CASHIERING

CALIFORNIA STATE UNIVERSITY,
FRESNO

Audit Report 11-39
August 10, 2011

Members, Committee on Audit

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ABBREVIATIONS

CSU California State University
FISMA Financial Integrity and State Manager’s Accountability Act
GC Government Code
OUA Office of the University Auditor
SAM State Administrative Manual
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2010, the Board of Trustees, at its January 2011 meeting, directed that Cashiering be reviewed. Similar audits of cashiering activities were conducted during our Main and Satellite Cashiering audits in 2010.

We visited the California State University, Fresno campus from May 16, 2011, through June 10, 2011, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on cashiering activities. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for cashiering activities in effect as of June 10, 2011, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

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 attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

GENERAL ENVIRONMENT [6]

The campus did not document the completion and review of background checks performed on employees with cashiering duties.

CASHIERING [6]

Duties and responsibilities related to cashiering were not properly segregated at the health center and pharmacy. In addition, accountability for cash receipts at the pharmacy, health center, and library needed improvement. Specifically, the pharmacy did not document the transfer of funds when delivering collections to the health center, and cashiers shared a single cash drawer at both the health center and the library. Also, collections at the scholarship office and the music department were not always deposited in a timely manner. Finally, the police pavilion did not keep a written record indicating the last time the safe combination was changed and the names of the people who knew the combination.

SYSTEM ACCESS [10]

Access to the CashNet cashiering system needed improvement. For example, there were no written policies or procedures addressing the granting, monitoring, and removal of access to the cashiering system, and there was no procedure in place to review system access at least annually.
ACCOUNTING RECORDS [11]

Reconciliations of the uncleared collections account were not always performed within 30 days of the preceding month.

CHANGE AND PURCHASE FUNDS [12]

Administration of change and purchase funds needed improvement. Specifically, campus accounting services was unaware of a $200 change fund at the music department, and purchase funds were not always replenished monthly.
INTRODUCTION

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 main and satellite cashiering facilities.

The main cashier at each campus handles the majority of cash transactions for the campus. The main cashier’s chief responsibility is the collection of registration and other student fees using mainly cash, credit cards, debit cards, cashier’s checks, money orders, and personal checks. Other common transactions at the main cashier’s office include the collection of payments for parking permits, petty cash reimbursements, disbursements of employee checks, and all other types of payment service needs, as well as deposits, recordkeeping, and the safeguarding of cash.

Satellite cashiering comprises the collection of cash at campus and off-site locations other than the main cashier. Examples of these locations include athletics, public safety, parking and transportation, student unions, student health centers, housing, reprographics, libraries, and the performing arts. Receipts in the form of cash, checks, and credit cards may be accepted at these locations for the sale of tickets and merchandise, as well as for the collection of various fees. Change and purchase funds that provide cash may also be held at these locations for small dollar purchases or services.

Historically, main and satellite cashiering audits were performed by the California State University (CSU) Office of the University Auditor (OUA) as part of cyclical audits, based on the Financial Integrity and State Manager’s Accountability Act (FISMA) of 1983 passed by the California Legislature and as detailed in Government Code (GC) Sections 13400 through 13407. FISMA audits were 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.

Beginning in calendar year 2010, cyclical FISMA audits were reevaluated and discontinued due to a change in the OUA audit risk assessment methodology. Using the new procedure, the OUA worked with CSU campus executive management to identify high-risk areas on each campus. Specific components of the FISMA audits were considered in this evaluation. Based on this review, senior management at the CSU campuses and the CSU systemwide Office of Risk Management recommended cashiering as a high-risk area for audit.
Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to cashiering activities and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the audit objective, specific goals included determining whether:

- Cash receipts business processes, policies, and procedures are well-defined and adequately documented and reflect appropriate internal controls.
- Procedures exist to ensure that all collections are deposited in an approved depository or otherwise adequately safeguarded.
- Accountability for cash items is established at the earliest possible time after receipt and maintained to prevent misappropriation of funds.
- Cash receipts are accurately recorded in the accounting records in a timely manner.
- Cash receipts system access is effectively controlled and appropriate.
- Segregation of duties in cash receipts activities is established and sufficiently maintained.
- Change and purchase funds are established and administered properly.
- Cashiering locations provide appropriate physical security.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Action Item, Agenda Item 2 of the January 25 and 26, 2011, meeting of the Committee on Audit stated that satellite review of Cashiering would include, but was not limited to, a review of business unit cashing procedures, cash receipts processes, change and purchase funds, and the overall accountability for cash. Proposed audit scope would include review of Trustee policy, systemwide directives, state regulations, and campus policies and procedures for controlling cash receipts, accountability for cash, safeguarding of cash, timely deposits, and accurate recordkeeping.

