

TRUCKEE MEADOWS COMMUNITY COLLEGE
VENDING SERVICES
Internal Audit Report
July 1, 2013 through March 31, 2015

GENERAL OVERVIEW

Vending Services is one of several functions that falls administratively under the Auxiliary Services Department at Truckee Meadows Community College (TMCC). The college owns and operates a total of 55 vending machines offering a variety of snacks, food, and drink items to students, faculty, and the general public. The vending machines are located throughout TMCC's main campus as well as the college's three other sites in the Reno area. Vending Services employees are responsible for overseeing the operation of the vending machines. This includes purchasing, storing, and stocking the product that is sold in the machines, collecting and counting sales receipts, and servicing the machines. The college collects approximately \$250,000 annually from vending sales.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of Vending Services at Truckee Meadows Community College for the period of July 1, 2013 through March 31, 2015.

Our review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included tests of the accounting records and other auditing procedures, as we considered necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing the operations of Vending Services and testing controls over the receipt and deposit of funds collected from vending machines.
2. Reviewing access to vending machine keys to determine whether proper controls are in place.

3. Reviewing product pricing and sales reconciliations.
4. Testing department expenditures for reasonableness, supporting documentation, and proper approval.
5. Examining equipment and product inventories for proper accountability.
6. Reviewing contracts and leave records for proper completion and approval.

In our opinion, we can be reasonably assured that TMCC Vending Services is operating in a satisfactory manner. However, implementation of the following recommendations would further improve operations.

CASH CONTROLS

A large volume of coin inventory is needed to replenish the change dispensers that are located in the vending machines and the four change funds that are used to provide refunds to customers for machine malfunctions. The majority of these funds are maintained in a safe located in a secure area of the Accounting Services office. A smaller amount of coin is kept in a locked cabinet in the Vending Services office. We reviewed the controls over these monies and noted the following exceptions.

1. The coin inventory that is stored in Vending Services is not adequately secured.

We recommend all coin inventory be stored in the safe in Accounting Services where multiple controls exist to safeguard the funds. If it is determined that a supply of coin inventory is needed in Vending Services to maintain efficiencies in the fill process, we recommend the funds be stored in a more secure manner, such as in a safe. We also recommend any funds distributed to Vending Services for this purpose be properly accounted for in the financial accounting system.

**What will be done to avoid the identified problems and issues in the future?
TMCC concurs with these findings. Accounting Services will establish new Cash Handling**

Policies to address future coin inventory controls for Vending Services. This policy will establish a coin inventory located in the Auxiliary Services to maintain efficiencies in the fill process. Vending Services has purchased a new safe that will be mounted in Auxiliary Services, RDMT 231. When this coin inventory is implemented, the cash handling policy will be reviewed and modified to establish effective internal controls of the coin inventory. The new safe will be in place by December 31, 2015. The new cash handling policy will be in place no later than March 31, 2016.

How compliance and future good management and practice will be measured, monitored and assured;

The new Accounting Services Cash Handling Policy will establish the cash handling controls and accountability for the tracking, monitoring, and dispersing of coin inventories to and from Vending Services.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

The Auxiliary Services Manager and/or designee will be responsible for the safe keeping and disbursement of funds issued from the new safe in RDMT 231. The Director of Accounting Services will continue to provide oversight in the implementation and the cash controls systems for Vending.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

The safe will remain locked and secured at all times throughout the business day. Coin disbursements will require the presence of two employees. Only the Auxiliary Services Manager and one designee will have the safe combination.

How compliance and performance will be documented for future audit, management and performance review.

Monthly reconciliations will be conducted to track balances of coin inventories in the safe. Discrepancies will be immediately addressed and corrected. Reconciliations will be maintained in the Auxiliary Services office.

2. A log is maintained in the safe in Accounting Services to document when coin is removed and added to inventory. When coin is removed, it is not required for Vending Services employees to sign the log and to document the purpose of the removal such as the machines and/or change funds that are being filled.

We recommend the log be modified to include this information.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this finding. The existing log located in the safe in Accounting Services has been modified to include the initials of the employee removing rolled coin. Furthermore, the log was updated to track individual denominational balances. This allows for improved tracking and accountability. This update was completed and in place

as of the end of August 2015.

