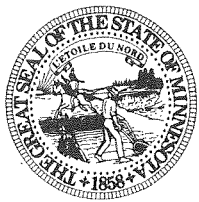


**COMMUNITY COLLEGE SYSTEM  
CAMBRIDGE COMMUNITY COLLEGE CENTER  
FINANCIAL AND COMPLIANCE AUDIT  
FOR THE THREE YEARS ENDED JUNE 30, 1988**

**AUGUST 1989**

Financial Audit Division  
Office of the Legislative Auditor  
State of Minnesota





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Senator John E. Brandl, Chairman  
Legislative Audit Commission

Members of the Legislative Audit Commission

Dr. Gerald W. Christenson, Chancellor  
Community College System

Members of the Community College Board

Dr. Richard Carpenter, President  
Anoka Ramsey Community College

Dr. Thomas B. Levig, Dean  
Cambridge Community College Center

**Audit Scope**

We have completed a financial and compliance audit of Cambridge Community College Center for the three years ended June 30, 1988. Section I provides a brief description of the center's activities and finances. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits in the U.S. General Accounting Office Government Auditing Standards, and accordingly, included such audit procedures as we considered necessary in the circumstances.

Cambridge Community College Center is affiliated with Anoka Ramsey Community College. Certain transactions for the center, relating to payroll and federal financial aid, are processed at Anoka Ramsey Community College. We did not review internal controls at Anoka Ramsey Community College as a part of this audit.

**Internal Accounting Control Systems**

One objective of this audit was to study and evaluate major internal accounting control systems over tuition, imprest cash, employee payroll, administrative disbursements made through the statewide accounting system, and federal financial aid at Cambridge Community College Center. Internal controls were tested only at the center. No internal controls at Anoka Ramsey Community College were tested as a part of this audit. We evaluated the system as of April 28, 1989.

The management of Cambridge Community College Center is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and transactions are

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Page 2

executed in accordance with management's authorization and recorded properly. Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may have become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

### Finance-Related Legal Provisions

Another objective of this audit was to verify that financial transactions were made in accordance with significant finance-related laws. Cambridge Community College Center is established under the jurisdiction of the state board for community colleges as an extension center of Anoka Ramsey Community College.

Cambridge Community College Center is subject to various legal provisions which direct its conduct regarding specific financial issues. Minn. Stat. Section 136.67 gives the board the authority to set tuition and other fees. The section also appropriates these receipts to the board office subject to the budgetary control exercised by the commissioner of finance.

Cambridge Community College Center is also subject to certain general legal provisions which affect the financial management of most state agencies. Minn. Stat. Section 15.191 limits the use of imprest cash accounts to those authorized by the Department of Finance. Minn. Stat. Section 16A.275 requires daily depositing of receipts exceeding \$250. Minn. Stat. Section 16A.124 requires state agencies to pay vendors within one month following the receipt of the invoice.

Some of Cambridge Community College Center's activity is exempt from the general statutes. Minn. Stat. Section 136.67 exempts federal financial aid, as well as fees charged for student activities, from the budgetary controls exercised by the commissioner of finance.

The management of Cambridge Community College Center is responsible for the college's compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from the programs administered by the college. The purpose of our testing of transactions was to obtain reasonable assurance that Cambridge Community College Center had, in all material respects, administered their programs in compliance with applicable laws and regulations.

### Scope Limitations

We could not adequately test receipts during the audit period because the center failed to retain copies of many receipt records. Center staff were unable to locate all cash register tapes necessary to verify individual transaction detail, as well as certain individual student fee statements.

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Cambridge Community College Center  
Page 3

The center did not keep any bank deposit slips for deposits made to the state depository. These records are necessary to verify that financial transactions were recorded properly and were made in accordance with applicable laws and regulations. Because these records were not available, we were unable to satisfy ourselves that all receipt transactions were proper.

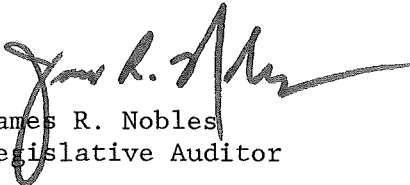
In July 1988, the Community College System's internal auditor conducted a review of the receipts process at the center. As a result of this review, procedures over receipts have improved and adequate documentation is now being kept.

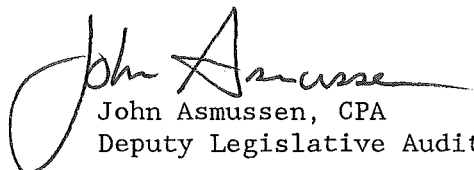
#### Conclusions

Our study and evaluation disclosed the issues addressed in Section II, findings 1-13, concerning the Cambridge Community College Center's system of internal accounting controls in effect as of April 28, 1989. In our opinion, these issues result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial activities of the center may occur and not be detected within a timely period.

