Introduction

Exposure to real-life problems with practical work experience can be one of the most valuable educational tools. In Auditing courses, however, it is difficult to give students an activity that provides experiential learning. This purpose of this presentation is to offer instructors an assignment that is practical, valuable to society, and fun for students.

Project

This experiential learning project asks students to investigate the cash controls of student organizations and to prepare written materials which can be used to instruct and guide these organizations in proper cash control procedures.

Primary benefits

• Students gain experience in applying risk identification, assessment and internal control concepts in a familiar context
• It provides service to the university
• It achieves of several AICPA core competencies
**Target audience**

- Every university has student organizations which use financial resources
- Often they can be lead by young people with little or no experience in managing cash
- Frequently, these organizations have poor cash control systems in place

**Advantages of using student organizations**

- Easily accessible by students
- Generally, small in scope and easier to understand
- Encourages engagement in the university student life
- Potential to provide service to the university

**Project impact**

- The project has been favorably received by students who appreciate doing an activity with real-life implications
- University organizations also appreciate the increased awareness of cash controls by groups
- In the long-run, if the student leaders across campus are educated about cash controls, then as they move through other organizations in their adult professional lives, they will bring this knowledge with them
**Weaknesses**

- Over the long-term as the brochures are prepared and incorporated into student organizations, the usefulness of the project diminishes.
- To mitigate this problem, subsequent students can work to educate specific groups rather than develop training manuals. Leadership in these organizations is constantly changing and there is always a new audience for cash control education.
- An alternative target audience is PTA/PTO (parent teacher associations/organizations).

**Additional extension**

- The written projects could be competitively judged with the winning project being incorporated into the university information for student organizations.
Learning Outcomes

The learning outcomes from this project involve gaining practice in many aspects of the AICPA Core Competencies as well as reinforcing specific auditing knowledge.

Specific auditing skills developed

- Reinforces internal control concepts, specifically controls over cash
- Allows students to apply and gain skills relating to internal control processes
- Students integrate and synthesizes risk and internal control concepts and communication of results to a specific audience
- Students develop skills in identifying and obtaining information from diverse sources

Functional Competencies

- Decision-Modeling – students must make decisions about the appropriate content, presentation and format that is suitable for the intended audience. They will need to understand how the choice they make will affect the goal of educating their student organization leaders.
- Risk Analysis – By understanding the components of audit risk (inherent risk and control risk) associated with cash for a small organization, students will be able to apply this to other business settings.
• Reporting – Students must communicate in a manner suitable for the intended audience
• Research – To prepare the document, students must research
  o Prior fraud in small organizations
  o The organizations the project serves
• Leveraging Technology to Develop and Enhance Functional Competencies – Students utilize technology to create their product

**Personal Competencies**
• Professional Demeanor – Students will have to interact with both student organizations leaders as well as the university staff who assist them. This project presents an opportunity to discuss and practice appropriate professional demeanor.
• Problem Solving and Decision Making – Because this project is open-ended requiring students to work through the problem of educating peers about cash control, there is ample opportunity to practice problem solving. In addition, some of the decision students must make include:
  o Quantity of information
  o Level of detail
  o How it is presented
  o Format of the material presented
• Interaction – Students must work with each other and the student organizations
• Leadership – As educators, these students are in a position of leadership as well as within their groups
• Communication – Students practice written communication skills. They are free to prepare whatever kind of document they deem most appropriate.

Broad Business Perspective Competencies
• Marketing/Client Focus – This project is a service project for which there is a defined target audience. The audience focus is a critical part of the project. By serving this audience, students will develop skills to serve future clients.
• Strategic/Critical Thinking – Students are exposed to strategic thinking from the perspective of addressing the issue of being a consultant for this type of business. By preparing this project for a lay audience, students develop transferable skills in communication of technical information to future clients.

Instructor Tips
Important Advice
• Do NOT have students audit student organizations! It is highly likely that they will find fraud, which can result in the student begin required to participate in the prosecution of the fraudster long after the semester is over.

