Auditing is an important tool to help assure that activities are efficient, effective, and in compliance with requirements. The Internal Audit Department will review your department operations to determine if good business practices are followed and if your area is in compliance with established laws, policies and procedures. These include UW policies and procedures, and any internal policies and procedures your department has established. Federal laws and any other applicable regulations will also be reviewed.

The audit process will primarily focus on a review of the documents prepared by your department. There are several specific areas in which the auditors routinely find discrepancies. It would benefit your department to check the following items on some routine basis, to help assure good practices:

1. **Cash Handling**
   
   If your department collects cash from sources outside the University, your cash handling procedures should be periodically reviewed to ensure the following:
   
   a. Do you have written procedures that explain how your department performs the collection, depositing, recording and reconciliation processes for cash? Is there adequate separation of duties in handling cash and recording in the accounting records? The following processes should be managed by different individuals whenever possible:
      
      i. Cashier/accepting of payments
      ii. Preparation of deposit and posting to the University’s Accounting System (PISTOL).
      iii. Reconciliation of cash deposits to your department account with PISTOL.
      iv. Authorization to write off bad debts (should be performed by a supervisor).
   
   b. Are all collections recorded on pre-numbered receipts (or cash registers)? Are handwritten receipts filled out completely?
   
   c. Are missing receipts accounted for?
   
   d. Does the department maintain a check log for checks received by mail? Are checks endorsed “For Deposit Only” immediately upon receipt?
   
   e. Physical security of cash collected.
      
      i. Are separate containers (such as a cash register or lockbox) available to each person collecting money and is it reconciled on a daily basis to products sold or services performed?
      ii. How is money safeguarded before presenting it for deposit (overnight storage)?
      iii. Is the safe combination periodically changed?
      iv. Are all deposits turned in to the Cashier’s Office in accordance with established procedures?
2. **Inventory Records**
You should obtain a current inventory list of items assigned to your department. You may obtain this list by contacting the Property Department at 6-2302. This list should be compared with inventory items that are actually present in your department. (Pay special attention to computers and computer accessories, since there is a higher turnover for this type of item.) Also, close attention should be paid to items that you have recently received or recently returned to the Property Department (Surplus) for disposition. ANY discrepancies that are noted should be reported to the Property Department so that your inventory list may be updated. Policies for all aspects of the control of University equipment can be found at: http://uwadmwnweb.uwyo.edu/PROPERTY/.

3. **Petty Cash**
Your petty cash and/or change funds should be reconciled and replenished on a regular basis so that any variations in the amounts can be corrected. You should also check to ensure that charges to your petty cash fund are allowable items within the rules and regulations set forth by the University. With the advent of the procurement card, you should also decide whether there is still a need for a petty cash account. See how often the account is used and close it if is no longer needed. For information on obtaining a procurement card, please contact the Procurement Office at 6-5233 or visit the UW website at http://www.uwyo.edu/procurement/.

4. **Disbursements**
All disbursements made through the university system should have supporting documentation: the date, cost, item description, and budget line item being charged. Supporting documentation should also clearly indicate that the amount charged is an appropriate according to UW rules and regulations. There are several different methods by which expenses can be paid: purchase orders, field purchase orders, payment requests, purchase cards, IDR (Interdepartmental Request) and travel vouchers. Each method of payment has its own set of rules and regulations.
   a. Was the expenditure approved by the appropriate level of management?
   b. Does the supporting documentation reflect cost incurred?
   c. Does the expenditure fall within allowable costs for the University?

For information on the purchasing polices please contact the Procurement Office at 6-5233 or visit the UW website at http://www.uwyo.edu/procurement/ or the Account Payable Office at 6-5296 or visit the UW website at http://www.uwyo.edu/accounts_payable/.

5. **Research Grants**
Research grants are a high risk to the organization due to the extensive rules and regulations which require higher levels of accountability and therefore need to be tracked carefully. Institutions of Higher Education are required to be in compliance with OMB (Office of Management and Budget) Circular A-21 and A-110 if they are in receipt of any federal funds. This Circular provides guidance on the cost principles of federal funds and allowability of costs. Common items reviewed:
   a. Time and effort reporting
      i. Signed agreements
      ii. Budget
      iii. Accuracy of reporting
iv. Final product
b. Release time
c. Allowability of cost
d. Cost allocation
e. Cost sharing
f. Indirect costs

In addition, to OMB A-21, we are also required to be in compliance with OMB A-133 which provides guidance on the Single Audit requirements. Due to the amount of federal funds expended by the University, we are subject to the requirements of OMB A-133 annually.

For information regarding sponsored programs/grants please contact the Office of Sponsored Projects at http://uwacadweb.uwyo.edu/research/sponsoredprograms1.asp or the Research Office 6-5353 or visit the UW website at http://uwacadweb.uwyo.edu/Research/.

6. General Contracts
All contracts must be properly executed.
   a. Both parties should initial any changes made to the contract.
   b. Non-standard form contracts are approved by legal counsel. Legal Counsel can be reached at 6-4123.
   c. Certificates of Insurance have been obtained for all service contracts administered by your department.

Contracting policies and procedures can be found at: http://www.uwyo.edu/generalcounsel/.

7. Software security Procedures
The auditors will check to see if written procedures are in place, appropriate and ensure your department is following them. If the department utilizes a “shadow system” (i.e. QuickBooks, Peachtree, etc. or spreadsheet built by office personnel) to manage its finances in addition to PISTOL, the passwords to the “shadow system” should be changed on a regular basis. The “shadow system” should be reconciled to PISTOL monthly. Auditor will ask to see the reconciliation documentation.

This information is designed to provide general guidance on areas that the UW Internal Audit Department find discrepancies most common. This is not a complete reference guide to all aspects of an audit. Each department has its own individual characteristics and processes which will be looked at independently to determine if they are sufficient. If you have questions about the organization of your supporting documentation or processes, the Internal Audit Department is available to assist you. Please feel free to contact Kathleen Miller at 6-2385 or by email at kmille43@uwyo.edu to set up an appointment.