

**FISMA**

**CALIFORNIA STATE UNIVERSITY,  
BAKERSFIELD**

**Audit Report 09-10  
April 15, 2010**

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**BOARD OF TRUSTEES**

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## **ABBREVIATIONS**

|       |  |
|-------|--|
| CFAC  | Campus Fee Advisory Committee                              |
| CSU   | California State University                                |
| CSUB  | California State University, Bakersfield                   |
| FISMA | Financial Integrity and State Manager's Accountability Act |
| GC    | Government Code  |
| SAM   | State Administrative Manual                                |
| SCO   | State Controller's Office                                  |

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## EXECUTIVE SUMMARY

The California Legislature passed the Financial Integrity and State Manager's Accountability Act (FISMA) of 1983, Government Code (GC) Sections 13400 through 13407. This act requires state agencies to establish and maintain a system of internal accounting and administrative control. To ensure that the requirements of this act are fully complied with, state entities with internal audit units are to complete biennial internal control audits (covering accounting and fiscal compliance practices) in accordance with the *International Standards for the Professional Practice of Internal Auditing* (Institute of Internal Auditors) as required by GC Section 1236. The Office of the University Auditor of the California State University (CSU) is currently responsible for conducting such audits within the CSU.

California State University, Bakersfield (CSUB) management is responsible for establishing and maintaining adequate internal control. This responsibility, in accordance with GC Sections 13402 et seq., includes documenting internal control, communicating requirements to employees, and assuring that internal control is functioning as prescribed. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

The objectives of accounting and administrative control are to provide management with reasonable, but not absolute, assurance that:

- ▶ Assets are safeguarded against loss from unauthorized use or disposition.
- ▶ Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of reliable financial statements.
- ▶ Established controls are not only effective but also promote operational efficiency.
- ▶ Financial operations are conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5, and Trustee policy.

We visited the CSUB campus from November 30, 2009, through January 15, 2010, and made a study and evaluation of the accounting and administrative control in effect as of January 15, 2010. This report represents our biennial review.

Our study and evaluation revealed certain conditions that, in our opinion, could result in errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: cash receipts, payroll, property, and trust funds. These conditions, along with other weaknesses, are described in the executive summary and body of this report.

In our opinion, except for the effect of the weaknesses described above, CSUB's accounting and administrative control in effect as of January 15, 2010, taken as a whole, was sufficient to meet the objectives stated above.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments,

unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

### **CASH RECEIPTS [6]**

Cash control weaknesses were found at two of the three satellite cashiering locations visited. The campus could not provide evidence that the un-cleared collections and application fee reconciliations were timely performed. The establishment of new student fees needed improvement.

### **ACCOUNTS RECEIVABLE [9]**

The campus could not provide evidence that a written delegation of authority had been prepared for the approval of write-off balances of less than \$5,000.

### **PAYROLL [10]**

Duties and responsibilities related to payroll accounts receivable were not properly segregated. The delegation of authority on file with the State Controller's Office to authorize personnel and payroll transactions was not kept current, nor were controls in place to properly certify attendance records.

### **PROPERTY [12]**

Duties and responsibilities related to the performance of physical inventories were not properly segregated.

### **TRUST FUNDS [13]**

Post-event reconciliations for the 2009 Jazz Festival were not signed and dated by the preparer and a reviewer.

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## INTRODUCTION

### **STATEMENT OF INTERNAL CONTROLS**

Internal accounting and related operational controls established by the State of California, the California State University Board of Trustees, and the Office of the Chancellor are evaluated by the University Auditor, in compliance with professional standards for the conduct of internal audits, to determine if an adequate system of internal control exists and is effective for the purposes intended. Any deficiencies observed are brought to the attention of appropriate management for corrective action. The ultimate responsibility for good internal control rests with management.

Internal control, in the broad sense, includes controls that may be characterized as either accounting or operational as follows:

#### 1. Internal Accounting Controls

Internal accounting controls comprise the plan of organization and all methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records. They generally include such controls as the systems of authorization and approval, separation of duties concerned with recordkeeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, personnel of a quality commensurate with responsibilities, and an effective system of internal review.