The results of our testing of transactions and records indicate that, except for findings 2, 5-9, and 14, and the items not able to be tested, as explained in the Scope Limitations section of this letter, Cambridge Community College Center complied with the aforementioned finance-related legal provisions. Nothing else came to our attention in connection with our audit that caused us to believe that Cambridge Community College Center was not in compliance with other applicable legal requirements.

We would like to thank the Cambridge Community College Center staff for their cooperation during this audit.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: June 2, 1989

REPORT SIGNED ON: August 3, 1989



# CAMBRIDGE COMMUNITY COLLEGE CENTER

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. CURRENT FINDINGS AND RECOMMENDATIONS	2
AGENCY RESPONSE	11

## AUDIT PARTICIPATION

The following members of the Office of the Legislative Auditor prepared this report:

John Asmussen, CPA	Deputy Legislative Auditor
Jeanine Leifeld, CPA	Audit Manager
Sonya Hill	Auditor-in-Charge
Kari Bergum, CPA	Staff Auditor
Joan Haskin	Staff Auditor

## EXIT CONFERENCE

The findings and recommendations in this report were discussed with the following officials of the Cambridge Community College Center, Anoka Ramsey Community College, and the Minnesota Community College System at an exit conference on July 27, 1989:

Thomas Levig	Cambridge Center Dean
Judy Anderson	Senior Account Clerk - Cambridge Center
Richard Carpenter	President of Anoka Ramsey Community College
Bonnie Anderson	Director of Institutional Services - Anoka Ramsey Community College
Jim Harris	Community College System Internal Auditor





## CAMBRIDGE COMMUNITY COLLEGE CENTER

### I. INTRODUCTION

The concept of a community college to be located in Cambridge began in 1969. At that time, the Minnesota State Legislature passed Minn. Stat. Section 136.602, potentially allowing for a community college in Cambridge. At that time, planning money was appropriated for the new community college. However, in 1978, the Higher Education Coordinating Board (HECB) recommended that the college not be built due to declining college enrollment. Rather, HECB suggested that the Community College System establish "a core community college faculty to be located in existing facilities in Cambridge." The Community College Board endorsed this idea and began the East Central Minnesota Community College Service Center in Cambridge. Classes officially began on September 12, 1978.

In 1982, the center became an extension of Anoka Ramsey Community College and in 1983, the name was changed to Cambridge Community College Center/Anoka Ramsey Community College. Anoka Ramsey Community College performs certain transaction processing for the center, including employee payroll and federal financial aid. Anoka Ramsey Community College staff prepare the biweekly payroll for Cambridge employees. Anoka Ramsey staff also receive student applications for financial aid, calculate the awards, and prepares and send award letters. The financial aid checks are written at Anoka Ramsey and sent to the Cambridge center for distribution.

Dr. Thomas Levig serves as dean of the center. He reports to Dr. Richard Carpenter, president of Anoka Ramsey Community College.

According to information recorded in the statewide accounting system, expenditures of the Cambridge Community College Center for the fiscal year ended June 30, 1988 were as follows:

Personnel Services	\$738,891
Other Administrative Disbursements	68,495
Travel	8,472
Supplies and Equipment	<u>100,981</u>
TOTAL	<u>\$916,839</u>

## CAMBRIDGE COMMUNITY COLLEGE CENTER

### II. CURRENT FINDINGS AND RECOMMENDATIONS

#### GENERAL CASH CONTROLS

The Cambridge Community College Center has one cash register which is located in the bookstore. All receipts, including tuition and bookstore sales, are processed through this register. Several control weaknesses expose this sensitive accounting area to an unnecessarily high risk. Problems exist in the following areas:

- Duties are not adequately segregated.
- Receipts are not deposited promptly.
- Incoming checks are not restrictively endorsed.
- Deposits are not reconciled to SWA receipt reports.
- Voids are not approved on a timely basis.

These areas require immediate attention to provide assurance that cash is adequately protected against loss, theft, or misuse. Each area is discussed in more detail on the following pages.

1. An adequate separation of duties does not exist over Cambridge College Center receipts.

One person, the assistant bookstore manager, is responsible for all duties relating to receipts collected at the center. This person, as well as student workers, run the cash register, and post the tuition payments to the computerized student registration system. The assistant bookstore manager closes the cash register, counts the cash, prepares the daily cash report, and makes the bank deposits. The same employee also reconciles the amounts deposited to the cash register tapes and to the daily report of students paid generated from the student registration system. These duties are incompatible and increase the risk that errors or irregularities could remain undetected. To provide an independent check on tuition and other receipts collected, a second individual should prepare the daily cash report and the deposits. An independent person should either complete the daily reconciliations, or should review and approve each reconciliation.

#### RECOMMENDATION

- The Cambridge Community College Center should change its receipts procedures to ensure adequate separation of duties exists.