How compliance and future good management and practice will be measured, monitored and assured;

In addition to the updated manual log, the new Accounting Services Cash Handling Policy and Vending Services software upgrade scheduled in December 2015 may allow for a modification of this logging procedure. Future procedural changes, if warranted, will be consistent with this audit recommendation. Vending Services understands the intent of this recommendation and will ensure that new procedures are consistent with this recommendation and the cash handling policy. This may be in the form of electronic tracking/logging and doing away with the manual procedure. If an automated solution will not meet the needs of the audit recommendations or Cash Handling Policy the newly updated manual log will remain in place.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise?

Retail Storekeeper I, Auxiliary Services Manager, and/or designee will be required to maintain the log and follow all established procedures with every withdraw. Failure to comply will result in disciplinary action.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Auxiliary Services Manager or Administrative Assistant will reconcile the vending coin log monthly. The Auxiliary Services Manager also checks coin log periodically when coins are withdrawn or deposited.

How compliance and performance will be documented for future audit, management and performance review.

Coin log will be maintained by Auxiliary Services and available for review upon request.

3. When the coin inventory needs to be replenished, Vending Services issues a request for check to Accounting Services which subsequently processes the request with a local bank. There is no documentation submitted to support the amount requested.

We recommend the coin log kept in the safe be submitted with the request for check to allow Accounting Services to verify the current coin inventory and reasonableness of the request.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this finding. Since October 1, 2015, requests for coin procedures require all check requests include a copy of the coin log spreadsheet as back up.

How compliance and future good management and practice will be measured, monitored

and assured;

Accounting Services will not fulfill coin requests without the supporting documentation in the form of the coin log. Requests will be in compliance with forthcoming newly established Accounting Services Cash Handling Policies.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

Auxiliary Services Manager will be accountable for future issues in this area with oversight from the Director of Accounting Services.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Auxiliary Services Manager will verify supporting document is attached to requests before approving the request form. Check requests will not be submitted to Accounts Payable for processing without supporting documents.

How compliance and performance will be documented for future audit, management and performance review.

Copies of all requests for checks and supporting documentation will be maintained in the Vending Services account binder and available for review upon request.

VENDING MACHINE RECONCILIATION

Each week, the cash and coin that has accumulated in the vending machines from sales activity is collected by Vending Services employees. The money is taken to the Accounting Services Office for counting and deposit. After the count is complete, the money collected from the machines is compared to machine readings of cash and coin held outside the change dispensers which provide an estimate of the collection amounts for each machine. Differences between the two figures are recorded and significant variances are reviewed by Vending Services staff. We noted this review does not consider various factors that should be included in the reconciliation such as coin fills made to the machines, total sales for the period, credit and debit card sales, and other information.

We recommend a complete reconciliation of vending machine collections be performed so machine overages and shortages and overall performance can be assessed more accurately.

We recommend the reconciliation be performed on a quarterly basis and that it be provided to the

Director of Budget and Planning for review and approval.

During this review, we noted an upgrade to the computer software used in the vending machines is available. We were informed the upgrade could assist in the reconciliation process by providing more accurate and timely financial information.

We recommend Vending Services consider purchasing the software upgrade.

What will be done to avoid the identified problems and issues in the future?

Vending Services is in the process of upgrading the Cantaloupe/Seed Software. New software will be installed and operational by December 31, 2015. Policies and procedures will be modified as dictated by the software's capabilities on or before March 2016.

How compliance and future good management and practice will be measured, monitored and assured;

Reconciliations will continue to be conducted on a weekly basis for all machines utilizing the software upgrade. Weekly cash deposits, transactions, coin fills, variances etc. will be reviewed and researched weekly by Auxiliary Services Manager.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

The Auxiliary Services Manager in coordination with the Director of Budget & Planning will periodically review the software version to insure installed version is providing the best capabilities for TMCC Vending Services. If required, the software version will be updated.

When the measures will be taken and on what schedule compliance and good practice will be secured:

A quarterly reconciliation report will be generated by the Auxiliary Services Manager and provided to the Director of Budget and Planning for review and approval. Discrepancies in the reconciliation will be researched, resolved, or noted upon review.

How compliance and performance will be documented for future audit, management and performance review.

Reconciliations, after review by the Auxiliary Services Manager, will be maintained in the auxiliary services office.

ANNUAL INVENTORY

At the end of each fiscal year, Vending Services performs a count of its currency and product inventories. When the counts are complete, the value of the inventories is reported to the Accounting Services Office for year-end adjustments and financial statement reporting. During

our review of this area, the following exceptions were noted.

