

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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To: Legislative Post Audit Committee Members

From: Aaron A. Allred, Legislative Auditor

Stacy L. Sneed, CPA, Director *dfs*
Legislative Post Audit Division

Subject: FOLLOW-UP REVIEW OF THE STATE OF WEST VIRGINIA SPECIAL REPORT OF BLUEFIELD STATE COLLEGE INTERNAL CONTROLS OVER IMPREST FUNDS AND CASH COLLECTION POINTS FOR THE PERIOD OF JULY 1, 2005 – JUNE 30, 2007

Date: October 13, 2008

In accordance with your instructions, we conducted a follow-up review to examine the implementation of recommendations contained within the special report of Bluefield State College (BSC) internal controls over imprest funds and cash collection points for the period of July 1, 2005 through June 30, 2007.

As stated in the special report issued at the May 2008 interim, upon the passing of Senate Bill 448, the New River Community and Technical College (New River) under BSC was independently accredited in July 2005; however, New River remains administratively linked to BSC. New River has campuses at Greenbrier, Beckley and Summersville. Regardless of the campus affiliation, both BSC and New River offer classes and receive tuition payments at these campuses. Further, agency personnel informed us that all cash receipts are deposited into BSC accounts and, on a monthly basis, BSC transfers the moneys to the proper institutional account. Therefore, we believe both BSC and New River are responsible for implementing adequate internal controls over imprest change funds and cash receipts collected at these campuses.

As part of the follow-up process, we performed the following on the imprest funds and cash collection points located at BSC's main campus and the satellite campuses it shares with New River:

- a. Performed follow-up cash counts and observed cash collection points (September 10, 2008);

- b. Conducted follow-up interviews with various BSC and New River personnel to determine if the institutions complied with our recommendations; and
- c. Reviewed supporting documents to determine the actions taken to satisfy the recommendations made in our report.

After performing the follow-up process, we believe there continues to be a lack of management oversight over the imprest funds and cash collection points at the BSC and New River campuses. BSC management distributed a variety of procedural memorandums to various frontline staff persons responsible for collecting, recording, safeguarding and depositing receipts. These memorandums outlined several new receipt and deposit procedures which, if fully implemented, would fulfill many of the recommendations made in our special report. However, we noted that many of the directives in the memorandums were not implemented.

1. Greenbrier Satellite Campus

The BSC Greenbrier Satellite Campus Business Office deposited approximately \$1.6 million in receipts in each fiscal year for years 2007 and 2006. Irrespective of the significance of these deposits, we became aware of a critical lack of security and basic safeguards over receipts and imprest change fund moneys that contributed to a known theft or thefts of cash totaling \$932.00.

We recommended:

BSC, in conjunction with New River, implement additional internal controls over imprest fund moneys and receipts, including, (a) securing and verifying cash and cash equivalents; (b) segregating the cashier and payment posting functions; (c) at the conclusion of each business day, reconciling receipts to cash register tapes or to other receipt records and reconciling imprest change fund moneys to authorized fund balances; (d) documenting the results of all reconciliations on standard reconciliation forms; (e) requiring supervisory re-performance and supervisory approval of all reconciliations; (f) processing and depositing receipts within 24 hours of receipt; and (g) providing additional training to cashiers. We further recommended BSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code and with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Spending Unit's Prior Report Finding Response:

... Transfer of approval of the imprest funds from BSC to New River occurred in the Fall of 2007 after the Legislative Auditors noted the approval had not occurred from the Treasurer's Office....Imprest Funds are now counted and logged....Imprest Funds are kept in a safe when not in use....Bookstore receipts are being delivered in zipped and locked bank bags....Verification is now being made at the time of delivery; without exception....Bookstore receipts are verified and written on an official receipt then ran through the cash register immediately upon delivery to the Business Office....Money and receipt books are no longer stored in the Business Office...Two training sessions led by the Director of Business Services for

New River Community & Technical College have taken place during the Fall semester for all Business Office employees....Deposit schedules are being adjusted to align with State

Policy....Staffing plans are being evaluated to reorganize all services at New River Community and Technical College....

