



AUDIT FINDINGS

Provided by the Division of Legislative Audit

PRE-FISCAL SESSION - JBC Budget Hearings March 4, 2020

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**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS NORTHEASTERN COLLEGE
FOR THE YEAR ENDED JUNE 30, 2018**

Finding:

Financial statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent misstatements in the financial statements. Misstatements discovered during the course of the audit included:

- On the Statement of Cash Flows, payments to suppliers were understated and purchases of capital assets were overstated by \$217,674 due to misclassification of accounts payable.
- In the Notes to Financial Statements – Disaggregation of Receivable and Payable Balances, other receivables for reimbursements of expenditures from federal and local grants and contracts were overstated and miscellaneous items were understated by \$92,170 due to a misclassification.

The financial statements and notes to financial statements were corrected by College personnel during the audit.

Recommendation:

The College should implement controls to ensure accurate financial reporting.

Response:

We will address each of the audit findings in our audit to ensure compliance and prevent reoccurrence by: 1. Diligently reviewing classifications on the Statement of Cash Flows to ensure all accounts are properly classified to protect against misstatements. 2. Diligently reviewing the Notes to the Financial Statements to ensure all notes are an accurate description of the balances on the financial statements and are properly classified. The notes for accounts receivable will be properly disaggregated in the future.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS STATE UNIVERSITY SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019**

Finding: Arkansas State University - Jonesboro

The University had uninsured and uncollateralized deposits totaling \$328,406 at June 30, 2019 in noncompliance with Ark. Code Ann. §§ 19-8-201 – 19-8-203.

Response:

The University concurs with the finding. This error resulted from the maturing of an investment at June 28, 2019 and its temporary conversion to cash. The University's finance officers have reviewed and revised procedures to insure the appropriate monitoring and safeguarding of investments.

The following Arkansas State University System campuses had no findings:

- Arkansas State University – Beebe
- Arkansas State University – Newport
- Arkansas State University – Mountain Home
- Arkansas State University – Mid-South

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
BLACK RIVER TECHNICAL COLLEGE
FOR THE YEAR ENDED JUNE 30, 2018**

Finding:

Financial statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent material misstatements in the financial statements. Key errors in the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Required Supplementary Information included:

Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows

On the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows, student tuition and fees (net of scholarship discounts and allowances) and scholarships and fellowships expense were overstated by \$590,693 due to the omission of Pell financial aid applied to fees from the scholarship allowance. Also, bookstore revenues (net of scholarship discounts and allowances) and scholarships and fellowships expense were understated by \$9,586 due to a clerical error.

On the Statement of Revenues, Expenses, and Changes in Net Position, non-operating federal grants and contracts were understated and capital gifts were overstated by \$10,500 due to the misclassification of equipment obtained from the Federal government.

On the Statement of Cash Flows, cash inflows from the bookstore were understated and payments to suppliers were overstated in the amount of \$7,475 due to the misclassification of bookstore commission receivable. Also, payments to suppliers were overstated and purchases of capital assets were understated in the amount of \$24,753 due to the misclassification of noncash gifts.

Required Supplementary Information

Covered payroll for the Arkansas Teacher Retirement System was understated by \$50,743 due to the omission of employees participating in the Teacher Deferred Retirement Option Plan (T-DROP).

The financial statements and required supplementary information were corrected by College personnel during the audit.

Recommendation:

The College should implement controls to ensure accurate financial reporting.

Response:

Management recognizes the responsibility to present accurate financial statements and will continue to improve internal control processes to detect and prevent errors.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
COLLEGE OF THE OUACHITAS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding:

In performing procedures in our equipment observation sample, we noted the following internal control weaknesses:

- 16 items did not have College property tags attached and/or serial numbers were not properly included in the equipment subsidiary listing.
- One item was recorded in a batch of seven identical items instead of being listed individually on the equipment subsidiary listing.

Response:

During a 100% capital inventory inspection in FY 2017, the College identified a number of items purchased during the previous administration that did not have serial numbers or actual location of items recorded. The Business Department has been working to get these records updated and have directed the capital asset procedures to be reevaluated.

