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UNIVERSITY**

**Finance**

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May 23, 2013

To: Provost Junn

Through: VP Administration and Finance Bibb

From: Josee Carochelle, VP Finance

Subject: Off-Campus Bank Account Report

CC: Dean Charles Bullock

As you are aware, my office was conducting a financial review of an off-campus bank account. The off-campus bank account was used by CASA Department of Justice Studies Department Chair Mark Correia. The attached report highlights the results of the review.

As indicated in the report, the findings warrant some type of official comment to the College, Department, and Department Chair.

If you have any questions or would like more information please let me know, otherwise I will consider this matter closed from a financial review perspective and transferred to your office for further action.



**San José State**  
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Memo from: Ninh Phamhi, Director of Internal Control  
To: Josee Larochelle, AVP of Finance  
Subject: CASA Bank Account of Dept of Justice Studies  
Date: 5/20/13

**A. General analysis:**

I have completed my bank account review work with Mark Correia, Chair of the Department of Justice Studies of the College of Applied Sciences and Arts. I have obtained from him the complete response to my survey of the bank account that he was using for his Department (see Appendix 1). Based on this review, I have determined that there was no indication of Fiscal Impropriety (defined as deliberate fraud, theft, embezzlement...).

Since this bank account was fully closed and the funds balance fully reverted to the University when I began my review, my work was focused on identifying possible losses to the University, and to pursue reimbursement for inappropriate expenses.

While the Department Chair did contravene the campus procedure in the way he used the bank account, all the identified questionable expenses have been now refunded to the University (except for \$263 in cash withdrawals - please see below). Per my request, he has re-checked all his expenses, and has completed a second reimbursement to the campus. Even though those expenses appear to be not following appropriate University procedures when incurred, they are now refunded and resolved. Therefore, I do not believe that they constitute reportable fiscal improprieties.

Regarding the deposits into this account, my working with the Department Chair indicates that

## B. Detailed review of expenses

Per your instruction, I have completed the itemized review of the expenses incurred on the bank account.

### Methodology:

- In the attached Excel worksheet, each expense item is documented ex-post for (a) Business Expense Category, (b) Nature of item being paid for, and (c) Description of business purpose. (see Appendix 2)
- The business expense categories are as follows:
  1. Business travel (fare, meals, hotel, incidentals...)
  2. Business hospitality (for networking, business development... purposes)
  3. Fees (memberships, conferences, trainings...)
  4. Equipment/supplies (office supplies, gifts,...)
  5. Hosted business events (open house, hosted meetings...)
  6. Academic materials (books, magazines, trade journal subscriptions...)
- All bank statements of the period from January 2012 to January 2013 have been reviewed this way. Prior to January 2012, this account did not have any significant activity.
- For each bank statement, all expense items have been documented as described above (total of 221 expense items).

### Findings from detailed review of expenses:

1).

I calculated that the total "inadvertent charges", which have now been reimbursed to the university, adds up to over 20% of all expenses (\$6,868 out of a total of \$32,505). This is significant and it should warrant some type of official comment to the College, or to the Department.

2).

I calculated that there were 4 cash withdrawals from this bank account, totaling \$263. This is a contravention of university practice and should warrant some type of official comment to the College, or to the Department. These were reported as withdrawals to purchase gift cards,

Director of Internal Control

## APPENDIX 1: SURVEY OF BANK ACCOUNT OF DEPT OF JUSTICE STUDIES

### ACCOUNT INFO

**1. When was this account opened (month/year)?**

I am not certain when the account was opened, since it already existed. We began using the account in Jan 2012.

**2. Who opened it?**

I believe the account was originally opened by the Administration of Justice (AJ) Bureau.

**3. Who was the owner of the account?**

At the time I became involved with the account, the owner was the Administration of Justice Bureau, whose name was changed to the Center for Justice Research, Policy and Training when merged into our department.

**4. Who were the signers of the account?**

I am not sure who the signers were prior to 2012. In 2012, the Justice Studies Department's Financial Analyst and the Department Chair became signers on the account.

**5. How many check cards were issued for this account? to whom?**

Two check cards were issued in 2012. Card Number 4635504665139487 was issued to Nichole Gutierrez and card number 4635504665139461 was issued to Mark Correia.

### DEPOSITS INFO

**6. What was the generic business purpose of the deposits of this account?**

Department Events and Promotional Gear.

**7. Please describe the nature of the deposits into the account...**

Deposits for this account came from the following areas: JS Convocation Tickets, sales of Department T-shirts, sweatshirts and hats, Confidence Challenge tickets, and participation in CSI Camp held in summer 2012.

**8. What was the rationale for these funds to not belong to the SJSU accounting system?**

I was not aware the account needed to be changed from how it was originally configured.

**9. Please describe the procedure of the payment requests of the deposits into this account ...**

Payments made with credit cards were deposited directly into the account through the use of the Square device. And some deposits were made through PayPal for CSI camp. Payments made with cashier checks for gear or events were deposited into the account by the Financial Analyst.

**10. Is the "Square Inc" account linked to this bank account owned by SJSU, or owned by you?**

The Square Inc account was opened by me and linked to the SJSU bank account for all deposits.

**11. Is there a way to check that all payments through Square Inc. and belonging to SJSU did get**

**EXPENSES INFO**

**12. What was the generic business purpose of the expenses of this account?**

To support Department and Student Activities.

**13. Did those expenses get the "one-level-up" review and approval?**

Department Chair requested that Financial Analyst ensure review and approval procedures were followed for expenses before they were incurred.

**14. Was a bank statement reconciliation done monthly for this account?**

The Department Financial Analyst was tasked with reconciling this account.

**15. What support function did the finance analyst of CASA provide for this account? (writing checks, report expenses, ...)**

Support function for this account was provided by the Financial Analyst in Justice Studies. She was responsible for reconciling the account, writing checks, and providing guidance on expenditures.

**16. Have all personal expenses charged to this account been fully returned? (if not, please check again and do refund to the State)**

All of my personal expenses have been returned.

I have also reviewed the account again and paid for the following work-related items:

- iPad related costs – I have decided to buy the iPad and have paid for all associated costs
- LinkedIn Account – I have decided to buy the LinkedIn account and have paid for the membership fee myself
- Parking Citations – I have two parking citations that I got while attending work-related events that I have paid for

A cashier's check has been cut for these above items and will be sent to the CASA Dean's Office.  
(see page below)

**17. Will you be able to recognize the business nature of those expenses reported as non-personal? (i.e. give details)**

Receipts for these expenses were provided to the Financial Analyst and should indicate each associated event or activity. By memory, I can describe these expenses to the best of my ability.

===== END OF SURVEY =====