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. This 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. The audit focused on procedures in effect from January 1, 2010, to March 31, 2011.

We focused primarily upon the internal administrative, compliance, and accounting controls over cashiering activities. Specifically, we included within the scope of our review the following:

- Procedures for receipting and storing cash.
- Segregation of duties involving cash receipting.
- Background checks for employees involved in the receipt of cash.
- Establishment and maintenance of accountability for cash items.
- Safeguarding of cash receipts from loss or misuse.
- Accurate and timely recordkeeping of cash receipts to the general ledger.
- Periodic campus performance of cash counts.
- Proper establishment and administration of change and purchase funds.
- Access restrictions to cashiering and accounting systems.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

The campus did not document the completion and review of background checks performed on employees with cashiering duties.

California State University, Fresno Interim Policy and Procedures for Fingerprinting and Conducting Background Checks requires performance of background checks and fingerprinting for designated positions, such as those with direct access to/control over cash, checks, and credit cards. This includes cashiering and satellite operations.

The director of human resources stated that detailed results of background checks were not documented due to confidentiality requirements, and that alternative documentation methods had not been considered.

Failure to document the completion and review of background checks may increase the risk of inappropriate hiring decisions and may result in loss from inappropriate acts.

Recommendation 1

We recommend that the campus document completion and review of background checks performed on employees with cashiering duties.

Campus Response

We concur with the recommendation. The university will ensure that each employee hired into a position that includes a cashiering function is required to submit to a background check according to the campus policy (MAPP No. G-62). Further, the university will take action to create a field in the hired employee’s personnel record in PeopleSoft noting that a response from the FBI/Department of Justice has been received. This field will be created in PeopleSoft no later than December 1, 2011.

CASHIERING

SEGREGATION OF DUTIES

Duties and responsibilities related to cashiering were not properly segregated at the health center and pharmacy.

We found that:

- Cashiers in the health center were able to void their own transactions in the Point and Click system, create invoices, and accept payments.

- Cashiers in the pharmacy were able to void their own transactions in the ProPharm system.
State Administrative Manual (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 director of health and psychological services stated that due to the nature of daily operations, cashiers need the ability to perform these duties, and the need to implement compensatory mitigating controls had not been considered.

Inadequate segregation of duties over cash-handling processes increases campus exposure to loss from irregular activities.

**Recommendation 2**

We recommend that the campus implement appropriate segregation of duties in cashiering at the health center and pharmacy, or implement compensatory mitigating controls.

**Campus Response**

We concur with the recommendation. The accounting services office will instruct the health center and the pharmacy that a supervisor must approve all voided transactions before the transaction is completed. Accounting services will instruct both the health center and the pharmacy no later than September 30, 2011.

**ACCOUNTABILITY FOR CASH RECEIPTS**

Accountability for cash receipts at the pharmacy, health center, and library needed improvement.

We found that:

- The pharmacy did not document the transfer of funds when delivering collections to the health center.
- Cashiers shared a single cash drawer at both the health center and the library.

SAM §8022 states that cash or checks transferred between employees will be documented from the time of receipt to deposit.

The director of health and psychological services stated that transfer receipts were not utilized due to oversight caused by staff turnover. He further stated that health center employees shared a cash drawer because the department has only one credit card terminal, and sharing the cash drawer assists in overall end-of-day balancing. The head of circulation services stated that library employees shared a cash drawer because the department had only one change fund and one cash register, and she had not realized that sharing a cash drawer presented a risk.

Failure to maintain accountability for cash receipts increases campus exposure to loss from inappropriate acts.
Recommendation 3

We recommend that the campus:

a. Instruct the pharmacy to document the transfer of funds when delivering collections to the health center.

b. Ensure that cash drawers are not shared at the health center or the library.

