



STEPHEN F. AUSTIN STATE UNIVERSITY

THE UNIVERSITY OF TEXAS SYSTEM ★ NACOGDOCHES, TEXAS

Department of Audit Services

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June 30, 2025

Mr. Thomas Mason
Chairman, SFASU Internal Audit Committee
7619 Marquette St.
Dallas, Texas 75225-4412

Dr. Neal Weaver
President
1936 North Street, Austin Building Suite 309
Nacogdoches, Texas 75962

Re: Summary of Surprise Cash Counts

Dear Mr. Mason and Dr. Weaver:

Audit Services performed surprise cash counts of University change funds during the period May 27, 2025 through June 2, 2025. We performed these cash counts as a special project on our audit plan. Our audit objectives were to verify that the cash balances agreed or reconciled to the University's general ledger; the respective areas provided adequate and appropriate safekeeping of the University monies; and custodians had taken receipts training.

Our results are summarized as follows:

#	Area	Balance	Safekeeping	Training
1	Athletic Ticket Office	Obs. 1	✓	✓
2	Campus Recreation	✓	✓	✓
3	Fine Arts Ticket Office	✓	✓	✓
4	Music	✓	✓	✓
5	Planetarium	✓	Obs. 2	✓
6	Student Activities Association	✓	✓	Obs. 3
7	Student Business Services	Obs. 4	✓	Obs. 3
8	Student Business Services - Temporary	✓	✓	Obs. 3
9	Student Center Information Desk	Obs. 5	Obs. 5	✓

See Appendix 1 for Observation Rating descriptions

In addition to the above areas selected, we reviewed the most recent completion of receipts training for the current custodians of all active change funds.

While performing our cash count, we noted an opportunity to strengthen controls, enhance compliance, or improve processes, as shown in the following audit observations, which will be included in our follow-up procedures.

Observation 1: Use of Change Fund - Athletic Ticket Office

Background: According to UTS 166, *Cash Management and Cash Handling Policy*, change funds are, “funds maintained by individual departments authorized to handle cash to be utilized for the sole purpose of carrying on their cashiering operation and not for the purpose of obtaining miscellaneous items, paying for minor unanticipated operating expenses, cashing employee checks, or making loans for any reason.”

According to University HOP 05-208, *Receipts and Deposits*, “Both overages and shortages should be noted and tracked by the custodian and then reviewed and certified by a supervisor or department head. Significant amounts (\$25.00 or more) should be immediately reported to the department head and the student business services office.”

Observation: While performing our review, we noted the following:

- The Athletic Ticket Office change fund was utilized inappropriately as defined by UTS 166.
- The change fund had a significant overage, which was not appropriately reviewed or reported.

Observation Rating: Medium

Recommendation: Athletics should strengthen procedures for change fund transactions and reconciling change fund activity.

Management Response: Athletics will strengthen procedures for change fund transactions and reconciling change fund activity.

Responsible Party: Director of Athletics

Implementation Date: August 31, 2025

Observation 2: Change Fund Safekeeping - Planetarium

Background: University HOP 05-208, *Receipts and Deposits*, states, “Lock combinations and the custody of keys should be maintained by one person... For strictly emergency situations, the department head or other designated employee should have the safe combination or an extra set of keys.”

Observation: While performing our review, we noted the safe combination was maintained by one individual; however, no emergency designated employee was identified to access the change fund.

Observation Rating: Low

Recommendation: The Planetarium should strengthen procedures to include a designated employee who can access the funds in emergency situations.

Management Response: The Planetarium has strengthened procedures to include a designated employee who can access the funds in emergency situations.

Responsible Party: Interim Provost & Executive Vice President of Academic Affairs

Follow-Up: Audit Services has verified that management has appropriately addressed this observation; thus, no further audit follow-up is required.

Observation 3: Change Fund Custodian Documentation and Training

Background: University HOP 05-208, *Receipts and Deposits*, states, "Receipts and payment card training is required on an annual basis and should be coordinated through the student business services office." Custodians are determined as the responsible party for the change fund by completion and submission of the change fund form to Student Business Services.

Observation: While performing our review, we noted the following:

- 2 of 13 (15%) change fund custodians were past due for receipts training.
- 4 of 13 (31%) change fund custodians were not appropriately documented.

Observation Rating: Low

Recommendation: All change fund custodians should complete the required training annually. Student Business Services should maintain documentation of all the appropriate change fund custodians.

Management Response: Student Business Services will strengthen internal documented procedures to monitor the provisions in HOP 05-208, *Receipts and Deposits*, including the monitoring of custodians of change funds and required training.

