Essential Cash Controls

by Senior Auditor, Jean Lee, UCLA Audit & Advisory Services

Cash is a highly liquid and desirable asset, which also makes it the easiest of all assets to steal. Therefore, adequate controls need to be in place to prevent theft or other misuses of cash. These control activities include accountability, separation of duties, physical security, and reconciliation of accounts.

• **Accountability.** Accountability over the cash handling process is a critical control. Proper documentation should exist so that appropriate personnel can be held responsible in fulfilling their duties. The major questions to be answered are:
  - Who has access to the cash?
  - What occurred from the beginning to the end of the cash handling process?
  - Where is cash at all times?
  - Why does the individual have and need access to the cash?

• **Separation of Duties.** Separate people should be responsible for accepting payments, depositing monies to the bank, and recording information to the ledgers. Having different people perform these tasks allows for checks and balances so that honest mistakes can be caught and to ensure that the recording of transactions is proper, complete, and accurate. Also, proper separation of duties minimizes the potential for theft.

• **Physical Security.** It is important that the individuals who handle cash are protected from physical harm. Also, cash itself should be adequately safeguarded from loss. Further, technology resources involved with processing cash (for example hardware, confidential information, and online applications) should be protected from loss, corruption, and compromise to confidentiality.

• **Reconciliation of Accounts.** A documented reconciliation of cash collected, deposited, and recorded should be performed on a regular basis. This reconciliation helps to ensure that cash collected and reported is deposited to authorized University bank accounts and recorded on the general ledger in an accurate and timely manner.

The following link is to a cash controls checklist, which can be used as a self-assessment tool and benchmark of how your department’s cash controls measure up:

http://audit.ucla.edu/resources/Cash_Controls_Checklist.pdf
Responsibility for Campus Laboratory Safety

Laboratory safety is the responsibility of all employees, students, and other personnel working in UC research laboratories. Through proper training and with management supervision, individuals gain knowledge of applicable health and safety regulations governing the laboratory setting. Each person is then individually responsible for conducting safe work practices and complying with health and safety policies as they relate to their job duties and roles in the laboratory.

The role of Environmental Health & Safety (EH&S) is to advise the campus community of its responsibilities and recommend appropriate remedial or planning strategies, including the development of safety programs, and to consult with external agencies or regulatory or legislative bodies as necessary and appropriate on behalf of the campus.

Primary accountability for ensuring campus laboratory safety remains with campus management, who must establish clear and unambiguous lines of authority and responsibility for ensuring safety and environmental protection at all organizational levels.

Internal audit’s role is to provide campus management independent assurance and advisory services using a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes relating to laboratory safety.

Audit Objective and Overall Approach

An internal audit of the campus laboratory safety program should identify the strengths as well as the weaknesses of the program. It should reveal to management, staff, and laboratory workers where and how they could and should make improvements.

The laboratory safety program must comply with a variety of regulations and guidelines: Federal environmental, safety, and health regulations; State of California regulations; and University of California policy and campus performance requirements.

Auditors must perform procedures designed to obtain sufficient and competent evidential matter to support audit conclusions about the state of campus laboratory safety. These procedures can typically be grouped under three main action sets:

- Interviewing personnel who have key roles in developing or implementing laboratory safety management systems;
- Reviewing documentation that defines laboratory safety records or provides evidence of the completion of critical tasks, such as hazard identification, control and monitoring, safety education, employee qualification/training, and emergency preparedness; and
- Conducting field assessments of laboratory facilities and/or equipment, including verification of the implementation of laboratory safety practices.

Audit Scope and Procedures

By interviewing personnel, reviewing written records and procedures, and observing conduct, audit information should be gathered about both the administrative or management aspects and the operational or physical aspects of laboratory safety.
Auditing administrative aspects of laboratory safety entails reviewing and evaluating how well or how poorly management has defined and implemented the program. As a framework for developing audit evaluation criteria, the following administrative concepts should be considered. This should not be used as a checklist, which can be limiting.

- Organizational Setup
- Management Leadership, Reporting, and Lines of Authority
- Assignment of Responsibility
- Employee Awareness, Acceptance of Responsibility, and Participation
- Emergency Preparedness
- Identification, Control, and Monitoring of Potential Hazards
- Laboratory Safety Policy, Program, and Activities
- Laboratory Safety Rules, Regulations, and Procedures
- Laboratory Safety Training and Education
- Laboratory Safety Inspection, Reporting, and Correction

Auditing operational aspects – or how management controls the physical environment – entails inspecting and assessing the surroundings and external conditions prevailing in the daily operations of the laboratories. Management should exercise adequate control of the laboratory physical environment and demonstrate complete and competent effort to provide a safe workplace. Some of the physical and operating concepts that should be reviewed follow. Again, this is not a checklist, and is certainly not all-encompassing.

- Compliance (with federal, state, and local laws, OSHA regulations, and ordinances)
- Identification of Exposures (i.e., health exposures studied to eliminate or reduce them through process or design changes or engineering controls; containers of hazardous materials properly labeled; knowledge of and compliance with OSHA standards or manufacturers’ safe practices)
- Safeguarding of Exposures (i.e., appropriate safety devices; adequate provision and proper use of personal protective equipment; appropriate use of cautionary signs or markings, custodial or access controls, and other evidence that hazards are known and adequate controls are being implemented)
- Environmental Controls (e.g., satisfactory lighting and illumination; adequate space and cleanliness; adequate ventilation, control of fumes, vapors, and respiratory hazards; appropriate workplace temperature/climate control, equipment, tools, and waste management; clearly communicated behavioral rules on food and drink, personal attire, accessory, and other conduct)

**Entertainment Tips**

*by Audit Manager Sherrie Mancera, UCLA Audit & Advisory Services*

Documentation should be complete for all payment requests relating to business meetings/entertainment expenses.

- Type of Expense (lunch, dinner, etc.)
- Type (description) of Event
- Date and Location
- Number of participants, along with their names and University affiliation
  - Catering recharge units do not have the mechanism to store participant lists. Departments should maintain these lists. When placing the order, the ordering department should include the number of participants and type of participants (e.g., faculty, staff, spouses, volunteers, students, etc.).
- The host of the event and the host’s title
  - The host cannot be a department. BUS-79 defines a host of an event as a University employee or other individual who is the University’s representative at an official business meeting, entertainment event, or other activity. The individual arranging an event (e.g., making hotel arrangements, ordering food, etc.) is not the host unless he or she is physically present at the event and acting in a capacity as the official host.
- The business purpose of the event
  - The business purpose of the event should be documented so that it is brief, but also clear to someone not involved with the event or department.
  - When meals or refreshments are served during a business meeting, the department should document why the meeting could not be held at a non-meal time.
- For entertainment, recruitment, or employee morale-building events, documentation must include a written statement signed by the host and/or the approving authority certifying that hospitality expenses were incurred for an official University business purpose.
- Appropriate approvals
  - The appropriateness of the approver depends on who is hosting the event. The approver should always be the host’s superior. The approver should not attend the event.

Audit Clips and Tips is published quarterly by the Office of Ethics, Compliance & Audit Services.
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