

MEMORANDUM

TO: VSC Audit Committee
Linda Milne, Chair
Lynn Dickinson
Tim Jerman
Jeff Kellar – State Auditor’s office
Karen Luneau
Christopher Macfarlane
Martha O’Connor, *ex officio*

FROM: Tom Robbins, Vice President, Chief Financial Officer
William Reedy, Vice President, General Counsel

DATE: February 6, 2015

SUBJ: Audit Committee Meeting scheduled for February 11, 2015

Tom

The Audit Committee of the VSC Board of Trustees will meet from 1:00-2:00 p.m. in Room 101 at the Chancellor’s Office in Montpelier. The VSC Finance & Facilities Committee will follow this meeting.

If you have any questions, I can be reached at (802) 224-3022.

Thank you.

cc: Other Trustees
Council of Presidents
Business Affairs Council
Sam Winship, Dept. of Finance and Management
Douglas Hoffer, State Auditor

**VERMONT STATE COLLEGES
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING**

February 11, 2015 at 1 p.m.

AGENDA

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 22, 2014 Meeting of the Audit Committee

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Discuss FY2014 Audit Advisory Comments
2. Discuss FY2015 Internal Audit Plan

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 22, 2014 Meeting of the Audit Committee

The Audit Committee met on October 22, 2014 at the Chancellor's Office in Montpelier.

Committee members present: Linda Milne (Chair), Lynn Dickinson, Tim Jerman, Christopher Macfarlane, Martha O'Connor, Jeff Kellar (nonvoting member, Office of the Vermont State Auditor)

Absent: Karen Luneau

Other Trustees: Jim Masland

Guests: Kieth Goldie, Chris Stenmon (O'Connor & Drew)

From the Chancellor's Office: Bill Reedy, General Counsel
Tom Robbins, CFO
Elaine Sopchak, Executive Assistant to the Chancellor
Sophie Zdatny, Associate General Counsel

From the Public: Kellie Bean, Provost, Lyndon State College
Tess Conant, VSC United Professionals
Scott Dikeman, Dean of Administration, Castleton State College
Loren Loomis Hubbell, Dean of Administration, Lyndon State College
Barbara Martin, Dean of Administration, Community College of VT
Sharron Scott, Dean of Administration, Johnson State College
Lit Tyler, Dean of Administration, Vermont Technical College

Chair Milne called the meeting to order at 1 p.m.

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the May 14, 2014 Meeting of the Audit Committee

Trustee Jerman moved and Trustee Macfarlane seconded the approval of the minutes. The motion was approved unanimously.

2. Review and Approval of FY2014 Draft Audited Financial Statements and A-133 Report

Chris Stenmon and Kieth Goldie of O'Connor & Drew reviewed the draft audited financial statements with the committee. The auditors issued a clean opinion on internal controls and the financial audit. There was one finding in the A-133 Report. The auditors reviewed the Management Discussion and Analysis and commended VSC management on a successful year. Chair Milne commended CFO Robbins and Controller Deb Robinson for their work. The auditors also reviewed the statement of net position and statement of revenue and expenses.

Mr. Kellar inquired how the VSC was handling its current position; CFO Robbins explained that note 9 of the auditors report discusses the VSC's OPEB responsibilities and how they affect financial standing.

Trustee Jerman moved and Trustee Dickinson seconded the resolution Review and Approval of FY2014 Draft Audited Financial Statements and A-133 Report. The resolution passed unanimously.

Trustee Jerman made a motion to enter executive session to discuss personnel matters. Trustee Dickinson seconded. The Committee entered executive session at 2:10 p.m. They exited executive session at 2:35 p.m. and took no action.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Conducting an Audit Committee Executive Session: Guidelines and Questions
2. Fraud and the Responsibilities of the Government Audit Committee

There was no discussion of these items.

Trustee Jerman moved to adjourn the meeting. Trustee Dickinson seconded. The Audit Committee adjourned at 2:39 p.m.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Discuss FY2014 Audit Advisory Comments

There were three advisory comments for FY2014. Below is an update on the comments.