1. The inventory counts are performed by Vending Services employees only. This process does not provide for an adequate segregation of duties. We also noted the inventory report submitted to Accounting Services does not include documentation to support the amounts that are reported.

We recommend a non-vending employee be included in the annual inventory counts. We recommend the individuals involved in the counts sign and date each inventory form, count sheet, or other records used in this process to document their participation and approval. We also recommend the supporting documentation be submitted with the inventory report.

What will be done to avoid the identified problems and issues in the future?

TMCC understands and agrees with the recommendations. Vending Services is hopeful that the new Cantaloupe software will allow for the transition to a fully automated and paperless year-inventory process. In conjunction with the new software; tracking and documentation from the participants will be captured either electronically or manually and submitted with the inventory report. Year-end inventory policies and procedures will be modified by March 31, 2016 to reflect the changes in procedures implemented by the fielding of the Cantaloupe software. Furthermore, fiscal year-end inventory procedures will now include an individual not employed by Vending Services.

How compliance and future good management and practice will be measured, monitored and assured;

Auxiliary Services Manager will ensure that all supporting documentation accompanies the inventory report prior to submittal.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

The Auxiliary Services Manager will be accountable for ensuring that non-vending employees will be included in the inventory count teams.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Annually during the year-end inventory, non-vending employees will be included in the count teams, and signature of participants will be captured.

How compliance and performance will be documented for future audit, management and performance review.

Compliance will be documented by having both the non-vending and vending employees

sign the Cantaloupe generated inventory report that is turned into Accounting Services. A copy of the signed Cantaloupe generated inventory report will be maintained in Auxiliary Services.

2. The inventory of coin and currency reported for the vending machines was understated for fiscal year 2013-14 as it did not include the currency located in the change dispensers or the coin held in the refund change funds. We recommend all of the cash held by Vending Services be counted and included in the year-end inventory count.

**What will be done to avoid the identified problems and issues in the future?
TMCC Vending Services concurs with this finding and agrees with the recommendation. Starting with the FY 15 year-end inventory report, all currency held by Vending Services will be included as separate line items on the excel spreadsheet submitted to Accounting Services.**

**How compliance and future good management and practice will be measured, monitored and assured;
Moving forward, accounting for and documenting all cash held by Vending Services within the fiscal year-end inventory report will now be a standard operating procedure. This data has always been collected in the past but was not included on the final report. As stated above, these items are now listed on the spreadsheet individually and will be recorded annually as part of the year-end inventory.**

**Who will be responsible and may be held accountable in the future if repeat or similar problems arise;
Auxiliary Services Manager will verify the report for completeness prior to submittal no later than June 30, annually.**

**When the measures will be taken and on what schedule compliance and good practice will be secured; and
The Year-end inventory report will not be submitted to Accounting Services without accounting for all cash held by Vending Services.**

**How compliance and performance will be documented for future audit, management and performance review.
The verified fiscal year-end inventories report will be maintained in the Auxiliary Services office and be available for review.**

PRODUCT INVENTORY

As previously mentioned in this report, product that is sold in the vending machines is ordered and maintained by Vending Services. We reviewed the procedures for maintaining the

inventory to determine whether adequate controls are in place. We also selected a sample of 12 products and compared the number of items on hand in the storage room to the number recorded in the computerized inventory system to test for proper accountability.

During this review, we noted over 10% of the inventory had negative quantity counts. We also noted that for seven of the 12 products tested, the actual inventory count did not match the amount recorded in the inventory system. We were informed the reason some of these discrepancies exist is due to errors that have occurred when product is added and removed from the inventory system. For example, when incoming product is received, employees enter it into the inventory system by scanning the Universal Product Code (UPC) that is recorded on the product. The same product can have a different UPC based on the packaging, such as one case, one box, or one item. We were informed that some Vending Services employees were not fully aware of these differing UPCs and have at times entered the wrong code when product is received and removed from inventory.

We recommend staff be trained to correctly add and remove product from the inventory system. We recommend a complete inventory be conducted in order to correct erroneous UPCs and other discrepancies that exist in the inventory system. We also recommend the inventory system report be regularly reviewed and reconciled to the actual inventory and that any necessary adjustments to the inventory system be made in a timely manner.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with these findings. Staff has received training on the proper procedure(s) for adding and removing items within the warehouse management software. A complete inventory was conducted in May 2015, and again on June 30, 2015, erroneous UPC's were removed and the database was scrubbed for inaccuracies, duplicates, and inactive items. Vending Services will continue to conduct periodic (monthly) complete warehouse inventories to ensure regular updates.

