

**California State University, San Bernardino**

5500 University Parkway  
San Bernardino, CA 92407

**MEMORANDUM**

**DATE:** March 13, 2015

**TO:** Ron Profetta, Director, Parking Services

**FROM:** Mike Zachary, University Internal Auditor

**SUBJECT:** Internal Audit of Cash Management Controls:  
Parking Services, Parking Information Centers

**OBJECTIVE:**

The audit objective was to ascertain the effectiveness of existing policies and procedures related to the cashiering activity at your location and to determine the adequacy of internal controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, state regulations, and campus policies and procedures.

**BACKGROUND:**

Cashiering audits involve the assessment of the adequacy of the systems of internal accounting and administrative control surrounding cash receipts, cash handling, change funds, and purchase funds at the main and satellite cashiering facilities.

Satellite cashiering includes the collection of cash and cash equivalents at campus and off-site locations other than the main cashier. Some of these locations conduct specific cash-handling operations for the campus, while others operate as change funds and petty cash funds. Typical responsibilities at these locations may include collections in the form of checks, credit cards, debit cards, and currency. The cash handling functions for the two parking information centers, ("IC1 and IC2") have been classified as satellite cashiering locations.

**SCOPE AND METHODOLOGY:**

The scope of audit includes a review of selected business unit cashiering procedures; cash receipts processes, change and purchase funds, and the overall accountability for cash in accordance with existing Trustee policy, system-wide directives, state regulations, and campus policies and procedures for controlling cash receipts; accountability for cash; security for personnel and funds; timely deposits; and accurate recordkeeping.

## **RESULTS OF AUDIT:**

In February and March 2015 we conducted an internal audit of cash management internal controls for the two parking information centers, (IC1 and IC2). This internal audit is intended to assist in the implementation of campus self-monitoring responsibilities, and to prepare for future main and satellite cashiering audits from the chancellor's office.

The IC1 and IC2 parking information centers sell campus parking passes, collect cash, and also provide information about parking locations on campus for visitors, faculty, students and staff. The audit focused on IC1 and IC2 cash management and handling operations, as well as safety and security for staff and for funds collected for sales of parking passes. The audit observations and recommendations are detailed below.

### **Frequency and Size of Deposits and Recording to the General Ledger**

The process involving the frequency and size of deposits from IC1 and IC2 to the Bursar's Office, and the ultimate recording to the general ledger (G/L) and deposit to the bank showed that there is a need for collaborative discussions between Parking and Bursar's Office management and staff in the following areas:

- The frequency and recording of deposits to the G/L based on both timing requirements and good business practices, per existing policies.
- The frequency and recording of deposits to the G/L based on the dollar size (cash and coin) of monies collected, per existing policies.
- The effect of both Parking and Bursar's Office staff sizes and cross training on deposit times and recording to the G/L.
- An apparent conflict between systemwide and campus policies with regard to the number of days that trigger the need to make deposits, and dollar amounts that trigger the need to make deposits.

Systemwide Policy, *ICSUAM 3102.11*, states that collections at other cashiering locations and departments (satellite locations) are (should be) deposited at the designated main cashiering station at least weekly or whenever collections exceed \$500. Additionally, systemwide policy states that collections made by cashiering locations depositing directly to the bank are (should be) deposited the same day as they are received, or at a minimum, on the following business day.

Campus Policy, *CSUSB Cash Handling Policy*, page 11 states that when collections reach \$250.00 in currency and coins, or \$10,000 in all forms of payment, or have been held for 10 days, they must be deposited immediately to the Bursar Office. CSUSB Cash Handling Policy statements on page 24 say the same as the systemwide policy – an apparent conflict with page 11 of the CSUSB Cash Handling Policy.

### **Recommendation 1:**

We recommend that:

- a. Since this as an audit of Parking Services, then Parking Services should take the lead in scheduling and holding collaborative discussions with the Bursar's Office to evaluate the conditions described above, with the goal of potential improvements in the time from collection to recording, and deposit to the bank.
- b. Discuss potential campus policy conflicts or updates with the Bursar's Office.
- c. If collaborative analysis with the Bursar's Office shows that additional controls would cost more than the benefits, then Parking Services Management should state their acceptance of the risk of not implementing additional controls.

### **Management Response:**

We concur. We plan to review the collections, recording and deposits cycle with the Bursar's Office with the objective of potential improvements in the times from collection to recording and deposit to the bank. We will also discuss campus policy with the Bursar's Office, and evaluate the cost of additional controls versus the potential benefits and the need to state acceptance of the risk of not implementing additional controls.

**Due Date: May 29, 2015**

### **Audit Follow-Up:**

Internal Audit also discussed these issues with the Bursar's Office and asked that they meet with Parking Services to discuss the conditions described above, and also to consider the cost of additional controls versus the potential benefits, and the need to state acceptance of the risk of not implementing additional controls.