Spending Unit Action:

Although BSC complied with some of our recommendations, BSC has not complied with the majority of our recommendations related to the security of moneys collected and held at the Greenbrier Campus Business Office.

Areas of Non-Compliance with Report Recommendations

The field work for this follow-up report included cash counts, interviews with agency personnel and a review of various documents related to the collection and deposit of receipts generated since the date of our special report. During our field work we noted: (1) The cashier and payment posting function has not been segregated; (2) No additional cashier training has been provided since the release of our report; (3) Cash and cash equivalents are not reconciled at the conclusion of each workday; rather, moneys are only reconciled when deposits are made; (4) Receipts were not deposited within 24 hours of collection; and (5) The cashier's immediate supervisor did not re-perform reconciliations.

During the follow-up cash count of the Greenbrier satellite campus Business Office we observed 26 checks totaling \$5,205.90 in the cash register. The dates of the checks ranged from 3 to 61 days prior to the date of our count and, on average, the check date was 13 days prior to the date of our cash count. The Supervisor of Student Accounts told us she makes deposits "every couple of days." She further stated the checks in the cash register included bookstore checks that were received in the Business Office the day prior to the cash count. Also, we noted two checks were not properly endorsed for deposit. Further, we reviewed cash receipts for 11 days—each of which were made after the release of our special report during the May 2008 Post Audit Sub-Committee interim meeting. Nine of these daily cash receipts were not deposited within 24 hours of receipt. The time lapse from receipt of the moneys until deposit ranged from one to ten days and averaged five days.

Also, during our follow-up cash count, we noted continuing lack of internal controls over the security of the Greenbrier Campus Business Office. Specifically, upon arriving at business office, we noted the window which gives the public access to the business office was open, the door to the business office was unlocked and the business office was left unattended. The cash register is positioned to the left of the business office window. With the business office unattended and unsafeguarded, the possibility exists another theft could occur by (a) an unauthorized person entering the business office through the unlocked door, or (b) an unauthorized person reaching over the counter through the opened business office window. Additionally, later during the same day of our cash count, a maintenance employee unlocked

the business office for us to perform additional report procedures and we noted the cash register was “on” and the key was in the cash register. Although we are uncertain whether or not any moneys were in the cash register, the failure to properly secure the cash register key presents an opportunity for someone to steal the key and subsequently use the key to gain access to the register when moneys are present.

Areas of Compliance with Report Recommendations

As noted in our special report, \$482.00 in imprest change fund moneys were stolen from the Greenbrier Campus Business Office in August 2007. In accordance with our recommendations, the Greenbrier Campus Business Office imprest fund was replenished to the former balance it contained prior to the theft. Also, in accordance with our recommendations, we observed the imprest change fund is now kept locked in a safe when not being used to make change. According to business office staff, access to the business office is limited to the Supervisor and the Dean. The Vice President for Financial and Administrative Affairs sent a memorandum dated July 25, 2008, requiring unannounced cash counts be performed at least quarterly at all locations where moneys are held. We reviewed documentation which indicated that surprise counts of the business office’s imprest change fund had been performed by the Greenbrier Campus Dean, which complied with our recommendation that unannounced cash counts be periodically conducted by non-business office employees.

The Business Office Supervisor told us that Bookstore moneys are now delivered to the business office in a locked bank bag by a bookstore employee and the Supervisor maintains control of the only key to the bag. While the Bookstore employee is present, the Supervisor verifies that the moneys and the accompanying supporting documents are in agreement. If there are no discrepancies, the Supervisor “signs off” on the supporting documentation and enters the transaction in the Business Office cash register. She provides the bookstore employee with a copy of the signed documentation and the cash register receipt, which is subsequently filed with Bookstore deposit records. Further, the Supervisor stated that moneys are processed upon receipt and are no longer placed in the basket under the Business Office window. The above procedures comply with our report recommendations concerning the need for additional security and verification over bookstore receipts.

2. Bluefield Campus Business Office

The BSC main campus deposited approximately \$9.9 and \$11.9 million in collections during fiscal years 2007 and 2006, respectively. While reviewing the main campus office imprest change fund, cash collections and the contents in the business office safe, we noted the office’s imprest change fund was short by \$50.00; \$1,163.20 in cash collections were held in the safe for approximately 13 ½ years without being deposited; \$4,134.78 in stale-dated checks and money orders were never deposited; and, two pistols not belonging to BSC were stored in the business office safe.