How compliance and future good management and practice will be measured, monitored and assured;

Existing and new staff will receive continual training and reminders on the proper procedures for adding and removing items within the warehouse management software.

Staff will also receive training on product UPC's and how they're utilized within the software. Vending Services Retail Store Keeper I and staff will conduct monthly inventories throughout the year.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

The Retail Store Keeper I will be accountable for ensuring an accurate product inventory is maintained with in TMCC Vending Services and Cantaloupe software.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Auxiliary Services, Manager will conduct quarterly audit checks of the inventory counts as reported in the Cantaloupe software. Discrepancies and variances will be immediately addressed and corrected. Additional training will be provided as needed.

How compliance and performance will be documented for future audit, management and performance review.

Copies of the warehouse inventories will be maintained in the vending services warehouse.

KEY CONTROLS

We noted the keys that are needed to access the vending machines and the money and product stored inside them are kept on a cart in the product storage room. We were informed the room is accessible to both Vending and Auxiliary Services employees.

For improved control, we recommend the vending machine keys be restricted to those employees that require access to the vending machines as part of their job function. We also recommend employees sign-out/in the keys when they are accessed in order to maintain a record of this activity.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this recommendation. Vending Services installed a lock box on September 2, 2015, within the vending storage room. Machine keys are checked in/out daily to employees at the beginning and end of each shift.

What will be done to avoid the identified problems and issues in the future?

Only two employees have keys and access to the lock box: Auxiliary Services Manager and Retail Storekeeper I.

How compliance and future good management and practice will be measured, monitored and assured;

Retail Storekeeper I will verify daily that all keys have been returned, accounted for, and

secured in lock box prior to end of shift. Manager will be notified immediately of any issues.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

Vending Services employees' are responsible for returning keys daily. Failure to comply with this requirement may result in disciplinary action and/or termination.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Auxiliary Services Manager will periodically audit lock box for compliance.

How compliance and performance will be documented for future audit, management and performance review.

An audit log will be affixed to the interior door of lock box. Auxiliary Services Manager will initial and date with each audit occurrence.

CONTRACTS

During the audit period, we were informed there were two Vending Services related contracts in effect. The agreements were reviewed for proper completion and adherence to the Nevada System of Higher Education (NSHE) contract policies. The following exceptions were noted.

1. One contract, involving the vending machines' credit card processing software, expired on August 13, 2012. Because of this, the contract was effectively inactive at the time of our review. During the audit, the college contacted the vendor and renewed the agreement.

We recommend Vending Services contracts be reviewed on an annual basis to ensure they are current.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this finding. Issues were resolved prior to completion of the audit process. This contract is now in compliance with NSHE policy. Auxiliary Services Manager or designee will review contracts annually for compliance.

How compliance and future good management and practice will be measured, monitored and assured;

All contracts will be processed and maintained in accordance with TMCC, BCN, and NSHE policy. Contracts requiring modification, updates, or renewals will be handled promptly.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

Auxiliary Services Manager is responsible for monitoring all vending services contract for compliance the TMCC, BCN and NSHE contracting requirements.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

The annual review process will coincide with fiscal year end.

How compliance and performance will be documented for future audit, management and performance review.

All vending services contracts will be maintained in the Auxiliary Services office and available for review upon request.

2. One contract did not list the Board of Regents as the contracting party and was not signed by a proper signature authority.

We recommend contracts be reviewed for proper format by TMCC Legal Counsel and then forwarded to the proper campus authority for signature in accordance with NSHE policy.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this finding. Issues were resolved prior to completion of the audit process. This contract is now in compliance with NSHE policy.

How compliance and future good management and practice will be measured, monitored and assured;

Auxiliary Services Manager or designee will review contracts annually for compliance. Contracts requiring modification, updates, or renewals will be handled promptly. All contracts will be processed and maintained in accordance with TMCC, BCN, and NSHE policy.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

Auxiliary Services Manager is responsible for monitoring all vending services contract for compliance the TMCC, BCN and NSHE contracting requirements.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Annual review process will coincide with fiscal year end.

How compliance and performance will be documented for future audit, management and performance review.

All vending services contracts will be maintained in the Auxiliary Services office and available for review upon request.

