



NEW DEPARTMENT CHAIR WORKSHOP

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AUDIT & MANAGEMENT ADVISORY SERVICES

Topics To Cover Today

- What to do if your department is audited by external agency.
- Critical department practices that help prevent problems.

Question

You receive a notice that an external agency will be conducting an audit in your department. What should you do?

Answer

You may be tempted to:

Order a “Do not Disturb” sign for your door.

Ignore the auditors. An audit notice is like a subpoena. Unless it is handed to you in person, the auditors can’t begin their work.

Fill up a U-Haul truck with all the documents you think the auditors might want, and send it off to them.

The best answer is:

Contact your Dean’s Office and Audit and Management Advisory Services.

Critical Department Practices

Or, how to keep your department out of trouble.....

It is helpful if you understand typical internal control weaknesses and what processes, procedures or organizational structures can help.

Question

What are some critical department procedures that support effective financial oversight?

Answer

Critical department procedures that support effective financial management and oversight include:

Protecting passwords;

PI review of expenditures from extramural awards;

Separation of duties for financial transactions;

Timely performance of general ledger reviews; and,

Monitoring of overall department financial performance.

Critical Department Practices

Password protection:

Make sure everyone understands how important it is to protect their passwords.

Controls have been circumvented at UC Davis because passwords were shared.

Financial Systems are designed to ensure separation of duties but not if passwords are shared.

Critical Department Practices

Grant Monitoring:

Make sure PIs are monitoring grants to ensure expenses are allowable and allocable.

PI is in the best position to assess appropriateness.

Lack of oversight regarding extramural funding creates a huge vulnerability.

Critical Department Practices

Separation of duties:

Two people should be part of every transaction. For example, if one person authorizes a transaction, someone else should verify the goods or services were received.

The person authorizing should have sufficient knowledge to vouch for validity of the transaction.

Critical Department Practices

General Ledger Reviews:

Your department's financial transactions are recorded in the general ledger (Kuali).

The University relies on regular review of general ledger activity to help ensure errors and irregularities are identified and corrected in a timely manner.

Department fiscal officers and MSO's (or their equivalent) are involved in the review process on a monthly basis.

Critical Department Practices

Financial Oversight:

A department chair is the equivalent of the department CEO. You should be provided with financial information in sufficient detail so that you understand the financial performance of your department.

Be engaged and understand your department's financial and administrative operations.

Ask questions if you don't understand!

Critical Department Practices

Financial Oversight, Continued:

You don't have time to ensure the appropriateness of every transaction. But asking pointed questions strengthens the atmosphere of control.

The cost of a control needs to be compared to the benefits or the risk mitigated.

We're Here to Help!

Audit and Management Advisory Services is available to assist you. Don't hesitate to contact us and take advantage of our advisory services.

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