Effective July 1, 2019, a new department will be established that will have responsibility and authority to improve procedures and implement additional control measures that will ensure compliance. This department will be titled "Purchasing, Inventory and Travel" and will be staffed with a director, who will become the College procurement officer and 1.5 additional FTE.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
EAST ARKANSAS COMMUNITY COLLEGE
FOR THE YEAR ENDED JUNE 30, 2018**

Finding 1:

The College's internal controls failed to detect a fraudulent email, and payroll staff subsequently failed to follow proper procedures, resulting in a total loss of \$17,766. On October 23, 2018, the College's payroll office received an email that appeared to be from the College's President, requesting that her payroll direct deposit be changed to a different bank and that standard procedures be bypassed to ensure the change was effective for the next deposit on October 30. Subsequent changes made by payroll staff without proper authorization resulted in \$8,581 being deposited into an account that did not belong to the President. The President's November 30 paycheck of \$9,185 was also deposited in this account, after payroll staff failed to correct the President's bank information timely. The College filed a report with the FBI and contacted its insurance company, which indicated the loss was not insurable.

Response:

EACC management has added an automated "warning message" to all incoming emails originating from outside the EACC internal email system to aid staff in recognizing potentially harmful or fraudulent emails. In addition, EACC has conducted specific training of staff to emphasize the importance of recognizing bogus communication. Payroll and financial staff have received updated training on the necessity of always following established finance and accounting procedures regardless of extenuating circumstances to ensure that adequate controls are always in place and effective in preventing similar losses in the future. The employee that failed to follow established control procedures in this case is no longer employed by the College.

Finding 2:

College personnel identified, and we verified, discrepancies in revenue received for the College's Commercial Driver's License (CDL) testing program. Prior to the merger of the Crowley's Ridge Technical Institute (CRTI) with the College on August 1, 2018, the CDL program was part of CRTI's curriculum, and the program was continued subsequent to the merger. Students' testing fees were included in their tuition, while non-students were charged a \$200 testing fee. Receipt documentation was not available for 58 of 108 tests administered in calendar year 2017 and 16 of 77 tests administered in calendar year 2018, resulting in unaccounted for revenue of \$11,600 and \$3,200, respectively.

Response:

EACC management has put in place specific procedures for the collection of CDL testing fees, and for regular periodic reconciliation of receipts and testing documentation by an accounting staff member unaffiliated with the CDL testing staff in order to ensure that a similar situation cannot occur going forward. The College has been in communication with the Arkansas State Police department that oversees CDL testing in order to ensure full compliance with ASP's requirements and expectations. The staff members that failed to follow established policies and procedures in this case were employees of the former Crowley's Ridge Technical Institute and are no longer employed by the College.

Finding 3:

Financial Statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent material misstatements in the financial statements. Key errors in the Statement of Revenues, Expenses, and Changes in Net Position included:

1. A deferred outflow related to Other Postemployment Benefits (OPEB) totaling \$5,422 was recorded in the Statement of Revenues, Expenses, and Changes in Net Position in error.
2. Gift revenue was understated and tuition and fee revenue was overstated by \$172,698.
3. Gain (loss) on the disposition of capital assets was overstated by \$10,182 which resulted in a gain being reported instead of a loss.
4. Various errors noted in the classification of state and federal operating revenues resulted in an understatement of state grants of \$37,370 and an overstatement of federal grants of \$65,372 with a net effect of \$28,002 overstatement of revenues.
5. Capital assets accumulated depreciation recorded by the College was understated by \$51,570.

Financial statements, for the above misstatements, were corrected by the College personnel during the audit.

In addition, although the financial statements provided by the College appeared in agreement and reconciled, a reported unidentified variance of (\$352,966) was necessary on the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows for the net position – end of year and cash and cash equivalents – ending; respectively, to agree with the Statement of Net Position.

Recommendation:

The College should implement controls to ensure accurate financial reporting.

Response:

EACC management recognizes the importance of presenting financial statements that conform to GAAP principles, and acknowledges its responsibility for establishing adequate internal controls to prevent misstatements. Management will take steps to develop improved use of our Accounting System reporting capabilities to aid in the review of underlying financial transactions by multiple reviewers prior to the final issuance of our annual financial statements. This will help to ensure proper categorization of revenues, expenditures, and asset classification that significantly affect the presentation of the College's financial position. In addition, the College has made plans to expand its accounting staff in order to both build additional capacity in day-to-day management of financial and accounting activities and to enhance our efforts in the area of adequate separation of duties, review for accuracy, and overall operational effectiveness.

