## Shadow vs. Off-Books Accounting Records

We have received questions concerning the propriety of maintaining shadow accounting records. In an effort to clarify any misunderstandings, we will define two types of non-Banner accounting records by their purpose and appropriateness:

Shadow Records **ARE** Appropriate

As the name implies, shadow records mirror the transactions in Banner. The only difference between shadow records and Banner would be the timing of transactions. A shadow system functions like a personal check register—it facilitates reconciliations with Banner (similar to a bank in this analogy) and provides the most current balances.

Shadow records are a useful tool when used in conjunction with Banner. Banner is the University's accounting system and any shadow recordkeeping method should only be used to reconcile and review the transactions reported in Banner. Shadow records should never replace Banner.

Off-Books Records **ARE NOT** Appropriate

In contrast to shadow records, off-books records do not mirror transactions in Banner. Instead, transactions are detailed only in an off-books ledger, spreadsheet or accounting software. The transactions are usually combined in Banner.

When transactions are not reflected the same in Banner as they are in off-books records

## Resignation/Termination/ Transfer Procedures

Human Resources has developed a checklist to facilitate the resignation, termination or transfer process. The process helps to ensure:

- USU property, keys, P-Card, ID card, etc. are returned
- Services are discontinued–phone, email, etc.
- Banner access permissions are terminated
- Accounts are transferred, if applicable
- Proxies are changed, if applicable

A checklist is available at the HR website:
**http://www.usu.edu/hr/ benefits/docs/ Termination%20Checklist% 20Rev.%2014,%2001-22- 2009.pdf**

*(Shadow vs. Off-Book Accounting Records, cont'd)*

(ledger to ledger, index to index), then, they are not readily available for review or audit. Management or auditors should be able to review transactions without having to rely on off-books data to determine the nature of transactions or the individual balances.

# Management Responsibility for Effective Controls

In Issue 6 of the *Audit News* (IAS-07-35, July 2007), we defined a control as anything which helps the University meet its objectives and employees to complete their jobs effectively.

Although management may consult internal auditors to help evaluate procedures, policies and risks, ultimately, managers and supervisors are responsible for establishing effective controls for their unit/organization.

Management must understand the primary risks in their operation or department and develop controls to manage and mitigate those risks. Overall, the goal of a control is to help ensure an organization meets its objectives.

*What is an effective control?*

- Provides reasonable (not absolute) assurance the organizations goals are being met
- Helps prevent or detect errors
- Is cost effective when compared to the costs of the possible errors
- Should be up-to-date to address current processes, business conditions and policies
- Communicated to all employees responsible for implementing the control
- Should not be redundant or excessive

We are in the process of developing a comprehensive reference guide* to help managers understand different types of controls and how they apply to their operations. When it is completed, it will be posted on our website. We will let you know when it is done.

*\* Thank you to Assistant Vice President Dan Sampson, CIA, Office of the President, University of California for allowing us to adapt their guide for USU.*

# Board of Regents' Policy R581—*Payment of Dues and Memberships*

Board of Regents' Policy R581 governs institutional funds to purchase membership in various organizations. The policy differentiates between organizational dues or membership and individual employee membership in professional organizations or certifications.

Per section 3.1 of the *Payment of Dues and Memberships* Policy R581, the President is *"authorized to approve the payment of organizational dues and memberships as required and deemed necessary for the effective operation of said public university…"*

In addition, the President's approval is required for individual memberships—meaning the membership is in the name of an employee, not the University, college or department. Section 3.2 of the policy states: *"Funds administered by any institution will not be used to acquire memberships in associations required or desired by individuals with current employment assignments….exceptions may be made only with the authorization of the President or appropriate administrative officers designated by her or him."*