## CAMBRIDGE COMMUNITY COLLEGE CENTER

### 2. Receipts are not adequately safeguarded.

Incoming receipts at Cambridge Community College Center are not adequately safeguarded because they are not always deposited on a timely basis. During April 1989, four of eight deposits tested were not made promptly. In these instances, the cash report was not prepared daily. This was because the assistant bookstore manager, who is responsible for all receipts duties, was gone. Minn. Stat. Section 16A.275 requires that receipts totaling \$250 or more be deposited daily. In the four cases referred to above, daily deposits exceeded this amount. Not depositing promptly increases the risk of loss or theft and causes the loss of investment income for the state.

In addition, the center does not restrictively endorse checks received until the daily cash report and the deposit slips are prepared. All checks should be restrictively endorsed immediately upon receipt to lessen the risk of them being cashed inappropriately.

In order to adequately safeguard receipts, the center should ensure that all checks be restrictively endorsed upon receipt, and also that all receipts are deposited on a daily basis if they exceed \$250.

#### RECOMMENDATION

- Cambridge Community College Center should improve security and control over receipts by:
  - depositing receipts daily whenever they exceed \$250, and
  - restrictively endorsing all checks as soon as they are received.

### 3. The center does not reconcile receipts to SWA reports on a monthly basis.

All tuition and fee receipts collected at the center are deposited with the State Treasurer and entered into the statewide accounting (SWA) system. The center does not reconcile deposit slips sent to the State Treasurer to statewide accounting receipt reports on a monthly basis. Of eight deposits made by the center during April 1989, four had posting errors. As a result, receipts were recorded incorrectly in the statewide accounting system. Since Cambridge Community College Center does not reconcile its deposit slips with these reports as required by Department of Finance policy 06:06:03, these errors had not been found. A monthly reconciliation is necessary to ensure that receipts are recorded correctly.

#### RECOMMENDATION

- Cambridge Community College Center should verify the accuracy of receipts by reconciling all deposits to the statewide accounting system receipt reports on a monthly basis.

## CAMBRIDGE COMMUNITY COLLEGE CENTER

### 4. Voids are not approved on a timely basis.

The assistant bookstore manager and several student workers serve as cashiers at the center. At times, it may be necessary for one of the cashiers to void a transaction after ringing it through the cash register due to a keying error. The void key deducts the voided transactions from the daily totals immediately. At Cambridge Community College Center, voided transactions are not approved by a second employee as they occur. The cashier who made the void records the transaction on a void reconciliation sheet, giving the transaction number, customer's name, and the reason for the void. She then initials the sheet. The assistant bookstore manager reviews and signs the reconciliation sheet when she prepares the daily cash report the next day. However, since she also serves as the cashier, she may be reviewing her own voided transactions. Voids are sensitive transactions because they represent differences between cash recorded and cash deposited. Voids should be approved by a second employee when they occur.

### RECOMMENDATION

- Voids should be approved by a second employee as they occur.

### IMPREST CASH

Cambridge Community College Center maintains an imprest cash account authorized by the Department of Finance. The purpose of the account is to provide a convenient method to pay specified expenses which cannot readily be paid through the statewide accounting system. The use of this imprest cash account is subject to comprehensive policies and regulations of both the Minnesota Community College System and the Department of Finance. These policies identify the types of payments which can be made from imprest cash, provide for temporary loans to the account, and furnish routine accounting instructions.

Cambridge Community College Center has several control weaknesses which expose the imprest cash account to high risk. Specifically, problems exist in the following areas:

- Duties are not properly segregated.
- Disbursements are not adequately documented.
- Reimbursements are not made timely.
- The imprest cash authorization was exceeded due to unauthorized borrowing from the auxiliary enterprises account.
- The account is not adequately monitored.

## CAMBRIDGE COMMUNITY COLLEGE CENTER

### 5. Duties relating to imprest cash are not adequately segregated.

All duties relating to the imprest cash account at Cambridge Community College Center are performed by one employee. The accounting officer has complete control over the imprest cash process. She prepares, authorizes, and signs checks, and requests reimbursements through the statewide accounting system. She also is supposed to reconcile the bank statements. Even though a second signature is required on all imprest cash checks, the accounting officer often will have the second signer presign a blank check if she knows a check will be needed. This lack of separation of duties gives one employee total control over imprest cash transactions. Because of this, there is an opportunity for both errors and irregularities to occur and not be detected.

In order to adequately segregate these functions, an employee who is independent of the process should be made responsible for reconciling the bank statements and authorizing disbursements from the imprest cash account. This person should not be one of the authorized signers of the account. This segregation would separate the duties of the account and provide a control over the disbursements made from the account.

### RECOMMENDATIONS

- Someone independent of the imprest cash process should authorize disbursements from the imprest cash bank account as well as reconciling the monthly bank statement.
- Those authorized to sign imprest cash checks should never presign blank checks.

### 6. Imprest cash payments are not adequately supported.

The imprest cash account at the center is used for a variety of payments. Some of these payments include tuition refunds, miscellaneous local purchases, travel advances, and items where vendors will not accept a purchase order. The center does not adequately support many of its imprest cash disbursements. Most of the payments tested were not documented by invoices showing what the payment was for. We were also unable to trace tuition refunds to forms which documented that the student had withdrawn, hence could not determine if the refund was proper. An approving authority did not sign any invoices before they were paid, so we could not determine if the payment made was for an appropriate item.

