

**California State University, San Bernardino**  
5500 University Parkway  
San Bernardino, CA 92407  
**MEMORANDUM**

**DATE:** January 24, 2018

**TO:** Thomas Gaffery, Director, Parking and Transportation

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

**SUBJECT:** Internal Audit of Cash Management Controls  
Parking Services Front Office

**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/or petty cash funds. Typical responsibilities at these locations may include collections in the form of checks, credit cards, debit cards, and currency. The *Parking Services Front Office* cash handling function has been classified as a satellite cashiering location and is monitored as such.

**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. The scope of audit also includes the review of cash location authorizations and training of cash handlers.

## **RESULTS OF AUDIT:**

In December 2017 and January 2018 we conducted an internal audit of cash management internal controls for the *Parking Services Front Office* (PSFO). 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 PSFO receives checks and/or money orders through incoming mail. Additionally, some payments are received in the Accounting Director's Office and Student Financial Services (SFS). These payments are made in satisfaction of outstanding parking citations. SFS transacts all deposits for the PSFO. Our review focused on PSFO authorizations and training, cash handling of collections, including deposits, and the overall accounting process. This audit also included such testing of the operational and accounting records as we saw necessary in the circumstances.

Based upon the results of the work performed within the scope of audit, except for the issues described below, we believe that the operational, administrative, and financial controls in place, taken as a whole, provided reasonable assurance that risks were being adequately managed and that managements' objectives were being met.

### **CASH HANDLING: LOCATION AUTHORIZATION AND EMPLOYEE TRAINING**

Cash location authorization and cash handler training were not timely. We found that:

- A "Request to Establish/Maintain Cashiering Collection Point" authorization was issued to Parking by the Director of Accounting on October 13, 2017. The form designates specific employees that are authorized to handle cash at the PSFO. Four individuals were specifically authorized to handle cash. By mid-December, when the audit of this area was performed, there were two new cash handlers working in the PSFO that had not been formally authorized by the Director of Accounting, and included on the authorization form.
- The two individuals that were not authorized to handle cash (as of the date of audit) had separate employment start dates in the PSFO: One was on October 2, 2017 and the other started on November 15, 2017. Cash handling training was completed by these two individuals on December 8, 2017 and December 7, 2017, respectively. These employees were operating in PSFO without the formal training because SFS had not been notified of the need to train the new employees until December 1, 2017, at which time they were promptly trained.

### **Recommendation**

Both of these examples illustrate the need for more frequent updates to the authorization form (for changing cash handlers), and quick notifications to SFS of new cash handlers for training purposes. Turnover in the PSFO can be frequent since the cash handler staff members are student employees.

- a. **Parking Services:** We recommend that Parking Services notify SFS immediately (in writing) when there are new cash handling employees, and initiate a request that new cash handlers be formally authorized by SFS, by either an updated “Request to Establish/Maintain Cashiering Collection Point” or by another means that SFS chooses (individual authorizations). Collaterally, Parking Services should notify SFS (in writing) of their request to train the new employees in cash handling procedures.
- b. **Student Financial Services:** We recommend that SFS review and evaluate the authorization form process. The form becomes inaccurate (outdated) every time new cash handling employees are added; replacing cash handlers who have departed. From the perspective of a CO audit, outdated authorizations are an audit finding. There might be a way to authorize cash handlers separately, on individual forms, rather than on the cash handling *location* authorization. Other methods may also be available, or SFS can choose to update authorizations only annually, but that method runs the risk of inaccuracies that can be criticized in external audits.

## **GENERAL LEDGER RECONCILIATION**

Collection reconciliations to the general ledger were not evidenced.

Typically, in Parking collection activities, the collections and subsequent deposits are reconciled to the general ledger (GL) within 30 days as required by CSU and State policies, and the reconciliation is evidenced by a signature-date stamp with verbiage stating that the reconciliation was completed. However, we found that, although PSFO collections were reportedly visually reviewed and reconciled to the GL, the reconciliations were not documented by a signature and date stamp as is done with other deposits.

### **Recommendation**

We recommend that Parking sign and date their frequent PSFO reconciliations as evidence that the reconciliation was performed. For other reconciliations Parking uses a reconciliation signature and date stamp, and that would be an effective method for PSFO collections as well.

## **DUAL CUSTODY TRANSPORTATION OF DEPOSITS TO SFS**

Front Office collections taken to SFS for deposit were not always transported in dual custody.

Although the collections taken to SFS are checks and money orders that are fully endorsed to CSUSB, and these are therefore lower risk items, the CSUSB Cash Handling Procedures, dated September 8, 2017, page 9, and ICSUAM systemwide policy, §3102.04 both require that deposits be transported between locations in dual custody.

## **Recommendation**

To fully comply with CSUSB and ICSUAM (systemwide) policies and procedures, we recommend that all Parking funds transferred and carried for deposit between locations be transported in dual custody.

## **SAFETY AND SECURITY FOR PERSONNEL AND FUNDS**

Overall, we believe that the safety and security for personnel and funds appeared to be reasonable, and in compliance with ICSUAM 3102.04, based the internal controls in place, as well as the magnitude of dollar amounts handled, except for the dual custody transportation of funds noted above.

## **AUDIT FOLLOW-UP AND CLOSURE:**

We consider this audit closed, but we plan to follow-up on the implementation of the audit recommendations within six months. The normal audit cycle dictates that another such audit of this operational area will be performed in about two years.

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

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