We recommended:

BSC implement the additional internal controls over imprest fund moneys, receipts and items stored in the safe, including (a) limiting the access to the business office safe and requiring the items in the safe undergo regular inventory checks; (b) ensuring cashiers perform and their immediate supervisors re-perform a full cash count at the conclusion of each work day; (c) depositing all moneys within 24 hours of receipt; (d) performing a reconciliation between the receipts recorded in the BSC's Banner Receipts Module and the deposits in WVFIMS; and (e) segregating the cashier and accounts receivable functions. We also recommended BSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code; Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended; and Chapter 36, Article 8, Section 2 of the West Virginia Code.

Spending Unit's Prior Report Finding Response:

... The supervisor of the cashier will make unannounced, surprise "audits" of the imprest fund...All funds received will be deposited in a timely way..... The BSC Director of Security has taken the "toy" air pellet pistol to dispose of. Although the Smith & Wesson .38 in the safe was believed by several BSC employees to belong to BSC, there was no documentation to that effect....cross training of employees will be evaluated and changes made to provide adequate internal controls and proper separation of duties...All funds transmitted from cash collection points are now being transmitted by lock bags, or additional lock bags...

Spending Unit Action:

BSC partially complied with recommendations made in our special report for the main campus business office.

Areas of Non-Compliance with Audit Recommendations

During follow-up interviews with the Business Office Accounts Receivable Supervisor, we became aware: (1) The Accounts Receivable Supervisor or other responsible party does not re-perform the cash counts; and (2) The Business Office has not segregated the cashier and accounts receivable functions and the employee in-charge of the accounts receivable functions continues to be the back-up cashier.

Also, during the follow-up cash count, we determined the Business Office imprest change fund was over by \$50.00. The Accounts Receivable Supervisor informed us that she was aware of this overage and provided us with documentation that supported the \$50.00 overage. According to the documentation, the overage emerged on August 26, 2008. The Vice President for Financial and Administrative Affairs informed us the Cashier believes he overcharged a student but he does not remember which student. According to business office staff, the overage was retained in the safe so it would be available if a student would happen to claim the overpayment.

Areas of Compliance with the Report Recommendations

The Vice President for Financial and Administrative Affairs sent a memorandum dated July 25, 2008, requiring (1) unannounced cash counts to be performed at least quarterly at all locations where all funds are held; (2) the contents of the Business Office and Bookstore safes to be verified by the tenth of each month and that items contained in the safes be listed on report forms; and (3) all collections, at all locations, to be deposited at the appropriate Business Office within 24 hours of collection. However, as previously stated, not all requirements detailed in the memorandum were implemented by agency personnel.

We were provided with the first (and only) “monthly” inventory of items in the Business Office safe performed during the period of August 23, 2008 through September 18, 2008. The Vice President for Financial and Administrative Affairs told us BSC plans to dispose of some of the items in the safe through authorized disposal methods due to the age of the items. Access to the safe and Business Office is limited to the Accounts Receivable Supervisor and the two Cashiers.

Additionally, the imprest change fund is kept locked in the Business Office safe when not being used to make change. All moneys are unbundled and counted at the conclusion of each work day by the cashier and recorded on a reconciliation form. According to the Accounts Receivable Supervisor, the Business Office imprest change fund was replenished to its original balance as recommended in our special report. Also, the Accounts Receivable Supervisor informed us that she reconciles the receipts recorded in Banner to the deposits made into State accounts and recorded in WVFIMS.

Further, we observed documentation indicating that moneys are now deposited within 24 hours of receipt and that copies of deposit tickets are returned by the business office to remitting BSC sections/divisions, when applicable. These procedures addressed two of the report recommendations made in our special report.

3. Bluefield Campus Registrar’s Office

The Bluefield Campus Registrar’s Office operated an unauthorized imprest fund that, at the time of our count, totaled \$60.00. The Registrar’s Office did not maintain a ledger record of receivable balances nor did it have adequate follow-up procedures for receivables that remain unpaid after they had been initially billed.