Campus Response

We concur with the recommendations.

a. Accounting services has provided written guidelines, a form, and log sheet for the pharmacy to document the transfer of funds to the student health center/records department. The student health center was formally notified in writing, and the procedures were implemented on September 13, 2011.

b. Due to the decrease in the budget and the lack of funding therefrom, the library and pharmacy are unable to hire an individual to be stationed at the counter with the sole responsibility of accepting and processing cash payments. Therefore, each department has decided to reduce the amount of funds in each cash drawer from $200 to $100, which will reduce the risk of loss. In addition, the library and the pharmacy will establish additional cash drawers and will limit access to a specific change fund to no more than two people at the same time. We will make this change no later than October 31, 2011.

TIMELY DEPOSIT OF FUNDS

Collections at the scholarship office and the music department were not always deposited in a timely manner.

We found that:

- At the scholarship office, campus practice allowed some scholarship checks to be held until certain criteria were met, and sometimes the checks were not deposited within ten days.

- At the music department, collections for ticket pre-sales were held until the conclusion of the event, which sometimes exceeded a ten-day period.

SAM §8032.1 states that agencies that have safes or vaults that are adequate to safeguard cash will accumulate collections until they amount to $1,000 in cash or $10,000 in cash, checks, money orders, and warrants, whichever occurs first. Further, accumulated receipts of any amount will not remain undeposited for more than ten working days.

The scholarship office program coordinator stated that certain scholarship checks could not be posted to a student’s account until certain criteria were met, and temporarily depositing the check to another
account would create cumbersome administrative activities. The music department chair stated that cash collected for pre-sold events was held until event completion to simplify reconciliation and close-out of the particular event.

Untimely deposits increase the risk that collections will be misplaced or misappropriated.

**Recommendation 4**

We recommend that the campus instruct the scholarship office and music department to deposit collections in a timely manner.

**Campus Response**

We concur with the recommendation. The music department and scholarship office will receive written notification from the cashiering supervisor pertaining to the deposit requirements in accordance with SAM 8032.1. This will be completed by September 30, 2011.

**SAFE ACCESS**

The police pavilion did not keep a written record indicating the last time the safe combination was changed and the names of people who knew the combination.

SAM §8024 requires that a record be kept showing the date the combination was last changed and names of persons knowing the present combination.

The parking administrator stated that the lack of records for safe access was due to oversight caused by employee and management turnover.

Failure to monitor access to safes increases campus exposure to theft and loss.

**Recommendation 5**

We recommend that the campus instruct the police pavilion to keep a written record indicating the last time the safe combination was changed and the names of the people who know the combination.

**Campus Response**

We concur with the recommendation. By September 30, 2011, the police pavilion, now relocated to parking and transportation, will be formally instructed to maintain a record of safe combination access and changes. In addition, the police pavilion (parking and transportation) will be required to forward a copy of the record to accounting services of the safe combination access and changes no later than October 31, 2011, and annually thereafter.
SYSTEM ACCESS

Access to the CashNet cashiering system needed improvement.

We found that:

- There were no written policies or procedures addressing the granting, monitoring, and removal of access to the cashiering system.

- The campus used an informal method to document access approvals via email, and the process did not include acknowledgment of security responsibilities by the employee.

- There was no procedure in place to review access to the cashiering system at least annually. One former student assistant in parking operations still had an active CashNet account, and a current employee in technology services had access to cashiering functions, which was inconsistent with required job duties.

SAM §5325 states that each agency is responsible to provide security roles and responsibilities to employees, contractors, and third-party users. This will ensure the users are informed of their roles and responsibilities for using agency information assets, reduce the risk of inappropriate use, and a documented process to remove access when changes occur. Personnel practices related to security management include, among other areas, training of agency employees with respect to security responsibilities and policies, signing of acknowledgments of security responsibility by all employees, and termination procedures that ensure that agency information assets are not accessible to former employees.

The manager of student financial services stated that policies and procedures were not documented due to oversight, and the need to formalize the approval process had not been considered. She further stated that individual departments were responsible for notifying the CashNet administrator of required access changes and were reminded of this responsibility during annual trainings, but failed to do so due to oversight.