#### 2. Operational Controls

Operational controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

The objective of internal accounting and related operational control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting and operational control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgment by management.

Experience indicates that the existence of certain danger signals will usually be indicative of a poorly maintained or vulnerable control system. These symptoms may apply to the organization as a whole or to individual units or activities, and generally include any of the following danger signals:

- ▶ Policy and procedural or operational manuals are either not currently maintained or are non-existent.
- ▶ Lines of organizational authority and responsibility are not clearly articulated or are non-existent.
- ▶ Financial and operational reporting is not timely and is not used as an effective management tool.

- ▶ Line supervisors ignore or do not adequately monitor control compliance.
- ▶ No procedures are established to assure that controls in all areas of operation are evaluated on a reasonable and timely basis.
- ▶ Internal control weaknesses detected are not acted upon in a timely fashion.
- ▶ Controls and/or control evaluations have little relationship to organizational exposure to risk of loss or resources.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting and related operational control. In the performance of most control procedures, errors can result from misunderstanding of instruction, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the executing and recording of transactions. Moreover, projection of any evaluation of internal accounting and operational control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate. It is with these understandings that internal audit reports are presented to management for review and use.

### **PURPOSE**

The principal audit objectives were to assess the adequacy of the systems of internal accounting and administrative control and to determine whether financial operations were conducted in accordance with policies and procedures established in the State Administrative Manual, Education Code, Title 5, and directives of the Board of Trustees and the Office of the Chancellor. Specifically, we sought assurances that:

- ▶ Legal and regulatory requirements are complied with.
- ▶ Accounting data is provided in an accurate, timely, complete, or otherwise reliable manner.
- ▶ Assets are adequately safeguarded from loss, damage, or misappropriation.
- ▶ Duties are appropriately segregated consistent with appropriate control objectives.
- ▶ Transactions, systems output, or accounting entries are reviewed and approved.
- ▶ Management does not intentionally override internal controls to the detriment of control objectives.
- ▶ Accounting and fiscal tasks, such as reconciliations, are prepared properly and completed timely.
- ▶ Deficiencies in internal controls previously identified were corrected satisfactorily and timely.
- ▶ Management seeks to prevent or detect erroneous recordkeeping, inappropriate accounting, fraudulent financial reporting, financial loss, and exposure.

## **SCOPE AND METHODOLOGY**

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that accounting and administrative controls are in place and operative. The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. For those audit tests that required annualized data, fiscal year 2008/2009 was the primary period reviewed. In certain instances, we were concerned with representations of the most current data; in such cases, the test period was June 2009 to September 2009. Our primary focus was on internal controls.

A preliminary survey of the campus was used to identify risks. Risk was defined as the probability that an event or action would adversely affect the campus. Our assessment of risk was based upon a systematic process using management's feedback and professional judgments on probable adverse conditions and/or events that became the basis for development of our final scope. We sought to assign higher review priorities to activities with higher risks. As a result, not all risks identified were included within the scope of our review.

Based upon this assessment of risks, we specifically included within the scope of our review the following:

- ▶ Procedures for receipting and storing cash, segregation of duties involving cash receipting, and recording of cash receipts.
- ▶ Establishment of receivables and adequate segregation of duties regarding billing and payment of receivables.
- ▶ Authorization and proper classification of personnel/payroll.
- ▶ Posting of the property ledger, monthly reconciliation of the property to the general ledger, and physical inventories.
- ▶ Establishment of trust funds, separate accounting, and adequate agreements.

We have not performed any auditing procedures beyond January 15, 2010. Accordingly, our comments are based on our knowledge as of that date. Since the purpose of our comments is to suggest areas for improvement, comments on favorable matters are not addressed.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **CASH RECEIPTS**

#### **SATELLITE CASHIERING**

Cash control weaknesses were found at two of the three satellite cashiering areas visited.

The satellite cashiering locations reviewed included the Antelope Valley campus, Athletics, and Extended University. We found the following:

##### **Antelope Valley Campus**

- ▶ The doors to the fiscal services area, the cashiering supervisor's area, and the main cashiering desk were left unlocked during business hours. In addition, the door to the main cashiering desk was not keyed separately from other locks in the office.
- ▶ Security features, including panic buttons or security cameras, had not been installed to deter access to and protect the occupants of the cashiering area.