We recommended:

BSC implement additional controls over receipts collected by the Registrar’s Office, including segregating the cashier and payment posting functions; deposit moneys within 24 hours of receipt in accordance with statute; and refund all overpayments received from customers. Also, we recommended the Registrar’s Office discontinue providing services prior to payments being rendered. Further, we recommended BSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Spending Unit's Prior Report Finding Response:

...All payments for transcripts will be received and receipted by the Bluefield State College Business Office...No transcripts will be issued without receipt of payment...The Business Office shall be responsible for refunding over-payments...

Spending Unit Action:

BSC complied with the majority of our recommendations.

Areas of Non-Compliance with Recommendations:

We recommended in our special report that all records be retained in accordance with Chapter 5A, Article 8, Section 9 of the West Virginia Code. However, we became aware that the Registrar's Office only keeps transcript requests that have been completed for approximately two weeks, after which they are shredded. The Associate Registrar told us that the Registrar's Office has been shredding the transcript requests even prior to our audit period. If available, these requests could be used to verify if moneys due for transcript copies were properly paid and deposited by BSC. We believe such documentation, if properly prepared and maintained, could enhance BSC's internal controls over transcript receipts.

Areas of Compliance with our Recommendations:

On May 13, 2008, the Vice President for Student Affairs and Enrollment Management issued a memorandum to the Registrar and a formal operating letter making the Business Office responsible for the processing of transcript request payments and implementing procedures to be in compliance with our recommendations. As a result, the Registrar's Office no longer processes payment for transcript requests. Rather, as previously stated, the Bluefield Campus Business Office is responsible for the processing of transcript request payments. The Registrar Officer informed us the Registrar's Office still receives moneys by mail; however, these moneys are stapled to the respective transcript request and forwarded to the Business Office for processing. Additionally, students who inquire with the Registrar's Office about obtaining transcripts are first directed to the Business Office to make transcript request payments. The Business Office provides the student with a cash register receipt and stamps the transcript requests. Once the student provides the stamped transcript request to the Registrar's Office, the transcript request is processed. The Registrar Officer further stated the transcript requests are no longer processed before payment is rendered.

We observed documentation supporting the deposit into BSC accounts of the unauthorized imprest change fund, which totaled \$60.00 at the time of our original cash count. We were further told that the Business Office is now responsible for issuing refunds when notified by the Registrar's Office that an overpayment has occurred.

The Vice President for Financial and Administrative Affairs informed us that BSC is considering purchasing a cash register for the Registrar's Office and having the transcript fees processed once again at the Registrar's Office because of the time constraints of the BSC Business Office Cashier.

4. Bluefield Campus Security Office

We noted the BSC Security Office was short \$9.78 in receipts during our cash count and we were informed by the Director of BSC Public Safety, who manages the office, the office had been a victim of three previous thefts of receipts totaling \$55. All office employees had access to moneys collected, which were kept in the unlocked cash drawer. Also, all of the employees had the authority to process payments, prepare receipt forms and record payments in the office's computer accounting system.

We recommended:

BSC (1) limit access to cash and cash equivalents to a limited number of employees and only one employee per shift. Also, those employees that receive payments should not record the payments in the office's accounting system; (2) require the Security Office establish a procedure whereas the receipts collected are reconciled to the computerized accounting record at the conclusion of each work shift; and (3) deposit moneys within 24 hours of receipt in accordance with State statute. We further recommended BSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code and Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Spending Unit's Prior Report Finding Response:

...Processes are being re-evaluated to ensure segregation of duties exist for receipt processing and access to cash drawer....Discussion will occur to see if the program can be expanded to track receipts...Deposits will be made daily...

Spending Unit Action:

BSC did not comply with the recommendations made in our report.

During follow-up interviews with the Director of Public Safety, we became aware that BSC did not comply with any of the recommendations made in our report associated with the collection and deposit of receipts by the Public Safety Office. Areas of non-compliance with our recommendations are as follows: (1) Access to cash drawer has not been limited; (2) All student workers still have full access to the receipt book; (3) Employees who have access to the office's accounting system also receive payments; (4) Cash receipts are not reconciled to the department's accounting system; and (5) Moneys collected are not deposited within 24 hours of receipt in accordance with State statute.