EXPENDITURES

A sample of 40 expenditures was reviewed for proper supporting documentation, approval, reasonableness, and compliance with established purchasing procedures. We noted two occasions in which purchasing card statements were not reviewed and approved within two weeks after the period closed, as required by TMCC Purchasing Card Policies.

We recommend purchasing card statements be reviewed and approved in a timely manner.

What will be done to avoid the identified problems and issues in the future?

TMCC concurs with this finding. Future purchasing card statements will be reviewed and approved in a manner which complies with TMCC Purchasing Card Policies.

How compliance and future good management and practice will be measured, monitored and assured;

Auxiliary Services Manager or designee will review, process, and submit all P-card statements to approving authority within the timeframe spelled out by the TMCC Purchasing Card Policy.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise;

Auxiliary Services manager is responsible for insuring that purchasing card statements are reviewed and approved within the prescribed timeframe.

When the measures will be taken and on what schedule compliance and good practice will be secured; and

Approved purchasing card statements will be submitted within the two weeks after the period closing.

How compliance and performance will be documented for future audit, management and performance review.

Approved purchasing card statements will be stored in the TMCC Pcard office and available for review on request.

PRIOR AUDIT

The prior audit of TMCC Vending Services was conducted for the period July 1, 1998 through September 30, 1999. All recommendations from the prior audit have been implemented with the exception of one. The prior audit identified a lack of written policies and procedures for Vending Services and recommended they be created and documented. We were notified in 2002 that written procedures were completed. During the current audit, however, these procedures could not be located.

We recommend written procedures for Vending Services be completed. At a minimum, the procedures should address the process for filling the machines with coin and product, collecting coin and currency from the machines, performing the vending machine reconciliation, maintaining product inventory, and performing the annual inventory count.

**What will be done to avoid the identified problems and issues in the future?
TMCC concurs with this finding. A Vending Services procedural manual will be established. The manual will, at minimum, address the processes recommended in the audit. The procedural manual should be completed no later than March 31, 2016. This will include new procedures with the anticipated software upgrades.**

**How compliance and future good management and practice will be measured, monitored and assured;
Procedural manual will be evaluated annually and updated accordingly to reflect any changes in procedures within Vending Services. Changes and updates will be discussed with and approved by Auxiliary Services Manager.**

**Who will be responsible and may be held accountable in the future if repeat or similar problems arise;
Retail Storekeeper I will be responsible for the annual review process.**

**When the measures will be taken and on what schedule compliance and good practice will be secured; and
The annual review of the Vending Services Procedural Manual will ensure the procedures manual is current.**

**How compliance and performance will be documented for future audit, management and performance review.
The procedures manual will be maintained in the Vending Services area and available for review upon request.**

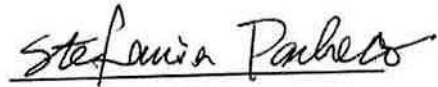
STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of the department's one self-supporting account. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

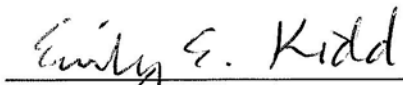
| | Self- Supporting |
|-------------------------------|-----------------------------|
| Balance July 1, 2013 | \$ 191,586 |
| Transfers In | \$ 45 |
| Revenues | |
| Vending Machine Sales | \$ 239,865 |
| Total Revenues | <u>\$ 239,865</u> |
| Transfers Out | \$ 13,662 |
| Expenditures | |
| Salaries | \$ 65,165 |
| Travel | \$ 191 |
| Operations | \$ 122,154 |
| Sales & Service Recharge | \$ (112) |
| Equipment | \$ 19,135 |
| Indirect Cost | <u>\$ 24,350</u> |
| Total Expenditures | <u>\$ 230,883</u> |
| | |
| Balance June 30, 2014 | <u>\$ 186,951</u> |
| | |
| Balance July 1, 2014 | \$ 186,951 |
| Revenues | |
| Miscellaneous Sales | \$ 1,176 |
| Vending Machine Sales | <u>\$ 162,552</u> |
| Total Revenues | <u>\$ 163,728</u> |
| Expenditures | |
| Salaries | \$ 66,631 |
| Travel | \$ 1,222 |
| Operations | \$ 150,456 |
| Sales & Service Recharge | \$ (100) |
| Equipment | \$ 7,194 |
| Indirect Cost | <u>\$ 11,793</u> |
| Total Expenditures | <u>\$ 237,196</u> |
| | |
| Balance March 31, 2015 | <u><u>\$ 113,483</u></u> |

The Internal Audit Department appreciates the cooperation and assistance received from
Vending Services personnel during this review.

