

**Los Angeles Mission College Cash Control Audit Report
July 31, 2013**

ISSUES AND RECOMMENDATIONS

The key issues on the attached table are presented to assist management in strengthening internal controls, and enforcing compliance with policies and procedures as administrated by federal regulation and LACCD. The impact of each of these issues was assessed based on the auditors' professional judgment of the control and risk significance.

SECTION I: Walkthrough

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
1	<p><u>Non-compliance to LACCD policies and procedures:</u> There are internal weaknesses with the safeguarding of assets for LAMC.</p> <p><i>(Impact: High)</i></p> <p>This equates to a rate range of 16.70% to 100% error rate.</p> <p>Condition: IAD noted material weaknesses of safeguarding assets during the walkthrough. The following weaknesses were identified:</p> <ol style="list-style-type: none"> 1. One cash register is used to process all online and offline transactions and this register is shared by all employees that are responsible for performing 	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. Establish policies and procedures that will require the BO, Bookstore and Cafeteria to collect and safeguard cash held on campus. 2. Assign each employee their separate register for processing online and offline transactions within the Business Office. 3. Establish/Update internal policies and procedures to address the handling of cash to help minimize the risk of theft. 	<p>Management will:</p> <p>The College has hired a full time Cashier to assist with the handling of cash.</p> <p>Additionally, the Business Office has secured a second cash registrar and is looking into buying a third one. Facilities staff is going to divide a room and create a cash counting room.</p> <p>All other items are under discussion and options are being explored to resolve outstanding issues.</p>	<p>December 31, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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<p>cashiering duties.</p> <p>2. There is no evidence denoting that dual cash counts are performed in the Business Office and Fitness Center. Examples are as follows:</p> <p>I. The business office “cash on hand” cash counts are not signed by the two employees conducting the cash count.</p> <p>II. The employee responsible for preparing deposits does not count the cash in the presence of another employee prior to making the deposit to the bank.</p> <p>III. There is no documentation of dual cash count with the employee that counts the cash in the presence of the cashiers.</p> <p>3. At the end of the employee’s shift there is no dual cash count performed of the cashier’s cash collections.</p>	<p>4. The colleges to ensure that all installed cameras are properly assembled, in working condition and recording daily activities.</p> <p>5. The Bookstore should set a dollar limit for processing refund. Transactions over the set dollar limit should be reviewed and approved by management.</p> <p>6. The Business Office should implement a policy that cash counts should be performed in dual custody when cash is to be counted.</p> <p>7. To ensure safeguarding of assets, a surprise cash count and reconciliation to SAP should be implemented by the Administrative Office. The College should communicate with the District office to research discrepancies.</p> <p>8. A “blind” count should be conducted.</p> <p>9. Train all employees that are responsible for</p>	<p>June 2, 2014</p> <p>Campus has hired one additional full time cashier and implemented the collection procedure in order to safeguarding assets.</p> <p>B.O. has purchased two additional cash registers so each employee can have a separated cash register while collecting fees.</p> <p>B.O. has installed a cash room with camera monitoring inside of cash room.</p> <p>B.O. has implemented a policy of monthly cash count and quarterly surprised cash count to our Book Store and Cafeteria. To perform our cash count, two persons are required in order to cross check.</p> <p>B.O. has implemented securing all blank checks stock in cash room and assign B.O. cashier to issue the blank checks to the person who is responsible of cutting the check with sign-in log.</p> <p>B.O. has implemented a new policy that any party who comes to B.O. to pick up the check will either sign-out in the check request form or B.O. check pick-up log.</p> <p>College CFA are still reviewing policy and procedure of the cash management with Supervising Accounting Technician in order to better comply with district policy and Generally Accepted Accounting Principles.</p>		
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<p>4. The employee that prepares the deposit for the online and offline miscellaneous reports receives the combined online and offline z tapes and SO13 documents to match totals against and the cash collections daily detail reports.</p> <p>5. The employee that prepares the miscellaneous deposits also prepares the reconciliation for the Business Office and counts all cashiers' cash without dual custody.</p> <p>6. Dollar limit are not set to process refund transactions at LAMC Bookstore and Business Office.</p> <p>7. There is not a review and approval process of refunds at the bookstore.</p> <p>8. The business office does not routinely perform and document "cash on hand" cash counts for the change</p>	<p>overseeing cash on policies and procedures for handling cash. The training should address the consequences of failure to comply with District policy.</p> <p>10. Conduct self audits to ensure that the policies and procedures that are implemented are followed by employees.</p> <p>11. The College implements training for employees and management regarding the policies and procedures for collecting cash at campus events.</p> <p>12. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures related to cash collection policies at events.</p> <p>13. An employee accountability clause should be incorporated into the policies and</p>	<p>Currently, CFA is reviewing refund policy with Bookstore manager and consulting with district CFA group in regard to district new SIS refund limits and policy.</p> <p>B.O. has implemented the procedure of all refunds should be approved by either Supervising Accounting Tech or College CFA.</p> <p>Currently, B.O. staff who prepares for daily deposit is different than person who is responsible for recording and also different than person who is reconciling the monthly bank statements.</p> <p>CFA and V.P. of Admin Services are in discussion of the feasibility of installing Safe in fitness center and cafeteria to secured location.</p>		
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<p>fund stored at the bookstore, fitness center, cafeteria and any other location where money is located.</p> <p>9. The Business Office change fund safe is stored in the supervising accounting technician office and the office and vault are kept open during the day. Additionally, the Cafeteria change fund is store in the culinary art's dean's office.</p> <p>10. Fitness Center change fund is stored in a safe within the Assistant Athletic Director's Office.</p> <p>11. Cameras are not installed in areas where cash is handled in the business office and in the Fitness Center safe area.</p> <p>12. There are cameras in the Cafeteria and Bookstore however these cameras are not located in areas where cash is handled.</p> <p>13. Cameras in the Supervisor's</p>	<p>procedures.</p>			
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<p>Office are not being monitored to ensure that they are working properly.</p> <p>14. he same employees that have access to the entrance of the “Supervisor’s Office” have access to the safe located in the “Supervisor’s Office”. Additionally, the same employees in the Cafeteria also can access the entrance to the Office and the vault where the cash is kept.</p> <p>15. hecks are maintained in employee desk cabinets for both the ASO and Revolving Fund.</p> <p>Employees with check printing authority can access the check stock without supervisory approval for both ASO and Revolving Fund.</p>				
<p>Audit Issue</p>	<p>Recommendation</p>	<p>College’s Response</p>	<p>Due Date/ Responsible Party</p>	<p>Management Responses to CAP</p>