During the follow-up cash count of the Security Office, we counted \$16.00 in cash on-hand. However, we noted there was no receipt to support the moneys. The dry erase board located in the Security Office, stated in part,

“...Someone took \$16.00 but didn’t write receipt from the 5th to 9th. Who done it?...”

Further, we reviewed cash receipts for ten days—all of which occurred after the release of our special report—and determined cash receipts for four of the days were deposited in excess of 24 hours of their receipt. Cash receipts were deposited a minimum of one and a maximum of seven days and averaged three days after the moneys were received.

Further, the Vice President for Financial and Administrative Affairs informed us that BSC is considering purchasing a cash register for the Security Office because of the time constraints placed on the BSC Business Office Cashier.

5. Satellite Campus Business Office

During our report period of July 1, 2005 through June 30, 2007, satellite campus business offices deposited nearly \$5.8 million in receipts. However, our cash count and subsequent documentation of receipt collection procedures disclosed that existing internal controls at satellite campus business offices were inadequate and would likely neither prevent nor detect theft perpetrated by certain employees with job duties incompatible with internal controls.

We recommended:

BSC work with New River and develop procedures that will ensure compliance with Chapter 5A, Article 8, Section 9(b). We further recommended BSC, in conjunction with New River, establish internal controls that either segregate the cashier function and the payment recording function among two or more employees, or, if either staffing does not permit such segregation of duties or the cost of such segregation outweighs the possible benefits, establish a procedure of management oversight and document review of these functions designed to detect fraud, as well as inadvertent employee errors.

Spending Unit’s Prior Report Finding Response:

Staffing plans are being evaluated to reorganize all services at New River Community and Technical College....

Spending Unit Action:

BSC did not comply with the recommendations made in our report.

During the follow-up interview with agency personnel, we became aware that BSC’s satellite campus in Welch, Beckley and Summersville did not comply with our recommendations.

Specifically, there remains to be a lack of segregation of duties between the cashier and the recording of payments in the accounting records, since one employee typically performs both functions. Also, we noted no reliable off-setting management oversight or review process in lieu of the aforementioned lack of segregated duties.

6. Bluefield Campus Student Health Center

BSC Student Health Center failed to comply with State statute which requires moneys to be deposited within 24 hours of receipt. According to BSC staff, the Health Center made one deposit totaling \$911.00 for all moneys collected during our two-year report period of July 1, 2005 through June 30, 2007. Also, the Student Health Center violated the West Virginia State Constitution by extending credit to some staff and faculty for medical supplies and/or flu shots.

We recommended:

The BSC Student Health Center comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and deposit moneys within 24 hours of receipt. We further recommended the Center comply with Chapter 10, Article 6 of the West Virginia Constitution and discontinue the practice of extending credit to staff and faculty for chargeable medical services and develop a management review procedure to provide reasonable assurance collections have been made for chargeable services and moneys collected have been properly deposited into BSC accounts.

Spending Unit's Prior Report Finding Response:

All fees collected shall be deposited within twenty-four hours of collection....Log shall be kept on services rendered and fees collected. The Business Office will conduct period audits...No fee services shall be rendered without the payment of the fee.

Spending Unit Action:

BSC complied with the report recommendations.

On May 13, 2008, the Vice President for Student Affairs and Enrollment Management issued a procedural memorandum to the Director of Health Center. The memorandum implemented various Health Center receipt collection procedures in order to comply with the recommendations made in our special report.

During follow-up interviews with agency personnel, we became aware that BSC has complied with our recommendations. The Student Health Center no longer collects money and, therefore, no longer extends credit. Student Health Center personnel told us supplies, including over-the-counter medicine, are no longer provided for office visits of BSC faculty and staff; rather, employees are directed to local pharmacies who offer generic prescriptions at discounted prices. Also, flu shots are outsourced to the local health department.

