

Virginia State University

Cash Receipts and Operations

Internal Audit Report

October 22, 2025



EXECUTIVE SUMMARY	3
BACKGROUND	3
SCOPE AND OBJECTIVES	3
CONCLUSION	4
STRENGTHS NOTED DURING THE AUDIT	4-5
Findings Issued	6-9
Appendix A – Fieldwork procedures	10
Appendix B – Risk Definitions and Classifications	11-12

EXECUTIVE SUMMARY

BACKGROUND

University Cash Collection Points are authorized locations approved by the University Controller to receive payments on behalf of the university. Oversight of these collection points is provided through a structured chain of responsibility: the Office of the Bursar oversees the Cashier's Office, which in turn manages and oversees the university cash collection points. In addition to the university-wide cash receipting, this audit also included Athletics' administration of special-event change funds (e.g. football home games), because those funds intersect directly with Cashiering and deposit processes.

The Office of the Bursar is responsible for maintaining accurate records related to student billing and other financial transactions, with the Cashier's Office playing a critical role in this process. Cash receipts and related operations are governed by multiple policies and procedures, including the University's Cash Collection Points Policy (Policy 5009), the University's Cash Collection Point Procedures, and the Commonwealth Accounting Policies and Procedures (CAPP) Topic 20205 – Cash Receipts Accounting.

The Cashier Manager is responsible for the day-to-day oversight of the cash collection points, including cash handling training, deposits, cash transmittals, banner entries, and ensuring all cash collection points adhere to university and state policies.

For the periods reviewed, Athletics prepared season packets documenting change fund requests (generally \$500 per home game), the designated custodian, and related check-request/issuance records. In FY2024, five home games were held; in FY2025, four home games were held. The packets contained game schedules, fund requests, signed custodian forms, and supporting documentation confirming both issuance and timely return of funds to Cashiering.

This report evaluates (1) University-wide cash receipting practices at collection points and within the Cashier's Office, and (2) Athletics' administration of special-event change funds, including custodian acknowledgments, timely returns, documentation/approvals, and central recordkeeping.

SCOPE AND OBJECTIVES

The audit focused on evaluating the effectiveness of Cash Receipts and Operations functions across the university, including departmental cash collection points, cashier's office, and the athletics change fund.

Timeframe under audit:

- Cash receipting activities primarily for FY2024 (July 1, 2023–June 30, 2024); and
- Athletics change-fund activity covering FY2024 and the FY2025 football season (September–November 2024).

The audit assessed the effectiveness of controls, cash collection points compliance with procedures, cash transmittals, deposits, documentation, and the overall administration of operations. The audit aimed to provide reasonable assurance that the university cash collection points and athletics change fund, alongside the cashier’s office is functioning as intended, with proper oversight, and that all departments are in compliance with relevant regulations, procedures and policies.

CONCLUSION

Overall, controls for recording and deposit processing are reliable where procedures are followed, as demonstrated by 100% Banner accuracy in tested items. The primary challenge lies not in control design, but in consistent execution across units. In particular, annual documentation, transmittal completeness/segregation of duties, and basic safeguarding steps are applied unevenly.

Athletics demonstrates strength in the timely return of change funds, but opportunities remain to formalize central retention and approval records within the Cash Management and Investment Office.

By addressing these gaps with targeted, low-effort improvements, the University can achieve greater consistency, reduce risk exposure, and enhance accountability without creating unnecessary administrative burden. We issued four observations in total—one High, two Medium, and one Low (no Priority items)—summarized in the grid below.

Priority (0)	High (1)	Medium (2)	Low (1)	Total (4)
--------------	----------	------------	---------	-----------

STRENGTHS NOTED DURING THE AUDIT


While the audit identified opportunities for improvement, several positive controls and best practices were noted:





- Documented Procedures at Collection Points: All collection points had written departmental procedures on file, reflecting alignment with university policy.
- Timely Deposits: Majority of deposits were submitted to the cashier's office within the required timeframe, demonstrating general compliance with policy.
- Accurate Banner Postings: All deposits tested matched supporting transmittal documentation.
- Well-Maintained Records: The cashier's office retained complete and organized files, including transmittal forms and related documentation, which were readily accessible.


- Athletics Change Fund Management: For the nine home games reviewed, all change funds were returned within 72 hours with proper custodian forms in place.
- Strong Safeguarding Practices: Institutional Advancement exhibited effective safeguarding and logging procedures during site work, serving as a good practice example for other areas.