### **Cash Counts and Reconciliations in the Presence of Visitors**

We noted that daily cash deposits were counted in IC2 at a desk near the main entry door, in full view of visitors who enter the IC2 location. Reportedly, there are various maintenance individuals that find it necessary to visit IC2, and their visits may coincide with the cash counts and reconciliations that are performed there for both IC1 and IC2. Campus policy states that large sums of cash should be counted and handled out of sight of the general public (i.e., non-Parking Services staff).

### **Recommendation 2:**

We recommend that Parking Services review the cash count and reconciliation process to evaluate available methods to perform the periodic cash counts and reconciliations out of view of the general public or visitors.

**Management Response:**

We concur. Our action plan is to evaluate the area where cash counts and reconciliations are performed in IC2 in an effort to ensure that there is greater privacy for the process.

**Due Date: April 30, 2015**

**Procedures Manual Updates**

Parking Services maintains two policy manuals in both IC1 and IC2. The Office Procedures Manual was reasonably up-to-date, with a last-reviewed date of 2013. However, the Cash Handling Procedures Manual (arguably the more important of the two manuals) had not been reviewed and updated since 2007.

**Recommendation 3:**

We recommend that the Parking Services Cash Handling Procedures Manuals in IC1 and IC2 be reviewed, and updated to bring them current.

**Management Response:**

We concur. Our action plan is to perform a review and update of the Parking Services Cash Handling Procedures Manuals for IC1 and IC2 and make them current, and available for all onsite staff. **Due Date: Completed.**

**Change Fund Adequacy**

Reportedly, the IC1 and IC2 change fund sizes (\$200 each) have not been adequate for some periods. Based on discussions with Parking Services staff the change funds are not always adequate for normal day-to-day operations. Additionally, when there is a special event, the change funds aren't large enough to provide change for the increased number of users.

**Recommendation 4:**

We recommend that Parking Services management evaluate the practicality of the change fund sizes, and determine what is appropriate, and then discuss conclusions with Bursar's Office management if it is found that an increase in the change funds is necessary. Be aware that increased change fund sizes could result in more frequent cash count audits.

**Management Response:**

We concur. We plan to evaluate the periodic demands on the change fund, and determine if the current change fund sizes are adequate. If we find a need for an increase to the IC1

and/or IC2 change funds, then we will discuss the needs with Bursar's Office management for concurrence. **Due Date: April 30, 2015**

### **Vacation Staff Coverage and Cross-Training**

There was not always staffing coverage and cross-training for the IC1 and IC2 supervisor during absences or vacation days. This is closely related to the frequency of deposits issue noted in Recommendation 1 because deposits are often held longer in IC1 and IC2 when the supervisor is not on duty. Deposits need a second level review before being sent to the Bursar's Office, and that level of review is not always available.

#### **Recommendation 5:**

We recommend that Parking Services review staffing coverage and cross training for times when the IC1 and IC2 supervisor is not available. The main duties to be covered would be the second-level review and processing of deposits to the Bursar's Office.

#### **Management Response:**

We concur. We will review the staffing coverage and cross-training for the IC1 and IC2 supervisor in conjunction with our review of the frequency of deposits.

**Due Date: Completed.**

### **Reconciliations of Deposits to the General Ledger**

Ongoing reconciliations of IC1 and IC2 deposits to the general were not formalized.

Our review of back-office reconciliations of information center deposits to the general ledger (GL) showed that segregation of duties were properly aligned so that an individual independent of cash collections and deposits reconciled the deposits to the GL. However, we found that the reconciliations were informal, and did not provide sufficient evidence for subsequent reviews by individuals other than the reconciler. A formal reconciliation would provide documented evidence, and a description of what process was being performed, and then the reconciliation would be signed and dated by the reconciler, with documentation retained for a period recommended by document retention policies.

#### **Recommendation 6:**

We recommend that the reconciliation of information center deposits to the GL be formalized with a written statement on the reconciliation describing the process, along with signature of the reconciler and date of the reconciliation.

**Management Response:**

We concur. This process was formalized and implemented during the audit.

**Due Date: Completed**

**SAFETY AND SECURITY FOR PERSONNEL AND FUNDS**

With the exception of the cash counts and reconciliations being done in an area visible to IC2 visitors, safety and security for personnel and funds appeared to be reasonable, and in compliance with ICSUAM 3102.04. Cash was reasonably secured in the collections areas in standard cash boxes and drawers. Larger storage of cash was provided through security bags and safes. Cash was transported in accordance with campus and systemwide policies, and reasonable measures were taken with regard to security alarms, locking doors, and security cameras. Reportedly, all individuals that handled cash were finger printed, with subsequent background check through the Department of Justice.

**AUDIT FOLLOW-UP AND CLOSURE:**

We encourage Parking Services to implement the audit recommendations according to the time table agreed upon. We plan to perform a follow-up review in 60 days to ascertain the implementation status of audit recommendations.

If you have any questions or concerns, please contact me at 909-537-3430.

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