Welcome to the third Audit Alert newsletter from the Financial and Operational Audit office. Please feel free to forward comments, questions or suggestions:

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Tips for Good Management Practices and Controls

• Set the Tone at the Top. Be a good example for expected behavior and compliance with university and departmental regulations.

• Ensure SAP accounts are reconciled monthly, including payroll transactions. This should be completed by you (or at least reviewed by you) to make sure it is being done. The PRISM office provides many training opportunities to assist in this process. More information can be found at http://prism.nku.edu/.

• Segregate Duties—make sure each transaction has at least 2 employees involved; one to initiate the transaction and one to approve.

• Read and understand everything you approve. If you do not understand ask questions until you do.

• Review all expenditures made by your unit, including procurement card transactions. Procurement Services regulations are located at http://procurement.nku.edu/policies/index.php. Supervisors can get access to review credit card transactions for each cardholder in their unit.

• Make sure funds collected by your office are deposited as soon as possible. University policy requires receipts over $250 to be deposited within 24 hours. Prior to deposit make sure these receipts are stored in a secure location.

• Be aware of university policies and regulations. The Governing and University Regulations can be found at http://president.nku.edu/docs/GovAdmRegsABC.pdf Human Resource Policies and Procedures are located at http://hr.nku.edu/policies/index.php.

• Keep university assets and data secure. Make sure offices and labs are locked. Complete annual key and equipment inventories. Maintain security over confidential records including social security numbers, credit card data and student records. Ensure compliance with NKU’s Information Technology guidelines http://it.nku.edu/itsecurity/policiesguidelines.php.

• Develop written policies and procedures for the most critical functions of your unit. These can be used as a training tool and can help identify areas of risk.

• Make sure each expenditure is a prudent use of taxpayer’s money and can be supported by sufficient documentation. Ask yourself “How would this look on the front page of the local paper?”
COMMON AUDIT FINDINGS

Here are problems we frequently encounter during our audits:

1. Absence of Adequate Supporting Documentation
All transactions should be supported by adequate documentation. This documentation should include proper authorization and enough detail to provide a paper trail for future reviews/audits.

2. Inappropriate Information Security Access and Lack of Password Management
Access to critical or sensitive information should be appropriately restricted based on job duties. Passwords should be utilized and maintained in accordance with university policies.

3. Lack of Control over Capital Equipment
Each department is responsible for ensuring that the Controller’s Office is kept up-to-date on all new purchases and any dispositions. Proper forms (surplus property) should be completed in a timely fashion so that the university inventory system is accurate.

4. Segregation of Duties
A fundamental element of internal control is the separation of duties so that one individual cannot perpetuate and conceal errors and irregularities in the normal course of their duties. Strong internal controls require the segregation of responsibilities for authorizing transactions, physical custody of assets and the related record keeping. The following is a good example of segregation of duties:

- Authorizing transactions— invoicing clients
- Recording function— making deposits and entering transactions into SAP
- Custody of assets— receiving the revenue
- Reconciliation/verification— review of reports

5. Fees and Service Charges
University policy requires that all fees and service charges be submitted to the Budget Office so they can be reviewed by the Board of Regents for annual approval.

6. Procurement Card
For the cardholder, using the Procurement Card provides quicker turn-around time on your orders, widespread acceptance by vendors, and reduced paperwork processing. The Procurement Card concept is designed to delegate the authority and capability to purchase low-dollar items directly to the end user. The following are important procedures to remember while using the P-Cards.

- DO NOT USE THE CARD FOR PERSONAL USE AT ANY TIME!
- Keep all receipts for every transaction, including itemized meal receipts.
- Fill out all meal and entertainment forms to document business purpose and attendance.
- Use tax exemption. The University ID is on the card.

FRAUD REPORTING HOTLINE

3 Ways To Report:

- Hotline
  859-572-1300

- Web-based
  http://adminfinance.nku.edu/foa/report.php

- Internal auditor
  859-572-6117

QUICK TIP:
When an employee departs from the university, be sure to collect all NKU property such as: keys, procurement card, cell phone, and computer.

AUDITORS PROCUREMENT CARD TIPS:

- Fuel expenses should never be charged to the university procurement card but be reimbursed through a Travel Expense/Voucher Form.
- Failure to follow procurement card policies and procedures could result in the loss of procurement card privileges and/or result in employment termination.

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