



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.
- What an internal audit would look for.
- Services available to you.

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:

Ignore the auditors. But they're not going away.

Prepare documentation you think the auditors might want (or not!) and send it to them. But they don't want it, they probably won't look at it, and it's a waste of your time.

The best answer is:

Contact your Dean's Office and Audit and Management Advisory Services:

externalaudits@ucdavis.edu

audit.ucdavis.edu

The Chair's role in internal control

You set the standard

You are inheriting a department that probably operates on some level of trust. This is to say that there are most likely some deficiencies in its control environment.

Question

How does a Chair maintain oversight of the department's finances?

Answer

Effective Chairs oversee finances by:

Understanding what they are approving;

Ensuring PI review of expenditures on extramural awards;

Knowing how separation of duties functions in financial transactions;

Ensuring timely performance of general ledger reviews; and,

Monitoring of overall department financial performance.

Critical Department Practices

Approvals:

It is critical that you have an understanding of what you are approving, and review supporting documentation.

Trust only works most of the time. That's why it's dangerous.

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:

Different components of a transaction should be performed by different, independent people.

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

Critical Department Practices

General Ledger Reviews:

Who looks at your financial statements?

- Your Dean or VC– Quarterly Ledger Review
- Your MSO – Managerial Ledger Review
- Your fiscal officer – Analytical Ledger Review

Use FIS 420 to see if any of your department's reviews are past due.

Information Security

Chairs are becoming more responsible for information security:

UC Electronic Information Security Policy BFB-IS-3

One of your most important relationships is with your IT manager.

Ask about your department's Information Security Management Plan.

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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