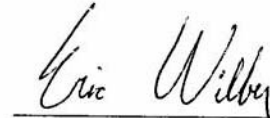
Reno, Nevada
August 24, 2015



Stefania Pacheco
Internal Auditor II



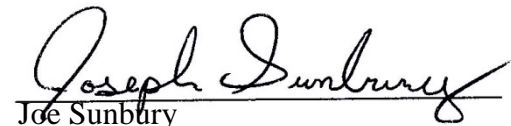
Emily E. Kidd
Internal Auditor II



Eric Wilber
Senior Internal Auditor



Scott Anderson
Internal Audit Manager



Joe Sunbury
Chief Internal Auditor

TRUCKEE MEADOWS COMMUNITY COLLEGE
VENDING SERVICES

Internal Audit Report Response
July 1, 2013 through March 31, 2015

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|---|-------------|--|--|
| 1 | <p>CASH CONTROLS</p> <p>We recommend all coin inventory be stored in the safe in Accounting Services where multiple controls exist to safeguard the funds. If it is determined that a supply of coin inventory is needed in Vending Services to maintain efficiencies in the fill process, we recommend the funds be stored in a more secure manner, such as in a safe. We also recommend any funds distributed to Vending Services for this purpose be properly accounted for in the financial accounting system.</p> | Yes | <p>Accounting Services will establish new Cash Handling Policies to address future coin inventory controls for Vending Services. This policy will establish a coin inventory located in the Auxiliary Services to maintain efficiencies in the fill process. Vending Services has purchased a new safe that will be mounted in Auxiliary Services, RDMT 231. When this coin inventory is implemented, the cash handling policy will be reviewed and modified to establish effective internal controls of the coin inventory.</p> | <p>The new safe will be in place by December 31, 2015. The new cash handling policy will be in place no later than March 31, 2016.</p> |
| 2 | <p>CASH CONTROLS</p> <p>We recommend the coin log be modified to include employee signature/initials and document the purpose of the removal.</p> | Yes | <p>The existing log located in the safe in Accounting Services has been modified to include the initials of the employee removing rolled coin. Furthermore, the log was updated to track individual denominational balances. This allows for improved tracking and accountability.</p> | <p>Completed end of August 2015</p> |

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|--|-------------|---|-------------------------|
| 3 | <p>CASH CONTROLS</p> <p>We recommend the coin log kept in the safe be submitted with the request for check to allow Accounting Services to verify the current coin inventory and reasonableness of the request</p> | Yes | <p>Since October 1, 2015, requests for coin procedures require all check requests include a copy of the coin log spreadsheet as back up. Accounting Services will not fulfill coin requests without the supporting documentation in the form of the coin log. Requests will be in compliance with forthcoming newly established Accounting Services Cash Handling Policies.</p> | Oct. 1, 2015 |
| 1 | <p>VENDING MACHINE RECONCILIATION</p> <p>We recommend a complete reconciliation of vending machine collections be performed so machine overages and shortages and overall performance can be assessed more accurately.</p> <p>We recommend the reconciliation be performed on a quarterly basis and that it be provided to the Director of Budget and Planning for review and approval.</p> <p>We recommend Vending Services consider purchasing the software upgrade which could assist in the reconciliation process.</p> | Yes | <p>Vending Services is in the process of upgrading the Cantaloupe/Seed Software. New software will be in installed and operational by December 31, 2015. Policies and procedures will be modified as dictated by the software's capabilities on or before March 2016.</p> <p>Reconciliations will continue to be conducted on a weekly basis for all machines utilizing the software upgrade. Weekly cash deposits, transactions, coin fills, variances etc. will be reviewed and researched weekly by Auxiliary Services Manager.</p> <p>A quarterly reconciliation report will be generated by the Auxiliary Services Manager and provided to</p> | Dec. 31, 2015 |

