



FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.

1. What is the audit process?

Interviews with appropriate department faculty will occur throughout the process as needed. There will be an examination of departmental records, equipment, controls over computer access, and compliance with FHSU, Kansas Board of Regents, state and federal rules and regulations. The supervisor of the audited area will be updated on questions and findings as appropriate. When finished, the internal auditor will prepare an audit report and discuss any finding with the appropriate people. Once the supervisor has a chance to make any necessary comments, a recommendation is made in the final audit report. A follow-up audit will be conducted to ensure implementation of recommendations.

2. What are cash handling procedures?

Each business operation will have unique and specific requirements depending on their activities. There are some general control elements needed in order to maintain secure cash handling procedures.

Three objectives needed are: 1) recorded transactions are valid, 2) recorded transactions are properly authorized, and 3) transactions are recorded in a timely basis and in the time period in which the transactions take place.

Fundamental control elements include:

- *Segregation of Duties-requires at least two employees be involved in processing a transaction

- *Restrictive endorsements

- *Independent reconciliation control procedures

- *Computerized control totals and edit tests

- *Authorization of transactions

- *Prenumbered documents and turnaround documents

- *Periodic internal audits

- *Competent, well-trained employees

3. What are internal controls?

Creating and maintaining a good system of internal controls is management's responsibility. Internal Audit will help with new systems and can provide evaluations of implemented systems, but the systems of internal control are the responsibility of department management. Internal controls provide reasonable assurance, meaning that benefits should outweigh costs. Management will adjust the control systems as needed to ensure that risks are being avoided. Examples of internal controls would include:

- * limit computer access to areas required by an employee's job responsibilities through passwords;

- * implement system of "checks and balances" to make sure no one employee has too much control over an activity that mistakes might go unnoticed and eliminate temptations of inappropriate activity;

- * develop an approval system, such as on vendor invoices, check requests, purchase orders, travel reimbursements, procurement cards, and timecards; these systems often include different requirements for various dollar amounts;

- * provide controls on the handling and deposit of funds, including timely deposits and restrictively endorsing checks and other processes explained in the cash handling policies.; and

- * periodic reconciliations of printouts and internal information.

4. Why were we selected to be audited?

Every year the internal auditor prepares an audit plan for the university. Some of the issues that influence the plan include: economic changes; changing student and community needs or expectations; new or changed legislation or regulations; developing technology; changes in personnel, information systems, management responsibilities, or educational or research programs. There are various factors taken into consideration in deciding who is audited, including: time of last audit; whether past audit observations recommend a follow-up audit; and other risk factors.

5. Why do we have an Internal Audit Office?

Internal auditing is an independent appraisal activity for the review of accounting, financial, and other operations of a university as a service to management. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

6. Who does the Internal Audit Office report to?

The Internal Auditor Office reports directly to the President on all audit matters. Operationally, the internal auditor reports to the Controller and Vice President for Administration and Finance. The internal auditor shall report directly to the Board of Regents Audit Committee any situation wherein the auditor perceives a conflict of interest with or on the part of the President's involvement with the subject of an audit.

If you have questions concerning your business operations, please don't hesitate to give me a call at 785-628-4445.