CURRENT YEAR COMMENTS

Reporting Student Financial Aid Payment Data to COD (Common Origination and Disbursement System)

Current situation:

Colleges must report student financial aid payment data to the COD (Common Origination and Disbursement System) within 30 calendar days after the school credits the student account. During our financial aid testing, we noted a number of errors with regard to this timing. The Community College of Vermont failed to report PELL grant disbursements within the required timeframe for three out of eight students tested. Our financial aid testing results are as follows:

<u>Student Name</u>	<u>Date Credited to Students Account</u>	<u>Date Reported to COD</u>	<u>#Days</u>
Melody Maher	8/5/2013	1111112013	97
Melody Maher	9/25/2013	21512014	132
Mark Porter	9/25/2013	11/13/2014	48
Cole Stevens	9/25/2013	1/29/2014	125

Auditor's recommendation:

We recommend that management review its control procedures for reporting student financial aid data to the COD to insure proper controls are in place to insure that all information is reported in a timely manner.

Management's response:

CCV acknowledged these errors when discovered during interim audit testing. The errors highlighted a weakness in the College's Colleague electronic reporting process to the COD system, whereby it was difficult to discern after the data was transmitted, which individual Pell records were accepted by the COD system. This type of error was not noticed until reconciliation between the two systems was performed at a later date. The College has redesigned and implemented in its electronic reporting process, a new system report edit function which helps to quickly identify data reporting errors with the COD system and will allow CCV to provide the correct Pell student data within the required 30 day reporting window.

Management update January 2015:

The college is utilizing this new reporting process, which has resulted in CCV being able to immediately identify data transmission errors. This now enables CCV to provide the correct Pell student data to the COD system on a timely basis.

Capital Asset Software

Current situation:

The Colleges have implemented a new fixed asset software. This helped to improve the efficiency and effectiveness of auditing the capital assets. We did note that there are specific reports that the Colleges, with the exception of Vermont Technical College and the Chancellors Office, were not able to run which included a roll forward of the accumulated depreciation, current year depreciation expense, and ending accumulated depreciation.

Auditor's recommendation:

We recommend the Colleges work with their IT departments to prepare specific reports that would include the roll forward of accumulated depreciation in total as well as on an asset by asset basis.

Management's response:

The report showing the roll forward of accumulated depreciation is available within the database used for capital assets. Training will be provided to ensure that all Colleges know how to access and run the Capital Asset reports for their school.

Management update January 2015:

Controllers have been given the list of reports related to capital assets, and advised that they should run all these reports and give them to the auditors. In preparation for the audit, specific instructions will be provided.

Procurement Cards

Current situation:

The Colleges have approximately 485 procurement cards issued to employees of the VSC's colleges and offices. Cardholders are required to adhere to the College's P-card and general purchasing policies. During our year-end audit testing of P-card transactions, we noted a number of exceptions to these policies. We noted a number of instances where the approval date of the expense log by the cardholder's supervisor was after month-end and the purchase had already been paid for. We noted a number of instances where the employee's signature or the supervisor's signature approving the expense log was missing from the documentation. We noted a number of instances where the back-up documentation for the expenditure was missing; the

employee did complete a "Missing Receipt Form" in its absence. We also noted a number of transactions that included sales tax on the expenditure and the Colleges were never reimbursed. All our findings are consistent with the FY2014 Internal Audit Report prepared by the Chancellors Office.

Auditor's recommendation:

We recommend the Colleges continue to monitor their P-card transactions for errors or abuse and also remind employees on an annual basis of the College's various P-card and purchasing policies. If employees continuously violate these policies, then we recommend temporary revocation of the individual Cardholder's privileges or if necessary permanent revocation of the procurement card.

Management's response:

The issues related to P-Cards was raised during our own internal audit process. VSC concurs that the issues raised need to be addressed, and will initiate discussions with all colleges on processes to improve compliance with procedures and controls. Possible responses to the issue may include regular refresher training for P-Card users, more specific actions and timelines for P-Card users and supervisors who do not comply with polices on reporting and approving P-Card purchases including suspension of P-Card privileges for staff who consistently miss deadlines or fail to comply with policies and procedures related to the use of P-Cards.