EACC management has reviewed this finding with the auditors and we are in agreement that there did exist several mitigating factors that resulted in the inability to more accurately explain the unidentified variance. Chief among these factors was the merger on August 1, 2017 of EACC and the former Crowley's Ridge Technical Institute (CRTI) that took place after the start of EACC's 2017-18 Fiscal Year. Because CRTI operated on a different basis of accounting, utilized a very different accounting system, and did not publish independently audited annual financial statements, the process of identifying and reconciling CRTI financial and accounting data and related information with a verifiable degree of accuracy, and then subsequently integrating that information into the EACC's financial operation was challenging to the point of not being completely possible. Throughout the 2017-18 Fiscal Year, EACC management engaged in ongoing discussions with staff at other state agencies including the Department of Finance & Administration's offices of Accounting, Personnel, Procurement, and Employee Benefits, the Division of Legislative Audit, the Department of Career Education, and the Department of Higher Education in an effort to collaborate towards the best information and the most informed decision making possible in regards to all aspects of the merger between the two institutions. EACC Management is confident that its 2017-18 Financial Statements reflect as high a degree of accuracy, consistency, and reliability as could be obtained given the limited information that was available at the beginning of, and throughout, the merger process. We believe this finding results primarily from a one-time set of unique circumstances, and that we have worked through this process to establish a new baseline for normal operations going forward.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
HENDERSON STATE UNIVERSITY
FOR THE YEAR ENDED JUNE 30, 2019**

Finding 1: REPEAT

Financial statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University's internal control system did not detect or prevent material misstatements in the financial statements. Key errors in the Comparative Statement of Net Position included:

- Due to recording errors, net pension liability was overstated by \$530,482, deferred inflows related to pensions were understated by \$364,383, and deferred outflows related to pensions were overstated by \$685,035. The net effect of these errors to the University's unrestricted net position was an overstatement of \$518,936.
- Due to recording errors, cash and accounts payable were understated by \$196,422.

The financial statements, for the above misstatements, were corrected by University personnel during the audit. A similar finding was reported in the previous audit.

Recommendation:

We recommend the University review internal controls to ensure the accuracy of financial statements.

Response:

The University concurs with the finding. Additional review procedures of financial statements will be implemented. Ms. Rita Fleming has been hired as the new Vice President for Finance and Administration and assumed her position officially on December 3, 2019. The University appreciates the opportunity to correct the statements.

Finding 2: REPEAT

We examined the University's policies and procedures regarding enrolling students with account balances and collection on current students' accounts. The University's policy, although not written, was to allow students with a current balance of less than \$4,800 to register for the upcoming semester and to automatically enroll students in a payment plan each semester. During our examination of 10 student accounts, we noted the following exceptions:

- 8 of 10 students tested were allowed to enroll with a balance that exceeded the University's policy.
- 5 of 10 students tested did not make any payments during the fall but were allowed to re-enroll in the spring and/or summer semester.

Additionally, we examined 10 delinquent student accounts to determine compliance with the University's policies and procedures and state regulations regarding collection of outstanding debt and noted the following exceptions:

- For 8 of the 10 student accounts tested, the University was not diligently and actively pursuing collection of the outstanding balances, in noncompliance with University policy and Ark. Code Ann. § 19-2-305.

A similar finding was reported in the previous audit.

Recommendation:

We recommend the University review its policies and procedures on student accounts to ensure their adequacy, including the maximum outstanding balance allowed by students. We also recommend the University establish controls to ensure compliance with these policies and procedures as well as Ark. Code Ann. § 19-2-305.