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2	<p><u>Non-compliance to LACCD policies and procedures:</u> There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting.</p> <p><i>(Impact: High)</i></p> <p>Condition: During the walkthrough, IAD noted that there are internal weaknesses within the cash control process as there is a lack of segregation of duties as it relates to the collection of cash, accounting, and reporting of cash activities. The details are as follows:</p> <ol style="list-style-type: none"> 1. Lack of “segregation of duties” as the employee in the Business Office (Accounting Technician #1) that is responsible for making daily deposits to the bank is the same employee that is responsible for the following: <ol style="list-style-type: none"> I. Counting and reconciling cash collection from cashiers that process offline and online miscellaneous transactions. II. Counting and 	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. he College should re-evaluate and revamp the cash management operation to implement a process whereby there is a satisfactory level of separation of duties. (Example: The employee that collects cash for offline transactions should not prepare offline miscellaneous report or perform any accounting functions for the ASO/Trust accounts. The employee responsible for collecting online cash transactions should not prepare the online report or daily deposits.) 2. he College provides training to all employees regarding the internal controls 	<p>Management will:</p> <p>The College has hired an additional full time Cashier to assist with the separation of duties and the CFA has clearly defined role for staff in the Business Office so separation of duties occur.</p>	<p>July 1, 2013 Daniel Villanueva, Vice President of Administrative Services and Jerry Huang, CFA</p>	
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<p>reconciling cash collections from the online and offline cash collections to DEC and auxiliary receipts.</p> <p>III. Performing daily reconciliation for all Business Office Collections.</p> <p>2. Lack of “segregation of duties” as all the employees in the business office are assigned cashiering responsibilities as needed. These accounting technicians are also responsible for other accounting and reporting functions such as:</p> <p>I. Accounting Technician may perform the ASO and Trust accounting function such accounting entry and reporting activities in Quick books.</p> <p>II. Processing ASO cash disbursements and printing ASO checks and preparing account reconciliation.</p> <p>III. Preparing and reconciling cash deposits.</p>	<p>as it relates to segregation of duties.</p> <p>3. he College conduct self-audits to ensure that forms are properly approved.</p> <p>4. receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policies and procedures.</p> <p>5. n accountability clause should be incorporated into the policies and procedures.</p>			
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	Processing Revolving Fund Requests, printing individual Revolving Fund checks and performing account reconciliations.				
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
3	<p><u>Non -Compliance with Board Rules, regulatory Policies and Procedures:</u> Lack of documentation to substantiate financial transactions and other operating activities</p> <p><i>(Impact: High)</i></p> <p>Condition:</p> <ul style="list-style-type: none"> • cash count validations were not documented by employees as only one signature appeared on the cash count form for the LAMC Business Office area. • AMC Business Office does not maintain a cash deposit schedule for all cash collected by departments outside of 	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The BO should scan all documents supporting operational and financial transactions. A tracking system should also be developed to ensure that documents are easily retrievable. 2. The BO's department purchases an electronic data repository system that would house all cash count forms to ensure that they are easily retrieved. 3. The BO should develop a documentation 	<p>Management will:</p> <p>The College CFA is putting systems in place to increase documentation, records retention, and training for staff.</p>	<p>December 31, 2013.</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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<p>the business office showing when cash was brought to the business office.</p> <ul style="list-style-type: none"> • he BO does not maintain a log of all transactions processed by all cashier/ accounting technicians. • he BO does not maintain all documentation for checks written as there was one ASO transaction that backup documentation was not provided for review. • cash order log was not maintained to show when funds were received and the redeposit date. • ash order form utilized does not have a space for requesting individual, date and redeposit date. • ault access is not being documented by the BO and Bookstore to ensure that cash is only accessed on an as 	<p>requirement checklist for all critical operational and financial processes and ensure that all documents are being maintained and easily retrievable.</p> <p>4. The Employees engaging in cash counting activities and handling cash should be trained on board rules and regulatory requirements pertaining to document retention. Training participants should be required to sign acknowledgment form and acknowledgement of the training be retained by Business office.</p> <p>5. That all employees having responsibility for these records be informed of the consequences of failure to adhere to district policies and procedures.</p>			
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<p>needed basis.</p> <ul style="list-style-type: none"> • he Bookstore does not maintain a detailed record of all Bookstore/BO change funds issued on a daily basis. • heck logs were not maintained for revolving fund, ASO, CIF, Trust, and Financial transactions checks written for reimbursements showing when checks were printed and when the checks were picked up by the recipient. • ocumentation was not maintained and provided for deposits for ASO, Trust, CIF, Health and Fitness trust and Financial Aid Accounts. • ocumentation for CIF disbursement was not maintained as it was requested and not provided for review. 	<ol style="list-style-type: none"> 6. An employee accountability clause should be incorporated into the policies and procedures. 7. BO department should implement a quarterly review of all cash counts and ensure that all signatures were obtained and documented on the form. 8. The BO should perform a self-audit to ensure all necessary information is being scanned, maintained and easily retrievable. 9. Additionally, the BO should ensure that when dual counts are performed both employees sign off on the form. A supervisor should perform a random check of count sheets to ensure that procedure is being 			
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		followed.		
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party
4	<p><u>Non-compliance to LACCD policies and procedures:</u> There is an internal weakness in the process of accounting for the inventory of parking permits.</p> <p><i>(Impact: High)</i></p> <p>Condition:</p> <p>1. During the examination of the walkthrough process, IAD noted that following internal control weakness:</p> <p style="padding-left: 40px;">I. The process utilized at the business office does not account for the beginning inventory, ending inventory of the parking permits based on the total sales recognized for the</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The College should develop a policy and procedures regarding the parking permits. 2. On a daily basis, the College staff should maintain a log of all parking purchased and the location of all the parking permits (i.e. checked out to other departments). Additionally, the log should also detail when the individuals who checked out the parking permits returned the parking permits. If parking permits have been sold, the BO and/or individual department 	<p>Management will:</p> <p>CFA has discussed the issue with Business Office staff and designed two logs to differentiate the parking permits sold via internet and sold via counter effective from Fall semester of 2013. By doing so, each log will have a clear sequential of parking permits being sold and reconciled by Business Office supervisor and sign off the reconciliation.</p>	<p>August 31, 2013. Steven Van Antwerp- Accounting Technician and Grace Lindley-Cashier</p>

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	<p>college term.</p> <p>II. log is not maintained for all parking permits purchased and sold.</p> <p>III. reconciliation of all parking permits sold and those remaining inventory was not performed for the period tested. (IAD tested the most recent summer 2013 term.)</p> <p>IV. periodic inventory count of all permits is not performed.</p> <p>V. parking permits were not sold in sequential order.</p>	<p>should also document the individual the parking permits were sold to and the date.</p> <p>3. The College performs an inventory count of parking permits at the end of the each semester and documents the result.</p> <p>4. A reconciliation process should be developed as part of the procedure to valid the parking ticket sold and/or missing.</p> <p>5. Implement a review and approval process for the reconciliation of parking permits.</p> <p>6. LAMC conduct training on policies and procedures.</p> <p>7. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures.</p> <p>8. An employee accountability clause should be incorporated into the policies and</p>			
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	procedures.			
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SECTION II: Change Fund