Possible responses to the issue of paying VT state sales tax may include having Tax ID for the college imprinted on cards to make it easier for staff to get sales tax waived at time of purchase, or change in policy to permit payment of sales tax for de minimus amounts.

Management update January 2015:

The colleges are aware of the importance of proper controls relating to Pcard usage and have been reminding employees of Pcard policies and procedures. Employees that continue to violate the policies and procedures will have their cards terminated. VSC will be meeting with Pcard providers this month and will ask about getting the Tax ID printed on cards. Based on their response, VSC will decide on whether to implement this and how.

2. Discuss FY2015 Internal Audit Plan

In years past we have chosen four or five areas to review annually with the internal audit function. Some of these internal audits have reviewed Payroll, Grant Proposals and Reporting, Perkins Loans, Construction Invoicing, P Cards, Accounts Payable Processing, Petty Cash, ImageNow Processing, etc. We, in conjunction with the State Auditor's office have conducted fraud awareness meetings throughout the VSC. We have also used the internal audit function as a follow up to management comments brought forth by the external auditors. For FY2014 we began using the Self-Assessment of Internal Control Questionnaire. This tool allowed us to determine where potential weaknesses in internal control were at the colleges and follow up with specific questions and actions.

For FY2015 we are going to distribute the Self-Assessment of Internal Control Questionnaire that covers many areas of risk and procedures. Given that the VSC handled ~ \$35.6M of cash or cash like instruments via 26,347 transactions last year we are going to specifically focus on this area during the FY2015 internal audit. Given all of the news surrounding embezzlement this will allow us to check our internal controls as well as indicate to people that we are watching and reviewing.

The on-site visits at the colleges and the OC are being scheduled for the months of February and March. A full report will be submitted to the VSC Audit Committee at the May 13, 2015 meeting.

Vermont State Colleges Internal Audit Plan

FY2015



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Internal Control Self-Assessment Questionnaire

The Self-Assessment of Internal Control Questionnaire is a review of the internal policies and procedures in each Vermont State College. The questionnaire is designed to help identify risk as well as eliminate considerations of risk that do not apply to any specific college. The questionnaire serves as a management tool for evaluating how well risks are being addressed through current control policies and practices. It is designed to raise awareness of certain issues and encourage further analysis and discussion within the college and across the Vermont State Colleges. The questionnaire is designed to help the Vermont State Colleges identify best practices to share with all of the colleges.

Internal controls are extremely important, ensuring that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports. Colleges use this questionnaire as a guide to managing important controls within their units/departments. ***Please note, while this questionnaire covers several areas, it does not include all possible areas of risk within a college or department.***

The questionnaire is divided into different control processes; some may not be applicable to all colleges. The questions may be answered by different departments within the college and the answers aggregated¹. A “no” response indicates a potential weakness in the specific internal control referred to in that question and should be considered an opportunity for improvement of processes and procedures. Where a college or department answers “no” action should be taken to resolve the weakness by implementing compensating controls or new procedures.

The following are the elements of the Self-Assessment Questionnaire.

¹ The terms “department” and “college” may be interchangeable depending upon the context of the question.
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Internal Control Questionnaire

General Controls

- Are there written rules, guidelines, policies, and/or procedures for all transactions and critical activities in this department?
- Does the College / Department have copies of all current VSC and college policies and procedures manuals?
- Do personnel have the knowledge and skills required for their jobs?
- Are department personnel cross trained for back-up of key personnel?
- Are period end financial reports reconciled to departmental supporting documents on a monthly basis or quarterly basis?
- Is a member of management reviewing and approving reconciliations in a timely manner?
- Does the College /Department comply with the requirements of VSC's record retention policy?
- Does your College / Department maintain a key and/or door access control log? This log should list all keys or access codes owned/issued by the department, to whom they are issued, locks each key will open, and key numbers.
- Does your College / Department have an operating plan that states goals to be accomplished and a timeline for completion of tasks?
- Are College / Department goals and tasks prioritized according to importance?
- Has management established operating or work standards that can be used to measure (benchmark) College / Department performance?
- Are there disaster recovery procedures for critical areas in place?

