

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 ParkMobile

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 ParkMobile* 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 *Parking Services ParkMobile* (PSPM). 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.

ParkMobile is a vendor-provided web application ("App") operating in an e-commerce, card-not-present environment, to the extent that that the App allows customers to purchase parking rights using a credit card, and no physical cash/currency collection occurs as the funds are transferred automatically to CSUSB's bank. All credit card transactions are processed by a third party vendor. ParkMobile is used for pay-by-space parking in lot G at the SB campus, and lots A and B at the PD campus. The ParkMobile App is also used for access rights to electric vehicle charging stations at the SB campus.

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.

PCI COMPLIANCE AND E-COMMERCE STANDARDS AT CSUSB

Parking PCI compliance did not fully comply with CSUSB e-Commerce Standards.

ParkMobile activities are subject to CSUSB Payment Card Industry (PCI) Data Security Standard, which are compliance standards intended to ensure that transactions are secure enough to protect the interests of the University and its end users. As part of its compliance framework, CSUSB has implemented a requirement that departments dealing in e-commerce must be approved as being PCI compliant. The ParkMobile application was in fact approved as being PCI compliant by the CSUSB Information Security Officer (ISO) in October 2013.

In addition to the PCI compliance judgement by the ISO, CSUSB Electronic Commerce Service Standards ("Standards") dated July 18, 2017 require that every department that accepts credit card payments must designate a management employee referred to as the "Department Responsible Person" (DRP) who will have primary authority and responsibility for various e-commerce and PCI compliance activities annually. As of the date of this audit, Parking had not designated a DRP to comply with the duties outlined in the Standards. Parking Management explained that the DRP had not been designated because they were unaware of the requirement and had not been notified of such a requirement.

The DRP has responsibilities listed in the Standards, including an annual risk assessment. The risk assessment would, among other things that the DRP sign-off on the PCI compliance risk assessment annually. Most of these duties would be done in collaboration with the ISO, and with PCI compliance reports provided by the vendor providing PCI compliant services.

Recommendation

We recommend that:

- a. A management (MPP) employee DRP be designated for Parking, and that the DRP review and implement the Standards for PCI compliant activities in Parking. Implementation of the Standards would be accomplished through collaboration with the Information Security Office. It is likely that the Parking Director is most qualified for this position.
- b. The DRP annually sign-off on PCI compliance for all activities that require annual review by the Standards. This review and sign-off would be done in collaboration with the ISO.
- c. SFS update the “Request to Establish/Maintain Cashiering Collection Point” or an amendment to the form so as to include a sign-off/signature block for the annual DRP PCI compliance review.

RECORDKEEPING FOR DEPOSITS

Supporting documents for deposits were not always maintained in Parking.

Based on our review of the entire deposit process, we saw that full supporting documentation for deposits was not always maintained by Parking. The detailed supporting documents for the deposits were sent to Student Financial Services (SFS).

Recommendation

We recommend that Parking maintain copies of all deposit related documents sent to SFS to provide supporting detail for deposits. These documents should be available for the follow-up reconciliation of deposits to the general ledger. Typically, departments are required to keep copies of all their deposits sent to SFS, and the copies should be maintained according to CSU recordkeeping requirements listed in Executive Order 1031.

WRITTEN PROCEDURES FOR BANK RECONCILIATIONS

Written procedures for bank reconciliations needed periodic review and update.

As part of its General Accounting Policies and Procedures, General Accounting (GA) maintains a Bank Reconciliation Procedure (“Procedure”). We noted that the Procedure had not been reviewed and updated since January 6, 2012. Discussions with GA staff indicated that certain line items in the Procedure may need updating to more exactly support the bank reconciliation process. Additionally, comparison to the systemwide policy in ICSUAM 3102.09 may also be necessary to ensure that the campus Procedure is consistent with systemwide procedure. CSUSB Administration and Finance requires that, at a minimum, campus policies and procedures be reviewed and updated every 5 years or more frequently if necessary for changing requirements.

Recommendation

We recommend that General Accounting perform a review and update of the Bank Reconciliation Procedure to ensure that it is current, accurate and complete. This would include comparison to ICSUAM 3102.09, and discussion with GA staff to determine if any other revisions would be helpful. The updated procedure should be annotated with the date of the most recent review.

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 (no physical cash is handled) except for the PCI compliance issue noted above which potentially could affect the security of funds.

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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| cc: President Tomas Morales | Matias Farre | Grace Munyiri |
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