In addition, the center accounting officer does not retain all voided imprest cash checks. Because of this, it is not always possible to readily determine that a check was not actually written to a vendor and erroneously identified as a voided check. The center should retain documentation for all purchases, show proper approval of invoices, and retain any voided checks. In this manner, expenditures from the imprest cash fund will be properly documented.

## CAMBRIDGE COMMUNITY COLLEGE CENTER

### RECOMMENDATIONS

- Cambridge Community College Center should properly document, authorize and approve all imprest cash disbursements.
- Cambridge Community College Center should retain all voided checks.

7. The center does not request imprest cash reimbursements on a timely basis.

Cambridge Community College Center does not request reimbursements through the statewide accounting system on a timely basis. According to Finance policy 06:06:05, agencies are to request reimbursements at least monthly, or as often as needed. As of April 28, 1989, the center had items totaling at least \$4,307 which were eligible for reimbursement, but for which no reimbursement had been requested. Some of these checks were over two years old. Timely reimbursement of the imprest cash account will provide funds available when needed, as well as show compliance with Finance policies and procedures.

In addition, checks are not reimbursed in an orderly manner. Because of this, it is very difficult to determine, at any point in time, which checks remain outstanding. To ensure that all eligible checks are properly reimbursed, checks should be reimbursed in an orderly fashion.

### RECOMMENDATION

- The center should request imprest cash reimbursements on a timely and orderly basis.

8. Loans to the imprest cash account have exceeded authorized levels.

The center has exceeded its imprest cash authorization by borrowing from its auxiliary enterprise account. Pursuant to Minn. Stat. Section 15.191, the Department of Finance must approve all requests for imprest cash. Although Finance has approved \$5,000 for imprest cash from the center's operating account, they have not approved an additional auxiliary enterprises amount for the center. Despite this, the center borrowed \$1,500 in fiscal year 1987, \$2,000 in fiscal year 1988, and \$3,000 in fiscal year 1989 from their auxiliary enterprise account and all-college fund to supplement imprest cash. The center should obtain proper approval for any loans from the auxiliary enterprises account to the imprest cash account.

In addition, the amount the center has in the imprest cash account is not adequately monitored. The account has never been reconciled to the authorized amount. Such a reconciliation is important to periodically verify that the entire account can be accounted for. Any discrepancies noted during this reconciliation should be noted in a short and over

## CAMBRIDGE COMMUNITY COLLEGE CENTER

account. This account is required by Department of Finance policy and procedure 06:06:09. To further improve controls over the imprest cash account and comply with Department of Finance policies and procedures, the center should perform monthly reconciliations to the authorized amount and post any overages or shortages to the short and over account.

### RECOMMENDATION

- To improve controls over the imprest cash account the center should:
  - maintain the account within authorized limits, and
  - reconcile to the authorized amount on a monthly basis, posting any discrepancies to the short and over account.

### OTHER ADMINISTRATIVE AREAS

9. The center does not perform monthly bank reconciliations for its local accounts.

The center maintains three checking accounts at local banks. These are the all-college account, the imprest cash account, and the auxiliary enterprises account. The Community College Board Office has approved all of these checking accounts. None of these accounts have been reconciled to monthly bank statements since June 1988. Bank reconciliations are an important independent check on the activity occurring in these accounts. Someone who is neither an authorized signer nor involved in the daily activity of these accounts should perform these monthly reconciliations. In this way, any errors or irregularities in the accounts will be detected.

### RECOMMENDATION

- Cambridge Community College Center should require an independent person to reconcile each of their local checking accounts on a monthly basis.

10. Internal controls over the college work study program are inadequate.

Some Cambridge Community College Center students participate in the college federal work study program. At Cambridge Community College Center, students are verbally assigned jobs, wage rates, and supervisors. No formal documentation is prepared. The federal student financial aid handbook states that each work study position should have a job description that includes employer name, job purpose, duties and qualifications, wage rates or range, length of employment, and name of supervisor. A job description helps to determine the number of hours of work required at the specified wage rate to meet a student's financial need. A written record

## CAMBRIDGE COMMUNITY COLLEGE CENTER

also helps prevent misunderstandings between students and employers. The center should prepare written job descriptions for all work study positions.

Work study students complete and sign biweekly time sheets to record hours worked. Supervisors did not routinely sign these time sheets. Federal regulation 34 CFR 675.19 requires that work study payments be supported by time sheets signed by the student's supervisor. Without a supervisor's signature, students may be paid for hours not worked. Work study time sheets should be signed by both student and supervisor.