##### **Athletics**

The stock of blank event tickets was stored in an unlocked drawer within the ticketing area. In addition, a count of the number of tickets which had been placed in the box office was unavailable, and a reconciliation of tickets sold to ticket stock on hand was not performed on a regular basis.

State Administrative Manual (SAM) §8032.1 requires that receipts be adequately safeguarded until deposited. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism providing comparable safekeeping.

SAM §7901 states that the accuracy of an agency's accounting records may be proved partially by making certain reconciliations and verifications. It further requires that all reconciliations will be prepared monthly, within 30 days of the preceding month.

SAM §7920 states that each agency is responsible for completing any reconciliation necessary to safeguard assets and ensure reliable financial data.

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls include a plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The vice president of business and administrative services stated that the issues had developed as a result of improper training and a lack of policy enforcement.

Inadequate control over cash receipts increases campus exposure to loss from inappropriate acts.

### **Recommendation 1**

We recommend that the campus:

- a. Immediately secure access and lock the doors to the fiscal services area, the cashiering supervisor's area, and the main cashiering desk during business hours.
- b. Install appropriate deterrent and protective security measures at the main cashiering area and all other high-risk areas.
- c. Secure the stock of blank tickets at the athletics office.
- d. Reconcile total ticket sales to total tickets present within the ticketing area.

### **Campus Response**

We concur. The expected completion date of the responses listed below is June 30, 2010.

- a. The campus will install security devices to the fiscal services area, the cashiering area, and the cashiering desk at the Antelope Valley campus.
- b. The campus will install appropriate deterrent and protective security measures at the main cashiering area and all other high-risk areas.
- c. The campus will secure the stock of blank tickets in the athletics department.
- d. The campus will develop procedures requiring that reconciliations occur for total ticket sales to total tickets present in the athletics ticketing area.

### **ACCOUNT RECONCILIATIONS**

The campus could not provide evidence that the un-cleared collections and application fee reconciliations were timely performed.

Specifically, we found that the preparer and reviewer did not date two of three un-cleared collection reconciliations and all four application fee reconciliations reviewed.

State University Administrative Manual §3825.01 states that a reconciliation of applications for admission to fees received shall be prepared for each academic year term and maintained on file by

each campus. The reconciliations should be completed within one month after the end of the academic term being reconciled.

SAM §7901 indicates that the accuracy of accounting records may be proved partially by making certain reconciliations and verifications. It further requires that all reconciliations will be prepared monthly, within 30 days of the preceding month.

SAM §7908 requires that all reconciliations show the preparer's name, the reviewer's name, the date prepared, and the date reviewed.

The vice president of business and administrative services stated that this issue resulted from a lack of proper oversight and policy enforcement.

Failure to complete timely reconciliations increases the risk that errors and irregularities will not be detected and compromises accountability.

## **Recommendation 2**

We recommend that the preparer and reviewer date the un-cleared collections and application fee reconciliations.

## **Campus Response**

We concur. The campus will update its procedures to require that a preparer and reviewer date the application fee reconciliations.

Estimated completion date: June 30, 2010

## **STUDENT FEES**

The establishment of new student fees needed improvement.

We reviewed the establishment of seven new student fees for fall 2007 through winter 2008 and found no evidence that students constituted a majority of the voting members of the campus fee advisory committee (CFAC).

Executive Order 740, *The California State University Student Fee Policy*, dated April 13 2000, (an in effect for the fees which were reviewed) states that students appointed by the campus student body shall constitute a majority of the voting members of the committee.

The vice president of business and administrative services stated that the majority of voting members on the CFAFC were students and that improper recordkeeping contributed to this discrepancy.

Failure to properly approve new student fees increases the risk that fees will not be accepted by the student body which could result in non-payment of fees.

**Recommendation 3**

We recommend that the campus develop a system whereby the total number of students on the CFAC board can be verified.

**Campus Response**

We concur. The campus will develop a system which enables the total number of students on the CFAC board to be verified.