Response:

The University concurs with the finding. Management developed a plan in August of 2019 to address the student accounts issue. This was of critical importance to collect old debts and prevent future students from accruing such debts. The board of trustees approved policies, which are reflective of industry best practices, for both current students and future students.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
SOUTH ARKANSAS COMMUNITY COLLEGE
FOR THE YEAR ENDED JUNE 30, 2018**

Finding 1: REPEAT

Financial Statements are the responsibility of the College's management and should be presented in conformity with accounting principles generally accepted in the United States of America. The College has policies and procedures to properly record and classify transactions in the financial statements; however, material misstatements in the financial statements were detected during the audit. These misstatements had no effect on the College's reported net position at June 30, 2018; and the financial statements were subsequently corrected by College personnel during audit fieldwork. Key errors in the Statement of Revenues, Expenses, and Changes in Net Position and the Notes to the Financial Statements included:

Statement of Revenues, Expenses, and Changes in Net Position

Student tuition and fees, bookstore revenues, and scholarships and fellowships expenses were overstated \$44,464, \$495,329, and \$539,793; respectively, due to the recording of an incorrect amount for scholarship allowances.

Notes to the Financial Statements

- a) The pension expense amount was understated \$545,793.
- b) Deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date was overstated \$1,828,111.
- c) Amounts reported for operating expenses by functional classifications included errors totaling \$970,022 and was not in agreement with the amount reported on the Statement of Revenues, Expenses, and Changes in Net Position.
- d) The other postemployment benefits obligation was understated \$345,026 and was not in agreement with the amount reported on the Statement of Net Position.
- e) Amounts reported as transferred to the College from the South Arkansas Community College Foundation, Inc. were understated in total by \$287,167.

A similar finding was reported in the previous three audits.

Recommendation:

The College should implement internal controls to ensure amounts reported in the financial statements and notes to the financial statements are accurate.

Response:

Statement of Revenue, Expenses and Changes in Net Position:

Allowance reports created for the audit ending June 30, 2018 were based on reports created during the last three months of a prior year due to a change in the College's ERP system. Those reports did not contain all the types of transactions that should be included in the allowance calculation. During the audit, reports were created to accumulate all the data necessary to properly report the amount of the scholarship allowances.

Notes to Financial Statements:

- a) and b): The pension expense amount was reduced by the amount of the current year contributions to the retirement plans and the deferred outflow amount was listed as the balance of deferred outflows and should have only included the current year contributions made by the College.
- c) and d): The functional expense report and postemployment benefits obligation report were not updated with current financial statement changes, causing the variance to the amounts in the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position.
- e): A transfer from the Foundation of \$287,167 for the AMTC building project was not included with the amount transferred for expenses. This was the first such transfer in the last four years.

Although a quality check was added to our process for financial statement reviews, it was not adequate to identify errors found by the auditors. The College will increase the quality review by including supporting documentation to the review process and conducting multiple reviews prior to finalizing the statements.

Finding 2: REPEAT

The College discovered, and we confirmed, seven fraudulent charges made to College P-card accounts from August to December 2017:

- Four single payments totaling \$295 to various vendors after account information was fraudulently obtained.
- Three payments totaling \$1,118 to a retail vendor after an employee's P-Card was reported stolen from a locked vehicle on December 15, 2017. A police report was filed; however, no arrests have been made.

All of the above charges were reversed, and the College was reimbursed by the applicable next billing cycle from the date of occurrence. A similar finding was reported in the previous audit.

Response:

The College follows the process prescribed by the State Office of Procurement for P-Card reviews. P-card transactions are reviewed on a timely basis, but no less than monthly, and any questionable charges are researched by the card holder and the procurement office. US Bank is notified immediately of any charges that are not made by College personnel. The bank will cancel the card and reissue a new one to the holder. After research by US Bank, charges are reimbursed or credited to the College. This follows the process called for by the state, first to identify the fraudulent or unrecognized activity and then immediately contact US Bank, which will discontinue the card and re-issue a card once they deem the event fraudulent. The bank is responsible for all activity at that point.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
SOUTHERN ARKANSAS UNIVERSITY
FOR THE YEAR ENDED JUNE 30, 2018**

Finding:

In July 2018, the University discovered, and we confirmed, three unauthorized payments from the University's payroll account to unauthorized individuals who submitted direct deposit change forms containing forged signatures of University employees. Gross and net wage amounts of the three payments totaled \$16,084 and \$10,949, respectively. An investigation into these matters is ongoing, and the University has not recovered these funds.