Responsible Party: Vice President for Finance

Implementation Date: August 31, 2025

Observation 4: Change Fund Reconciliations - Student Business Services

Background: University HOP 05-208, *Receipts and Deposits*, and UTS 166, *Cash Management and Cash Handling Policy*, guide departments in their duties for handling receipts and maintaining change funds. According to University HOP 05-208, "Both overages and shortages should be noted and tracked by the custodian and then reviewed and certified by a supervisor or department head. Significant amounts (\$25.00 or more) should be immediately reported to the department head and the student business services office."

Observation: While performing our review, we noted the change fund had a significant overage, which was not appropriately reviewed or reported.

Observation Rating: Medium

Recommendation: Student Business Services should strengthen procedures for change fund transactions and reconciling change fund activity.

Management Response: Student Business Services will strengthen procedures related to the reconciliation of change fund activity.

Responsible Party: Vice President for Finance

Implementation Date: August 31, 2025

Observation 5: Use of Change Fund and Safekeeping - Student Center Information Desk

Background: University HOP 05-208, *Receipts and Deposits*, and UTS 166, *Cash Management and Cash Handling Policy*, guide departments in their duties for handling receipts and maintaining change funds.

According to University HOP 05-208, *Receipts and Deposits*, "When not being used for operational activities, all cash and receipts should be kept in a safekeeping device, either a safe or locked container. Lock combinations and the custody of keys should be maintained by one person. These items should not be stored in an unlocked desk drawer or unsupervised area."

According to UTS 166, *Cash Management and Cash Handling Policy*, change funds are, "funds maintained by individual departments authorized to handle cash to be utilized for the sole purpose of carrying on their cashiering operation and not for the purpose of obtaining miscellaneous items, paying for minor unanticipated operating expenses, cashing employee checks, or making loans for any reason."

Observation: While performing our review, we noted the following:

- The change fund was utilized inappropriately as defined by UTS 166.
- The change fund was not stored in the appropriate, designated location, presenting a security risk for the funds.

Observation Rating: Medium

Recommendation: The Student Center should strengthen procedures and documentation of all change fund activities and strengthen physical controls regarding the storing and safekeeping of the change fund.

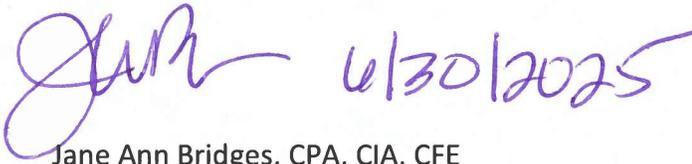
Management Response: The Student Center will strengthen procedures and documentation for all change fund activities and strengthen physical controls regarding the storage and safekeeping of the change fund, as defined by HOP 05-028 and UTS 166.

Responsible Party: Senior Vice President of Enrollment and Student Engagement

Implementation Date: July 31, 2025

We appreciate the assistance provided by management.

Sincerely,



Jane Ann Bridges, CPA, CIA, CFE
Chief Audit Executive

CC: Judy Abbott, Interim Provost and Executive Vice President for Academic Affairs
Judith Kruwell, Vice President for Finance
Michael McBroom, Director of Athletics
Gina Oglesbee, Senior Vice President for Organizational Effectiveness
Kent Willis, Senior Vice President for Enrollment and Student Engagement

APPENDIX 1 SFASU AUDIT SERVICES OBSERVATION RATINGS

Audit Services uses professional judgment to rate the audit observations identified in audit reports. The audit observation ratings are determined based on the risk or effect of the issues in relation to the audit objective(s), along with other factors. These factors include, but are not limited to, financial impact; potential failure to meet area/program/function objectives; level of compliance with laws, regulations, and other requirements or criteria; adequacy of the design of control activities and information system activities; level of potential fraud, waste, or abuse; control environment; history of audit issues; and other pertinent factors.

The table below provides a description of the audit observation ratings used by SFASU Audit Services.

SFASU Audit Services Observation Ratings	
Rating	Description
Priority	The audit observation presents risks or issues that if not addressed could critically impact the University as a whole or the area/program/function audited. Immediate action is needed to address the audit observation. Priority observations are reported to the UT System Audit, Compliance, and Risk Management Committee.
High	The audit observation presents risks or issues that if not addressed could substantially impact the University as a whole or the area/program/function audited. Prompt action is needed to address the audit observation and reduce risks to a more desirable level.
Medium	The audit observation presents risks or issues that if not addressed could moderately impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation and reduce risks to a more desirable level.
Low	The audit observation does not present significant risks or issues that could negatively impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation.

Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or pre-exit meeting.