FINDINGS, RECOMMENDATIONS, AND RESPONSES

Observation	Recommendation	Management Response
<p>Risk Rating: High</p>  <p>Description: Lack of Oversight and Compliance with Annual Cash Collection Point Documentation</p> <p>Condition: 0 of 15 cash collection points submitted departmental collection procedures (current or updated) or acknowledgement forms in FY 24. Additionally, during the planning phase, staff communicated that the required cash handling training for supervisors and responsible staff was not monitored nor tracked. This creates a significant non-compliance with university policies.</p> <p>Criteria: University-Wide Cash Collection Point Procedures, requires departmental collection point procedures to be reviewed, updated (if applicable), and submitted annually. Per procedures, all collection point supervisors and responsible staff must complete cash handling training and submit a signed acknowledgment form annually.</p> <p>Cause: The lack of monitoring and a system in place to track and enforce compliance with annual submission of departmental collection procedures, acknowledgement forms, and training requirements.</p> <p>Effect: Increased risk of non-compliance with university and state polices. Outdated or inconsistent departmental cash collection procedures. Increased risk of mishandling of cash receipts due to lack of training.</p>	<p>To strengthen compliance and improve oversight of cash handling procedures across all cash collection points, the following actions are recommended:</p> <ul style="list-style-type: none"> • Implement annual certification process, which includes monitoring and tracking of annual submission of departmental collection procedures and acknowledgement forms • Mandate and track cash handling training • Send reminders to ensure timely submission of required documents and completion of trainings • Update departmental procedures to include name of person(s) completing document 	<p>To address these deficiencies and ensure alignment with university and state policies, we will take the following actions:</p> <ul style="list-style-type: none"> • Annual Certification & Documentation Tracking: We will implement an annual certification process, requiring all cash collection points to review, update, and submit departmental cash collection procedures and signed acknowledgement forms. A central tracking system will be established by the end of the current fiscal quarter to monitor submissions and flag overdue items. This is completed • Mandatory Training & Monitoring: All supervisors and responsible staff will be required to complete cash handling training annually. Completion will be tracked using the university’s learning management system, and compliance will be reported to department heads after each training session. • Automated Reminders: Automated reminders will be issued in advance of all submission and training deadlines to ensure timely compliance. • Procedural Updates: Departmental procedures will be revised to specifically identify the individual(s) responsible for document completion and submission. This is completed <p>Owner: Manager – Cashier Target Date for Implementation: November 2025</p>

Observation	Recommendation	Management Response
<p>Risk Rating: Medium</p>  <p>Description: Lack of Submission and Proper Completion of Cash Transmittal Forms</p> <p>Condition: 10 of 67 (15%) of deposits reviewed were submitted without a cash transmittal form. 10 of 47 (14%) cash transmittal forms showed that same individual served as both preparer and approver, eliminating segregation of duties.</p> <p>Criteria: Per the University Cash Collection Procedures and cash handling training, all deposits must be accompanied by a completed cash transmittal form. The preparer and the approver must be different individuals to maintain proper segregation of duties and to reduce the risks of errors or fraud.</p> <p>Cause: Lack of enforcement to ensure all deposits are submitted with a cash transmittal form. Inconsistent reviewing of deposit documentation to ensure proper completion and segregation of duties.</p> <p>Effect: Increased risk of errors with deposit records and inadequate documentation to support deposit transactions.</p>	<p>The Cashier’s Office should strengthen the review process for deposits by:</p> <ul style="list-style-type: none"> • Enforcing the requirement for all deposits to include a cash transmittal form • Cash transmittal forms should be standardized across all cash collection points to ensure consistency • Implement periodic reviews to verify that forms are complete and segregation of duties is consistently maintained 	<p>ACTION:</p> <ul style="list-style-type: none"> • Immediate Action: We will reinforce existing policies requiring all deposits to be accompanied by a properly completed cash transmittal form. Staff will receive retraining on these procedures within the next 30 days. This is completed • Standardization: We will implement a standardized cash transmittal form for all cash collection points by the end of the quarter, making it easier to ensure consistency and completeness. This is completed • Segregation of Duties: Department Supervisors will review transmittal forms weekly to confirm that preparer and approver roles are properly assigned and documented. • Ongoing Monitoring: Periodic spot checks and quarterly reviews will be conducted by the Cashier’s Office to ensure compliance. Any deviations will be addressed promptly, and corrective action will be documented. <p>We are confident these steps will strengthen our internal controls, reduce the risk of errors or fraud, and ensure compliance with University policies.</p> <p>Owner: Manager – Cashier Target Date for Implementation: November 2025</p>