Failure to adequately control user access to systems increases the risk of fraudulent or unauthorized activities.

Recommendation 6

We recommend that the campus:

a. Develop written policies and procedures addressing the granting, monitoring, and removal of access to the cashiering system.

b. Formalize the process for granting system access, and include employees’ acknowledgment of security responsibilities.
c. Remove or modify inappropriate system access, and implement a procedure to review system access at least annually.

**Campus Response**

We concur with the recommendation.

a. Written policies and procedures addressing the granting, monitoring, and removal of access to the cashiering system will be completed by September 30, 2011.

b. The process for granting system access (Activation Request) was formalized and modified, and changes were implemented on June 7, 2011.

c. The process to remove or modify inappropriate system access (Inactivation Request) was modified, and changes were implemented on June 7, 2011. The annual review procedure of system access will be implemented.

**ACCOUNTING RECORDS**

Reconciliations of the uncleared collections account were not always performed within 30 days of the preceding month.

We reviewed the uncleared collections reconciliations from October 2010 through February 2011 and found that:

- The October 2010 reconciliation was performed 20 days late.

- The January 2011 and February 2011 reconciliations had not been performed before the completion of audit fieldwork.

SAM §7901 states that reconciliations will be prepared monthly within 30 days of the preceding month.

The university controller stated that the regular practice is to reconcile the uncleared collections account within 30 days, but the late reconciliations were due to competing priorities in the accounting department.

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

**Recommendation 7**

We recommend that the campus reconcile the uncleared collections account within 30 days of the preceding month.
Campus Response

We concur with the recommendation. The university controller has instructed the appropriate personnel in the financial accounting department that the uncleared collections account must be reconciled within 30 days of the preceding month. As of today, the account has been reconciled through July 31, 2011, and the August activity will be reconciled before September 30, 2011. This procedure has been implemented.

CHANGE AND PURCHASE FUNDS

Administration of change and purchase funds needed improvement.

We found that:

- Campus accounting services was unaware of a $200 change fund at the music department, and this fund was not included in required periodic counts.

- Purchase funds were not always replenished at least monthly.
  - In the facilities management department, four of five quarterly cash counts we reviewed included unreimbursed funds outstanding for as long as seven months.
  - At the police pavilion, three of five quarterly cash counts we reviewed included unreimbursed funds outstanding for as long as three months.

SAM §8111.2 requires an annual count of change funds that are $200 or less.

SAM §8112.5 requires the custodian of the purchase fund to present invoices at least once each month. Based upon these invoices, a check will be issued to replenish the cash purchase fund.

The university controller stated that the change fund in the music department was issued by the Fresno Foundation before the music department’s activities were moved to state-side operations, and therefore the fund’s existence was overlooked. He further stated that petty cash custodians in facilities management and the police pavilion were verbally reminded to replenish the funds in a timely manner, but did not follow those instructions.

Inadequate control over change and purchase funds increases the risk of loss and inappropriate use of state resources.

Recommendation 8

We recommend that the campus:

a. Review campus departments to ensure that all petty cash and change funds are included in campus accounting services records.
b. Ensure that purchase funds are replenished at least monthly.

Campus Response

We concur with the recommendations.

a. Accounting services will inquire with all departments to inform accounting services as to whether they have a change fund and/or petty cash fund in their possession and send a response to accounting services outlining the amounts in each account. In addition, accounting services will work with the cashier supervisor to monitor deposits received at the main cashier station for departments turning in cash that are not currently on the list of departments having a change fund. In addition, accounting services will work with accounts payable to monitor departments requesting petty cash replenishments and comparing that with the list of departments having a petty cash fund. This will be completed no later than October 31, 2011.