Estimated completion date: August 31, 2010

**ACCOUNTS RECEIVABLE**

The campus could not provide evidence that a written delegation of authority had been prepared for the approval of write-off balances of less than \$5,000.

Financial Services Coded Memorandum 09-02, *Delegation of Authority for Accounts Receivable Write-Offs*, dated April 8, 2009, requires formal, documented delegations of authority from the chief financial officer to the designated person(s) authorized to approve write-off balances of less than \$5,000.

The assistant vice president of fiscal services stated that the lack of a proper delegation of authority to approve write-offs of this amount was an oversight.

Failure to provide proper delegation of authority may lead to confusion and possible unauthorized write-offs.

**Recommendation 4**

We recommend that the campus provide a written delegation of authority to persons with responsibility for write-offs of less than \$5,000.

**Campus Response**

We concur. Delegation of authority will be reviewed and developed for persons with responsibility for write-offs of less than \$5,000.

Expected completion date: June 30, 2010

## **PAYROLL**

### **SEGREGATION OF DUTIES**

Duties and responsibilities related to payroll accounts receivable were not properly segregated.

We found that the campus, in collection letters and as a standing policy, directed individuals to make payments for outstanding payroll accounts receivable to the payroll office that initiated the transactions.

SAM §8080 states that no one person will perform more than one of the following types of duties: Initiating, or preparing invoices... and comparing machine-signed checks with authorizations and supporting documents. It further states that “checks will not be routed for mailing or distribution through the person who authorized the disbursement or prepared the check.

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls include a plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The interim payroll manager stated that while the problematic wording does exist in collection letters and in policy, payroll department personnel always directed individuals to cashiering to make such payments.

Inadequate segregation of duties increases campus exposure to loss from inappropriate acts.

#### **Recommendation 5**

We recommend that the campus implement appropriate segregation of duties in the payroll accounts receivable function and change all policies and other documents to include this control.

#### **Campus Response**

We concur. A procedure has been developed to implement the appropriate segregation of duties in the handling of payroll accounts receivable. The payroll collection letters and accounts receivable policy have been revised and now direct individuals to make payments for outstanding payroll accounts receivable to the campus cashier’s office.

### **AUTHORIZATION OF PERSONNEL/PAYROLL TRANSACTIONS**

The delegation of authority on file with the State Controller’s Office (SCO) to authorize personnel and payroll transactions was not kept current, nor were controls in place to properly certify attendance records.

We found that:

- ▶ The SCO signature card dated January 2009 included one individual who had left the campus' employment in October 2008.
- ▶ The campus did not maintain an internal listing of people authorized to certify attendance to payroll.

The SCO Personnel/Payroll Services Division *Payroll Procedures Manual*, dated November 3, 2009, requires an authorized signature certifying that the information on payroll documents is correct.

SAM §4842.2 states that appropriate risk management procedures should be implemented to provide termination practices that ensure that information assets are not accessible to former employees. Effective termination practices include removal of system access upon employee termination or transfer.

SAM §8539 states that lists of those persons authorized to approve attendance documents supporting the Time and Attendance Report form will be maintained in agency human resources offices. If specific individuals are not designated, an employee's supervisor will certify the attendance. Authorizing signatures will be compared to the lists, which will be continuously updated.

The interim payroll manager stated that not updating the delegation of authority was an oversight and that the payroll office was not aware of the requirement to maintain a listing of persons that were authorized to certify attendance.

Failure to maintain current payroll authorization records increases the risk of inappropriate or unauthorized transactions and can also lead to false time reporting.

### **Recommendation 6**

We recommend that the campus:

- a. Strengthen controls to ensure that the delegation of authority on file with the SCO remains current.
- b. Develop and maintain a document listing individuals who are authorized to certify master payroll attendance sheets.

### **Campus Response**

We concur.

- a. The delegation of authority on file with the SCO has been updated and established with the SCO. The campus will strengthen controls to ensure the delegation of authority remains current.

Expected completion date: August 31, 2010

- c. The campus will implement a process to maintain a current listing of individuals who are authorized to certify master payroll attendance sheets.

Expected completion date: May 31, 2010

## **PROPERTY**

Duties and responsibilities related to the performance of physical inventories were not properly segregated.