7. **Imprest Funds**

BSC failed to obtain the required Treasurer's Office approval for establishment, discontinuance or changes in various BSC imprest change funds as follows: (a) The BSC Main Campus Bookstore transferred \$350.00 of imprest moneys to the Beckley Campus Bookstore; (b) BSC discontinued and deposited into BSC accounts \$25.00 each from Center for Economic Enhancement imprest fund and the Allied Health Copier Card Account imprest fund; and (3) BSC established a \$100.00 imprest fund from private moneys at the main campus cafeteria.

We recommended:

BSC comply with Title 112, Series 3 of the Code of State Regulations and submit proper applications to the State Treasurer's Office and gain the proper Treasurer's Office approval for establishment, discontinuance, or changes in amounts of any BSC imprest funds.

Spending Unit's Prior Report Finding Response:

...Proper approval has been obtained from the Treasurer's Office...

Spending Unit Action:

BSC has complied with our report recommendations.

Our review of documentation showed BSC complied with our recommendations by obtaining proper approval for the establishment, discontinuance or changes in amounts of the aforementioned BSC imprest change funds.

8. **Bluefield Campus Testing Center**

According to documentation provided by BSC staff, the Bluefield Campus Testing Center (the Center) deposited \$13,394.00 and \$11,845.00 during fiscal years 2007 and 2006, respectively. During the documentation of procedures, we determined the Center did not deposit moneys within 24 hours of receipt as required by the State statute; rather, deposits were made either weekly or semi-weekly, depending on the amount of moneys collected since the Testing Center's previous deposit. Also, the Center made no effort to return overpayments if the overpayment was discovered after the person that remitted the overpayment departed the Center.

We recommended:

BSC deposit cash collections within 24 hours of receipt in accordance with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. Additionally, we recommended BSC comply with Chapter 18B, Article 10, Section 1 of the West Virginia Code, as amended, and collect and deposit only those fees for which it has authority to collect. We further recommended BSC develop receipt collection procedures that lessen the chance of failing to detect overpayments

and, when overpayments do occur, make reasonable attempts to return the excess payments to the appropriate person that remitted the overpayment.

Spending Unit's Prior Report Finding Response:

...All testing fees collected shall be deposited within twenty-four hours of collection. A log of fees collected for each test shall be maintained...The Business Office shall be responsible for refunding over-payments...The Business Office will conduct periodic audits...

Spending Unit Action:

BSC has partially complied with our report recommendations.

On May 13, 2008, the Vice President for Student Affairs and Enrollment Management issued a memorandum to the Director of Testing and Counseling outlining various new receipt collection procedures. These procedures were established for the purpose of complying with the recommendations made in our special report.

During follow-up interviews with agency personnel, we became aware that BSC has complied with some of our recommendations. However, the Program Assistant II informed us the Bluefield Campus Testing Center continues to deposit moneys approximately once a week; rather than within 24 hours of receipt as required by State statute. The moneys on-hand not deposited within 24 hours of receipt are used to make change.

During the follow-up cash count, we reviewed receipts to support moneys on-hand and verified that moneys are still not deposited within 24 hours of receipt. Further, we noted (1) receipt forms were not completed for two payments received in the form of checks totaling \$70.00; and (2) an unused sequentially numbered non-voided receipt form located in the receipt book had been skipped.

The Testing Center personnel told us they now attempt to return overpayments to the payee; however, the Program Assistant II told us since the release of our special report, she continued to hold overpayments totaling \$3.00. Since the release of our special report, she has been absent and upon returning to work, our cash count revealed the \$3.00 overpayment is no longer in the Testing Center. The Program Assistant II informed us that the moneys may have been used to supplement a student's test fee.

October 7, 2008

Ms. Stacy Sneed, CPA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., E
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Dear Ms. Sneed:

Attached are our responses related to the special follow-up report on Bluefield State College's Internal Controls Over Imprest Funds and Cash Collection Points for the period July 1, 2005 through June 30, 2007.

Bluefield State College (BSC) will continue to improve our processes as identified in your report. We have every intention to continue to safeguard our assets and the assets of the State of West Virginia and appreciate your recommendations. Also, we are in the planning stage to contract with an outside firm to routinely assess our internal controls and do random audits of cash and other financial related items.