b. Accounting services will send out a memo to each department holding a petty cash fund that they must replenish their fund no less than on a monthly basis. Each month, the accounts payable department will keep a record of every department replenishing their petty cash fund and contact those departments that have not requested a petty cash reimbursement that month to ensure the department is not holding receipts for more than a month. We expect to have this system in place no later than October 31, 2011.
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>John D. Welty</td>
<td>President</td>
</tr>
<tr>
<td>Josephine Almeida</td>
<td>Manager, Student Financial Services</td>
</tr>
<tr>
<td>Amy Armstrong</td>
<td>Parking Administrator, Parking Operations</td>
</tr>
<tr>
<td>Brad Barker</td>
<td>Database Administrator, Systems Architect</td>
</tr>
<tr>
<td>Michael Caldwell</td>
<td>Chair, Music Department</td>
</tr>
<tr>
<td>Carole Carlon</td>
<td>Accounting Technician II</td>
</tr>
<tr>
<td>Sonia Davis</td>
<td>Administrative Assistant, Music Department</td>
</tr>
<tr>
<td>Christine Evans</td>
<td>Head of Circulation Services</td>
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<tr>
<td>Mark Facchini</td>
<td>Pharmacist II</td>
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<tr>
<td>Anthony Forestiere</td>
<td>University Controller</td>
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<tr>
<td>Charlene Julius</td>
<td>Administrative Coordinator, Scholarship Office</td>
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<tr>
<td>Jeannie Leanos</td>
<td>Traffic Officer, Parking Operations</td>
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<tr>
<td>Nellie Lee</td>
<td>Medical Records Supervisor</td>
</tr>
<tr>
<td>Cecilia McAllister</td>
<td>Account Specialist, Music Department</td>
</tr>
<tr>
<td>Clinton Moffitt</td>
<td>Associate Vice President for Financial Services</td>
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<tr>
<td>Jan Parten</td>
<td>Director of Human Resources</td>
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<tr>
<td>Dirk Ruthrauff</td>
<td>Director, Health and Psychological Services</td>
</tr>
<tr>
<td>Shirley Staton</td>
<td>Accounting Technician II</td>
</tr>
<tr>
<td>Gina Tamez</td>
<td>Cashier Supervisor</td>
</tr>
<tr>
<td>Cynthia Teniente-Matson</td>
<td>Vice President for Administration/Chief Financial Officer</td>
</tr>
<tr>
<td>Gregory Varela</td>
<td>Program Coordinator, Scholarship Office</td>
</tr>
<tr>
<td>Linda Vivian</td>
<td>Accounting Technician III</td>
</tr>
</tbody>
</table>
September 20, 2011

MEMORANDUM

To: Larry Mandel  
   University Auditor  
   Office of the Chancellor

From: Cynthia Teniente-Matson  
   Vice President for Administration and Chief Financial Officer

Subject: Responses to Cashiering Audit Report #11-39

The University has reviewed the preliminary draft of the Cashiering Audit Report #11-39. Attached are campus responses to the recommendations. Please note that this revised submission indicates either that the corrective action has already occurred or the date by which corrective action will be completed in the future for recommendations 2, 3b, 8a, 8b.

Please let me know if you have any questions. Thank you.

Attachment

c: Dr. John D. Welty  
   Mr. Clint Moffitt  
   Mr. Anthony Forestiere  
   Ms. Josie Almeida
CASHIERING

CALIFORNIA STATE UNIVERSITY,
FRESNO

Audit Report 11-39

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus document completion and review of background checks performed on employees with cashiering duties.

Campus Response

We concur with the recommendation. The university will ensure that each employee hired into a position that includes a cashiering function is required to submit to a background check according to the campus policy (MAPP No. G-62). Further, the university will take action to create a field in the hired employee's personnel record in PeopleSoft noting that a response from the FBI/Department of Justice has been received. This field will be created in PeopleSoft no later than December 1, 2011.

CASHIERING

SEGREGATION OF DUTIES

Recommendation 2

We recommend that the campus implement appropriate segregation of duties in cashiering at the health center and pharmacy, or implement compensatory mitigating controls.

Campus Response

We concur with the recommendation. The Accounting Services office will instruct the health center and the pharmacy that a supervisor must approve all voided transactions before the transaction is completed. Accounting Services will instruct both the health center and the pharmacy no later than September 30, 2011.

ACCOUNTABILITY FOR CASH RECEIPTS

Recommendation 3

We recommend that the campus:

a. Instruct the pharmacy to document the transfer of funds when delivering collections to the health center.
b. Ensure that cash drawers are not shared at the health center or the library.

