



EXECUTIVE SUMMARY

STOCKTON UNIVERSITY July 1, 2018 to January 31, 2022

We found that the financial transactions included in our testing were related to the university's programs, were reasonable, and were recorded properly in the university's accounting system. In making these determinations, we noted certain internal control weaknesses meriting management's attention regarding employee health and dental benefits, faculty overload and adjunct compensation, temporary employment service employees, and procurement.

AUDIT HIGHLIGHTS

- The university should strengthen controls over the cancellation of benefits. We identified employees who were not removed from health or dental benefit plans because of the university's cumbersome, manual benefits enrollment reconciliation process. Inaccuracies in benefits enrollment can result in individuals receiving health or dental services without making their required premium contributions.
- Efforts to collect employee benefits premium contributions during leaves of absence should be strengthened. Employees on a leave of absence are required to pay their regular benefits contribution to the university in order to continue benefits coverage. The university did not have adequate controls over this process, which resulted in employee payments being remitted up to 21 months after their return from leave.
- The university should improve the accuracy of overload and adjunct compensation. We found overpayments in these compensation areas totaling \$29,279 resulting from errors that could have been identified if a reconciliation had been performed.
- Monitoring of Temporary Employment Service workers' (TES) hours should be improved. TES workers are limited to 944 hours per year, but some exceeded that limit by up to 1,055 hours, thereby putting the university at risk of needing to provide fringe benefits to the workers.
- Procurement controls should be strengthened to prevent confirming orders, require proof of receipt, authorize purchases timely, require adequate support documentation, provide required pre-approvals, and avoid state sales tax payments. Lack of strong controls in these areas could lead to improper or erroneous payments.

AUDITEE RESPONSE

The university generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.