Cash and Collections

- Does the College / Department have any written procedures for cash handling and related controls?
- Is a receipt immediately prepared upon collection of funds?
- Are checks restrictively endorsed with "For Deposit Only for XXXXX College" immediately upon receipt?
- Are all checks made payable to XXX College or XXX foundation?
- Do two different individuals verify all deposits prior to making the deposit?
- Does someone prepare the deposit other than the person collecting and recording receipts?
- Are collections held in a secure manner until deposited (i.e. in a locked location)?
- Are safe combinations restricted to a minimum number of employees?
- Are safe combinations changed after termination of an employee who previously had access?
- Are collections deposited intact (i.e. no expenditures made from collections)?
- Are deposits made in a timely manner (i.e. generally the same or next business day)?
- Does the College have procedures in place for the handling of cash receipts and related controls surrounding non-business income activities (i.e. athletic events, college clubs and organizations)?

- Is there segregation of duties among opening mail, processing cash, and account reconciliation?

Cash Register/TouchNet Operations

- Are there written procedures for the operation of the cash registers/TouchNet?
- Does the cashier count the change fund before putting it in the drawer?
- Are register readings taken when a cashier's shift ends, when a relief cashier takes over, or other various times throughout the day?
- Does someone other than the cashier approve voids?
- Does an independent person reconcile cash register closing reports to actual receipts collected?
- Is the check suspension list, issued by the Business Office, referred to upon accepting checks?
- Is one cashier working from the drawer at any given time, or is there a way to distinguish between cashiers (i.e. ID's)?
- Is a record of over/shortages by the cashier maintained?
- Is there a ceiling on overages/shortages before corrective action is taken?
- Are the individuals who handle money trained in procedures to be followed in the event of a robbery or fire?

Petty Cash (if applicable)

- Are petty cash funds locked in a secure area?
- Is access to petty cash funds limited to the appropriate personnel?
- Does someone other than the fund custodian periodically count the fund?
- Are petty cash funds used only for appropriate purposes that are supported by receipts?

Purchasing/Accounts Payable

- Is there a formal organizational chart defining the responsibilities of preparing, recording, approving and follow up of all purchases and accounts payable functions?
- Are contracts and leases approved by all responsible parties involved (legal, finance, program) prior to the effective date of the contract?
- Do adequate procedures exist to ensure that goods for which payment is to be made have been verified and inspected by someone other than the individual approving payment/
- Do procedures exist ensuring accurate account distribution of all entries resulting from invoice processing?
- Are there checks in the processing procedures to prevent or detect duplicate payments?
- Is splitting orders to avoid higher levels of approval prohibited?
- Are disbursements approved for payment only by properly designated officials?

- Is the coding of charges in the accounting department competent to pass on the propriety of the distribution?
- Are all original transactions charged directly to the proper accounts at the time of disbursement?
- Are the reasons for expenditure transfers and journal entries clearly and accurately authorized and documented?

Purchasing Cards

- Is there documentation needed for an employee to get a p-card?
- Is there a document signed by the employee acknowledging receipt of the p-card and the responsibilities in its use?
- Is there training for the new cardholder on the use of the p-card?
- Is there refresher training on an annual basis for current cardholders?
- Is there criteria to determine a card holder's credit limit?
- Is there documentation required to request a temporary increase in credit limit?
- Is there documentation required to request a permanent increase in credit limit?
- When initiating a P-Card purchase, do procedures exist to ensure that the best combination of quality, total price, and delivery is obtained?
- Are procedures in place to prevent multiple purchases that are intended to circumvent bid or approval limitations or other controls?
- Do all cardholders reconcile their expense reports on time?
- Do the cardholders provide the proper receipts with expense reports?
- Do cardholders review their monthly transactions for information correctness, completeness, and approve them each month?
- Is there a documented process when cardholder doesn't complete his/her responsibilities on time?
- Do cardholder supervisors review expense reports and approve them each month?
- Is there a documented process when the supervisor does not approve of an expenditure?
- Are all transactions charged to the correct GL account number prior to month end closing date?
- If a cardholder violates the p-card procedures and/or responsibilities, are there consequences other than revoking their p-card?
- If a cardholder violates the p-card procedures and/or responsibilities, is there a written procedure to revoke it?
- When a p-card holder leaves VSC employment, is there an exit process to obtain their p-card and all related receipts?
- Are exiting employee p-card accounts closed immediately?