Observation	Recommendation	Management Response
<p>Risk Rating: Medium </p> <p>Description: Lack of Compliance with Safeguarding Cash Receipts and Cash Handling Procedures</p> <p>Condition: 7 of 13 (54%) of the cash collections that accepted checks did not have the endorsement stamp. 3 of 13 (23%) cash collection points were not using proper security measures to safeguard cash receipts and 4 of 13 (31%) did maintain any form of log or record to track cash receipts received.</p> <p>Criteria: The DOA CAPP Manual Topic No. 20205, University Policy 5009, and University-Wide Cash Collection Point Procedures require that all cash receipts be properly safeguarded and logged upon receipt. These policies mandate the use of at least two approved safeguards, such as a lockable safe, a lockable file cabinet or drawer, a lockable office or another secured area.</p> <p>In addition, University and State policies require that all checks be stamped “For Deposit Only” immediately upon receipt. The Cashiering Manager, under the guidance of the Office of the Bursar, is responsible for monitoring and ensuring compliance with these requirements.</p> <p>Cause: Lack of training and enforcement of cash handling procedures and lack of monitoring to ensure compliance.</p> <p>Effect: Increased risk of theft, loss, or misappropriations of funds and non-compliance with state and university policies.</p> <p>NOTE: Only 13 of 15 sites were visited</p>	<p>The Office of the Bursar should ensure compliance by conducting periodic spot checks or audits at the cash collection points to ensure compliance with the university wide collection point procedures, university cash collection policy 5009, and DOA policies.</p> <ul style="list-style-type: none"> • Enforce compliance with cash collection points to have at least two different security measures to safeguard cash receipts • Require all cash collection points to maintain a log of all cash receipts received in accordance to policy • Ensure all cash collection points have a “for deposit only” stamp 	<p>To ensure compliance with University Policy 5009, DOA CAPP Manual Topic No. 20205, and university-wide cash collection procedures, we will take the following actions:</p> <ul style="list-style-type: none"> • Enforcement of Security Safeguards: Effective immediately, all cash collection points will be required to implement at least two approved security measures (such as a lockable safe, file cabinet, or secured office) for safeguarding cash receipts. The Office of the Bursar will conduct periodic spot checks to verify compliance. Note:(target the offices that were not in compliance first) • Mandatory Receipt Logging: All cash collection points must maintain a log of all cash receipts received, as mandated by policy. Endorsement Stamp Requirement: All locations accepting checks will be provided with “For Deposit Only” endorsement stamps. Departmental Staff will be retrained to ensure checks are stamped immediately upon receipt, per policy. • Ongoing Monitoring: The Cashiering Manager, under the Office of the Bursar, will monitor compliance through quarterly audits and will address any non-compliance promptly. <p>Owner: Manager – Cashier</p> <p>Target Date for Implementation: November 2025</p>