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
5.	<p>Non-compliance to LACCD policies and procedures: There are internal weaknesses with the process of ordering, receiving, and documenting cash orders.</p> <p><i>(Impact: High)</i></p> <p>This equates to a 100% error rate.</p> <p>Condition: During the review of the change fund process, IAD tested 24 cash orders and noted the following:</p> <p>1. or 24 of the 24 cash orders tested the change fund form used to document the change fund activities (cash orders and returns) lack the control of segregation of duties</p>	<p>IAD recommends the following:</p> <p>The College:</p> <ol style="list-style-type: none"> 1. Should reevaluate the cash order process and revise the current process to allow for proper segregation of duties for the custody, recordkeeping, ordering and depositing functions. 2. Create a form that must include the follow: <ol style="list-style-type: none"> a. The date, name and signature of the employee making the request to order cash b. The approving officer name, signature and date of approval c. The reason for the request d. The date, name and signature of the employee receiving 	<p>Management will:</p> <p>The Business Office will implement recommendations 1 thru 6. The CFA will develop a form for accountability and accuracy. Lastly, the additional staff member (full time cashier) will assist with these duties.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>between the employee placing the cash order and the employee responsible for accepting and ensuring that the cash is returned to the bank timely. This equates to a 100% error rate.</p> <p>2. or the 24 of the 24 cash orders tested documentation is not maintained to substantiate that there is a review and approval process prior to employees ordering cash for the change fund. This equates to a 100% error rate.</p> <p>3. or 24 of the 24 cash orders tested the cash is not being re-deposited to the bank prior to ordering additional funds from the bank. Additionally, there is no documentation to justify the need for additional funds prior to return of the previous change fund request. This equates to a 100% error rate.</p> <p>4.</p>	<p style="text-align: center;">the order</p> <p>3. The College should implement a policy mandating that cash orders outstanding should be returned prior to ordering new funds. The first in first out methodology should be adopted by the campus to ensure that there are not an exorbitant amount of funds outstanding and ensure that each deposit can be easily traced to a cash order made.</p> <p>4. Conduct self-audits to ensure that the forms are completed by the employees and properly approved by management.</p> <p>5. The College implements training for employees and management regarding the policies and procedures for ordering, approving and reconciling cash orders.</p> <p>6. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy, procedures for ordering cash and re-depositing cash.</p>			
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	<p>or 24 of the 24 cash orders tested the cash ordered is not re-deposited within three business days. Please note that for the 24 change fund orders there was no evidence that the funds were returned to the bank. The range was between 8 and 90 days. This equates to a 100% error rate.</p>	<p>7. An employee accountability clause should be incorporated into the policies and procedures to ensure accountability.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
6.	<p><u>Non -compliance with LACCD Policies and Procedures:</u></p> <p>During a cash count on May 08, 2013, IAD noted that LAMC Fitness center operations did not forward cash collected for operation associated with the Fitness center and Athletics to Business Office in a timely manner.</p> <p>This equates to \$4,279.00 dollar error.</p> <p>(Impact: High)</p> <p>Condition:</p> <p>1. AD noted that during the</p>	<p>IAD recommends the following: LAMC should implement and communicate to:</p> <ol style="list-style-type: none"> 1. The Fitness Center should enforce the LACCD policy requiring that cash collection activities be monitored to ensure compliance with the policy. The College implements training for employees and management on policy and procedure for tracking deposits timely. (ie. Fitness) 2. The Fitness Center should make deposits no later than the close of the business day on the next business day 	<p>Management will:</p> <p>The Business Office staff will work closely with HFAC staff to ensure compliance and the security of cash on hand be deposited daily.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>cash count, the Fitness Center had \$4,279 in cash onsite for fundraising, sales or membership and soccer and volleyball concessions. Some of these amounts were collected as far back as February 2013.</p>	<p>following the date of collection.</p> <ol style="list-style-type: none"> 3. The Fitness center should establish a minimum amount of cash that is allowed to be kept by the Fitness Center. Once the threshold has been met, the Fitness center should immediately forward the money to the Business Office. 4. A weekly deposit should be implemented regardless of the amount to ensure timely deposits. 5. The Fitness Center should forward the daily deposits to the Business office and ensure that a sales revenue report has been included in the documentation forwarded to the business office. 6. The Fitness Center Management should evaluated the current timeliness of depositing cash to ensure a balance is met between the minimum cash required for operations and the actual cash that is being kept at the location. 7. A self-audit should be 			
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		<p>performed to ensure that policies and procedures are adhered to by all employees that are responsible for collecting and depositing cash.</p> <p>8. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures.</p> <p>9. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
7.	<p>Non -compliance to LACCD policies and procedures: The Business Office is maintaining cash in the safe that has not been deposited, recorded and/or properly accounted for in LAMC financial reports.</p> <p>This equates to \$96 dollar error.</p> <p><i>(Impact: High)</i></p> <p>Condition:</p>	<p>IAD recommends the following:</p> <p>1.The cash that are held in the safe should be deposited to the bank as soon as possible.</p> <p>2.Implement policies and procedures for handling incoming cash denominations that are not associated with the Business Office (Example: the cash should be deposited daily and then research can be conducted to match to the specific</p>	<p>Management Will:</p> <p>The Business Office hired a full time Cashier and daily deposits will be part of their responsibilities. The College CFA will monitor deposits and documentation.</p>	<p>Began July 1, 2013 and will be ongoing.</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>IAD performed a cash count of the Business Office safe on May 08, 2013. During the audit examination, IAD identified \$96 in lose bills and coins that had not been deposited, recorded and/or properly accounted for in LAMC financial reports. Additionally, IAD noted an envelope that contained foreign currencies in coins from several countries. IAD did not performed conversion of these foreign currencies into USA dollar as this was deemed immaterial.</p>	<p>transactions instead of leaving the cash in the safe without keeping a record.))</p> <ol style="list-style-type: none"> 3.All transactions related to the business office operations are processed immediately through the BO registers/books and reported via the miscellaneous online and offline reports. 4.All cash that are collected are deposited to the business office no later than the next business day. 5.Implement a management review and approval process to ensure that all business office transactions are recorded and reported to the business office. 6.The Business Office should perform surprise cash count of the BO safe to ensure that all funds are properly accounting for. 7.The College implements training for employees and management on policy and procedure. 8.Receipt of acknowledgement should be provided and documented to ensure that all 			
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		<p>employees have read and understood the policy and procedures.</p> <p>9. An accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
8.	<p><u>Non-compliance to LACCD policies and procedures:</u> The change fund cash count did not reconcile with the amount of "cash on hand" per the SAP system.</p> <p><i>The dollar error was \$162.</i></p> <p><i>(Impact: Marginal)</i></p> <p>Condition:</p> <p>IAD performed a cash count of the business office miscellaneous safe on May 08, 2013 and noted that the miscellaneous change fund</p>	<p>IAD recommends the following:</p> <p>The College</p> <ol style="list-style-type: none"> 1. Should implement policies and procedures that will require dual cash counts on a monthly basis. 2. Must mandate a monthly reconciliation on the change fund account. Any discrepancies should be researched and resolved by the responsible individual. 3. Should work with the Business Office to ensure that cash on hand is 	<p>Management will:</p> <p>The Business Office under the direction of the CFA will implement recommendations 1 thru 8.</p>	<p>July 1, 2013 and ongoing until December 31, 2013.</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>cash in hand was over by \$162 when reconciled to SAP.</p>	<p>accounted for in a log and that cash counts are being performed by all departments.</p> <ol style="list-style-type: none"> 4. Implements training for employees and management regarding the policies and procedures for cash counts and reconciliations. 5. Creates policies and procedures that will make employees responsible for cash overages and shortage found during cash counts of the change fund. 6. Conduct self audits to ensure that the policies and procedures that are implemented are followed by employees. 7. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures related to cash count and reconciliation policies. 8. An employee accountability clause should be incorporated into the policies and procedures to ensure 			
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		<p>accountability.</p> <p>The District</p> <p>9. The District should ensure that all relevant change fund transactions (i.e. cash orders) are recorded into the system in a timely manner.</p>			
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SECTION III: Cash Collection Deposits

