

**California State University, San Bernardino**

5500 University Parkway  
San Bernardino, CA 92407

**MEMORANDUM**

**DATE:** October 1, 2013

**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 September 30, 2013 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 cashiering 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 (proper reporting of revenues). Note that this is a repeat finding from the prior audit dated October 30, 2012 and, as such, additional attention is warranted.

**Recommendation:**

We recommend that the UPD consider filling the open budget analyst position, and then assign that individual the duties of reconciling deposits to the general ledger.

**Management Response:**

UPD staff explained that the reconciliation of deposits to the general ledger was not done because the UPD did not have the existing budget analyst position filled. Additionally, Chief Brown stated he anticipates that the budget analyst position would be filled soon.

**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 and the security features installed. No significant exceptions were noted during our review.

**AUDIT FOLLOW-UP AND CLOSURE:**

We encourage you to appropriately address the audit findings by December 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: | Dr. Tomás Morales | Deletta Anderson | Scott Kovach   |
|     | Bob Gardner       | Lisa Iannolo     | Claudia Campos |
|     | Debbie Burns      | Marilyn Lymuel   | Holly Konecny  |
|     | M. Monir Ahmed    | Walter Duncan    |                |

# **University Police Internal Control Audit September 2013**

**Performed by: Holly Konecny  
Date: September 30, 2013**

## **Oversight Personnel**

**Director- Jimmie Brown, Chief of Police  
Supervisor-Walter Duncan, Lieutenant  
Administrative Coordinator- Scott Kovach**

## **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-** Courtney Campanale  
**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-** Currently no one- In the process of recruiting a budget analyst

## **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. Once a week based on the intake up to twice a week the monies are put through CashNet by Mikael Villasenor. If large sums are received they are processed promptly and taken to Bursars. 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 Courtney (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 an armed driver) for bank deposit. The front counter has glass in the front window. Currently, there is a surveillance camera in the entrance lobby, but there is not a panic button. The record door is access controlled. Therefore, only authorized employees have access to the back.

## **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 currently 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**

1. Once a new budget analyst is hired, have him/her verify deposits to the general ledger to ensure accurate reporting.