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## Management Letter Year ended June 30, 2006

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**CLEMSON UNIVERSITY**

Management Letter

Year ended June 30, 2006



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## Management Letter

Audit Committee  
Clemson University  
Clemson, South Carolina

September 22, 2006

Ladies and Gentlemen:

We have audited the financial statements of Clemson University (the University), for the year ended June 30, 2006, and have issued our report thereon dated September 22, 2006. In planning and performing our audit of the financial statements of the University, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

A material weakness is a condition in which the design or operation of specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving internal control and its operation that we consider to be material weaknesses as defined above.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

### *Information Systems*

#### *a. System Access Controls*

The University does not perform a formal periodic review of active users and user access rights to the Clemson University Business System (CUBS) and the Student Receivable System (SRS) to identify and remove inappropriate system access. In addition, the University does not perform a formal periodic review of user access rights to CUBS and SRS to ensure that segregation of duties conflicts do not exist for users having multiple system profiles.



We recommend that management improve internal controls to ensure that a formal, documented review of active users and user access rights to CUBS and SRS is performed at least annually to ensure that users with inappropriate system access are identified and removed. Furthermore, we recommend that a formal, documented review of user access rights to CUBS and SRS is performed at least annually to ensure that segregation of duties conflicts do not exist for users having multiple system profiles.

Management's Response

Management agrees with this finding. While periodic profiles of CUBS user access are distributed to Budget Center staff for review, no formal acknowledgement or action is required and this same information has not been reviewed by central functional staff to ensure that access is appropriate. Procedures will be changed to ensure that central functional staff does indeed review system access and that Budget Center staff certify CUBS and SRS access for individuals in their areas.

*b. Program Change and Development Controls*

The University does not have a formalized change management or program development policy or procedures related to CUBS and SRS. Specifically, system logs of changes made to CUBS or SRS are not maintained nor are there any formal approval procedures or documentation of changes made to CUBS and SRS. In addition, testing of changes in CUBS is not documented and testing approvals changes are not formally documented.

We recommend that management implement a comprehensive change and program development policy for CUBS and SRS that provides procedural guidance for IT personnel to appropriately manage changes to the system and related applications. The new policy should include provisions for formal documentation of change and program development testing procedures as well as formal documentation of the approval of those procedures.

Management's Response

Management agrees with this finding. While changes have only been made upon the request of central functional staff, these changes, and subsequent testing approvals, have not always been adequately documented. Management is currently evaluating change management software options. Regardless of the decided solution, formal procedures for software changes, and subsequent testing of these changes, will be adopted.

*c. Computer Operations*

The University does not maintain formal documentation of its review of CUBS batch job errors or formal documentation of the resolution of those errors.



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We recommend that management improve internal controls to ensure that the review and resolution of batch job errors in CUBS is formally documented.

Management's Response

Management agrees with this finding. Formal procedures will be developed to identify batch job errors and document their resolution.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the University's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We wish to acknowledge the cooperation and courtesy extended to us by the officers and employees of the University throughout the 2006 audit. We would, of course, be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Interim State Auditor, audit committee, Board of Trustees, management, and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**KPMG LLP**