

May 2011 is Internal Audit Awareness Month

Governor Gary Herbert designated May 2011 as Internal Audit Awareness Month. Therefore, we thought it would be fitting to let employees know more about Internal Audit Services (IAS) and what we do.

WHO ARE THE PEOPLE BEHIND IAS?

IAS has six staff members – a Chief Audit Executive (CAE), four auditors and a staff assistant. Staff members are University employees. IAS reports directly to the President's Office. The CAE also reports to the USU Board of Trustees' Audit Committee.

WHY DOES USU HAVE INTERNAL AUDITORS?

IAS exists as mandated by *Utah State Law 63-91-201* (Utah Internal Audit Act) and the Board of Regents' policies. The law and policies establish reporting relationships to USU administration, the Board of Trustees' Audit Committee and the Board of Regents' Audit Subcommittee.

WHAT IS IT THAT IAS DOES?

IAS is responsible for reviewing and evaluating the fiscal and administrative operations of the University. We take a look at the systems and processes in place to help ensure compliance with policies, procedures, laws and regulations. By assessing these processes and making recommendations, if necessary, IAS helps management protect the University from risks.

HOW DO YOU CHOOSE WHICH DEPARTMENTS ARE AUDITED?

Audits and reviews of units and processes are based on an annual and dynamic audit plan. This audit plan is based on a risk assessment process and approved by the Trustees' Audit Committee. Therefore, we may need to audit a department several times in a year and not need to audit a department until a few years later.

Occasionally, IAS conducts audits requested by the administration or individual units. We are also called to investigate allegations of fraud, waste or abuse.

WHAT IS RISK ASSESSMENT?

In a Risk Assessment, we analyze and evaluate risks that might prevent the University from meeting its objectives. We assess risk in four areas:

- Control Environment (*tone of ethical compliance set by leaders*),
- Legal Liability (*finances and penalties for non-compliance*),
- Reputational Risk (*would this be OK if we read about this in the paper*) and
- Operational Risk (*inability to complete processes necessary to meet objectives*).

These risks are ranked and the rankings are then used to guide which USU entities or processes are audited.

IS IT TRUE THAT AUDITORS CAN ACCESS ALL UNIVERSITY INFORMATION?

Utah State Law 63-91-201 and the [Utah State University Internal Audit Services' Charter](#) grant IAS full and unrestricted access to University functions, records, property and personnel.

IF I GET AUDITED, WHO GETS TO SEE MY AUDIT REPORT?

After audits and reviews, observations and recommendations (if needed) are communicated to the concerned department/unit or college through a formal audit report, memo or email. All formal audit reports are sent to the Trustees' Audit Committee, the President, Provost, Vice President (VP) for Business and Finance and Controller. Concerned VPs, deans, directors and employees are also sent copies. Except for very rare instances, formal audit reports do not name specific employee/s although titles are used. Memos are addressed to the concerned department's administrator.

HOW DO I CONTACT IAS?

If you have any questions, concerns or would just like to meet us, you may visit our office, call us, visit our website or email any of our staff members. If you have a concern, you may also call our hotline at 755-7118 or contact us via an online form <http://www.usu.edu/ias/concerns.cfm>. You may remain anonymous when reporting a concern.

Updates to University Policies

Travel Policy 515 (Effective July 1, 2010)

Per Diem – International Travel: *"Travelers may be reimbursed on a per diem basis for any given day of travel. The per diem rates applicable are the meals and incidental expense (M&IE) rates outlined in the Federal Travel Regulations. These rates can be accessed through the Department of State website at http://aoprals.state.gov/web920/per_diem.asp."*

Per Diem – Partial Day Travel: *"For single day travel where the individual is in travel status for more than 12 hours, the reimbursement will be at 75% of the per diem rate. The first and last day of any travel requiring more than a single day will be reimbursed at 75% of the per diem rate."*

Per Diem – Adjustment for Meals Provided: *"Reimbursement under the per diem method will be adjusted for any meals provided by the conference or event or included in the cost of lodging. Since per diem rates vary, the adjustment for meals provided will be a percentage of the total per diem allowed; 25% for breakfast, 30% for lunch, and 45% for dinner."*

Family/Companion Travel - Essential Family/Companion Travel

"If the family/companion travel is determined to be essential to the University for the accomplishment of a bona fide business purpose (not just beneficial), the reimbursement will be non-taxable to the employee."

Family/Companion Travel - Beneficial Family/Companion Travel

"If the family/companion travel is determined to be beneficial to the University for the accomplishment of a bona fide business purpose (not essential), the reimbursement will be taxable to the employee and withholding taxes will be deducted from the next available payroll."

Membership and Dues Policy 522 (Effective July 15, 2009)

Policy 522 recognizes that *"the payment of certain memberships and dues may be in the best interest of the University."*

Institutional or Organizational memberships and dues which are in the name of the University, college, department or unit may be needed for accreditation or to fulfill the University's mission. The University, colleges, departments and units may also receive benefits from membership of certain organizations such as information exchange, resource sharing, networking and professional development.

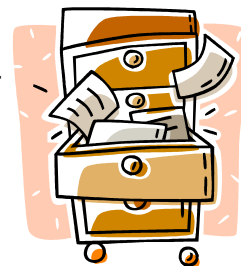
Individual memberships or dues (which are in the name of an employee) may also be allowed but these should be deemed *"essential to the effective operation of a department or program."* Use good judgment in determining "essential" – if it seems unrelated to what your college, department or unit is doing; then, more likely it is not essential. Both institutional and "essential" individual memberships need to be approved by a Dean or Vice President. The *Membership or Dues Authorization Form* is on the Controller's website at <http://www.usu.edu/controller/acctpay/forms/InstitutionalMemberships.pdf>.

Ask the Auditors

Ask the Auditors is a new section for Audit News. Every issue, we will try to publish questions we receive about controls, policies, business practices or related matters and our responses.

Q: *How long should I keep University documents?*

A: When a University policy does not specifically outline record and document retention requirements, we recommend referring to the State Agency General Retention Schedule located at <http://archives.utah.gov/recordsmanagement/index.html> for guidance. Also, documents should not be destroyed if there is an ongoing or pending legal action. The table below summarizes some of the more common University documents, their recommended retention schedule and the policy, law or regulation governing the retention schedules.



DOCUMENT	RETENTION	REFERENCE <i>(Click on hyperlink)</i>
Leave forms	1 year	State Archives
Pay records	3 years	Fair Labor Standards Act
P-Card receipts	5 years from statement date <u>unless</u> funding is from a contract or grant, which may have longer retention schedules (Contact Sponsored Programs Accounting)	P-Card Procedures

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