

UNIVERSITY OF NEVADA, RENO  
CASHIER'S OFFICE  
Internal Audit Report  
July 1, 2013 through October 31, 2014

GENERAL OVERVIEW

The Cashier's Office is responsible for student fee assessment, collection, and distribution of related fees as well as the disbursement of student financial aid. The Cashier's Office is also responsible for receipting and depositing all other funds received by the university, control and distribution of payroll checks, and disbursement of travel related and employee reimbursement checks. There are currently two professional and six classified staff that work in the Cashier's Office.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the University of Nevada, Reno (UNR) Cashier's Office for the period of July 1, 2013 through October 31, 2014.

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 and testing controls over the daily receipt and deposit of funds.
2. Examining the collection efforts on student accounts.
3. Reviewing and testing controls over the student and employee loan disbursement and collection function.
4. Testing expenditures for propriety, supporting documentation, and proper signature approvals.

5. Verifying equipment inventories for proper accountability.
6. Testing employee access to the mainframe computer applications for reasonableness.

In our opinion, we can be reasonably assured that the UNR Cashier's Office is operating in a satisfactory manner. However, implementation of the following recommendations would further improve operations.

### CASH CONTROLS

We reviewed the procedures followed by Cashier's Office personnel for collecting, processing, storing, and depositing receipts to determine whether adequate controls are in place. We also tested a sample of ten receipts to determine whether the funds were deposited in accordance with established procedures. The following exceptions were noted.

1. Cashiers have the ability to void payments received and can also reverse late fees charged to student accounts in the student information system. We consider this ability to be a control weakness as neither of these transactions requires supervisor authorization or supporting documentation to process.

For improved control, we recommend the access necessary to perform late fee reversals and void transactions be limited to supervisory personnel and that the reason for performing these transactions be documented.

### **Institution Response**

- **How compliance was achieved.**  
**PeopleSoft security roles were updated on July 20, 2015. Cashiers can no longer reverse fees or void PeopleSoft receipts. The ability to reverse fees and void receipts has been restricted to management level roles.**
- **What will be done to avoid the identified problems and issues in the future?**  
**The Manager of Student Accounting has ensured restriction of security roles and has notified all staff members who have the ability to reverse fees that**

they must document the reversal of fees by putting a reason in the Description Field. A query has been created to monitor late fee reversals.

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

The Manager of Student Accounting has the responsibility for ensuring that security for Student Financial roles are performing as designed and that proper documentation is maintained for removal of late fees and for voided PeopleSoft receipts. The Manager of Student Accounting is performing a periodic review of late fee reversals. The Cashier Supervisor will ensure that the cashiers provide a written explanation prior to voiding a receipt.

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

The Manager of Student Accounting is performing a periodic review of all late fee reversals and documentation of voided PeopleSoft transactions. The Manager of Student Accounting will review with each staff member any incomplete documentation to assure that documentation is completed. This will assure that proper documentation will be maintained in the future.

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

All appropriate security changes were made. The processes for monitoring transaction changes were implemented July 20, 2015. A process for review of compliance is in place.

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

Beginning Fall 2015, the Manager of Student Accounting will review all void documentation and late fee reversals and follow-up with staff members regarding exceptions. A notation will be made documenting that it was reviewed.

**Follow-up Response:**

**The recommendations were fully implemented at the time of the original response.**

2. A check in the amount of \$96,014 was not processed and deposited until 11 days after it was received. University policy requires funds collected in excess of \$500 to be deposited within 24 hours of receipt.

We recommend receipts be deposited in a timely manner.

**Institution Response**

- How compliance was achieved.  
The Controller's Office receives and logs all mailed in checks and hand carries them to the Cashier's office for processing between 4:00 and 4:30

**p.m. daily. The Cashiers stamp each mail-in sheet with that day's date. The following day, the Cashiers post the previous days transactions that are identifiable. Items that are not identifiable prior to the end of the Cashiers' shift will be deposited into a suspense account. The Assistant Manager/Cashier Supervisor will perform a daily review of the remaining incoming check mailed in sheets to ensure that all checks have been deposited.**

