail code was corrected.

Detail code setup is a manual process that relies heavily on departments having knowledge of how to properly assign data elements to a detail code. In addition, there are no ISIS system input controls to prevent incompatible data elements from being assigned to a detail code, nor are there any current ISIS exception reports to identify detail codes that result in these types of errors. ACT has advised that it is possible to implement ISIS input controls to prevent this error from occurring in the future.

Management Corrective Actions:

SBS has addressed the ISIS errors, and the five students are no longer receiving inappropriate refund checks. In addition, the students have reimbursed the University.

SBS will work with ACT to develop ISIS input controls to prevent this type of error from occurring in the future. SBS will develop a comprehensive listing of incompatible detail code data elements, and provide this listing to ACT so that input controls can be adequately implemented.

Audit & Management Advisory Services appreciates the cooperation and assistance provided during the review.

UC policy requires that all draft audit reports, both printed (copied on tan paper for ease of identification) and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel or destroy them at this time.

The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the corrective actions. At that time, we may need to perform additional audit procedures to validate that actions have been taken prior to closing the audit findings.

If you have any questions regarding this report, please call me at 534-3617.

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