

**FREDERICK COUNTY, MARYLAND
Frederick Community College -
Cash Transactions and Receipts
Frederick, Maryland**

**PERFORMANCE AUDIT REPORT
For the period July 1, 2016 through March 30, 2018
Report #18-05**

**FREDERICK COUNTY, MARYLAND
FREDERICK COMMUNITY COLLEGE
CASH TRANSACTIONS AND RECEIPTS
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INDEPENDENT AUDITORS' REPORT AND EXECUTIVE SUMMARY

Interagency Internal Audit Authority
Frederick County, Maryland

CliftonLarsonAllen LLP (CLA) was engaged by Frederick County, Maryland (the County) to conduct a performance audit of Frederick Community College (the College) cash transactions and receipts. The purpose of this report is to provide findings and recommendations, if any, identified during this audit. Our audit scope covered the period of July 1, 2016 through March 30, 2018. Our audit was conducted in accordance with *Governmental Auditing Standards* issued by the Comptroller General of the United States.

Identified Main Revenue Types

We met with personnel from the College's Finance department to gain an understanding of the financial operations of the College, identify the main types of revenue and point-of-sale systems used, and the internal controls related to cash collection. The main type of revenue identified were:

- Tuition, Fees, and Credits
- Bookstore
- Children's Center
- Dining Services

We performed walkthroughs of each identified revenue source. Through our inquiries and walkthroughs, we evaluated the design of the internal controls and determined the controls were in place to ensure cash was safeguarded, receipts were properly posted to PeopleSoft, and duties were properly segregated within each department and within the Finance department.

Review of Policies and Procedures

We reviewed the College's Financial Procedures Manual, which includes policies and procedures for cash deposits and handling at the College. These procedures are designed to ensure all cash received throughout the campus, including the College's finance department, are properly delivered to the College's Student Finance department for processing, recording, and deposit. Additionally, we reviewed the separate cash handling procedures maintained by the Bookstore and Dining Services specific to their point-of-sale systems. The Bookstore and Dining Services have policies and procedures designed to ensure cash drawers and the safe are properly counted at the beginning and end of each day. Additionally, these procedures are designed to ensure cash drawers are reconciled nightly to the point-of-sale system.

Transaction Sampling and Results

We tested 165 cash receipts and transactions related to Student Finance (tuition, fees and tuition credits), Bookstore, Dining Services, Children’s Center and miscellaneous revenue. We concluded:

- Transactions were properly supported and recorded in PeopleSoft.
- Tuition payments to student accounts were posted to the correct student account.
- Tuition payments for the Children’s Center were posted to the correct student account.
- Cash and check deposits were made timely.
- Cash overages/shortages for the point-of-sale systems were negligible.

We did not identify any exceptions in our testing or deficiencies in internal controls. The policies and procedures appear to be properly designed and implemented. We do not have any recommendations for improvement.

Relocation of Student Finance Department

During the course of the audit, the Student Finance department was relocated from Jefferson Hall to the Student Center due to construction in Jefferson Hall. We reviewed the cash handling procedures at the Student Center as temporary changes were made due to the relocation and we did not identify controls deficiencies or mishandling of cash.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 16, 2018

**FREDERICK COUNTY, MARYLAND
FREDERICK COMMUNITY COLLEGE
CASH RECEIPTS AND TRANSACTIONS**

BACKGROUND

Frederick Community College (the College) is a public college accredited by the Middle States Commission on Higher Education (MSCHE). The College offers more than 85 degree and certificate programs through credit and continuing education and workforce development and serves approximately 16,000 students. The Finance Department oversees the main point of sale services such as the bookstore, dining services, children’s center, and student finance/bursar, which are located throughout the College’s main campus.

PeopleSoft Financials is the financial system for the College. PeopleSoft is the primary record for all financial transactions at the College. The financial information is subjected to audit procedures on an annual basis by external auditors and reviewed by management throughout the year. However, the Bookstore and Dining Services have their own point-of-sale system that does not interface with PeopleSoft. Instead, revenue from these two areas are recorded on a daily basis in PeopleSoft through a departmental receipt, which is similar to a journal entry. Additionally, the Children’s Center has a separate financial system, EzCare, which includes account information for each child attending the center. Revenue for the Children’s Center is recorded in PeopleSoft through a journal receipt. Lastly, the Student Finance office uses PeopleSoft Campus Solutions to record all activity related to tuition and fees. An interface process between PeopleSoft Campus Solutions and PeopleSoft Financials is run daily to ensure student account transactions are reflected in the financial reporting system.

The audit includes the classes of revenues listed below, which represent approximately 90% of total operating revenue of the College, as follows:

	Percentage of Operating Revenue	Sample Size
Tuition and Fees	63.32%	65
Bookstore	9.22%	25
Children's Center	3.20%	25
Dining Services	3.12%	25
Miscellaneous Revenue	10.78%	25
Total	89.64%	

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OBJECTIVES, SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) established by the U.S. Government Accountability Office (GAO). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Because of the inherent limitations, a performance audit made for the limited purposes of our review would not necessarily disclose all weaknesses related to the College's compliance.

The objectives of the audit are as follows:

- Gain an understanding of the types of revenues at Frederick Community College and the internal controls as it relates to cash collections and evaluate the associated risks of the collection process.
- Evaluate the College's collection points for efficiencies, internal controls, documentation, monitoring and best practices for the audit period July 1, 2016 through March 31, 2018.

As part of the Cash Receipts and Transactions audit, we:

- Obtained and reviewed the written policies and procedures over the collection and proper recording of cash receipts.
- Met with the College personnel to gain an understanding of the:
 - Operations within the college, collection points for cash receipts and an understanding of other sources of revenue;
 - The process for collecting and safeguarding cash and recording revenue in the system;
 - Their thoughts and perspectives of the risks associated with cash transactions and areas of control deficiencies.
- Performed a walkthrough of the cash receipt and revenue recording process for each major revenue source.
- Tested a sample of cash receipts related to tuition and fees, bookstore, dining services, children's center and miscellaneous revenue. In addition, we tested a sample of tuition credits. Specifically, we ensured that:
 - Transactions were properly initiated;
 - Payments were accurately applied to outstanding student accounts (e.g., tuition and children's center);
 - Miscellaneous revenue was supported by appropriate documentation;
 - Transactions were properly recorded in the general ledger; and
 - Payments were posted to the bank account in a timely manner.

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FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

We did not identify any exceptions in our testing or deficiencies in internal controls. The policies and procedures appear to be properly designed and implemented. We do not have any recommendations for improvement.