Response:

Three forged requests to change direct deposit information resulted in unauthorized payroll disbursements. The requests were generated from authentic user accounts with compromised passwords. The University has always recommended periodic password changes, but has now committed to IT forced password resets.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
UNIVERSITY OF ARKANSAS SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019**

Finding 1: UNIVERSITY OF ARKANSAS, FAYETTEVILLE

The University of Arkansas System Internal Audit Department (IAD) conducted an audit to detect unauthorized changes to the University's vendor master file and resulting losses primarily for the period September 1, 2018 through November 30, 2018. After a suspected automated clearing house (ACH) payment fraud, management filed a report with the University Police Department. IAD found that one vendor's banking information was altered through a domain not belonging to the vendor, resulting in 15 unauthorized ACH payments totaling \$132,079 to an apparent fraudulent recipient. Of this amount, \$13,108 was recovered by the bank, leaving a loss of \$118,971 to the University.

Response:

We agreed with and implemented Internal Audit's recommendation as previously communicated in Compliance Internal Audit Report – University of Arkansas, Fayetteville – ACH Payments 19-09. Business Services has developed standard communications for Supplier Services to use in verifying vendor information related to payment information changes. These new communications have been tested both by University management and Internal Audit with preventative communications determined to be effective and operating as expected.

Finding 2: UNIVERSITY OF ARKANSAS AT LITTLE ROCK

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of rental property agreements and payment information, provided by management, for the University's 17 rental properties for the period July 1, 2017 through June 30, 2018. Property management is handled by multiple departments, and records are maintained manually. IAD noted the following:

- Six previous tenants owe \$10,140, and one current tenant owes \$148 for a total of \$10,288 in past due rental payments. As of the report date, the six tenants still owe \$10,140.
- Two current Campus Living employees did not transfer utilities into their names upon signing lease agreements, and the University improperly paid the utilities for these two properties for 10 months before the error was noted. The employees reimbursed the University through payroll deduction.

Response:

Management is currently pursuing collections of all past due rental payments identified in the audit. Past due amounts have been recorded to appropriate receivable accounts, have been submitted to our collection agencies and will be turned over for debt set off in January of 2020

Finding 3: UNIVERSITY OF ARKANSAS AT MONTICELLO

The University of Arkansas System Internal Audit Department (IAD) conducted an audit regarding a loss of \$1,195 as the result of a payroll identity theft for the period December 14, 2018 through December 31, 2018. An employee contacted the Payroll Department after she did not receive her payroll direct deposit on December 14, 2018. After verifying that all payroll processes ran correctly and there were no issues with the direct deposit file sent to the bank, the Payroll Department staff inquired about the changes made to the employee's direct deposit information in the self-service portal and found that this information changed from a local bank to an online bank. The Chief Information Officer noted the employee's self-service portal and email accounts were hacked, and the employee did not make the changes.

Response:

The University of Arkansas at Monticello accepted the report for the identity theft that occurred on December 14, 2018. In response, management implemented new procedures to verify any changes to an employee's direct deposit information. This policy was implemented April 24, 2019, in which a copy was sent campus-wide to inform employees of the change. A report is now being generated daily and the Payroll Services Coordinator and Payroll Manager are confirming all changes. The report indicates if the change was initiated by a paper form or online by the employee through their self-service portal. Any changes indicated by a physical form are then reconciled to forms received. Those forms that indicate a self-service change are now verified through an email and followed up with a verbal confirmation from the Business Manager. The dual verification process will assist us in identifying compromised accounts quicker than our previous policy, which was done through a negative confirmation process. If the employee cannot be reached, payroll staff will notify Information Technology to trace the IP address that the change was initiated through. Running the report daily allows time for positive confirmation prior to the payroll deadline.

Finding 4: UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE - TEXARKANA

The University of Arkansas System Internal Audit Department (IAD) conducted an audit regarding a loss of \$1,889 as the result of a payroll identity theft for the period February 26, 2019 through March 27, 2019. Working with their Information Technology (IT) Department, management reported that an employee's email account was compromised, which the IT Director later confirmed. Through an email with documentation sent to the Payroll Department, the employee's direct deposit information was changed to an apparent fraudulent account. Management filed a report with the Hope Police Department on March 18, 2019, and indicated they believe this was an isolated incident and no other systems or emails were affected.

