

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT SERVICES**

**Campus Life Services Cash Operations
Project #14-030**

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**Campus Life Services Cash Operations
Project #14-030**

MANAGEMENT SUMMARY

As a planned audit for fiscal year 2013-2014, Audit Services conducted a review of cash operations within Campus Life Services (CLS), specifically Parking Services and Fitness and Recreation. Campus Life Services was selected for review based on high cash deposit activities for fiscal year 2013 and for the first 8 months of fiscal year 2014. Our analysis also showed that Parking and Fitness and Recreation had the highest volume of cash and cash equivalent deposit counts within CLS during the period.

The objectives for this review were to determine whether 1) adequate internal controls have been implemented to safeguard cash collection activities; 2) proper segregation of duties has been established between cash collection, processing and reconciliation activities; and 3) existing procedures and practices comply with the Campus and University-wide cashiering policies.

Based on work performed, Audit Services identified opportunities to enhance the current design and implementation of internal controls relating to individual cash accountability, monitoring and oversight, and compliance with existing University policies.

Detailed information on the observations and management corrective actions can be found in the body of the report.

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I. BACKGROUND

As a planned audit for fiscal year 2013-2014, Audit Services conducted a review of cash operations within Campus Life Services (CLS). Campus Life Services was selected for review based on high cash deposit activities for fiscal year 2013 and for the first 8 months of fiscal year 2014. In fiscal year 2013, Campus Life Services collected and deposited over \$13.4 million via 9,495 deposit or lockbox drop instances.

Specifically, the audit was focused on two CLS departments, Parking Services and Fitness and Recreation which had the highest number of deposit instances within CLS. In fiscal year 2013, the four deposit locations for Parking Services had 8,557 deposit instances totaling \$4,421,563. There are three deposit locations for Fitness and Recreation and they had 501 deposit instances totaling \$480,279.

The policies governing cash collections include University Business and Finance Bulletin BUS- 49 (BUS-49), Campus Administrative Policies 300-14, 300-15 and 350-12, and cashing policies specific to the departments.

II. AUDIT PURPOSE AND SCOPE

The objectives for this review were to determine whether 1) adequate internal controls have been implemented to safeguard cash collection activities; 2) proper segregation of duties has been established between cash collection, processing and reconciliation activities; and 3) existing procedures and practices comply with the Campus and University-wide cashing policies.

In order to achieve our objectives, we performed the following:

- Data analytics were performed to ascertain cash collections/deposit volumes and activities for the department and to assess whether deposit frequencies were in compliance with policy requirements;
- Internal control questionnaires were provided to the department for completion and responses were analyzed to detect any control or compliance issues;
- The processes for collection of payments, recording, depositing and reconciling of cash and checks were assessed to identify operational risks and corresponding internal controls;
- Selected and reviewed reconciliation documents to determine if cash receipts were properly accounted, and if cash discrepancies (overages and shortages), voids and refunds were accompanied by documentation and appropriate approvals and justifications;
- Segregation of duties for employees with cash handling responsibilities was analyzed to determine that there is appropriate separation from cash collection, deposit preparation and general ledger verifications;
- Background check records were reviewed to determine if all cash handlers have been background checked as required;
- Training records were reviewed to determine if all cash handlers have completed the required annual cash management training.

Work performed was limited to the scope period and specific procedures identified above; as such, this report is not intended to, nor can it be relied upon to provide an assessment of the effectiveness of cash operations and management within the department beyond those processes specifically reviewed. Fieldwork was conducted between May and June 2014.

III. **CONCLUSION**

Based on the work performed, Audit Services identified opportunities to strengthen controls over cash accountability, monitoring and oversight, and compliance with existing University policies. Specifically, the review identified missing records for background checks and fingerprinting for several employees at Fitness and Recreation and one had not been completed for 7 months. The review also found instances of change funds being shared, compromising individual accountability of the cash, as well as cash being counted in a visible or unlocked area.

IV. **OBSERVATIONS, AND MANAGEMENT CORRECTIVE ACTIONS**

A. Multiple Cashiers Using Same Change Fund

Review of the departmental deposits made in January and February 2014 showed multiple Fitness and Recreation cashiers logged into the same Point of Service (POS) machines and processed cash collections using the same change fund. Review of five days of deposit reconciliation documents at each of the two Fitness and Recreation locations noted ten instances of multiple cashiers sharing a POS and change fund and preparing a single deposit. This was especially common for the member services' counter POS, due to the limited number of available machines.

BUS-49 states that individual accountability must be maintained and documented for all cash handling procedures.

Allowing multiple cashiers to use the same change fund compromises individual accountability, making it difficult to determine responsible parties in case of shortages or other discrepancies.

Management Corrective Action

1. By September 30, 2014, Fitness and Recreation will seek a waiver from the UCSF Campus Cash Coordinator to allow for multiple users on the member services cashiers POS.
2. By September 30, 2014, Fitness and Recreation will assess their existing practices for front desk cashiers, and consider implementing a process that maintains individual accountability.

B. Missing Background Check and Fingerprinting Records

Background check and fingerprinting clearance records for 3 out of 56 Fitness and Recreation employees identified as cash handlers for testing cannot be located by

the department. 1 out of 56 employees reviewed has initiated the background check but has been pending clearance since November 2013.

BUS-49 states that campuses must perform background checks prior to employing cashiers, cash handlers and individuals in other critical positions.

Hiring employees into critical positions without a completed background check and fingerprint clearance may result in a higher exposure to potential theft and fraud.

Management Corrective Action

1. By September 30, 2014, Fitness and Recreation will complete background checks and fingerprinting for the 3 employees with missing records.
2. By September 30, 2014, Fitness and Recreation will consult Human Resources for advice on the employee pending background check clearance, as well as guidance on future cases of long pending background check clearance.

C. Money Counted in Visible or Unlocked Area

Cash counts for Fitness and Recreation were performed in an unlocked area at Millberry Union that was visible from the outside. At the beginning and end of cashiers' shifts, supervisors and cashiers count out the change fund and deposits in the office area adjacent to the check-in counter. Since the back offices are accessible through the area where cash is counted, the doors generally remain open while money is being counted to allow for foot traffic in and out of the offices.

In addition, Audit Services was informed during walkthrough interviews that Parking Services cashier would often count money in the collection booth. While the booths are locked from the inside, the cashiers are still visible from the outside parking area through the windows.

BUS-49 states that deposits must be validated and prepared under dual custody at all times in a safe and secure area, and that validation and preparing of cash deposits must not be visible outside of the deposit handling area.

Failure to take proper safety measures when counting money may jeopardize employee safety and increase the risk of a potential robbery.

Management Corrective Action

1. Fitness and Recreation Management has communicated to the cashiering staff at Millberry Union that effective immediately to close and lock all doors to the office when counting out the change fund and deposits.
2. Parking Services has communicated to the cashiers effective immediately to count money only in designated locked count rooms that are not visible from the outside.

D. Cash Transports Not Escorted

During our process walkthrough observation, we noted that a cashier at the Mission Bay was carrying money back to the Parking office by himself without an escort. The distance is approximately a quarter of a mile. Although the cash observed in this instance was relatively low, parking collections during special events could be over a thousand dollars.

Parking Cashiering Manual requires an escort when transporting cash to and from the workstation.

While the amount of cash being carried was low in this instance, failure to transport cash without an escort increases the risk of a potential robbery and places the employee in danger.

Proposed Management Corrective Action

Parking Services has communicated to the cashiers effective immediately that an escort is necessary when transporting cash to and from their workstation.

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