The senior account clerk in the business office reviews the time sheets and enters hours worked onto a payroll record called the OpScan sheet. The clerk signs the sheet and sends it to the board office. The board office uses the OpScan sheet to enter payroll transactions onto the computer system. The clerk also receives the payroll check register from the board office and verifies that the payroll has been entered correctly. To provide adequate control, someone not associated with the process should review the OpScan sheets before they are sent to the board office and compare them to the time sheets.

### RECOMMENDATIONS

- Cambridge Community College Center should prepare job descriptions for all college work study positions.
- All work study time sheets should be signed by the student's supervisor.
- Verification of work study payroll should be done by someone who does not process the payroll.

#### 11. There is no authorization for bookstore purchases charged to the center.

Center faculty are allowed to purchase items from the bookstore for the center's use. The center reimburses the bookstore for these purchases. The bookstore prepares a charge slip with the items purchased, cost, and total charges for each purchase. The slip is to be initialled by the cashier and signed by the purchaser. The center business office does not require employees to obtain an internal requisition or other prior approval before they make purchases. Also many of the charge slips are not signed by the person purchasing the items. Without proper authorization, inappropriate transactions could occur.

### RECOMMENDATIONS

- Internal requisitions should be prepared and signed by appropriate personnel to authorize bookstore purchases charged to the center.
- All charge slips should be signed by the person making the purchase.



## CAMBRIDGE COMMUNITY COLLEGE CENTER

### 12. Leave records are not properly maintained for faculty and classified employees.

Some employee leave records are maintained at the center, while others are kept at Anoka Ramsey Community College. The classified staff and faculty employed by the center complete either a leave request or report for any leave taken. The payroll clerk at the center maintains the leave requests for the classified employees and updates their leave balances at year end. She then compares this with the duplicate records maintained by the staff at Anoka Ramsey Community College. Anoka Ramsey and the center also both maintain the leave requests for the full-time faculty.

The center maintains the only leave records for the part-time faculty. Again, the clerk only updates these records at year end. If leave records are not updated on a timely basis, leave could be taken and not recorded.

There are some individuals who are eligible to accrue leave, yet that leave was not recorded on their record. Faculty that teach less than six credits are eligible if they are in the bargaining unit and meet one of three requirements, including teaching two quarters a year, teaching five credits or more in a quarter, or teaching more than one course a quarter.

Accurate and up to date leave records are important in order to comply with union agreements and to ensure that all employees are properly paid.

### RECOMMENDATIONS

- The center should update all leave records on a monthly basis.
- The center should accrue leave for all employees who are eligible to accrue leave.

### 13. The center does not adequately document the receipt of merchandise before the payment of invoices.

Cambridge Community College Center receives all ordered items, except for bookstore orders, in the business office. The business office routes the item to the person who ordered it. This person is to check the order, then send the packing slip to the business office. The business office compares the packing slip and other supporting documentation with the invoice before approving it for payment. If the individual does not return the packing slip, or if there is no packing slip, the business office verbally confirms the order before approving the invoice. In either case, there is no written confirmation that an order was actually received. The business office must rely on another individual's memory to verify the receipt of items.

A packing slip accompanies the orders that come to the bookstore. The person who receives the order matches it against the packing slip and initials the packing slip. However, the person receiving the order does

## CAMBRIDGE COMMUNITY COLLEGE CENTER

not always initial the packing slip, and never dates the packing slip. Again, there is not always written documentation that an item was received as ordered.

To provide an effective audit trail and to ensure that payments are correct, packing slips or some type of receiving report should be retained to show that items were received. Department of Finance policy 06:05:01 requires the use of a receiving report or other proof of receipt. The board office issued a memo dated December 10, 1987 which required that proper receiving reports were to be consistently used. Signatures and dates on purchase order copies, packing slips, or other receiving reports would ensure that invoices are paid only for items that have actually been received.

### RECOMMENDATION

- Cambridge Community College Center should require signed and dated receiving reports or other evidence that goods were received before invoices are paid.

#### 14. Center fixed assets are not properly tagged and recorded.

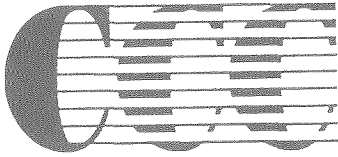
Cambridge Community College Center is required to record equipment and other fixed assets on the Fixed Asset Record Management System (FARMS). However, as of April 28, 1989, items totalling \$18,826 were not recorded on FARMS. These items included a van and computer equipment.

The FARMS users manual also requires the tagging of assets within 30 days of receiving the asset. This tag must have the property of the State of Minnesota and the asset number recorded on it. We noted that items totalling \$26,868 did not have state stickers affixed to them. These items included computer equipment, a van, and a piece of instructional equipment.

State property is properly identified and recorded if the center follows the FARMS procedures. These procedures also helps reduce the risk of theft, particularly of sensitive items.

### RECOMMENDATIONS

- Cambridge Community College Center should ensure that all fixed assets are properly recorded on FARMS.
- The center should ensure that all items have state stickers attached.