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
9.	<p><u>Non- compliance with LACCD Policies and Procedures:</u> Variances were noted in the reported amounts noted on the cash receipts, miscellaneous reports and cash deposits derived from the same day activities.</p> <p>This equates to rate range of 8.6% to 59% error rate and \$38,225 to \$76,350 dollar error rate.</p> <p>(Impact: High)</p> <p>Condition:</p> <p>IAD examined 22 days during the audit period May</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The BO Management should purchase more cash registers to ensure that all employees will be provided with a password and be held accountable for their own respective cash collections for the day. 2. The BO Management should revise its current policies and procedures and evaluate the effectiveness current processes to ensure that all cash collections are properly accounted for and that there is a proper review and reconciliation process in place for all 	<p>Management Will:</p> <ol style="list-style-type: none"> 1. The Business Office will/has implemented recommendation 1 thru 7. 2. The College has purchased a second cash register and looking into a third to ensure that all transactions are properly recorded. 	<p>July 1, 2013 Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>01, 2012 through October 31, 2012 and noted the following:</p> <ol style="list-style-type: none"> 1. The online (DEC)/offline cash collections (auxiliary receipts) amounted to \$51,380.25 per cash register and auxiliary receipts whereas \$98,858 was reported on miscellaneous reports. This created an overage of \$38,225 as per the miscellaneous report when compared to the register and auxiliary receipts. 2. Bookstore cash and check per the bookstore report was \$328,041.13 whereas the WinPrism report was \$361,770.17. This created a variance of (shortage) \$ 33,729 Bookstore receipts and reports when compared to the WinPrism report. (33,729/369,687 total Bookstore collections). 	<p>daily cash collections.</p> <ol style="list-style-type: none"> 3. The BO should implement policies and procedures requiring the research process in place to ensure the accuracy of collections. The campus should require that all cashiers count their cash in the presence of another employee and that all discrepancies be researched and resolved by both employees. 4. The Employees engaging in cash counting activities and handling cash should be trained on updated reconciliation and research procedures for variances, as well relevant on board rules and regulatory requirements. Training participants should be required to sign acknowledgment form and acknowledgement of the training be retained by Business office. 5. BO department should implement a quarterly review of all cash collections and ensure that all variances were properly 			
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	<p>3. The amount noted on the online credit cards per cash register was \$129,025 whereas the amount reported on DEC for credit card collections was \$205,376. This created a variance (overage) of \$76,350 when compared to the amount reported on the cash registers and the miscellaneous report.</p> <p>4. The variances could be attributed to the BO not having detailed accounting process procedures for identifying, reconciling and detecting variances in the cash, check and credit card totals.</p>	<p>researched and resolved by the BO staff.</p> <p>6. That all employees having responsibility for these records be informed of the consequences of failure to adhere to district policies and procedures.</p> <p>7. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
10.	<p><u>Non-compliance with LACCD Policies and Procedures:</u> A. AMC Business Office</p>	<p>1. All departments handling cash the LACCD policy requiring each department to track its own cash collections activities. The</p>	<p>Management will: The Business Office will implement recommendation 1 thru 7. Additionally, the Business</p>	<p>July 1, 2013 Daniel Villanueva, Vice-President of Administrative Services</p>	

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	<p>does not make timely deposits to City National account as per bank statements and backup documentation.</p> <p>B. Other departments within LAMC are not forwarding cash collections to the Business Office within one business day.</p> <p>This equate to rate range of 18% to 27% error rate. <i>(Impact: Moderate)</i></p> <p>Condition:</p> <p>1. AD examined the Business Office deposit slips, Online and Offline Miscellaneous Collections, Deposit Schedule, and bank statements for the period for the audit period May 01, 2012 through October 31, 2012 and noted that for four of the 22 days tested, the cash was not deposited to the City</p>	<p>College implements training for employees and management on policy and procedure for tracking deposits timely. (ie. Bookstore)</p> <p>2. All areas collecting cash such as the Business Office, Bookstore, and Community services should make deposits no later than the close of the business day on the next business day following the date of collection.</p> <p>3. The College implements training for employees and management on policy and procedure for making deposits timely.</p> <p>4. A self-audit should be performed to ensure that policies and procedures are adhered to by all employees that are responsible for collecting and depositing cash.</p> <p>5. The Business Office should keep a log of all cash collection dates for cash received from other departments.</p>	<p>Office has hired a full time Cashier which will assist with the daily deposits and reconciliation</p>	<p>and Jerry Huang, CFA.</p>	
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	<p>National bank within one business day after the receipt of the cash as per LACCD Policies and Procedures. The deposit range was from two to four days.</p> <p>2. or the Bookstore deposits, six of the 22 days tested, IAD noted that the deposits were not forwarded to the Business within one business day. The range for the deposits was three to sixteen business days.</p>	<p>6. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures.</p> <p>8. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	<p>Audit Issue</p>	<p>Recommendation</p>	<p>College's Response</p>	<p>Due Date/ Responsible Party</p>	<p>Management Responses to CAP</p>
<p>11.</p>	<p><u>Non-compliance with LACCD policy and procedure:</u></p> <p>A. here was no date noted on the report as the preparer did not document the date.</p> <p>B. here was no approver signoff noted on the report.</p> <p>(Impact: Moderate)</p> <p>This equates to a 100% error</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The College should send a reminder memorandum to all employees who prepared financial reports and those that are authorized signors to ensure to sign off and date the documentations that are used in the operational and reporting process. 2. The College and the District should also add a date line to all documentation being 	<p>Management will: CFA has discussed the issue with Business Office staff and instructed the staffs who prepared the report need not only support documents but also need to sign off with the date before CFA can review and approve and date the report after reviewing the documents. All recommendations that IAD recommended are being reviewed its feasibility and are in the process of</p>	<p>September 01, 2013. Jerry Huang, CFA</p>	

