



***Internal Audit***

***Immersion Trips***

***February 6, 2015***

**Office of Internal Audit**



# Missouri State<sup>™</sup>

U N I V E R S I T Y

**DATE:** February 6, 2015

**TO:** Alex Johnson, Director of Community Involvement and Service (Effective August 18, 2014)

**FROM:** Tami Reed, Senior Internal Auditor  
Donna Christian, Director of Internal Audit and Compliance

**CC:** Dr. Rachelle Darabi, Associate Provost for Student Development and Public Affairs  
Dr. Frank Einhellig, Provost  
Clifton M. Smart III, University President

**RE: INTERNAL AUDIT: IMMERSION TRIPS**

## **BACKGROUND**

Immersion trips are week long experiences where students are immersed into a new culture or group of people to provide a service and learn about specific social issues. For example, trips have included traveling to Dallas to work at Bryan's House, a child care center serving children affected by HIV and AIDS and traveling to Jamaica to assist in alternative energy projects. Immersion trips promote alternatives to traditional student breaks while providing students opportunities to fulfill the Missouri State University Public Affairs Mission.

Trips are jointly organized by students of the Bear Breaks Student Organization and the Office of Community Involvement and Service (formerly Volunteer Programs) within the Provost Office. Prior to January 2013 this program was managed by the Office of Student Affairs. Through an application process, approximately ten students are selected to participate in each trip, along with an advisor (University employee) and trip leaders (students with previous trip experience.) The trips are typically low cost for the students covering food, transportation and lodging.

During 2013 and 2014, the group organized eleven trips, consisting of trips to Jamaica (1 trip), New Orleans (2 trips), Dallas (2 trips), Chicago (1 trip), Little Rock (1 trip), Indianapolis (1 trip) and Springfield, MO (3 trips). Funding for these trips have been handled differently over the past two years. In January 2013, when the program was transferred from the Office of Student Affairs to the Office of Provost financial and budgeting procedures changed. The receipts and disbursements for the Jamaica trip were primarily processed through a designated account within the University's Banner accounting system, the finances for the Chicago trip were managed by the International Students Programs, but the finances of the remaining nine trips were processed through an unauthorized bank account established outside of the University's accounting system.

The various methods used to track receipts and disbursements for each trip and the lack of adequate financial accountability over some of the trips resulted in this audit. The Office of Community Involvement and Service has been very proactive to implement changes in procedures to better track the finances associated with each trip.

## **OBJECTIVE AND SCOPE**

The objective of this review was to evaluate the handling of cash receipts and disbursements for all immersion trips from January 2013 through December 31, 2014. Each trip was audited to determine if all monies received

were properly recorded and deposited, disbursements were adequately supported by invoices and all travel fee waivers were properly approved and on file.

**SUMMARY**

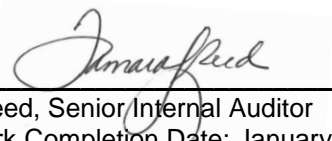
The audit noted significant weaknesses in the handling of cash receipts, documentation of disbursements, and accounting of program costs. Fees totaling \$905 were unaccounted for and documentation was not maintained for disbursements totaling \$2,079. The audit also made recommendations related to student trip fee waivers and trip management.

We wish to thank the Office of Community Involvement and Service for their assistance during this audit, and commend them for immediately taking steps to improve accountability over trip fees.



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Donna K. Christian, CPA, CGFM,  
Director of Internal Audit and Compliance



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Tami Reed, Senior Internal Auditor  
Fieldwork Completion Date: January 16, 2015

**OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

**1. Receipts, Disbursements and Financial Reports**

**A. Receipts**

- A bank account was opened January 9, 2013 by the previous director of Volunteer Services for the deposit and withdrawal of immersion trip funds. University Operating Policy 8.02 states that no employee or department may establish a University bank account or deposit University funds into an unauthorized account.
- Some money received was not deposited. Our review identified 10 receipt slips written totaling **\$375** (\$325 cash and \$50 checks), but not deposited. We confirmed that one check for \$25 was never negotiated. The disposition of the remaining \$350 is unclear. Cash receipts totaling \$150 of this amount was collected as trip fees for the Little Rock Immersion trip and cannot be traced to a deposit nor was any cash carried to Little Rock to cover expenses (a debit card was used). Additionally, our calculation of trip revenue (# of travelers x various fees charged less waivers) is **\$530** less than recorded trip revenue. As a result, unaccounted for trip revenue is **\$905**.