As requested, the preliminary draft has not been discussed or distributed to anyone outside of BSC. However, based upon our meeting a couple of weeks ago with your staff, Michelle Hodge, we did discuss the issues related to the Business Office's of New River Community and Technical College (NRCTC) with the appropriate responsible party at NRCTC. As discussed with Ms. Hodge, the Business Office located at Greenbrier and others titled "satellite campus business office" of Nicholas and Beckley are operated by NRCTC employees and supervised by staff of NRCTC. In fact, the previous responses related to NRCTC locations in May's report were completed by NRCTC personnel. The day to day operations of the Business Offices at these sites are the responsibilities of NRCTC and under the control of NRCTC, not BSC. BSC does provide the financial aid processing/disbursements to the NRCTC locations and once the revenue funds (primarily tuition and fees) are deposited, BSC does transfer the funds into the appropriate NRCTC accounts. BSC should not be held accountable for offices and areas that are outside of its control or areas of responsibilities. Once the report is released, we will provide a copy of relevant information to various NRCTC administrators. We have requested NRCTC administration contact Ms. Hodge to attain a more thorough knowledge of the issues at their Business Offices.

Should you need anything else from BSC, please let us know. Again, we appreciate your review and recommendations to better improve our areas of responsibilities.

Sincerely,

Shelia Johnson, Vice-President
Financial and Administrative Affairs
Bluefield State College

Cc: Aaron Allred, Legislative Auditor
Chancellor Brian Noland, Ph. D., WV HEPC
Albert Walker, President, BSC

Bluefield State College will continue to work with appropriate staff to ensure adequate procedural operations are followed, including working with the administration of NRCTC and various NRCTC Business Office staff as requested. Various memorandums and instructions have been distributed and discussed with institutional personnel and upon release of the report, BSC will follow-up with additional processes to be followed.

1. Greenbrier Satellite Campus

This location is on the campus of NRCTC. BSC will work with NRCTC administration and staff as requested to improve its operations.

2. Bluefield Campus Business Office

- a) The Supervisor of Accounts Receivable will recount the daily receipts once a week, unannounced. Currently the daily cash receipts are reconciled to the deposit tickets and are inputted into the WVFIMS system for both BSC and NRCTC and the bank recounts the funds when deposited. Once NRCTC transitions from BSC in the Accounts Receivable arena, consideration will be made to recount the daily receipts, in addition to the current reconciliations being done.
- b) With limited staffing, it is difficult to have total segregation of duties. The daily deposits via the cashier register totals are verified with the daily Banner student system totals by the Accounts Receivable Supervisor. The Accounts Receivable Supervisor will once a week compare detail of at least ten Banner student accounts to daily cashiering session for verification of proper receipting and detailing.
- c) Business Office staff including the Accounts Receivable Supervisor and the Vice-President of Financial and Administrative Affairs were informed prior to the imprest fund count by the Legislative Auditors of the \$50 overage. Instructions will be given to appropriate staff to be more careful of cash when receipting.

3. Bluefield Campus Registrar's Office

The Registrar's Office will comply and keep the original transcript request, or scan the document prior to shredding. Currently, transcript requests are also maintained in the Banner student system.

4. Bluefield Campus Security Office

BSC will comply with the recommendations as stated in 1, 2, 3 and 5. Number 4 may not be feasible as the system to track parking tickets is an in-house system developed and was not intended to be an accounting system. Further discussions will need to occur for number 4 to determine if the parking ticket tracking system can be converted to a finance accounts receivable system. Also, cash will be deposited within 24 hours of receipt. Currently, specific cash register needs and costs are being considered.

5. Satellite Campus Business Office

Satellite campus Business Offices at Beckley and Summerville are campuses of NRCTC. BSC will work with NRCTC administration and staff as requested to improve its operations. There is no Business Office at Welch.

6. Bluefield Campus Student Health Center

BSC has complied with recommendations.

7. Imprest Funds

BSC has complied with recommendations.

8. Bluefield Campus Testing Center

BSC Testing Center will deposit funds within 24 hours, receipt forms will be properly maintained, and any overpayments will be deposited with the Business Office.