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<p>rate.</p> <p>Condition:</p> <p>1. During the review process, IAD examined 22 days from the audit period “May 2012 through October 31, 2012” and noted the following:</p> <p>I. 22 of the 22 Cafeteria reports were prepared, however, there was no date denoted on the form showing when the document was prepared. IAD was unable to determine if report was prepared timely.</p> <p>II. 2 of the 22, Bookstore Miscellaneous Reports reviewed there was no documentation to support that a review was performed and no date to</p>	<p>reviewed by the College Fiscal Administrator and for the preparation of the documentation.</p> <p>3. A review process be included as per of this procedure to negate such errors.</p> <p>4. The College should conduct training to all employees on policies and procedures. The training should emphasize the importance of signing dating documents that are signed by employees.</p> <p>5. A checklist should be implemented for all financial documents and include a review of all authorized approving officials that are required to sign and date the forms. Additionally, the reviewer of the documentation should ensure that the preparer has signed off as evidence of when the documentation was prepared.</p> <p>6. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood</p>	<p>implementation during Fall 2013.</p>		
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	demonstrate that the review was performed timely.	<p>the policy and procedures. .</p> <p>7. An employee accountability clause should be incorporated into the policies and procedures. The Business Office employee who files away the documentation should review the report prior to filing and if any missing signatures are found on the reports, the employee should follow up and communicate with the authorized signor to sign off on the documentation.</p>			
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SECTION IV: Accounting and Reporting

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
12.	<p><u>Non-compliance with LACCD policy and procedure:</u> The miscellaneous reports were not signed and not dated by the preparer and approver.</p> <p><i>(Impact: High)</i></p> <p>This equates to a 100% error rate.</p> <p>Condition:</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The College and the District add a date line to the miscellaneous reports. 2. The College implement a check list of all necessary fields to be completed on the miscellaneous online\offline reports prior to submission prior to submitting to district and prior to district office 	<p>Management Will: The Business Office will review all document for signature and date.</p>	<p>July 1, 2013 Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>During the review process, IAD examined the month of September 2012 and noted that five weekly miscellaneous reports were prepared and submitted to the District Office. IAD examined the five weekly miscellaneous reports and noted the following:</p> <p>I. Five of the five weekly reports were not signed and not dated by the preparer and approver.</p>	<p>accepting</p> <p>3. The College should conduct training to all employees on policies and procedures. The training should emphasize the importance of dating documents that are signed by employees.</p> <p>4. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures.</p> <p>5. An employee accountability clause should be incorporated into the policies and procedures.”</p>			
	Audit Issue	Recommendation	College’s Response	Due Date/ Responsible Party	Management Responses to CAP
13.	<p><u>Non-compliance with LACCD policy and procedure:</u> There was no evidence to substantiate that LAMC miscellaneous reports were submitted timely to the District Accounting Office.</p> <p>(Impact: High)</p> <p>This equates to a 100% error rate.</p> <p>Condition:</p>	<p>IAD recommends the following</p> <p>1. The Business Office should maintain the electronic copy of the email submission of Miscellaneous Reports to the District.</p> <p>2. The Business Office purchases an electronic data repository system that would house all Miscellaneous Reports and supporting</p>	<p>Management will:</p> <p>CFA has discussed the issue with Business Office staff and CFA makes sure all submission of the reports will be signed off by either office supervisor or CFA. All weekly collection reports are being stored in two separate network drives to ensure the</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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	<p>During the review process, IAD examined the month of September 2012 and noted that five weekly miscellaneous reports were due to the District Accounting Office during this month. IAD noted that there was no evidence demonstrating that the Miscellaneous Reports were submitted to the District timely.</p>	<p>documents to ensure that documents can be retrieved when needed.</p> <ol style="list-style-type: none"> 3. The Business Office should scan all Miscellaneous Reports and supporting documentation to ensure quick retrieval time period. 4. The Business Office should perform a self-audit to ensure that miscellaneous reports are submitted to the District timely and that all documents including the transmittal form are being maintained and kept in a safe location (i.e. document repository). 5. LAMC Business Office should develop and implement a policy that requires the BO to process the miscellaneous reports by a stipulated deadline to ensure that the reports are submitted to the District timely. 6. The College maintains a weekly report card to trend and track late preparation of the report. This document should be used as a training material for employees to ascertain adherence to the timely 	<p>integrity of the reports. Also we are in the process of implementing the additional security. The shared folder for each preparer can be edited only by report preparer and others can view only. Some district Accountants only request report being sent electronically via CFA. We are in the process developing a training session for Business Office staff.</p>		
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		<p>submission of the report.</p> <p>7. The District Accounting Office should prepare a monthly report card to identify the adherence to the policy.</p> <p>8. The District Accounting office should prepare a quarterly report card that will be forwarded to the Vice President of Administrative Services. This report should be used as a training tool.</p> <p>9. The College should conduct training to all employees on policies and procedures.</p> <p>10. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures.</p> <p>11. An employee accountability clause should be incorporated into the policies and procedures.”</p>			
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SECTION V: Revolving Fund