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|--|-------------|---|-------------------------|
| 1 | <p>ANNUAL INVENTORY</p> <p>We recommend a non-vending employee be included in the annual inventory counts. We recommend the individuals involved in the counts sign and date each inventory form, count sheet, or other records used in this process to document their participation and approval. We also recommend the supporting documentation be submitted with the inventory report.</p> | In process | <p>the Director of Budget and Planning for review and approval. Discrepancies in the reconciliation will be researched, resolved, or noted upon review.</p> <p>In conjunction with the new software; tracking and documentation from the participants will be captured either electronically or manually and submitted with the inventory report. Year-end inventory policies and procedures will be modified by March 31, 2016 to reflect the changes in procedures implemented by the fielding of the Cantaloupe software. Furthermore, fiscal year-end inventory procedures will now include an individual not employed by Vending Services.</p> | March 31, 2016 |
| 2 | <p>ANNUAL INVENTORY</p> <p>We recommend all of the cash held by Vending Services be counted and included in the year-end inventory count.</p> | Yes | <p>Starting with the FY 15 year-end inventory report, all currency held by Vending Services will be included as separate line items on the excel spreadsheet submitted to Accounting Services.</p> | June 2015 |
| | <p>PRODUCT INVENTORY</p> <p>We recommend staff be trained to correctly add and remove product from the inventory system. We recommend a complete inventory be conducted in order to correct erroneous UPCs and other discrepancies</p> | Yes | <p>Staff has received training on the proper procedure(s) for adding and removing items within the warehouse management software. A complete inventory was conducted in May 2015, and again on June 30, 2015, erroneous UPC's were removed and the</p> | June 30, 2015 |

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|--|-------------|--|-------------------------|
| 1 | <p>that exist in the inventory system. We also recommend the inventory system report be regularly reviewed and reconciled to the actual inventory and that any necessary adjustments to the inventory system be made in a timely manner.</p> <p>KEY CONTROLS</p> <p>We recommend the vending machine keys be restricted to those employees that require access to the vending machines as part of their job function. We also recommend employees sign-out/in the keys when they are accessed in order to maintain a record of this activity.</p> | Yes | <p>database was scrubbed for inaccuracies, duplicates, and inactive items. Vending Services will continue to conduct periodic (monthly) complete warehouse inventories to ensure regular updates. Vending Services installed a lock box on September 2, 2015, within the vending storage room. Machine keys are checked in/out daily to employees at the beginning and end of each shift.</p> <p>Only two employees have keys and access to the lock box: the Auxiliary Services Manager and Retail Storekeeper I.</p> <p>Retail Storekeeper I will verify daily that all keys have been returned, accounted for, and secured in lock box prior to end of shift. Manager will be notified immediately of any issues.</p> | Sept. 2, 2015 |
| 1 | <p>CONTRACTS</p> <p>We recommend Vending Services contracts be reviewed on an annual basis to ensure they are current.</p> | Yes | <p>Issues were resolved prior to completion of the audit process. This contract is now in compliance with NSHE policy. Auxiliary Services Manager or designee will review contracts annually for compliance.</p> | August 2015 |

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|--|-------------|---|-------------------------|
| 2 | <p>CONTRACTS</p> <p>We recommend contracts be reviewed for proper format by TMCC Legal Counsel and then forwarded to the proper campus authority for signature in accordance with NSHE policy</p> | Yes | Issues were resolved prior to completion of the audit process. This contract is now in compliance with NSHE policy. | August 2015 |
| 1 | <p>EXPENDITURES</p> <p>We recommend purchasing card statements be reviewed and approved in a timely manner.</p> | Yes | Future purchasing card statements will be reviewed and approved by the Auxiliary Services Manager or designee in a manner which complies with TMCC Purchasing Card Policies. Approved purchasing card statements will be submitted within the two weeks after the period closing. | Immediately |
| 1 | <p>PRIOR AUDIT</p> <p>We recommend written procedures for Vending Services be completed. At a minimum, the procedures should address the process for filling the machines with coin and product, collecting coin and currency from the machines, performing the vending machine reconciliation, maintaining product inventory, and performing the annual inventory count.</p> | In process | <p>A Vending Services procedural manual will be established. The manual will, at minimum, address the processes recommended in the audit. The procedural manual should be completed no later than March 31, 2016. This will include new procedures with the anticipated software upgrades.</p> <p>Procedural manual will be evaluated annually and updated accordingly to reflect any changes in procedures within Vending Services. Changes and updates will be discussed with and approved by</p> | March 31, 2016 |

| # | Recommendation | Implemented | Update* | Est. Date of Completion |
|---|----------------|-------------|-------------------------|-------------------------|
| | | | Auxiliary Services Mgr. | |