A recap of trip revenue and deposits is as follows:

Calculated Trip Revenue (# travelers X trip fee charged)	\$30,900
Fee Waivers (see Observation 3 below)	<u>(1,363)</u>
Calculated Trip Revenue net of Fee Waivers	29,537
Total Trip related Deposits	<u>(28,632)</u>
Unaccountable Fees	<u>\$ 905</u>

- Receipt slips were not written for all trip fees collected and deposited. Our review noted receipt slips were not written for \$1,620 that was collected and deposited. (This \$1,620 is included in total deposits of \$28,632 above.)
- Adequate documentation was not maintained for some of the non-trip related deposits into the unauthorized bank account. For example, refunds from vendors and the redeposit of checks issued in error were deposited into the bank account without clear documentation of the transaction.

**B. Disbursements**

- Checks were not ordered for the unauthorized bank account resulting in cash being withdrawn to pay for most all trip related disbursements. Some disbursements were paid by debit card and a few were paid with cashier checks. Each time a cashier's check was purchased, the bank charged \$5.
- Cash totaling \$130 was found in the various trip binders during our audit. This appears to be cash remaining from cash withdrawals provided for the respective trips. This money was given to the Director on December 12, 2014, however it was not deposited in the bank until January 12, 2015. University policy requires all monies to be deposited within one business day after collection.
- Documentation was not maintained to support all cash disbursements. Our analysis of the bank account indicated \$16,225 was withdrawn in cash or paid by debit card; however, disbursement documentation only totaled \$14,016. As a result, undocumented disbursements totaled \$2,079.

Total Disbursements	\$16,225
Documentation provided	(14,016)
Cash located in trip binders	<u>( 130)</u>
Undocumented disbursements	<u>\$2,079</u>

- Disbursement documentation was not maintained in an organized manner. Most documentation was placed in envelopes in no particular order and not summarized by trip or compared to actual cash withdrawals from the bank account.

**C. Trip Budgets and Financial Reports**

- Budgets were not prepared for all trips. A budget documenting projected income and expenses is necessary to properly manage the financial activity of each trip.
- Financial reports were not always prepared after each trip to document actual income and expenses. While binders were set up to track all financial activity of each trip, many binders were empty or only contained limited information. Financial reports should be prepared and reviewed after each trip to determine the financial outcome of each trip and assist in future trip planning.

**Recommendations:**

Overall, the Office of Community Involvement and Services should close the unauthorized bank account and all financial activity should be accounted for through the University’s Banner accounting system. Additionally, a storefront should be established to collect fees online and all disbursements should be adequately documented and processed through the University complying with all policies and procedures of the University. Finally, each trip should be properly budgeted with financial reports prepared after each trip to document the outcome.

**Management Responses:**

Implementation is in process for these recommendations. Although not documented, we believe the unaccounted for fees mentioned above were utilized for trip related costs. Designated accounts in the University’s Banner accounting system and a storefront for online payments have been established to be used for the Spring 2015 Immersion trips.

**2. Policies and Procedures**

Written policies and procedures governing all aspects of the immersion trip process have not been established. While the Bear Breaks Student Organization has a written policy dictating financial procedures, these procedures were not always followed. For example, the Bear Breaks policy requires dual signatures on checks; however, cash was withdrawn from the bank account with only one signature. Further, the policy requires documentation of all disbursements and regular reconciling of the checking account, both were not adequately followed.

To ensure adequate accountability over all aspects of the immersion trip process, the financial policies for Bear Breaks should be amended to reflect University policy and written policies should be established to provide guidance for other aspects of trip management.

**Recommendation:**

Establish written policies to govern all aspects of trip management.

**Management Responses:**

Implementation in process. We are working with the Budget and Financial Manager for the Office of the Provost to establish best policy systems.

**3. Fees Waivers and Compliance**

- There are no policies or procedures in place that allow trip fees to be waived. Based on available records and discussions with staff it appears trip fee waivers totaling \$1,363 were issued to five students (\$875) and one

trip leader (\$488). There was no documentation to support these fee waivers such as, an application or documentation of supervisory approval

- The required trip and activity release forms were not completed by all travelers. The Missouri State University Organization Trip and Activity Release forms are to be completed to document all personal contact information, emergency contact information, as well as liability waivers for the University and Board of Governors. Of the eleven trips, release forms were on file for seven trips. (With the exception of three of these travelers who did not have completed forms on file.) No release forms were on file for two trips. (Compliance for the remaining two trips was handled by the International Students Programs and the Study Away Office.)

**Recommendations:**

Establish a fee waiver policy incorporating adequate documentation procedures. Ensure University required release forms are on file for all travelers.

**Management Responses:**

Implementation in process for these recommendations. A fee waiver application is being developed for students with financial need. Proper documentation for this will be included in the new policies referenced in section two above, *Policies and Procedures*.