	Audit Issue	Recommendation	College’s Response	Due Date/ Responsible Party	Management Responses to CAP
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14.	<p><u>Non-compliance to LACCD policies and procedures:</u> Revolving Fund initiator did not sign and/or date the request submitted for reimbursement.</p> <p><i>(Impact: High)</i> This equates to a rate range of 40% to 88%.error rate.</p> <p>Condition: During the audit examination IAD noted that:</p> <p>1. For 22 of the 25 disbursements the initiator did not notate the date of signoff for request..</p> <p>2. For 10 of the 25 disbursements did not document the initiator signoff. Examples of errors noted were as follows:</p> <ul style="list-style-type: none"> 1. October 2012: 16.89: STEM grant renovation supplies 2. June 25, 2012: amount: 136.24: Supplies 3. June 25, 2012: amount: 	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. he Business Office evaluates the current process in place for processing disbursement requests and ensures that all required signatures have been obtained. Any requests that have not been properly approved should be returned to the initiator of the reimbursement. 2. he Business Office should develop a checklist of all revolving fund disbursement requirements for payments such as original invoice, appropriate signatures and dates of signoffs. If the disbursement does not have all approvals and backup documentation, the Accounting Technician should return the documentation to the initiator. 3. Conduct self audits to ensure that the policies and procedures that are implemented are followed by employees. 4. Receipt of acknowledgement should be provided and 	<p>Management will:</p> <p>The Vice President and CFA will implement recommendations 1 thru 5.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice President of Administrative Services and Jerry Huang, CFA.</p>
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	<p>94.01: Supplies</p> <p>4. June 26, 2012: amount: \$217.50, Maintenance supplies</p> <p>5. June 26, 2012: amount: 178.50: Maintenance supplies</p>	<p>documented to ensure that all employees have read and understand the policy and procedures for proper segregation of duties for all processes.</p> <p>5. An employee accountability clause should be incorporated into the policies and procedures.”</p>			
	Audit Issue	Recommendation	College’s Response	Due Date/ Responsible Party	Management Responses to CAP
15.	<p><u>Non- compliance to LACCD policies and procedures:</u> Proper approvals were not obtained for transactions paid from the revolving fund. <i>(Impact: High)</i> This equates to a 64%.error rate. Condition: During the audit examination IAD noted that the required approvals were not obtained for transactions paid (i.e. CFA approval, department head approval) from the revolving fund reimbursements for 16 of</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The Business Office evaluates the current process in place for processing disbursement requests and ensures that all required signatures have been obtained. Any requests that have not been properly approved should be returned to the initiator of the reimbursement. 2. The Business Office should develop a checklist of all revolving fund disbursement requirements for payments such as 	<p>Management will:</p> <p>The Business Office under the direction of the CFA will implement recommendations 1 thru 4. All Division Heads/Deans will be made aware of this process and procedure.</p>	<p>July 1, 2013 Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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<p>the 25 revolving fund transactions tested.</p> <p>Examples of errors noted were as follows:</p> <ol style="list-style-type: none"> 1. October 2012: 16.89: STEM grant renovation supplies 2. June 25, 2012: amount: 136.24: Supplies 3. June 25, 2012: amount: 94.01: Supplies 4. June 26, 2012: amount: \$217.50, Maintenance supplies 5. June 26, 2012: amount: 178.50: Maintenance supplies 	<p>original invoice, appropriate signatures and dates of signoffs. If the disbursement does not have all approvals and backup documentation, the Accounting Technician should return the documentation to the initiator.</p> <ol style="list-style-type: none"> 3. Conduct self audits to ensure that the policies and procedures that are implemented are followed by employees. 4. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures for proper segregation of duties for all processes. 5. An employee accountability clause should be incorporated into the policies and procedures. 			
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	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
16.	<p><u>Non-compliance to LACCD policies and procedures:</u> College process does not require that a budget review be performed prior to disbursing funds.</p> <p><i>(Impact: High)</i></p> <p>This equates to a 100% error rate.</p> <p>Condition: IAD noted that for 25 of 25 Revolving Fund transactions tested no signoff was noted on budget review section of the form. Therefore IAD cannot confirm that a budget review was performed prior to approval of the transaction. .</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. LAMC should develop a process to ensure that the Business Office CFA performs a thorough review of all disbursement requests for completeness and accuracy with special detail to the budget review. 2. The Business Office should develop a checklist of all revolving fund disbursement requirements for payments such as original invoice, appropriate signatures and dates of signoffs. If the disbursements do not have all approvals and backup documentation, the Accounting Technician should return the documentation to the initiator. 3. The Business Office should implement a self-audit process to ensure that all disbursements request have all required signatures and to confirm that budget review was performed. 4. The College implements 	<p>Management will</p> <p>Business Office will implement recommendations 1 thru 5.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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		<p>training for employees and management regarding the policies and procedures regarding the review process for revolving fund requests.</p> <p>5. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures related to the process to ensure completeness and accuracy of forms.</p> <p>An employee accountability clause should be incorporated into the policies and procedures.”</p>			
	Audit Issue	Recommendation	College’s Response	Due Date/ Responsible Party	Management Responses to CAP
17.	<p><u>Non-compliance with LACCD policy and procedure:</u> There was no date of preparation noted on the reconciliations; therefore, IAD was not able to ascertain that the reconciliation were prepared timely.</p> <p><i>(Impact: High)</i></p> <p>This equates to a 100%.error rate.</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The College and the District add a date line the reconciliation documentation and the disbursement requests being reviewed by the approving official. 2. The Business Office should develop a checklist for bank reconciliation and the required documentation needed to 	<p>Management Response</p> <p>CFA has discussed the issue with Business Office staff and designed a form that will show the check #, payee, amount and the date payee pick up and the person’s sign off when pick up the check.</p>	<p>September 30, 2013</p> <p>Jerry Huang CFA</p>	

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	<p>Condition:</p> <p>uring the review process, IAD examined the month of May 01, 2012 through October 31, 2012 and noted the following for all six months:</p> <p>I. here was no preparation date denoted on the form to ascertain timely preparation.</p> <p>II. The CFA signed off on the reconciliation prior to the sign off of the Senior Accountant for all six reconciliations tested. The level of authority is the Senior Accountant reports to the CFA.</p> <ul style="list-style-type: none"> • The CFA signed off on the reconciliation in a timeframe exceeding thirty days. All of these reconciliations tested were approved in October 2012. 	<p>support all numbers within the reconciliation, approvals required and also ensure that document preparation dates and approval dates are included on the reconciliation.</p> <ol style="list-style-type: none"> 3. A review process be included as per of this procedure to negate such errors. 4. The College should conduct training to all employees on policies and procedures. The training should emphasize the importance of dating documents that are signed by employees. 5. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures. 6. An employee accountability clause should be incorporated into the policies and procedures to ensure accountability. 7. A self-audit should be performed by the business office to ensure that all reports have a signature and date on the forms. 			
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SECTION VI: Accounts Receivable

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
18.	<p><u>Non-compliance with LACCD Policies and Procedures:</u> Significant control weaknesses were noted in the Accounts Receivable process as there were no consistent monitoring, follow up, reporting, and write-off processes of account receivable derived from student's non-payment of tuition.</p> <p><i>(Impact: High)</i></p> <p>This equates to a 100% error rate and \$332,400 dollar error.</p> <p>Condition:</p> <p>During the audit examination IAD noted that the District and the college does not have a process in place to monitor, follow up, report and write off receivable for transactions that are processed in the DEC</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The Business Office should develop and implement a monitoring process for accounts receivables that will ensure all receivables are recorded in SAP. 2. Collection process should be implemented by the Business Office to perform follow up to aid collection. 3. The Business Office should communicate with all departments the new process implemented for setting up receivables, monitoring receivables and applying payments for all of LAMC transactions. 4. On a monthly basis, the Business Office should run a report of all receivables and follow up on all outstanding receivables. 5. For student fees owed receivables, the College should also input the 	<p>Management Response</p> <p>The College will work closely with the District Office on the implementation of the new SIS system which will address many of these issues. Until the new SIS system is operational, staff will develop a plan to collect these receivables.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA</p>	

