



Item: AF: I-1b

AUDIT AND FINANCE COMMITTEE
Thursday, February 16, 2012

SUBJECT: REVIEW OF AUDITS: REPORT NO. FAU 11/12-2, CENTRAL CASHIER'S OFFICE FOR THE PERIOD JULY 1 THROUGH SEPTEMBER 30, 2011.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

Our audit objectives were to determine whether:

- Collections were properly accounted for, reconciled, accurately recorded in the University's accounting records, and timely deposited; and,
- Physical security measures for the safeguarding of personnel and monetary assets of the Cashier's Office were adequate.

One recommendation was made to improve documentation of supervisory oversight for the processing of student tuition and fees paid by credit cards.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: Audit Report FAU 11/12-2.

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 11/12-2
Report Issue Date: December 22, 2011

FLORIDA ATLANTIC
UNIVERSITY™

Office of Inspector General

Audit Report: Central Cashier's Office
For the Period July 1 through September 30, 2011

Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of the State University System and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

**REPORT ON THE AUDIT OF
CENTRAL CASHIER'S OFFICE**

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MEMORANDUM

TO: Dr. Mary Jane Saunders
President

FROM: Morley Barnett 
Inspector General

DATE: December 22, 2011

SUBJ: AUDIT OF CENTRAL CASHIER'S OFFICE

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of the central Cashier's Office on the Boca Raton Campus at Florida Atlantic University. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made one recommendation to address our finding. We concur with the response of the auditee which has been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of the recommendation by management.

Please call me if you have any questions.

cc: University Provost
Senior Vice Presidents
Vice Presidents
Auditees
FAU BOT Audit and Finance Committee
Inspector General, Florida Board of Governors
Florida Auditor General

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EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of the central Cashier's Office on the Boca Raton Campus at Florida Atlantic University for the period July 1 through September 30, 2011.

Our audit objectives were to determine whether:

- Collections were properly accounted for, reconciled, accurately recorded in the University's accounting records, and timely deposited; and,
- Physical security measures for the safeguarding of personnel and monetary assets of the Cashier's Office were adequate.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of daily money collections received by the Cashier's Office, and daily credit card and electronic WebCheck payments received via the Internet, in order to determine whether control procedures were operating effectively.

Based on the audit work performed, we are of the opinion that the evaluated operations of the central Cashier's Office were being conducted in general compliance with applicable laws, rules and regulations, university policies and procedures, and sound business practices. However, we did identify an opportunity to improve accountability for the performance of daily supervisory reviews of Web credit card payments made by students.

The details of this finding, as well as the suggestion for corrective action, can be found in the Comments and Recommendations section of this report.



December 22, 2011

Dr. Mary Jane Saunders
President
Florida Atlantic University
Boca Raton, Florida

Dear President Saunders:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2011/12, we have conducted an audit of the central Cashier's Office on the Boca Raton Campus at Florida Atlantic University for the period July 1 through September 30, 2011.

Our audit objectives were to determine whether:

- Collections were properly accounted for, reconciled, accurately recorded in the University's accounting records, and timely deposited; and,
- Physical security measures for the safeguarding of personnel and monetary assets of the Cashier's Office were adequate.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of daily money collections received by the Cashier's Office, and daily credit card and electronic WebCheck payments received via the Internet, in order to determine whether control procedures were operating effectively.

We obtained an understanding of the operations of the central Cashier's Office by reviewing written policies and procedures, interviewing key personnel, observing actual practices, and analyzing key internal controls. Our assessment of compliance with established policies, practices, and procedures was based on reviews of pertinent supporting documentation for samples of daily money collections received by the Cashier's Office, as well as daily credit card and electronic WebCheck payments received via the Internet. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls and assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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BACKGROUND

The central Cashier's Office ("the Office") on the Boca Raton Campus is a unit of the University Controller's Office, and is the primary collection point for monies paid to FAU. Other cashier's offices are located at the Davie, Treasure Coast, and MacArthur campuses. The Office receives and processes payments from students and other customers over-the-counter, as well as via drop-box, mail, and wire transfer. In addition, bulk deposits are received for processing from other university departments on the Boca Raton Campus which have been authorized to operate as decentralized money collection areas. Online services are available for students to pay their tuition and fees via credit card (MasterCard, American Express, or Discover) or electronic check.

The central Cashier's Office, as well as the cashier's offices at other campuses, currently utilize the TouchNet cashiering system – which is interfaced with the Banner system – to process most money collections received. Monies received from departments that do not have pre-established detail (transaction) codes are manually posted directly to the Banner system. Apart from its money collection responsibilities, the Office is involved in the processing and collection of dishonored checks and incurred service charges, and performing other fiscal operations. The Office's operating procedures are generally well-written, complete, and up-to-date. During the audit period, the Office had a staff of six full-time employees. Management has indicated that approximately 51,000 transactions (i.e., cash, checks, money orders, online credit cards, debit cards, wire transfers, and ACH payments) totaling an estimated \$33.6 million were processed for payment through the TouchNet system during the first quarter of the 2011/12 fiscal year.

COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Inadequate Documentation of Review of Web Credit Card Collections

All daily credit card payments of tuition and fees made via the Internet are captured on the daily TouchNet *PayPath Activity Report*. The report indicates "Yes" or "No" for each listed transaction to denote whether the Web credit card payment posted automatically to the student's account on the Banner Accounts Receivable system. If "No", the student's Banner account is reviewed online to verify the posting status. If a payment did not post, cashier's office personnel will manually post it to the student's account.

Based on discussions with management, we noted that the TouchNet *PayPath Activity Report* is reviewed online daily by a cashier's office supervisor to ascertain proper posting of the payments. However, based on testwork performed, we determined that the daily supervisory reviews of the Web credit card payments – including any necessary manual postings to students' accounts – were not being documented on the TouchNet *PayPath Activity Reports* or other appropriate record/log. Without proper documentation, there is inadequate accountability for the performance of the daily reviews.

Recommendation No. 1

We recommend management ensure that the daily supervisory reviews of the Web credit card payments are appropriately documented. Options could include the sign-off and dating of printed excerpts of the daily TouchNet *PayPath Activity Report*, or an appropriate daily continual log, by the cashiering supervisor performing the review. To facilitate future compliance, we further recommend that management update the cashier's office manual to reflect the agreed-upon documentation procedures.

Management's Response

Action Plan:

The Controller's Office has agreed and implemented a log to document the review of the daily PayPath Activity Report. The PayPath credit card procedures have been amended.

Implementation Date: January 3, 2012

Responsible Auditee: Stacey Semmel, Assistant Vice President – Finance, & University Controller

Prior Audit Recommendations

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three years, our office has not conducted any audits related to the central Cashier's Office. Accordingly, a follow-up on prior audit findings is not applicable.

CONCLUSION

Based on the audit work performed, we are of the opinion that the evaluated operations of the central Cashier's Office were being conducted in general compliance with applicable laws, rules and regulations, university policies and procedures, and sound business practices. However, we did identify an opportunity to improve documentation of the performance of daily supervisory reviews of Web credit card payments made by students. We believe the recommendation made is cost-beneficial to implement, and will serve to strengthen the overall internal control environment pertaining to the Office's operations.

We wish to thank the staffs of the central Cashier's Office and Controller's Office for their cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE
Inspector General

Audit Performed By: Mike Hewett, CIA, CGAP, CBA, CFSA
Allaire Vroman