- **What will be done to avoid the identified problems and issues in the future? The Assistant Manager/Cashier Supervisor follows-up with employees on a daily basis to ensure that they have deposited all checks prior to balancing out.**
- **How compliance and future good management and practice will be measured, monitored, and assured. Daily review of mailed in sheets will ensure that deposits are being performed timely.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise. The Manager of Student Accounting has the responsibility for ensuring that staff members are performing duties as required.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. All appropriate measures have been enacted as of July 2015.**
- **How compliance and performance will be documented for future audit, management and performance review. The receipt number and completion date is recorded on the daily mailed in sheet logs. The sheet logs are reviewed periodically to ensure deposits are made timely.**

**Follow-up Response:**

**The recommendations were fully implemented at the time of the original response.**

**LOANS**

The Cashier's Office is responsible for the financial administration of university and federal student loan programs and the employee computer loan program. The department maintains a file for each loan and also uses a computer application to manage loan disbursements and collections. Loans that become delinquent are sent to collections. For delinquent student loans, a hold is also placed on the students' accounts in the student information system. We reviewed a sample of 70 loan accounts, including 63 student loans and seven employee computer

loans. The loan files were reviewed to determine whether the required paperwork was completed and maintained and that the loan amounts documented in the files agreed with the records contained in the computer application. We also determined whether the enrollment requirements for student loans were satisfied and whether holds were placed on student accounts for loans that were not repaid. The following exceptions were noted.

1. For 14 student loans reviewed, the repayment date was incorrectly stated in the computer application. Repayment of student loans is not required until a period of time after graduation occurs or students enroll in less than six credits. According to department policy, reports are to be generated on a periodic basis from the student information system to identify students who fall into these categories so the beginning repayment date can be calculated. The above exceptions were caused by the graduation/enrollment reports that were not generated as frequently as needed. As a result, the borrowers noted did not make their first loan payment in a timely manner. We recommend department policy be followed regarding generation of the above mentioned reports so the loan repayment dates can be accurately established.

### **Institution Response**

- **How compliance was achieved.**  
**The Manager of Student Accounting has created and added a loan activation task lists to the calendars of the loan personnel staff members and the manager's Outlook Calendar. This occurs after the add/drop period and graduation for each semester. The Manager of Student Accounting will conduct a follow-up review with the Loans personnel to ensure that the tasks are completed as required.**
- **What will be done to avoid the identified problems and issues in the future?**  
**The Manager of Student Accounting is in the process of creating automated processes to ensure that borrowers who have dropped below 6 credits or have exited the university are identified. A scheduled list will be sent to the loans personnel and the Manager of Student Accounting. Task list and calendar task alerts will also continue to be used.**

- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise.**  
The Manager of Student Accounting has the responsibility for ensuring that staff members are performing duties as required.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**  
All scheduling and task lists are in place for the fall 2015 term and beyond. The above mentioned automated process to identify borrows whose loans need to be activated is expected to be completed by December 1, 2015.
- **How compliance and performance will be documented for future audit, management and performance review.**  
The Manager of Student Accounting is responsible to perform an audit review each semester after the loans personnel have completed the loan activation updates in the Student Loan System.

**Follow-up Response:**

**The automated process for identifying loans requiring a beginning repayment date has been completed and is working as designed.**

2. One loan account was more than three months delinquent and was not sent to collections in accordance with department policy. It should be noted that the processing of collections is handled by a third party; the same company that provides and maintains the computer application system.

We recommend the department contact the company and request the delinquent account be sent to collections. In the future, we recommend the department periodically review the computer application to determine whether there are any delinquent accounts that should be sent to collections.

**Institution Response**

- **How compliance was achieved.**  
In response to the findings we instructed the loan processor to send the loan to collections. The Manager of Student Accounting has contacted the servicer, ECSI, and has identified reports that can be reviewed to determine accounts that need manual review. This will assist in determining if an action such as manual assignment to collection is in order. This has been

added to the Task list and added task reminders to the loan personnel Outlook calendars.

- **What will be done to avoid the identified problems and issues in the future?**  
The Manager of Student Accounting has scheduled a monthly tasks review where the loans personnel will provide an update on all borrowers who appear on this report of borrowers requiring manual review.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise.**  
The Manager of Student Accounting has the responsibility for ensuring that staff members are performing duties as required.
- **How compliance and future good management and practice will be measured, monitored, and assured.**  
Consistent task scheduling and monthly review of tasks will ensure that borrowers who are delinquent are forwarded to collections in a timely and consistent basis.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**  
All appropriate measures have been enacted as of July 2015.
- **How compliance and performance will be documented for future audit, management and performance review.**  
The loans personnel will maintain notes in the memos section in the Stand A Loan (SAL) system and will maintain a hard copy file of the Potential Agency Placement report documenting all actions taken.