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<p>system for student non-payment of tuition for the period.</p> <p>IAD noted the following control weaknesses in the process.</p> <p>I. A well-defined monitoring process was not in place for account receivables that are derived from students that did not pay their tuition for a particular semester and did not return take classes at the campus in future semester. Currently, there is not a follow up process for past due receivable and collection efforts are not made for these types of receivables.</p> <p>II. The college and District only write off receivables that are associated with students that had a check returned for non-sufficient funds. There is not a write off process in place with</p>	<p>information once it is known that the student has not paid the fees owed to the college at the end of the semester.</p> <p>6. The College should ensure that any students that have not paid all current fees cannot enroll in any courses in the future by placing a hold on a student.</p> <p>7. The Business Office should cease the practice of registering students that have not paid the College in full.</p> <p>8. The College implements training for employees and management on policy and procedure for setting up, monitoring and writing off accounts receivables.</p> <p>9. Conduct self-audits to ensure that the policies and procedures that are implemented are followed by employees.</p> <p>10. The College and District explore the option of implementing policies and procedures that will require students to be dropped from classes prior to the first week of instruction for those</p>			
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	<p>regards to non-payment of students fee</p> <p>III. The account receivable balances for those that were derived from the DEC system for students' that did not return to campus to pay fees transactions derived from processing future payments from agencies are not included as part of the overall District financial reporting structure. The account receivable balance for the Spring 2012 term for these types of transactions totaled \$332,400</p>	<p>students that have not paid fees associated with class enrollment.</p> <p>11. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures for accounts receivable management.</p> <p>12. An employee accountability clause should be incorporated into the policies and procedures.</p>			
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SECTION VII: ASO

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
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<p>19.</p>	<p><u>Non-compliance to LACCD policies and procedures:</u> Proper approvals were not obtained for Associated Student Organization (ASO), Trust, Capital Improvement Fund (CIF) and Financial Aid disbursement transactions. (Impact: High) This equates to an error rate range of 4.16% to 100%. Condition: During the audit examination IAD noted the following:</p> <p>I. Proper approval was not obtained for 76 of the 96 disbursements made from the ASO, Trust, CIF and Financial Aid account. Signoff date was not documented by approver for 4 of the 96 Trust accounts.</p> <p>II. No signoff and or date were noted on the disbursement forms for 2 of the 96 Trust account transactions reviewed.</p> <p>III.</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The Business Office should develop and implement a policy that requires authorized approvers to sign off and document the date of signoff on the disbursement request forms. During the review process by the Business Office, the Accounting Technician and CFA should validate that all approvals have been obtained. Any disbursement request that is not signed and dated should be rejected and sent to the approver for correction. 2. A second review should be performed by the Business Office to ensure that the disbursement request approver is signing and documenting date of signoff on the form. This will enable the Business Office to ascertain if proper approval and timely signoff was obtained by the requestor. 3. The College maintains a weekly report card to trend and track reports that were not dated by the preparer and the approver. This weekly report card should be used for 	<p>management will:</p> <p>The CFA will review all request and make sure they have the proper documentation, funds, signature, and date. Any request that does not have proper documentation will be returned.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA</p>	
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	<p>o signoff and date was noted on the reconciliations for 6 of the 6 ASO and Financial Aid reconciliations reviewed.</p> <p>IV. or 5 of the 6 reconciliations for CIF and Trust, there was no signoff and date noted on the reconciliations reviewed. This equates to an 83.33% error rate.</p> <p>V. or four of the four reconciliations reviewed for the Health, Fitness and PE (HFAC) there was no signoff and date on the reconciliations reviewed.</p>	<p>training purposes.</p> <p>4. The College implements training for employees and management on policy and procedure.</p> <p>5. The College should implement a checklist to ensure all essential approvals, documentation and necessary items are included with the disbursement request documentation.</p> <p>6. The BO should conduct self-audits to ensure that the policies and procedures that are implemented are followed by employees.</p> <p>7. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policy and procedures.</p> <p>8. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
20.	<u>Non-compliance to LACCD policies and procedures:</u>	IAD recommends the following:	Management will:	July 1, 2013	

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<p>College process does not require that a budget review be performed prior to disbursing funds.</p> <p>(Impact: High)</p> <p>This equates to 100% error rate.</p> <p>Condition:</p> <p>IAD noted that for 96 of the 96 ASO disbursements request tested there was no signoff noted on the disbursement form to indicate that the College Fiscal Administrator performed a review of the documentation and budget prior to the check being printed by the Business Office.</p>	<ol style="list-style-type: none"> 1. LAMC should develop a process to ensure that the Business Office College Fiscal Administrator performs a thorough review of all disbursement requests for completeness and accuracy. 2. The Business Office should implement a self-audit process to ensure that all disbursements request have all required signatures and to confirm that budget review was performed. A sample of disbursements should be reviewed using a checklist of all activities that need to be completed on the form. 3. The College implements training for employees and management regarding the policies and procedures regarding the review process for ASO disbursement fund requests. 4. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures related to the process to ensure 	<p>The Vice President, CFA, and ASO Advisor will work together to insure proper documents is provided prior to disbursement of warrants/checks. The CFA will review all request for accuracy prior to forwarding to Vice President for approval.</p>	<p>Daniel Villanueva, Vice-President of Administrate Services and Jerry Huang, CFA.</p>	
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		<p>completeness and accuracy of forms.</p> <p>5. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
21.	<p><u>Non-compliance with LACCD Policies and Procedures:</u> Bank Reconciliations are not performed on a monthly basis for the period tested. <i>(Impact: High)</i></p> <p>This equates to 100% error rate.</p> <p>Condition:</p> <p>During the audit examination IAD noted that for six of the six months tested for the ASO, Trust, ICF and Financial Aid trust accounts (May 2012 through October 2012, reconciliations were not performed on a monthly basis and evidence of research and resolution of irreconcilable items were not noted.</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The College should establish policies and procedures for the ASO, Trust, CIF and Financial Aid account reconciliations. The procedures should include monthly bank reconciliation and resolving irreconcilable items and approval of the reconciliation. 2. The College should develop a checklist that will aid an efficiency and effective bank reconciliation process. 3. A monthly reconciliation process should be implemented and detail all the necessary components of an effective reconciliation process. 4. The reconciliation should be reviewed monthly by the 	<p>Management will:</p> <p>The Business Office will implement recommendations 1 thru 7. Monthly reconciliation will be done.</p>	<p>July 1, 2013 Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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		<p>College Fiscal Administrator.</p> <p>5. The College implements training for employees and management on policy and procedure for reconciliation process and approval process.</p> <p>6. The BO should conduct self-audits to ensure that the policies and procedures that are implemented are followed by employees.</p> <p>7. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures for ASO, Trust, CIF and Financial Aid accounts reconciliation approval process timelines.</p> <p>8. An employee accountability clause should be incorporated into the policies and procedures.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
22.	<p><u>Non -compliance with LACCD Policies and Procedures and Regulatory Guidelines:</u> ASO check payments were made to</p>	<p>IAD recommends the following:</p> <p>1. The Business Office should cease the practice paying invoices based on quotes to</p>	<p>Management will:</p> <p>The Vice President and CFA will implement recommendations 1 thru 5 and</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services</p>	