Responsive • Personal • Committed

CAMBRIDGE  
COMMUNITY COLLEGE CENTER  
OF  
ANOKA-RAMSEY

151 SW County Road 70 Cambridge, Minnesota 55008  
Phone (612) 689-1536

July 28, 1989

Mr. James R. Nobles, Legislative Auditor  
Mr. John Asmussen, CPA, Deputy Legislative Auditor  
Office of the Legislative Auditor  
Veterans Service Building  
St. Paul, Mn 55155

Gentlemen:

We would like to express our appreciation to your office and staff (Sonya Hill; Kari Bergum; Joan Haskin) for the willing and helpful way they worked with us during our audit.

During the past 10 years, we have developed an institution, operational procedures, and staff. Due to our growth, we have experienced many changes along the way. As changes in procedures have been made, we have consistently upgraded our standards of operation, but because we are considered a center rather than a campus, our funding for staff is very limited. Limited staff, of course, means limited separation of duties but as staff members are added we have and will continue to ensure that our internal accounting controls grow stronger.

I would like to add that we have waited for an audit and welcomed that chance to have an outside opinion on the procedures we have set into practice.

Our staff has already set into practice many of the recommendations that were made during the audit. Our response indicates the dates others will become effective.

Yours truly,

Dr. Thomas B. Levig, Dean

cc: Dr. Gerald Christenson, Chancellor  
Dr. Richard Carpenter, President

## RESPONSE TO AUDIT FINDINGS

### Scope Limitations:

Receipt records of all deposits are kept with the canceled checks and filed according to the fiscal year. No explanation can be given for the missing cash register tapes. However, since the Center building has no storage area for its business office and/or bookstore the missing tapes may have been placed where they could not be easily located during the audit.

Missing or misfiled individual student fee statements could have been reproduced from the computer files with full payment history noted on them if they had been requested. Further documentation on individual receipts could have been verified with the help of the centers depository since transactions of each day are numbered by the depository and filmed as part of the depositories permanent record.

The center keeps a carbon copy of each deposit slip made to the state depository in a bank deposit book, in numbered sequence, according to the date of the transaction. All original deposit tickets and any bank correction notices are sent to the state treasures office. If a correction is needed, the depository will give a verbal notification to the center with a request on how to proceed with the correction.

In order to further safe guard the state deposit funds, and to prevent loss of investment income to the state, the Center has an arrangement with the depository for the return of any NSF checks to the local account so that the center staff may promptly handle the collection of these funds without the funds being deducted from the state account or the state suffering from the time delay of collection.

## I. INTRODUCTION

Under the current organizational structure the senior account clerk at the Center reports to the Business Officer at Anoka-Ramsey in matters relating to all business affairs. Dr. Thomas Levig serves as Dean of the Center. He reports

to Dr. Richard Carpenter, President of Anoka-Ramsey Community College.

## II CURRENT FINDINGS AND RECOMMENDATIONS

### General Cash Controls

#### RECOMMENDATION

1. The Cambridge Community College Center should change its receipts procedures to ensure adequate separation of duties exists.

In May, 1989, the Center changed its receipts procedures to the following:

1. Daily cash count is taken by a student worker, who signs off on the cash sheet.
2. Daily totals are read and noted on daily cash sheet by the bookstore manager. Daily cash register tape is affixed to the cash sheet after closing out the cash register. Deposits are prepared, and manager signs off on cash sheet.
3. After the reconciliation is completed, the Senior Account Clerk approves deposits, and signs off on Daily Cash Sheet.

#### RECOMMENDATION

2. Cambridge Community College Center should improve security and control over receipts by:

depositing receipts daily whenever they exceed \$250. and  
restrictively endorsing all checks as soon as they are received.

Effective May, 1989, the Cambridge Center changed their control over receipts by:

1. Endorsing all checks as soon as they are received.
2. Depositing all state funds whenever they exceed \$250.

#### RECOMMENDATION

**3. Cambridge Center should verify the accuracy of receipts by reconciling all deposits to the statewide accounting system receipt reports on a monthly basis.**

Effective June, 1989, deposits are reconciled as reports are received.

#### RECOMMENDATION

**4. Voided transactions should be approved by a second employee as they occur.**

Effective May, 1989, voids are approved in the following manner.

1. Voids written up with a formal explanation.
2. If a student worker has made the void, the manager must approve the explanation.
3. If the manager has made the void, the Senior Account Clerk must approve the explanation.

(Attachment a)

Before responding to the recommendations 5-9 the Cambridge Center Management would like to have it noted that they were aware that the Imprest Cash area was a weak area, and indicated that to the audit team. Limited staff had not (in the past) allowed for complete separation of duties. Added staff will now allow management to bring that area up to accepted standards.

#### RECOMMENDATION

**5. Someone independent of the imprest cash process should authorize the disbursements from the imprest cash bank account as well as reconciling the monthly bank statement.**

Effective August, 1989, disbursements will be approved by the Center Dean, or his designate.

Effective August, 1989, monthly reconciliments will be done and checks will be written by a clerk-typist II.