Equipment and Inventoried Assets

- Is capitalized equipment (over \$5,000 per item) verified at least every two years and are changes in equipment noted and given to the Business Office to update?
- Is the Business Office notified of capitalized equipment that is scrapped, stolen, sold, traded in, loaned out, or transferred?
- Does the College / Department keep a separate internal record of equipment valued under the capitalization amount of \$5,000? (Note: Federal Grant Requirements)
- Is the departmental record continuously updated to reflect new purchases and dispositions?
- Are procedures in place to minimize the risk of non-capitalized assets being lost or stolen (desks and other furniture and small equipment items) Ex: Assets tags and periodic inventories?

Conflict of Interest /Ethics

- Are all staff members aware of the Conflict of Interest policies as stated VSC Policies # 207 and #210 and how it impacts business and other contractual transactions?
- Does department management exhibit a positive ethical tone that encourages compliance with VSC policies?
- Have staff members made purchases with vendors where there is a personal interest or reward?
- Are personnel in your department informed about how to report ethical or fiscal misconduct concerns?

Computer Use and IT Controls

- Is the department's computer equipment secured to prevent theft?
- Is access to the computer system limited to authorized individuals?
- Are password configurations controlled by IT and required to be changed on a regular basis?
- Are there up-to-date written procedures that provide guidance on computer security, data integrity, and controls over information?
- Are computer data backup and recovery procedures in place and being used?
- Are all copies of software used by the College / Department appropriately licensed?
- Are backed up files stored in a secure location?
- Are virus protection programs used and updated on a regular basis?
- In case of an emergency, does a contingency plan exist that would guide the College / Department on how to continue operations?
- Is access to the colleges IT systems removed for terminated faculty, staff and students in a timely manner?

DESIGN MATRIX (Internal Controls)

Objectives	Information Required and Source(s)	Scope and Methodology	Limitations	What This Analysis Will Likely Say
What are the objectives the audit is trying to address?	What information is needed to address the objective? Where will this information be gotten?	How will each objective be addressed?	What are the designs limitations and how will it affect the audit?	What are the expected results of the work?
To help identify risk as well as eliminate considerations of risk that do not apply to your college.	Completion of Internal Control Self-Assessment Questionnaire by applicable staff at each college.	Once identified, review potential weakness areas in depth Business Office to highlight items that are done at the department level	Differences in opinion Answering questions by what responder wants management to hear as opposed to what actually is in practice	Review potential weakness areas and submit recommendation to improve internal controls and identify best practices to share with all of the colleges.

Internal Audit of Cash & Cash Controls

Background

The Vermont State Colleges are largely dependent upon the receipt of tuition, fees, room, and board with approximately 80% of all revenues coming from these sources. Receipt of these funds is divided between state and federal financial aid, credit card payments, and cash/cash-like instruments. Financial aid and credit card payments are audited externally via the annual A-133 Audit and Payment Card Industry (PCI) Audit. Cash transactions are not a major component of current external audits and therefore these processes should be examined periodically.

From July 1, 2013 to June 30, 2014 the Vermont State Colleges received \$35.6M in cash and cash-like instruments via 26,347 transactions. This internal audit is intended to evaluate the internal controls associated with these transactions.

Objective

Cash management and banking (Treasury) arrangements are one of the most fundamental systems operated by any organization. Also, cash (and other liquid resources) are an organization's most important physical asset. As an asset, cash is also the asset most at risk from fraud and corruption, as it can be hard to trace and is easy to spend. It is therefore of fundamental importance to any organization to have good systems for collecting, managing and disbursing cash. The system objective with respect to cash and banking (Treasury) arrangements is to ensure that all cash income is collected, recorded adequately and promptly banked.

