

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

**DATE:** October 30, 2012

**TO:** Jimmy Brown, Chief of Police, University Police Department

**FROM:** Mike Zachary, Internal Auditor

**SUBJECT:** Internal Audit of Cash Management Controls: University Police Department

**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 University Police Department cash handling function has been classified as a satellite cashiering location.

**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:**

On October 29, 2012 Holly Konecny, Accountant, conducted an internal audit of cash management internal controls for the University Police Department (UPD). A copy of Holly's report is adjoined to this audit letter. This internal audit is intended to assist in the implementation of campus self-monitoring responsibilities, and to prepare for future main and satellite cashing audits from the chancellor's office.

### **Finding 1: Reconciliations of Deposits to the General Ledger**

At the time of audit, collections were manually tracked and reconciled for deposit, but there was no reconciliation of the deposits to the general ledger trust accounts to verify that the monies were correctly posted.

The Support Services Supervisor explained that the reconciliation of deposits to the general ledger was not done because it was not an assigned duty to anybody in the UPD, and the UPD did not have a budget analyst position. Additionally, reconciliation training might be necessary if a position were identified that could perform the reconciliation.

Internal Audit Comment: To preserve a separation of duties, the person that performs a reconciliation of deposits to the general would have to be somebody other than a person that prepares the deposit.

### **Recommendation:**

We recommend that the UPD reevaluate duties to determine:

- A position that would be able to perform the necessary reconciliation of deposits to the general ledger.
- Any training that might be necessary

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

We were informed that the dispatch function had moved to another portion of the UPD building and, as such, the lobby security camera was disconnected at the time of audit. Additionally, no panic button was available to the front office cashier. However the Support Services Supervisor provided assurances that the camera would be re-connected to provide improved security.

We found that cash deposits are carried from the UPD to the Bursar by a single individual, who is often a Community Service Officer student. The integrated CSU administrative manual (ICSUAM) specifies: "at a minimum, transport must be accomplished jointly by at least two employees. When deposits exceed \$2500, employees shall be escorted by campus police."

To improve compliance with ICSUAM 3102.04 we recommend that the lobby camera be reconnected. The UPD may also wish to consider a panic button as an alternative, or use both.

We also recommend that cash be transported from the UPD to the Bursar in dual custody, in accordance with ICSUAM systemwide policy.

**AUDIT FOLLOW-UP AND CLOSURE:**

We encourage you to appropriately address the audit findings by January 30, 2013. A follow-up review will be conducted to evaluate corrective actions.

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

cc:	Bob Gardner	Deletta Anderson	Walter Duncan
	Debbie Burns	Lisa Iannolo	Scott Kovach
		Marilyn Lymuel	
		Claudia Campos	
		Holly Konecny	

# **University Police Internal Control Audit October 2012**

**Performed by: Holly Konecny**

**Date: October 29, 2012**

## **Oversight Personnel**

**Director- Jimmie Brown, Chief of Police**

**Supervisor-Walter Duncan, Lieutenant**

**Administrative Coordinator- Scott Kovach, Support Services Supervisor**

## **List of Personnel and their Functions**

**Front Office Counter** (takes monies and issues cash receipts to clients) - Selicia Kennedy-Ross

**Listing of mailed checks receipts-** Scott Kovach

**Prepares Deposits** – Scott Kovach and Mikael Villasenor

**Verifies daily receipts to deposits** – Scott Kovach, Mikael Villasenor and Gina Tapre

**Enters receipts into PeopleSoft-** Mikael Villasenor (Back up Scott Kovach)

**Reconciles the General Ledger to the Receipts-** Nobody does this

## **Controls Verified**

### **Daily mail log**

All monies received by mail are listed on a combined log daily and receipted with a manual receipt.

### **Cash handling Operations**

Selicia Kenney- Ross receives cash and checks for live scan (20.00-66.00), police reports (6.00-7.00), vehicle impounds (125.00) and post reimbursement (training account for classes). All monies received are listed in a log book and manually receipted. All the monies are kept in a locked drawer and every night reconciled to the receipts and the cash on hand. Twice a week the monies are put through CashNet by Mikael Villasenor. It is then sent up to the Bursars office for bank deposit. Average monies deposited weekly are approximately 1,500 to 2,000.

### **Reconciliation**

No over and shorts are ever reported because the monies are manually tracked. The cashiering takes place after the fact and the receipts are reconciled before they are cashiered. No one reconciles the general ledger trust accounts to verify the monies are being correctly posted to the accounts/funds.

## **Deposits**

On a normal day, the initial monies are taken by Selicia (at window) or Scott (mail), then they are cashiered by Mikael and deposits are verified by Scott or Gina Tapre.

## **Safeguarding Monies**

All the monies are kept in a locked drawer in the locked front counter office. Scott and Selicia have the key to the drawer. When large sums of monies come in, Scott can use a safe. Scott and Lt Duncan are the only ones with the combination to the safe. The monies are driven to the Bursars office weekly in a sealed plastic bag by one person (usually by Scott, CSO, or Parking) for bank deposit. The front counter has glass in the front window. Currently, there is not a surveillance camera in the entrance lobby (since dispatch was moved from space) or a panic button.

## **Cash on hand/Petty Cash funds**

Cash on hand is 200.00 and is used for making change for the client payments. Scott Kovach is the custodian of the fund.

## **General Personnel Information**

All the personnel handling monies are fingerprinted. They have written operational procedures on site.

## **Findings**

- I. No one reconciling deposit to the General Ledger to ensure proper reporting of revenues.**

### **7901 RECONCILIATIONS - GENERAL**

(Revised and Renumbered from 7900 03/02)

The accuracy of an agency's accounting records may be proved partially by making **certain reconciliations and verifications**. Reconciliations must be completed between the agency accounts and the accounts maintained by the SCO to disclose errors as they occur. Corrections to errors should be made before financial reports are prepared to partially ensure the accuracy of an agency's financial reports. Properly prepared reconciliations also help to audit the agency's accounting records.

All reconciliations will be prepared monthly within 30 days of the preceding month, with the exception of property reconciliations. See SAM Section 7924.

All reconciliations will be retained at least two years. Thereafter, destroy after audit or four years, whichever occurs first

## **Recommendations**

- I. Someone within the Police department (other than Scott, Selicia or Mikael) should be verifying the monies deposited weekly are entered into the general ledger accurately.**