Observation	Recommendation	Management Response
<p>Risk Rating: Low </p> <p>Description: Deposit Tracking and Reconciliation Weakness -General Accounting (Owner)</p> <p>Condition: Of the 4 of 5 deposits tested, 4 were successfully matched to bank statements and one deposit, a corresponding bank credit could not be located. The Cashier’s Office identified the exception and notified General Accounting; however, bank research and resolution were not completed within a defined timeframe. The deposit ultimately remained outstanding until it was canceled by the Foundation. The absence of a Proof-of-Delivery (POD) with the deposit packet hindered timely resolution, although the Cashier’s Office escalated the issue appropriately.</p> <p>Criteria: The Cashier’s Office is responsible for preparing and promptly alerting management of any discrepancies. General Accounting is responsible for performing bank reconciliations, researching and clearing unmatched items, and ensuring timely escalation and documentation of issues.</p> <p>Cause: General accounting management reported an extraordinary staffing disruption—approximately 70% of the reconciliation staff were either separated or on extended medical leave across 4 of 6 critical positions during the period when this exception arose. This materially impacted the cadence of reconciliation follow-up and escalation.</p> <p>Effect: The delayed resolution of the unmatched deposit resulted in increased effort to investigate the discrepancy and prolonged the period the item remained unaccounted for. This delay increases the risk that unreconciled items could persist without timely follow-up, potentially impacting the completeness and accuracy of university deposits.</p>	<p>General Accounting should ensure the reconciliation process is followed by:</p> <ul style="list-style-type: none"> • Re-affirming the existing exception workflow for unmatched deposits and escalation points • Use the reconciliation workbook for brief “status notes” when needed—i.e., for unusual items or items outstanding greater than 3 consecutive months. <p>Maintain a cross-coverage contact list and a designated backup reconciler so escalation and follow-up continue when staff are out.</p> <ul style="list-style-type: none"> • Ensure the Controller has visibility for aged items. If any item reaches 90 days, document the status note and route it to the Director/Controller for a disposition decision (continue research vs. reverse). • Cashiering should ensure that the courier (Brinks) continues to provide proof of delivery (POD) and include the POD and bag number in the deposit packet so that General Accounting can reference the packet location in the reconciliation and a subsequent reviewer does not have to search for documentation. 	<p>We agree. General Accounting initiated outreach to Cashiering in June 2024 and ultimately reversed the April 11, 2024 item in March 2025 after confirming no bank credit, while the Foundation voided the related check. Our standard reconciliation procedure for unmatched deposits remains appropriate.</p> <p>To improve resiliency during vacancies—without duplicating work—we will (i) re-affirm timelines and escalation points, (ii) capture brief status notes within the reconciliation only for unusual items or those outstanding more than three consecutive months (last action/next action/owner/target date), and (iii) develop and maintain a cross-coverage contact list.</p> <p>Owner: General Accounting Manager Target completion: January 2026</p>

APPENDIX A – FIELDWORK PROCEDURES

The purpose of the fieldwork procedure was to evaluate cash receipts and operations, which entailed the evaluation the DOA and university policies around cash collections and deposits. The following attributes were evaluated against supporting documentation and reports obtained in working paper PL9:

- **1.0 – Annual Procedures and Acknowledgments:** Requested documentation from all 15 collection points and compiled counts by fiscal year.
- **1.1–1.2 –Deposit Testing:** Tested 67 deposits to confirm the presence and completeness of transmittals, appropriate segregation of duties, and timeliness of submission (evaluated against the one-business-day requirement).
- **1.3 – Site Visits:** Conducted visits at 13 locations to observe safeguarding practices, use of endorsement stamps, and logging procedures.
- **1.4 – System Verification:** Traced 36 deposits from transmittals to Banner to confirm accuracy of amounts and coding.
- **1.5 – Bank Reconciliation:** Verified 5 deposits by tracing packet documentation to corresponding bank statement credits.
- **2.0–2.3 – Athletics Change Funds:** Reviewed change fund activity for FY2024–FY2025, including custodian forms, timeliness of returns (within 72 hours), adherence to policies, and request/approval/retention documentation.

Exceptions were noted during the testing of these attributes, and the detailed observations and recommendations are provided in the corresponding sections above.

APPENDIX B – RISK DEFINITIONS AND CLASSIFICATIONS

As you review each observation within the Observations, Recommendations and Management Responses section of this report, please note that we have included a color-coded depiction as to the perceived degree of risk represented by each of the observations identified during our audit. The following chart provides information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

<p><u>Risk Definition:</u> The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.</p>	Degree of Risk and Priority of Action	
	Priority	An issue identified by Internal Audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a VSU business unit or the University as a whole.
	High	A finding identified by Internal Audit that is considered to have a high probability of adverse effects to the University either or to a significant college/school/business unit. As such, management should act to address the noted concern and reduce risks to the organization.
	Medium	A finding identified by Internal Audit that is considered to have a medium probability of adverse effects to the University either or to a college/school/business unit. As such, management may need to act to address the noted concern and reduce the risk to a more desirable level.
	Low	A finding identified by Internal Audit that is considered to have minimal probability of adverse effects to the University either or to a college/school/business unit. As such, management should consider whether to act to reduce the risk, or accept the risk as being within the University's risk appetite. Cost benefit analysis may be useful.



It is important to note that considerable professional judgment is required in determining the overall ratings presented on the previous pages of this report. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly impact these risks and controls in ways that this report did not and cannot anticipate.