Focus on education NOT auditing!
• Keep the project as unstructured as possible because this mimics real-world problems and allows for more critical-thinking
Groups

- This project is best worked in teams of 3-5 students
- Do not interfere with groups (except in rare situations)
- Our practices (although not critical)
  - Groups assigned by instructor at the beginning of the semester (In real-life work situations, employees do not usually select their colleagues)
  - Same groups throughout the semester working on multiple group assignments
  - Essential team-building exercises incorporated

Time table of assignment

- Students are given two weeks to do this assignment
- Usually done late in the semester

Submission and Grading

- Required to submit both an electronic and print version
- Watch software compatibility

Problems

- This project requires some graphic designs skills. Do not teach presentation. Encouraging students to seek outside help in this area. They need to know where they can get help with design specialists.
Student Assignment

Background Information

GVSU has over two hundred Registered Student Organizations (RSOs) relating to activities as diverse as

- fraternities and sororities
- club sports and recreation (rowing club, dodgeball club)
- honor societies and profession engagement (Beta Alpha Psi, American Marketing Association)
- faith-based organizations
- performing arts (Dance Troupe, Belly Dance Club)
- political organizations (College Republicans, College Democrats)
- service and advocacy organizations (Circle K, Humane Society)
- hobbies (comic books, amateur radio)

Registered Student Organizations routinely receive and handle cash from many sources. Most collect membership dues, conduct fundraisers, and many student organizations sponsor events on or off campus for which admission is charged. In some cases, hundreds, and possibly thousands of dollars are collected, counted, and handled. However, the typical undergraduate student only has a vague awareness of the risks associated with handling cash and is unlikely to have significant experience with cash other than personal funds. Most student organizations have very weak controls over cash, especially those organizations that are not affiliated with national organizations.

Assignment

Your group is to create a brochure or booklet for GVSU student organizations detailing appropriate internal controls over the custody
of cash assets, record-keeping for cash assets, and decisions relating
to cash assets. The purpose of this brochure is to raise awareness of
the risks of handling cash, to suggest internal control concepts that
will mitigate such risks. The brochure should

- Identify the risks associated with handling cash
- Explain basic internal control concepts as they relate to custody
  of cash assets, record-keeping relating to cash assets and
decision handling cash
- Suggest procedures and controls for handling cash
- Provide examples of the consequences of poor or non-existent
  internal controls.

This brochure should be designed for and relevant to all registered
student organizations, suitable for distribution to student
organizations by the GVSU Office of Student Life.

You are required to review the RSO Handbook published by the
GVSU Office of Student Life (available on the web). You may wish
to integrate some of the handbook language or refer to it in your
brochure. Your brochure MUST be consistent with the RSO
Handbook.

Please note that any group of eight or more GVSU students,
including freshman, can start a Registered Student Organization and
that few students outside of the business school have been exposed to
internal control concepts. Accordingly, your brochure (or booklet)
should be written in a manner that a first-semester freshman studio
art major that can easily grasp the concepts and procedures outlined
in the brochure.

I strongly recommend that you interview the officers of at least two
unrelated student organization to get a feel for your target audience. I
also recommend that you perform a Google search for student-
organization-related frauds involving cash at both GVSU and other
universities to get a feel for the prevalence of cash misappropriation in student organizations.

Your group must determine the appropriate content, presentation, and format of the brochure. Please bear in mind that it should be inexpensive to print.

**Additional Hints:**
You may wish to consider the following activities and roles in your handbook:

**Activities:**
- Approval
- Authorization
- Reconciliation
- Deposits
- Check Preparation
- Check Signing
- Securing
- Others?

**Roles:**
- Member
- President
- Treasurer
- Secretary
- Other Officer(s)
- Faculty Advisor
- Bank
- University
- Donor
- Customer
- Others?

**Grading**  
This project will be graded on content, clarity, presentation, and suitability for the intended audience.