Response:

The College has implemented a Direct Deposit Process Change policy to discontinue accepting direct deposit changes by email and require employees to request changes in person with the Payroll Department. If an employee is unable to request the change in person, the Payroll Department is required to perform phone call verification to a phone number previously on file for the employee and obtain an employee notarized Authorization Agreement for Direct Deposit form.

Finding 5: COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

The University of Arkansas System Internal Audit Department (IAD) conducted an audit regarding a loss of \$1,322 as the result of a payroll identity theft for the period January 23, 2019 through March 31, 2019. Working with their Information Technology (IT) Department, management reported that an employee's email account was compromised, which the IT Director later confirmed. Through an email with attached documentation sent to the Payroll Department, the employee's direct deposit information was changed to an apparent fraudulent account. Management filed a report with the University Police Department on February 28, 2019, and indicated they believe this was an isolated incident and no other systems or emails were affected. Subsequently, on April 8, 2019, the University recovered \$1,322 from the bank.

Response:

UA Cossatot made updates to CCCUA Procedure 404-2 for payroll direct deposits and the Vice Chancellor for Business Services trained the Payroll Department on the updated procedures to ensure that new and/or changes to Direct Deposits are always pre-noted during the payroll process so that there is a catch point for any potential fraud that may occur. This was completed during the course of the internal audit and was put into effect in April of 2019.

Finding 6: PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

The University of Arkansas System Internal Audit Department (IAD) conducted an audit regarding an allegation of identity theft for the period June 1, 2018 through July 31, 2018. University management reported that an employee did not receive her payroll deposit of \$1,732 scheduled for June 28, 2018. The Director of Information Technology discovered that the employee's email account was compromised and accessed through an unauthorized VPN. Management notified the bank of the theft; however, the transaction had already been processed and could not be recalled. Management stated they believe this is an isolated incident and no other systems or emails were affected.

Response:

Immediately upon discovery, procedures were implemented that require all changes to payroll direct deposit be made in person and verified by a payroll or business office employee. In addition, email security settings have been tightened to help prevent delivery of similar email requests. These new policies and procedures have already proven effective in stopping additional email attempts similar in nature to the one noted above.

Finding 7:

In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2019, as reported to the Arkansas Department of Higher Education, to provide reasonable assurance that the data was properly reported. During our review, we noted the following items:

- **UNIVERSITY OF ARKANSAS AT PINE BLUFF**
In our review of supporting documentation for fifty students tested, one student which was reported as enrolled in two courses as of the eleventh class day for the Fall 2018 semester, was determined to have never attended.
- **UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE**
Two students out of seventy-nine students tested withdrew prior to the eleventh class day (or equivalent) but were included in enrollment numbers submitted to the Arkansas Department of Higher Education.

Response:

University of Arkansas at Pine Bluff

Per recommendation to the internal audit finding, to prevent the substance of this finding from reoccurring in the future and to ensure that faculty report students that are in attendance prior to the 11th day of instruction, each faculty member will be required to have students enrolled in their courses to complete at least one assignment prior to the 11th day of instruction and report only those students that have successfully submitted the assignment as attending. A memo to the deans, department chairs, and faculty will be sent to remind them of the aforementioned requirement.

University of Arkansas Community College at Batesville

The two students in question initiated a complete withdrawal prior to the 11th day census date. The withdrawals were processed. At the same time, faculty are asked to report non-attending students; these two students were not reported. Faculty reports are utilized to build the file submitted to ADHE. UACCB Registrar will inform the UACCB faculty and staff of the ADHE reporting requirements and will provide training to ensure ADHE reporting procedures are followed. The Registrar will emphasize the importance of verifying class attendance records against the updated rosters available in the Student Information System. Notifications and training will be provided to UACCB faculty and staff on the student withdrawal process and of ADHE reporting guidelines to ensure the student's status as of the institution's census date is reflected in the ADHE report. Information Services will review the validation report to address report timing.

The following University of Arkansas System campuses had no findings:

- University of Arkansas at Fort Smith
- University of Arkansas Community College at Morrilton
- University of Arkansas Community College at Rich Mountain
- University of Arkansas for Medical Sciences (Financial Statements and Reports on Federal Awards in Accordance with the Uniform Guidance) - *Audited by KPMG, LLP*
- University of Arkansas – Pulaski Technical College