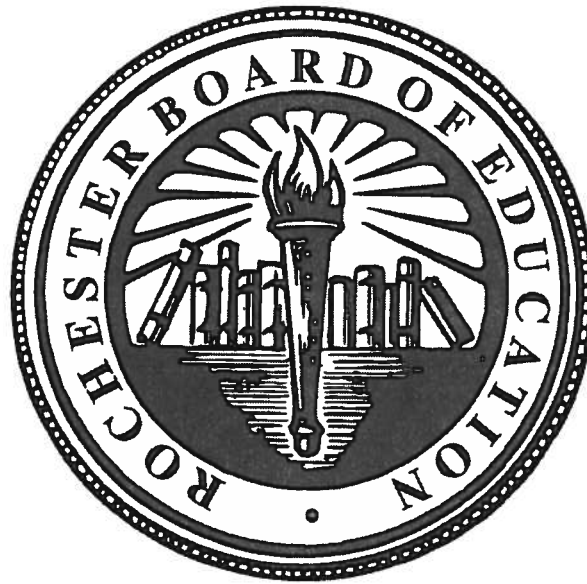


OFFICE OF AUDITOR GENERAL



Office of Adult & Career Education Services
Cash Audit

March 2016



**Office of Auditor General
Office of Adult & Career Education Services
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OBJECTIVE

To assess the operating effectiveness of cash handling controls at the Office of Adult & Career Education Services (OACES).

BACKGROUND

Schools and programs periodically encounter activities that require cash to be collected. Due to the risk of diversion, misappropriation or theft, adequate controls must be in place to prevent unintended uses of cash. These control activities include segregation of duties, proper authorization, adequate documents and records, and physical controls. The District has developed cash handling procedures which provide protocols for receipting, disbursing and safeguarding cash. Schools and programs are required to comply with these protocols and procedures.

The Office of Adult & Career Education Services (OACES) is a training center for adult and career education. OACES programs include Career and Technical Education (CTE) which prepare students for the workplace where they can learn skills to enter in-demand career fields. Tuition and orientation fees are collected for participation in the program. Several of these programs also produce goods and services that are sold to the general public.

SCOPE

We conducted a cash audit at Office of Adult & Career Education Services for July 1, 2014 through October 14, 2015. The audit included inquiries of program personnel regarding cash activities within the building and a review of controls over these cash activities.

CONCLUSION

OACES cash activities included CTE sales, tuition, and Faculty Fund account activity. Procedures for cash receipts did not consistently utilize adequate cash controls to ensure proper safeguarding of cash. Deposits were not consistently submitted to the school secretary timely. Sales were not adequately tracked and monitored to ensure all receipts were submitted for deposit. Appropriate segregation of duties did not exist for refunds, checks were not restrictively endorsed and pre-numbered cash receipts were not consistently utilized in sequential order. Proceeds from the sale of goods and services are not being reinvested into the OACES CTE programs. OACES maintains a Faculty Fund account which was established without knowledge or oversight from the District's Accounting Department.

MANAGEMENT ACTION PLAN

We will establish a District Activity Account and work to comply with the established deposit, tracking, receipt, segregation and monitoring procedures which can improve the OACES cash controls. We will also work with the Accounting Department to reinvest proceeds into the CTE Programs.



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Rec #	Recommendations
1	<i>Perform deposits with the OACES secretary at a minimum weekly, or if deposits amount to \$500, whichever is sooner.</i>
2	<i>Utilize a cash register for the café sales to ensure cash is safeguarded and sales are adequately tracked. Reconcile cash sales to register reports.</i>
3	<i>Develop and implement a standard for logging sales and cash receipts for all CTE programs. Ensure that any deposit made with the school secretary is reconciled with sales to ensure all deposits are remitted.</i>
4	<i>Ensure that all checks collected as payments are restrictively endorsed with "For Deposit Only" after receipt.</i>
5	<i>Ensure receipts are issued in sequential order and align chronologically with the date of receipt.</i>
6	<i>Implement procedures to ensure Micro-Enterprise receipts are periodically reinvested into the CTE program.</i>
7	<i>Implement proper segregation of duties for the collection and refunding of orientation fees and ensure deposits with the OACES secretary are performed timely.</i>
8	<i>Establish an Activity Account with the District's Accounting Department, close and discontinue use of the independent Faculty Fund Account.</i>
9	<i>Ensure cash handling and accounting related activities are not performed by the same person.</i>
10	<i>Adhere to cash handling procedures as noted in the Reference Guide for Student Activity Funds.</i>