**RECOMMENDATION**

6. Cambridge Community College Center should properly document, authorize and approve all imprest cash disbursements.

Cambridge Community College Center should retain all voided checks.

Effective August, 1989, all Internal Requisition forms will have proper documentation attached to that form. The balance of this recommendation was covered in recommendation #5.

(Attachment b)

The Cambridge College Center started retaining all voided checks in November, 1988, as was shown during the audit.

**RECOMMENDATION**

7. The center should request imprest cash reimbursements on a timely and orderly basis.

The practice of the center has been to request reimbursements according to the DDD and/or object code the funds are to be withdrawn from, rather than in direct numerical order. Requesting reimbursements in this manner allowed the employee to list, for example, all refunds to students on one sheet with a sub-total and the sheets numbered 1 of total number. With limited time available, this practice was useful in saving time if a posting error had been made.

Effective July, 1989, all reimbursements will be requested on a monthly basis.

Before addressing recommendation #8, the Cambridge Center Management like to address the issue borrowing from the auxiliary enterprise account for the center. Since the Cambridge Center is part of Anoka-Ramsey Community College and Anoka-Ramsey has permission to borrow from the auxiliary enterprise account, it was generally understood that this permission should/would extend to the center. The Center Management would also like it stated that the Imprest Cash Account was balanced to the authorized limit in June, 1989, and that all funds have been returned to the auxiliary enterprise account.

#### RECOMMENDATION

8. to improve controls over the imprest cash account the center should:

maintain the account within authorized limits, and  
reconcile to the authorized amount on a monthly basis,  
posting any discrepancies to the short and over account.

The response to this recommendation has been covered in the response to #5 & #7.

#### RECOMMENDATION

9. Cambridge Community College Center should require an independent person to reconcile each of their local checking accounts on a monthly basis.

The response to this recommendation was addressed in response #5.

#### RECOMMENDATION

10. Cambridge Community College Center should prepare job descriptions for all college work study positions.

All work study time sheets should be signed by the student's supervisor.

Verification of work study payroll should be done by someone who does not process the payroll.

Effective August, 1989, all work study positions will have job descriptions.

Effective May, 1989, all work study time sheets were signed by the students supervisors.

Effective July, 1989, work study payroll is verified by the Senior Account Clerk, and not the Financial Aid Director who prepares the payroll.

(Attachment c)

#### RECOMMENDATIONS

11. Internal requisitions should be prepared and signed by appropriate personnel to authorize bookstore purchases charged to the center.



**All charge slips should be signed by the person making the purchase.**

Effective May, 1989, internal requisitions have been prepared and signed by appropriate personnel to authorize bookstore purchases charged to the center.

Effective May, 1989, all charge slips have been signed by the person making the purchase.

#### **RECOMMENDATION**

- 12. The Center should update all leave records on a monthly basis.**

**The Center should accrue leave for all employees who are eligible to accrue leave.**

Effective July, 1989, all leave records will be updated on a monthly basis, and verified by the Director of Instruction for Faculty, and the Center Dean for classified and non-faculty unclassified employees.

#### **RECOMMENDATION**

- 13. The Cambridge Community College Center should require signed and dated receiving reports or other evidence that goods were received before invoices are paid.**

Effective May, 1989, the attached procedure was put into action. (Attachment d)

#### **RECOMMENDATION**

- 14. Cambridge Community College Center should ensure that all fixed assets are properly recorded on FARMS.**

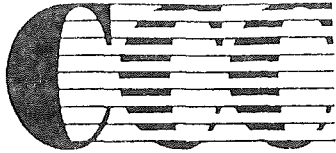
**The center should ensure that all items have state stickers attached.**

Effective July, 1989, the Cambridge Center will ensure that all fixed assets are recorded on FARMS, and that all items will have state stickers attached.

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

SUPERVISOR'S SIGNATURE \_\_\_\_\_ 18



Responsive • Personal • Committed

(Attachment D)  
CAMBRIDGE  
COMMUNITY COLLEGE CENTER  
OF  
ANOKA-RAMSEY

151 SW County Road 70 Cambridge, Minnesota 55008  
Phone (612) 689-1536

May 17, 1989

To: Work study supervisors

From: Judy Anderson

Subject: Time Sheets

Effective this date I am requesting the following actions take place.

1. All time sheets be signed each pay period by each supervisor.
2. Each supervisor should add up the workers hours before the time sheet is signed. Any correction that the supervisor makes should be initialed.

Verification should be made that if a student lists 8.5 hours, that a lunch period was not taken.

Also remember that we do not pay overtime so no one should be allowed to work over 8 hours.

3. It is the supervisors responsibility to see that the entire form is filled out properly: i.e. name, student number, ssn, pay period.
4. Time sheets will be kept in the supervisors charge, and it will be the supervisors responsibility to turn them in for payment. (It should be easy to remember to do this - I do payroll the day after payday.)