Types of internal controls for cash management include:

- Segregation of duties
- Organizational
- Authorization and approval
- Physical
- Supervision
- Personnel
- Arithmetical and Accounting
- Management

Cash Controls

Any unit collecting or maintaining cash needs to ensure that collections are sufficiently safeguarded. "Cash" for purposes of controls discussion includes currency, coins, checks, money orders, and gift certificates/cards. Types of cash typically on hand include cash receipts, petty cash accounts, and change funds. The following principles of good cash handling will be discussed in greater detail: Segregation of duties, Security, Reconciliation, Management Review, and Documentation.

Segregation of Duties: Cash handling duties can be divided into four stages: receiving, depositing, recording, and reconciling. Ideally, all four stages would be performed by different individuals. The purpose of this segregation of duties is to minimize the opportunity for an employee to misappropriate funds and avoid detection. In a smaller department, it may not be feasible to fully segregate all of the cash-related duties. In these circumstances, the department may rely on compensating controls to mitigate the risk that cash is misappropriated (e.g., increased monitoring).

Security: Keep all cash in a safe until it is deposited. For areas with regular cash receipts, a drop safe is recommended to limit access to the contents of the safe. Regardless of the type of safe used, limit access to supervisory and authorized personnel only. Locate the safe where it is continually visible by departmental employees but out of public sight. Change the combination of the safe on a regular basis (e.g. annually) and when an employee who knows the combination to the safe leaves the unit. If cash boxes are used ensure that they can be locked, are fire resistant, are not easily movable or concealable, and access is limited to the person collecting the cash. Cash boxes cannot be shared amongst employees as accountability for the cash will be diminished and management will not be able to readily assign responsibility for shortages to the appropriate employee. If large sums of money are being collected and/or cash is collected in a high traffic area, consider installing a camera and alarm system.

Reconciliation & Documentation: Cash collections must be reconciled on a daily basis to the cash register/point of sale system to ensure the completeness of receipts. On a monthly basis, an employee who does not collect funds must reconcile deposit tickets to general ledger accounts to ensure that all amounts were properly deposited and reconcile general ledger balances to bank records to ensure that deposits were appropriately credited by the bank. See below for additional information on documenting reconciliations.

Record keeping requirements exist throughout the cash collections process. A record of cash collected must be maintained by the employee responsible for accepting the cash. This could be in the form of a cash register tape, a revenue log, a pre-numbered receipts book, etc. This record will be compared to the actual cash on hand during the daily balancing of the register or cash box. Records of deposits made must be documented and retained to assist in the performance of reconciliations. Reconciliations between book and bank balances must be performed on a monthly basis and documentation that the reconciliation was performed, that reconciling items were investigated and resolved must be retained.

Management Review: Supervisors should initial and date all reconciliations to demonstrate that they were reviewed and approved.

Methodology

- Utilize self-assessment questionnaires, audit narratives, and conduct interviews with personnel regarding their cash handling procedures and practices.
- Conduct cash counts of petty cash funds in various departments.
- Select a sample of cash receipts and determine compliance regarding separation of duties, reconciliation procedures, and cash handling policies.
- Ensure that all cash and cash equivalents are kept securely, custody is clearly stated, and access is properly authorized.
- Provide guidance and written recommendations to management that will assist in the improvement of the internal control structure for cash handling procedures.

Procedures

1. Discuss and document with the controller the procedures for the receiving and disbursement of cash.
 - sources of cash
 - frequency of deposits
 - who makes the deposits
 - the level of “cash” received
 - the nature of documentation of receipts (invoices, agreements...)
 - authorization procedures
 - written procedures for cash handling and related controls

2. For all checking accounts:
 - Test sample of cash receipts to determine
 - Timing of receipt compared to timing of collection of funds
 - Strict endorsement of checks
 - All checks made payable to college or foundation
 - Segregation of duties
 - Determine the process by which cash is received for different operation (student accounts, fundraising, etc).
 - Obtain bank statements for each bank account.
 - Obtain bank reconciliations and test for accuracy. Determine the frequency and timing of the preparation of bank reconciliations. Who does the reconciliations?