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<p>vendors without an original invoice or adequate backup documentation substantiating transaction.</p> <p>(Impact: Moderate)</p> <p>This equates to 21.87% error rate.</p> <p>Condition:</p> <p>During the audit examination IAD noted that payment were made to vendors without an original invoice and/or timesheet to substantiate actual amount charged by the vendor services for 21 of the 96 transactions tested This equated to an error rate of 21.87% with a total dollar amount of \$30,497.</p> <p>The examples of errors noted were as follow:</p> <p style="padding-left: 40px;">I. ay 11, 2012, Health and PE: \$2,000</p> <p style="padding-left: 40px;">II. ay 30, 2012: employee reimbursement:</p>	<p>negate the submission and payment of duplicate quotes and/ or invoices.</p> <p>2. The College should reinforce the Administrative Regulation policy that indicates that checks can only be written if an original invoice is provided by the vendor.</p> <p>3. The College should enforce the existing policy for invoice payments and adhere to a second tier review before a check is issue.</p> <p>4. Conduct self-audits to ensure that the policies and procedures that are implemented are followed by employees.</p> <p>5. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures for ASO invoice payments.</p> <p>6. An employee accountability clause should be incorporated into the policies and procedures.</p> <p>7. The Business Office should</p>	<p>7.</p>	<p>and Jerry Huang, CFA.</p>	
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	<p>\$2,000</p> <p>III. June 12, 2012 Health and PE: \$15,494.33.</p> <p>IV. July 12, 2012: Catering: \$2,035</p> <p>V. November 14, 2012: Culinary arts department services: \$ 1,854.77.</p>	<p>develop and implement a checklist of all requirements for a valid disbursement.</p>			
	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
23.	<p><u>Non-compliance with LACCD Policies and Procedures and Regulatory Guidelines:</u> Funds were paid from the Capital Improvement fund that was not related to the purpose of the establishment of the fund as per the trust charter.</p> <p>(Impact: High)</p> <p>This equates to 30% error rate</p> <p>Condition:</p>	<p>IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The Business Office should cease the practice of allowing non-CIF related activities to be run through the ASO and inform account users that any funds deposited should be used for CIF purposes. The College should reinforce the Administrative Regulation policy and/or charter that indicate that ICF funds can only be used for specific 	<p>Management will:</p> <p>Business Office staff will implement recommendation 1 thru 5. Vice President will work closely with the CFA to monitor implementation progress.</p>	<p>July 1, 2013</p> <p>Daniel Villanueva, Vice-President of Administrative Services and Jerry Huang, CFA.</p>	

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<p>During the audit examination IAD noted three transactions that were tested from the sample base of the ASO activities that were unrelated to the ASO. A total of 10 transactions were related to the 10 transactions. The three transactions were erroneously paid from the CIP fund. Detail were as follow:</p> <p>ay 16, 2012, A Student was paid \$500.00 for a scholarship ceremony activity for which the foundation signors could not be found on the specific day of the event.</p> <p>anuary 17, 2013, \$2,593.00 was paid for lodging for an interviewee for the Vice president of Academic affairs position \$2,593.</p> <p>4. ebruary 01, 2013: Relocation Expenses for candidate offered position for the Vice president of Academic affairs position 6,580.</p>	<p>purposes.</p> <ol style="list-style-type: none"> 2. The College should strengthen its controls over opening and administration of the ICF accounts. 3. The College implements training for employees and management on policy and procedure on appropriate uses of the ICF accounts. A checklist of acceptable uses should be developed to include activities that fall under one of the three categories: College Facilities and Student Success and other College Support activities. 4. Conduct self-audits to ensure that the policies and procedures that are implemented are followed by employees. 5. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures for setting up ICF accounts. 6. An employee accountability clause should be incorporated 			
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		into the policies and procedures.			
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SECTION VIII: Policies and Procedures

	Audit Issue	Recommendation	College's Response	Due Date/ Responsible Party	Management Responses to CAP
24.	<p><u>Non -compliance with Industry Best Practice:</u> The Business Office does not maintain an updated internal operation written policies and procedures for six of the 19 areas reviewed. The procedures were not updated timely and were not being kept in a central location.</p> <p><i>(Impact: Moderate)</i> This equates to a 31.5% error rate.</p> <p>Condition: IAD noted that the Business Office procedures manual did not include the detail processes for six of the 19 operating activities conducted within the Business Office: The missing areas are: A. ASO funds collection</p>	<p>IAD recommends the following: IAD recommends the following:</p> <ol style="list-style-type: none"> 1. The Business Office should adopt the District level policies and procedures and develop a process to evaluate compliance with the manual. 2. The Business Office should update its policies and procedures and ensure to review on a periodic basis to ensure that it is current. 3. The final policies and procedures should be kept in a central location such as a database on an internal website to enable employees to access a policy when needed. 4. All employees in the fiscal office should be trained on all the processes and 	<p>Management will:</p> <p>CFA has discussed the issue with Business Office staff and will provide a policy and procedure to campus staff ensure the budget review was done before submitting the revolving fund request for processing on timely basis</p> <ul style="list-style-type: none"> • 	<p>September 30,2013 Jerry Huang- CFA</p> <ul style="list-style-type: none"> • 	

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	<p>process.</p> <p>B. Cashing personal checks,</p> <p>C. Safeguarding of checks</p> <p>D. Follow up process for Bookstore Accounts Receivable and Fees Owed by Student Receivables.</p> <p>E. Preparation of the Miscellaneous, Bookstore and Cafeteria Reports,</p> <p>F. Policy on timeliness of cash forwarded to BO.</p>	<p>procedures documented in the policies and procedure manual and the college should be clear as to what activities are prohibited. Additionally, emphasis should be made during the training session as to the application and use of the policies and procedure.</p> <p>5. The consequences of failure to adhere to policies and procedures.</p> <p>6. A yearly validation process should be implemented for the policy and procedure which will ascertain that all procedures within the department are fully documented.</p>			
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