We noted that the campus, in policy and in practice, had department property control designees perform physical inventories without assistance or verification from another individual.

SAM §8652 states that inventories will not be exclusively controlled by property custodians.

SAM §20050 states that elements of a satisfactory system of internal accounting and administrative controls shall include a plan of organization that provides segregation of duties appropriate for proper safeguarding of state assets.

The director of facilities management stated that there was a lack of resources to perform an independent physical inventory.

Inadequate segregation of duties over assets increases the risk of errors, irregularities, and misappropriation.

### **Recommendation 7**

We recommend that the campus review fixed asset duties and take appropriate action to either segregate duties or establish effective mitigating controls.

### **Campus Response**

We concur. The campus will modify its procedure for asset inventory to include further segregation of duties so that physical assets are verified by someone other than the property custodian every three years.

Expected completion date: August 31, 2010

## TRUST FUNDS

Post-event reconciliations for the 2009 Jazz Festival were not signed and dated by the preparer and a reviewer.

California State University, Bakersfield *Fund Raising Event Procedures*, dated May 2009, states that a complete reconciliation of all revenues and expenses shall be submitted to the assistant vice president of fiscal services for review within 30 days of an event.

SAM §20050 indicates that the elements of a satisfactory system of internal accounting and administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The assistant vice president of fiscal services stated that the campus is still in the process of correcting issues with the accounting of the Jazz Festival from the prior FISMA audit; and while the overall system was modified appropriately before the 2009 event, the reconciliation process needed additional modification.

Inadequate control over reconciliations increases the risk of errors in reported financial position.

### **Recommendation 8**

We recommend that the preparer and reviewer sign and date post-event reconciliation for campus events.

### **Campus Response**

We concur. The campus will modify its procedures to ensure preparer and reviewer sign and date post-event reconciliations for campus events.

Expected completion date: August 31, 2010

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## **APPENDIX A: PERSONNEL CONTACTED**

| <b><u>Name</u></b> | <b><u>Title</u></b>                                     |
|--------------------|---|
| Horace Mitchell    | President   |
| Elisa Baca         | Technician III, Payroll                                 |
| Cindy Breor        | Fiscal Services Administrative Support, Antelope Valley |
| Catherine Byrne    | Manager, Student Financial Services                     |
| Felix Garcera      | Director, Facilities Management                         |
| Kellie Garcia      | Director, Human Resources                               |
| Kimber Hines       | Cashier, Main Cashiering                                |
| Andrea Martinez    | Administrative Analyst, Athletics                       |
| Suzanne Muller     | Manager, General Accounting                             |
| Michael Neal       | Vice President, Business and Administrative Services    |
| Tanya Snyder       | Administrative Analyst, Extended Education              |
| Doug Wade          | Assistant Vice President, Fiscal Services               |
| Tina Williams      | Interim Manager, Payroll                                |



# CSU Bakersfield

Business and Administrative Services

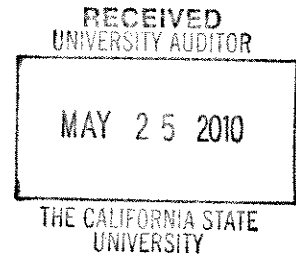
Office of the Vice President

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Bakersfield, California 93311-1022

(661) 654-2287  
(661) 654-6923 FAX  
[www.csub.edu/bas](http://www.csub.edu/bas)

May 25, 2010

Mr. Larry Mandel  
University Auditor  
Office of the Chancellor  
California State University  
401 Golden Shore 4th Floor  
Long Beach, CA 90802-4210



Re: University Response to Recommendations Contained in Report Number 09-10  
FISMA CSU Bakersfield

Dear Mr. Mandel:

Attached are the University's responses to the recommendations contained in Report  
Number 09-10 FISMA audit.

If you have any further questions please contact my office at 661-654-2287.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A Neal".

