**ATHLETICS DEPARTMENT**

**RISK ANALYSIS – INTERNAL CONTROL REVIEW**

**March 2016**

**OVERVIEW**

Kim Cook, Controller, updated the Athletics Department internal controls on March 25, 2016 through follow up discussions with Sandy Leber, Department Administrative Assistant. Below are the results from the review. I have documented the areas reviewed/discussed, any suggestions or recommendations that we have for Athletics to improve their internal controls, and their risk assessment.

**Cashiering Controls/Cash Drawer**

Per discussion with Athletics staff, the only Skagit Valley College cash receipting they do is for athletic games. They do not charge entry fees for their tournaments, concession stands are operated by the Booster Club, and auctions are run by the Booster Club. This internal control review was focused on SVC internal controls so we reviewed cash receipting at games.

Athletics does not have a change fund or petty cash fund. Prior to an event, they contact the Business Office to check out a cash drawer. Normally, they try to pick up the cash drawer from the Business Office right before it is needed. However, when they have Saturday events, they pick up the cash drawer on Friday before the business office closes. Grady Tweit has a locking file cabinet in his office where he keeps the cash drawer until game time. His office door is also locked. Only Grady and Steve Epperson have keys to the office door and cabinet. Therefore, the cash drawer is kept in a secured location until it is used.

Work-study students are hired to perform cash receipting at the games. For games that normally do not have a large attendance (volleyball), only one work-study is hired. But for larger games (basketball), two work-study students are hired. One student will handle the cash, and the other will handle the distribution of the tickets. Good – they do not have 2 people working out of the same change fund!

**Daily Cash Reconciliation/Deposit**

Grady Tweit is currently responsible for reconciling the cash drawer at the end of each game. Athletics uses pre-numbered tickets – good! Grady Tweit has control over the stock of pre-numbered tickets; they are kept in a secured location in his office. Grady provides the work-study students with the tickets for cash receipting and he documents the beginning ticket number on their reconciliation sheet. After the event, the work-study students bring Grady their cash drawer and any remaining unsold tickets and the cash drawer is locked for the night. The next morning, Grady documents their ending ticket number on the reconciliation/cashiering tally sheet, and compares this to the cash they actually receipted. Grady counts the money and performs this reconciliation of tickets sold. Sandy Leber verifies the count and the reconciliation/deposit is signed by both Grady and Sandy together, so two people verify – good!

A copy of the reconciliation form, the cash receipted, and beginning change fund amount are all placed inside a locked bank bag by Grady and he takes it to our Cashier for deposit. A copy of the cashier’s receipt is forwarded to Sandy Leber in Athletics. Sandy verifies that our cashier’s receipt agrees to the Reconciliation Form filled out by Grady Tweit, as well as tracks ticket numbers to make sure they are in sequence and she then files this paperwork. This is a good control to ensure the correct amount is being deposited by the college.

**Payments Received By Mail**

Based on our review, the SVC Athletics Department no longer receives payments in the mail.

**Credit Card**

Sandy Leber has a departmental credit card for making athletic purchases. She does not check the credit card out to other staff in the Athletics Department. The card is stored in Sandy’s office in a secured location and she is responsible for reconciling monthly purchases made on the account. Departmental credit card reconciliations are then turned in to the Business Office/Purchasing Department for final review before payment. Therefore, there is oversight over the purchases being made on the credit card to ensure state purchasing laws are being followed.

**Common Athletic Department Risks**

Kim Cook reviewed the State Auditor’s Website and Finding Reports for common internal control problems in athletic departments. During the internal control review at SVC Athletics, we ensured these same issued did not exist for us:

* **Sports Camps**. This issue is with revenue collection for camp fees.
	+ SVC does not sponsor any sports camps as a college. These are not run by the Booster Club either. There are currently three sports camps run by SVC coaches in the summer as private businesses. These are run independently by the coaches and they provide their own insurance for the camp. One is run as a sole proprietorship and another as a corporation. The coaches are not being paid by the college for their time during the camp, because it is in the summer when they do not have current coaching contracts. We have a letter of understanding, signed by our President, allowing the coaches to use the facility rent free for two week per year to operate camps.
* **Tournaments.** Not tracking receivables for tournament entry fees. Not tracking what schools have paid and who still owes their fee.
	+ SVC Athletic Department does not charge an entry fee for tournaments. They do not host very many tournaments, but when they do, there is no entry fee. They decided the fee was too hard to monitor/track.
* **Concession Stands**. Cash receipting and inventory controls at concessions.
	+ The Booster Club operates the concession stands at SVC athletic events. This is not operated by the college. See Booster Club Internal Control Review/Risk Assessment March 2012. The Booster Club is a separate entity from the College.
* **Auctions.** Cash receipting and inventory controls during auctions.
	+ The Booster Club operates the auctions, not an SVC sponsored event. See Booster Club Internal Control Review March 2012.

**Conclusion/Recommendations**

Athletics has good internal controls. They are using pre-numbered tickets, cash receipted is deposited timely, only one person is working out of a cash drawer, and they are reconciling tickets to cash receipted. Also, someone independent of the cashiering/reconciliation process (Sandy) is verifying the amount deposited with SVC Cashiers to the cash receipting reconciliation forms. Athletics is only receipting cash at games, which is a minimal amount in collections.

* Please continue to make sure that only one work-study student is working out of the cash drawer for ticket sales at games. Two people should never share the same cash drawer.
* Please continue to lock up the cash drawer in a secured location after an event, before the deposit is made.
* Please continue having two people count and verify the cash collected together to ensure all money is accounted for.
* Please continue to compare the cashier deposit receipt to the reconciliation form and ticket numbers to ensure everything reconciles.