**Follow-up Response:**

**The recommendations were fully implemented at the time of the original response.**

3. For six student loans, a hold was not placed on the students' accounts in the student information system when the loans became delinquent. On nine other occasions, holds were not performed in a timely manner when student loans became delinquent. We were informed a report can be generated from the computer application to identify borrowers that have been sent to collections. We recommend the department utilize the report to help ensure holds are placed on student accounts.

**Institution Response**

- **How compliance was achieved.**  
Borrower accounts are manually placed on hold in PeopleSoft once the borrower account has been assigned to a collection agency. Loans staff are

currently reviewing the Borrowers Assigned report on a monthly basis and adding holds in PeopleSoft.

- **What will be done to avoid the identified problems and issues in the future?**  
The Manager of Student Accounting will ensure that a reconciliation of holds is performed at least once per semester.
- **How compliance and future good management and practice will be measured, monitored, and assured.**  
Monthly review of accounts assigned to collections and removed from collections will ensure that holds in PeopleSoft are updated on a consistent basis.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise.**  
The Manager of Student Accounting has the responsibility for ensuring that staff members are performing duties as required.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**  
Review of the Borrowers Assigned report is currently being conducted on a monthly basis. Holds are being placed manually.
- **How compliance and performance will be documented for future audit, management and performance review.**  
The loans personnel will maintain notes regarding the delinquent status in the memos section in the SAL and PeopleSoft systems.

**Follow-up Response:**

**The recommendations were fully implemented at the time of the original response.**

**PRIOR AUDIT**

A prior audit of the Cashier's Office was conducted for the period of July 1, 2005 through June 30, 2006. All recommendations from the prior audit have been implemented, are no longer applicable, or have been addressed in this audit.

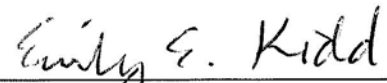


The Internal Audit Department appreciates the cooperation and assistance received from the Cashier's Office personnel during this review.

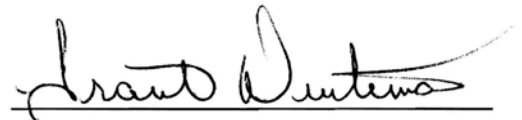
Reno, Nevada  
July 7, 2015



Stefania Pacheco  
Internal Auditor II



Emily Kidd  
Internal Auditor II



Grant Dintiman  
IT Auditor



Scott Anderson  
Director of Internal Audit



Memorandum

**To:** Joseph Sunbury, NSHE Chief Internal Auditor  
**From:** Tom Judy  
**Date:** January 22, 2016  
**Subject:** Cashier's Office

The purpose of this memorandum is to transmit the follow-up response from the Controller's Office to the audit of the Cashier's Office for the period July 1, 2013 through October 31, 2014.

I have reviewed and concur with all responses.

cc: Marc Johnson, President  
Ronald Zurek, Vice President, Administration and Finance  
Sheri Mendez, Controller and Interim Associate Vice President, Business and Finance



**AUDIT**

Cashier's Office

**AUDIT PERIOD**

July 1, 2013 through October 31, 2014

**NUMBER OF RECOMMENDATIONS**

5

#	Recommendation	Implemented	Est. Date of Completion
<b>Cash Controls</b>			
1	For improved control, we recommend the access necessary to perform late fee reversals and void transactions be limited to supervisory personnel and that the reason for performing these transactions be documented.	Yes	
2	We recommend receipts be deposited in a timely manner.	Yes	
<b>Loans</b>			
3	We recommend department policy be followed regarding generation of the above mentioned reports so the loan repayment dates can be accurately established.	Yes	
4	We recommend the department contact the company and request the delinquent account be sent to collections. In the future, we recommend the department periodically review the computer application to determine whether there are any delinquent accounts that should be sent to collections.	Yes	
5	We recommend the department utilize the report to help ensure holds are placed on student accounts.	Yes	