Campus Response

We concur with the recommendations.

a. Accounting Services has provided written guidelines, a form, and log sheet for the Pharmacy to document their transfer of funds to the Student Health Center/Records Department. The Student Health Center was formally notified in writing and the procedures were implemented on September 13, 2011.

b. Due to the decrease in the budget and the lack of funding therefrom, the Library and Pharmacy are unable to hire an individual to be stationed at the counter with the sole responsibility of accepting and processing cash payments. Therefore, each department has decided to reduce the amount of funds in each cash drawer from $200.00 to $100.00 that will reduce the risk of loss. In addition, the library and the pharmacy will establish additional cash drawers and will limit access to a specific change fund to no more than two people at the same time. We will make this change no later than October 31, 2011.

TIMELY DEPOSIT OF FUNDS

Recommendation 4

We recommend that the campus instruct the scholarship office and music department to deposit collections in a timely manner.

Campus Response

We concur with the recommendation. The Music Department and Scholarship Office will receive written notification from the Cashiering Supervisor pertaining to the deposit requirements in accordance with SAM 8032.1. This will be completed by September 30, 2011.

SAFE ACCESS

Recommendation 5

We recommend that the campus instruct the police pavilion to keep a written record indicating the last time the safe combination was changed and the names of the people who know the combination.

Campus Response

We concur with the recommendation. By September 30, 2011, the Police Pavilion, now relocated to Parking and Transportation, will be formally instructed to maintain a record of safe combination access and changes. In addition, the Police Pavilion (Parking and Transportation) will be required to forward a copy of the record to Accounting Services of the safe combination access and changes no later than October 31, 2011 and annually thereafter.
SYSTEM ACCESS

Recommendation 6

We recommend that the campus:

a. Develop written policies and procedures addressing the granting, monitoring, and removal of access to the cashiering system.

b. Formalize the process for granting system access, and include employees’ acknowledgment of security responsibilities.

c. Remove or modify inappropriate system access, and implement a procedure to review system access at least annually.

Campus Response

We concur with the recommendation.

a. Written policies and procedures addressing the granting, monitoring, and removal of access to the cashiering system will be completed by September 30, 2011.

b. The process for granting system access (Activation Request) was formalized and modified and changes were implemented on June 7, 2011.

c. The process to remove or modify inappropriate system access (Inactivation Request) was modified and changes were implemented on June 7, 2011. The annual review procedure of system access will be implemented.

ACCOUNTING RECORDS

Recommendation 7

We recommend that the campus reconcile the uncleared collections account within 30 days of the preceding month.

Campus Response

We concur with the recommendation. The University Controller has instructed the appropriate personnel in the Financial Accounting Department that the uncleared collections account must be reconciled within 30 days of the preceding month. As of today, the account has been reconciled through July 31, 2011 and the August activity will be reconciled before September 30, 2011. This procedure has been implemented.
CHANGE AND PURCHASE FUNDS

Recommendation 8

We recommend that the campus:

a. Review campus departments to ensure that all petty cash and change funds are included in campus accounting services records.

b. Ensure that purchase funds are replenished at least monthly.

Campus Response

We concur with the recommendations.

a. Accounting Services will inquire with all departments to inform Accounting Services as to whether they have a change fund and/or petty cash fund in their possession and send a response to Accounting Services outlining the amounts in each account. In addition, Accounting Services will work with the Cashier Supervisor to monitor deposits received at the main cashier station for departments turning in cash that are not currently on the list of departments having a change fund. In addition, Accounting Services will work with Accounts Payable to monitor departments requesting petty cash replenishments and comparing that with the list of departments having a petty cash fund. This will be completed no later than October 31, 2011.

b. Accounting Services will send out a memo to each department holding a petty cash fund that they must replenish their fund no less than on a monthly basis. Each month, the Accounts Payable Department will keep a record of every department replenishing their petty cash fund and contact those departments that have not requested a petty cash reimbursement that month to ensure the department is not holding receipts for more than a month. We expect to have this system in place no later than October 31, 2011.
September 27, 2011

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 11-39 on Cashiering,
         California State University, Fresno

In response to your memorandum of September 27, 2011, I accept the response
as submitted with the draft final report on Cashiering, California State
University, Fresno.

CBR/amd