3. Cash registers and TouchNet Operations:
 - Determine that written procedures exist
 - Segregation of duties
 - Determine that procedures are in place for over/shortages

4. For petty cash funds:
 - Is an accurate petty cash voucher maintained?
 - Determine whether the level of cash held in the field and in the office is appropriate.
 - Are physical cash counts conducted routinely by a person or people who are not direct custodians of the petty cash funds?
 - Reconciled with the petty cash voucher? Can all variances be explained?
 - Documented by those people who performed the counts and reconcile these counts against the petty cash voucher?
 - Is access to petty cash funds restricted? Who has access to these funds?

Audit Results

After review of initial findings from a site visit, a meeting may be set up with each College to review findings and internal procedures. An audit report will then be developed. A draft report will be sent to each Dean of Administration and the VSC CFO for review. Changes may be made based on their review.

Based on the results of the audit, any action or changes in the program will be discussed at that time.

Audit Structure

Audit Team (name, role, title, entity)

- Rick Bourassa, Staff Accountant, Vermont State Colleges
- Eileen Donovan, Controller, Vermont Technical College
- Sheilah Evans, Associate Dean of Administration, Lyndon State College
- Toby Stewart, Controller, Johnson State College
- Steve Vantine, Director of Business Operations, Community College of Vermont
- Heidi Whitney, Controller, Castleton State College

Internal Stakeholder(s)

- Board of Trustees
- Council of Presidents
- Business Affairs Council

Milestones

Activity	Estimated Completion Date
Completion of audit plan (i.e., design matrix approval)	2/11/2015
Field Work	3/31/2015
Message summary meeting	4/3/2015
Report draft to reviewer (Audit Manager)	4/17/2015
Report to management for comment	4/20/2015
Comments back from management	4/27/2015
Final report issuance	5/6/2015
Vermont State College Audit Committee Review	5/13/2015

Total Estimated Project Hours:

400

DESIGN MATRIX (Cash and Cash Controls)

Objectives	Information Required and Source(s)	Scope and Methodology	Limitations	What This Analysis Will Likely Say
<p>What are the objectives the audit is trying to address?</p>	<p>What information is needed to address the objective? Where will this information be gotten?</p>	<p>How will each objective be addressed?</p>	<p>What are the designs limitations and how will it affect the audit?</p>	<p>What are the expected results of the work?</p>
<p>To determine if the colleges have appropriate policies and procedures surrounding cash receipts/ revenue.</p> <p>The plan is to review the internal controls surrounding the cash receipts process at each college and assess the extent that these controls are proper and working as intended.</p>	<p>Accounting policy and procedure documentation from each college, Colleague and other system manuals and any relevant flow charts relating to the process.</p> <p>The most recent 2015 VSC Self-Assessment of Internal Control for each college will be reviewed. We will obtain from other sources (OCD) A-133 college process flows and other documentation relevant to the cash receipts process.</p> <p>Depository records and reconciliations will be reviewed.</p>	<p>We will select a sample of cash receipts from each college. In selecting the sample, will consider the amounts and source of funding as well as the level of oversight of the process.</p> <p>We may conduct interviews and walkthroughs with college staffs relevant to our audit objective.</p> <p>To determine that the cash receipts are properly accounted for, we will trace the cash receipt to the receipt records and the subsidiary and general ledgers. We will analyze the reason for any significant differences. We will compare procedures across all colleges to determine any best practices.</p>	<p>Our sample will not allow us to make any statements about the population of cash receipts as a whole.</p>	<p>The audit will be able to report whether or not the internal controls and procedures at each college are functioning properly as designed.</p> <p>The VSC will have up to date written documentation of the cash receipts and be able to identify and implement "best practices" to achieve more consistency with cash receipts procedures across all VSC colleges.</p>

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