Time sheets must be turned in on time, failure to do so will mean that the student will receive a delayed payment.

19

*Serving Braham • Cambridge • Chisago Lakes Area • Hinckley • Mora  
North Branch • Ogilvie • Pine City • Princeton • St. Francis • Taylors Falls • Rush City  
and Surrounding Area in East Central Minnesota*

Student # \_\_\_\_\_

STUDENT WORK FORM

Date \_\_\_\_\_  
\_\_\_\_ Quarter, 19\_\_\_\_  
\_\_\_\_ # of credits

NAME \_\_\_\_\_ SOCIAL SECURITY # \_\_\_\_\_

ADDRESS \_\_\_\_\_ PHONE \_\_\_\_\_  
Street City State Zip

\_\_\_\_ Yes \_\_\_\_ No Have you been approved to receive financial aid?  
If yes, what type of financial aid? \_\_\_\_\_  
\_\_\_\_ Yes \_\_\_\_ No Have you been employed by the college?  
If yes, where did you work? \_\_\_\_\_

Schedule For \_\_\_\_\_ Quarter

X - OUT  
THE  
HOURS  
YOU  
CANNOT  
WORK

	Monday	Tuesday	Wednesday	Thursday	Friday
8 - 9 a.m.					
9 - 10 a.m.					
10 - 11 a.m.					
11 - 12 a.m.					
12 - 1 p.m.					
1 - 2 p.m.					
2 - 3 p.m.					
3 - 4 p.m.					
4 - 5 p.m.					
Evenings					
5 - 9 p.m.					

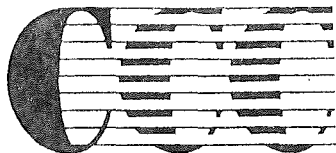
-----  
Work Study Supervisor

This student has been approved for employment and may work a maximum of \_\_\_\_\_ hours per week.

If student is to be employed in your area, sign this form and have the student return it to the Financial Aid Office immediately.

Work Area \_\_\_\_\_  
Supervisor's Signature \_\_\_\_\_  
Date \_\_\_\_\_

Work Code:		Office Use	
____ 01	____ 02	____ 03	
____ W4	____ 1-9	____ Dis.	



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CAMBRIDGE  
COMMUNITY COLLEGE CENTER  
OF  
ANOKA-RAMSEY

151 SW County Road 70 Cambridge, Minnesota 55008  
Phone (612) 689-1536

June 5, 1989

POLICY STATEMENT/PROCEDURE FOR CHECK WRITING MACHINE

1. Requests for payment will be made on Internal Requisition forms; Bookstore Buck Slips; Scholarship Request Forms; Bookstore Purchase Orders; and/or other authorized request forms.
2. Authorized signatures on bottom of checks for the All College Fund (0461620); Cambridge Center Bookstore (0040660); and Imprest Cash Fund (when implemented) will be Dr. Tom Levig, and Judy Anderson.
3. Checks will be prepared by authorized personnel (signatures on file at bank) and presented to Judy Anderson for imprinting and registration.
4. Checks will be registered on the attached form showing registration number, account number, check number, and amount.
5. The registration sheets will be reviewed periodically and will be approved by Dr. Levig or his designate.

NAME \_\_\_\_\_

TUITION AMOUNT \$ \_\_\_\_\_

GRANT AMOUNT \$ \_\_\_\_\_

\$ \_\_\_\_\_

CHECK AMOUNT \$ \_\_\_\_\_

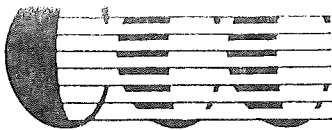
CHECK NUMBER \_\_\_\_\_

## CHECK WRITING REGISTRATION

[illegible]

EXPENDITURES APPROVED BY:

DATE :



Responsive • Personal • Committed

(Attachment d)  
**COMMUNITY COLLEGE CENTER  
OF  
ANOKA-RAMSEY**

151 SW County Road 70 Cambridge, Minnesota 55008  
Phone (612) 689-1536

May 23, 1989

To: Administration, Faculty, Staff

From: Judy Anderson

Subject: Procedure for accepting/verifying merchandise  
Expenditure of funds

The following procedures and/or changes in procedure will be in effect as of this date.

1. Merchandise/supplies/equipment must be requested on an internal requisition form. As in the past, when the item has been ordered, you will be given the duplicate copy back with the purchase order (or check number) information on it.

As in the past, the only exception to this will be the request for supplies from our central stores.

2. When the purchase order has been written, the gold copy of the order will be placed in a receiving notebook. This notebook will be placed in the office receiving area and is open for your inspection.
3. When the merchandise arrives, the requestor will be given the gold copy of the form and the merchandise.
4. After the requestor has verified that the entire order has arrived (for exceptions to this, see Judy), the packing slip will be attached to the back of the gold form, and the requestor will sign and date the lower left hand corner of that form.
5. The gold form will then be placed in the requestors DDD file. All purchase orders will be filed in numerical order.