Michael A Neal  
Vice President for Business and Administrative Services

Enclosure

c: Dr. Horace Mitchell, President  
Douglas Wade, Assistant Vice President, Fiscal Services

**FISMA**

**CALIFORNIA STATE UNIVERSITY,  
BAKERSFIELD**

**Audit Report 09-10**

**CASH RECEIPTS**

**SATELLITE CASHIERING**

**Recommendation 1**

We recommend that the campus:

- a. Immediately secure access and lock the doors to the fiscal services area, the cashiering supervisor's area, and the main cashiering desk during business hours.
- b. Install appropriate deterrent and protective security measures at the main cashiering area and all other high-risk areas.
- c. Secure the stock of blank tickets at the athletics office.
- d. Reconcile total ticket sales to total tickets present within the ticketing area.

**Campus Response**

We concur. The expected completion date of the responses listed below is June 30, 2010.

- a. The campus will install security devices to the fiscal services area, the cashiering area and the cashiering desk at the AV campus.
- b. The campus will install appropriate deterrent and protective security measures at the main cashiering area and all other high-risk areas.
- c. The campus will secure the stock of blank tickets in the athletics department.
- d. The campus will develop procedures requiring that reconciliations occur for total ticket sales to total tickets present in the athletics ticketing area.

## ACCOUNT RECONCILIATIONS

### Recommendation 2

We recommend that the preparer and reviewer date the un-cleared collections and application fee reconciliations.

### Campus Response

We concur. The campus will update its procedures to require that a preparer and reviewer date the application fee reconciliations. Estimated completion date: June 30 2010

## STUDENT FEES

### Recommendation 3

We recommend that the campus develop a system whereby the total number of students on the CFAC board can be verified.

### Campus Response

We concur. The campus will develop a system which enables the total number of students on the CFAC board to be verified. Estimated completion date: August 31, 2010

## ACCOUNTS RECEIVABLE

### Recommendation 4

We recommend that the campus provide a written delegation of authority to persons with responsibility for write-offs of less than \$5,000.

### Campus Response

We concur. Delegation of authority will be reviewed and developed for persons with responsibility for write-offs of less than \$5,000. Expected completion date: June 30, 2010

## PAYROLL

## SEGREGATION OF DUTIES

### Recommendation 5

We recommend that the campus implement appropriate segregation of duties in the payroll accounts receivable function and change all policies and other documents to include this control.

**Campus Response**

We concur. A procedure has been developed to implement the appropriate segregation of duties in the handling of payroll accounts receivable. The payroll collection letters and accounts receivable policy have been revised and now direct individuals to make payments for outstanding payroll accounts receivable to the campus cashier's office.

**AUTHORIZATION OF PERSONNEL/PAYROLL TRANSACTIONS**

**Recommendation 6**

We recommend that the campus:

- a. Strengthen controls to ensure that the delegation of authority on file with the SCO remains current.
- b. Develop and maintain a document listing individuals who are authorized to certify master payroll attendance sheets.

**Campus Response**

We concur.

- a. The delegation of authority on file with the SCO has been updated and established with the SCO. The campus will strengthen controls to ensure the delegation of authority remains current. Expected completion date: August 31, 2010
- b. The campus will implement a process to maintain a current listing of individuals who are authorized to certify master payroll attendance sheets. Expected completion date: May 31, 2010

**PROPERTY**

**Recommendation 7**

We recommend that the campus review fixed asset duties and take appropriate action to either segregate duties or establish effective mitigating controls.

**Campus Response**

We concur the campus will modify its procedure for asset inventory to include further segregation of duties so that physical assets are verified by someone other than the property custodian every three years. Expected completion date: August 31, 2010

## TRUST FUNDS

### **Recommendation 8**

We recommend that the preparer and reviewer sign and date post-event reconciliation for campus events.

### **Campus Response**

We concur. The campus will modify its procedures to ensure preparer and reviewer sign and date post event reconciliations for campus events. Expected completion date: August 31, 2010

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR



BAKERSFIELD

CHANNEL ISLANDS

July 2, 2010

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

EAST BAY

TO: Mr. Larry Mandel  
University Auditor

FRESNO

FULLERTON

FROM: Charles B. Reed  
Chancellor

HUMBOLDT

SUBJECT: Draft Final Report 09-10 on *FISMA*,  
California State University, Bakersfield

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of July 2, 2010, I accept the response as submitted with the draft final report on *FISMA*, California State University, Bakersfield.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/amd

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS