

## Introduction to Audit News

*Why we have started the “Audit News”?*

A vital internal control for any organization is communication: the flow of information, guidance and policy both to and from employees. Frequently, we receive inquiries requesting recommendations or our interpretation of policy. Many of the questions are not unique and the information may be beneficial or useful to many University employees.

We plan to publish the “Audit News” on a quarterly basis. Issue 1 and all future editions of the “Audit News” will be posted to our website: <http://www.usu.edu/ias/>. The website contains many informative tools, including:

- Training video about internal controls
- A form and hotline to report issues
- Policy links and guidance
- Explanation of the audit process

Internal Audit Services welcomes your questions and concerns regarding current policy, application, procedures and best business practices.

### INSIDE THIS ISSUE

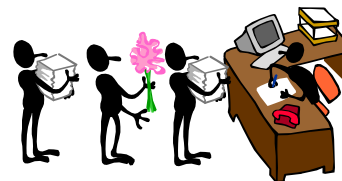
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## Emoluments

*What are they and what are University employee’s responsibilities?*

In the broadest definition, an emolument is a return or benefit arising from office or employment usually in the form of compensation.

For our purposes, emoluments are gifts, lunches and/or monetary compensation from a vendor or potential vendor. They amount to a personal benefit or “kick back” for conducting University business with a particular vendor. Emoluments are prohibited!



In reference to *Utah Code §63-56-1001* and *Board of Regents Policy R981-4, 4.3 No Emoluments or Gratuities* states: “An employee who in **any official capacity** participates in the procurement of any supplies, services, construction, or insurance is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward or any promise thereof, either for the employee’s own use or benefit of any other person or organization from any person interested in the sale of such supplies, services, construction or insurance.”

This policy may be viewed in its entirety at the following website:

<http://www.utahsbr.edu/policy/r981.htm>

A sample from a supplier, which is used exclusively in your job, does not constitute an emolument. When in doubt, do not accept the item or contact Internal Audit Services for clarification.

## Agency Funds

*Why they are recommended for clubs and student groups.*

Clubs and student groups, who generate revenue from dues and/or fund raising events, are often unaware of the benefits of establishing an “Agency Fund” with the University:

- The University is bonded, which minimizes liability to the club.
- Unlike a private bank account, the University doesn’t require the account to be in the name of an individual club officer, using his/her social security number.
- The administrative and accounting functions are provided by the University.



University Controller’s Accounting Notifications states: “Agency Funds represent resources held by the University as a custodian or fiscal agent. The funds technically belong to various individuals of organizations, which work with or are closely related to the University. An example would be student clubs. Revenues in these accounts are from various sources such as club fees....” or other charitable activities. The agency account request form website: <http://controller.usu.edu/accounting/forms/newactfrm.htm>

Funds from clubs or charitable activities should not be commingled with University funds. To help to make sure financial information is properly recorded, all deposits from revenues (i.e. club fees, car washes) and expenses for these activities should be processed directly through an agency fund.

## Equipment Disposal & Transfers

*How to properly dispose of or transfer University equipment.*

When equipment or departmental inventory (i.e. computer, printer, scanner, projector, etc.) becomes obsolete, broken, missing or is no longer needed, it must be removed from the University’s equipment records.

### *Equipment Disposal & Transfers (continued)*

It is vital that Equipment Management be informed about the transfer and/or location change of equipment. This will help to facilitate a smooth & efficient physical inventory.

To help ensure that the change or disposal is properly recorded, completely (Important: must include the inventory tag number) fill-out the correct form:

- Request to Retire Assets – to report stolen, lost or equipment used for parts.
- Changes to Inventory Record – to report changes to location of equipment or responsible person.
- Intent to Transfer/Sell Equipment on Campus – to report the department to department transfer of equipment.

For forms or information related to equipment management, refer to the following website: [http://controller.usu.edu/accounting/equipment\\_inventory.html](http://controller.usu.edu/accounting/equipment_inventory.html)

- Disposal Record – to report the transfer of equipment to Surplus Sales for auction.

Contact [julie.stockdale@usu.edu](mailto:julie.stockdale@usu.edu) or 797-2083 at Surplus Property Management for the disposal forms.

Note: If equipment is suspected stolen or misappropriated, please contact the University Police, so that they may conduct a thorough investigation.

### **Why is it so important that our equipment records are accurate?**

It is critical for departments to maintain an accurate, complete equipment inventory to keep our Office of Naval Research property management accreditation. Accreditation allows the University to purchase authorized equipment by various Federal contracts and grants. The equipment inventory is also part of the rate study determining reimbursement rates for USU. An accurate & complete equipment inventory is also required by Federal OMB Circular A-21 to support costs recovered through the University’s Facilities and Administration Indirect Cost rates. Any inaccuracies could affect this rate.

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“Audit News”

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