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Welcome...

The focus of the Audit Insights newsletter is to provide you with information on good practices, controls and compliance requirements. We also intend to increase awareness about the Office of the Internal Auditor so that employees will better understand how Internal Audit can assist them in performing their duties at Western. Employees can contact Internal Audit to obtain proactive advice about a financial, ethics, compliance, governance or operational issue.

University Policies

The university has established a Web site that lists all approved policies:
<http://www.wvu.edu/depts/policies/>
University administrators and managers should become familiar with this site and review draft policies during their 30-day open comment period.

Did you know that there is a state law that requires Western to report known or suspected loss of funds or property or other illegal activities to the State Auditor's Office (SAO)? The university's **Reporting Loss of University Funds Policy and Procedure**, POL-U5950.19, explains the types of situations that must be reported and who needs to be notified within the University. Violations of the Ethics In Public Service Act also need to be reported to SAO.

What is a Financial Manager and What Do They Do?

A Financial Manager is a university employee that is authorized to receive and expend university funds. The President delegates financial management authorities to the Provost and Vice Presidents, who in turn may delegate financial authorities to Deans, department chairs, and program directors.

Each fund in the Banner system has one and only one designated Financial Manager who has the ultimate responsibility for the fund. The Financial Manager is responsible for ensuring that:

- Revenues and expenses are projected for each fiscal year.
- All transactions are appropriate for the type of fund and are periodically reviewed for compliance with the university's established guidelines and state regulations.
- The fund does not have a negative balance at the fiscal year end.

An integral part of the Financial Manager's fiscal responsibilities is to ensure that proper internal controls are maintained within the department. To accomplish that, the Financial Manager should:

- Monitor financial transactions in Banner and any department subsystem on a periodic basis.
- Comply with university, state and federal financial policies and regulations.
- Conduct analytical reviews such as comparing budget revenues and expenses to actual.
- Maintain separation of duties or compensating controls in department operations, including cash receipting and purchasing.

The Financial Manager may delegate to other employees in their area the authority to initiate or approve financial transactions. These designated employees are called Budget Authority and could be an assistant to a Dean, an office manager, a program supervisor or other designated employees. Once authorized, the Budget Authority can sign fiscal documents, such as journal vouchers, purchase requisitions, and check requests. It is important to recognize that the Financial Manager remains ultimately responsible for the fund and must monitor the financial transactions executed by employees with delegated authority.

For additional discussion on the responsibilities of Financial Managers, see POL-U5320.03 *Authorizing and Defining the Responsibilities of Financial Managers*.

Contact Internal Audit

Kim Herrenkohl, Director, x3435

Old Main 320

Shu-Ling Sun, Internal Auditor, x4033

<http://www.wvu.edu/dept/internalaudit/>

Ethics Corner

Do you know what section of the Ethics Law generates the most complaints? **RCW 42.52.160 Use of persons, money or property for private gain.** The law prohibits the use of state resources for private benefit or gain which can range from avoiding a cost or expense by using resources to support your outside business or paying a discounted government rate for a personal phone call. There are some uses that do not appear to have a cost but may result in private benefit or gain. For example, it may not cost a significant amount of money to use a state computer to access the Internet. Using state computers for personal e-mail and Internet use beyond the *de minimis* rules are the most common complaints received by the Executive Ethics Board. Examples of recent investigations:

Executive Ethics Board Cases:

07-020 – A Department of Labor & Industries employee used state resources for personal use including streaming music from the internet for hours at a time resulting in a penalty of \$500 (with \$250 suspended).

08-031 – A Washington State employee used state e-mail and Internet to perform personal banking, bill paying, personal purchases and Web surfing resulting in a penalty of \$750.

08-017 – A Seattle Community College employee used the state SCAN access and state issued cell phone to make personal calls and pursue personal interests resulting in a penalty of \$500 (with \$250 suspended).

Western's Ethics Training – Ethics 101 – Any university employee may sign up for and take Human Resources online ethics training on the HR Training and Development Web page.

Ask the Auditor ...



Feel free to submit questions for future Ask the Auditor features.

Q. What are my supervisory responsibilities for monitoring staff's university cell phone and long distance calls on land line phones?

A. Supervisors are responsible for providing reasonable assurance that employees are appropriately using university resources, such as cell phones (including BlackBerry phone service) and long distance services. It is recommended that employees review their cell phone and long distance billing statements to make sure they recognize all of the calls, identify any personal calls and sign the billing statement. Supervisors should review each billing statement for calls identified as personal and review the statements for repeat non-business phone numbers and/or calls of longer lengths. The fact that an employee's personal use of a university cell phone is within the plan's monthly minute allotment is not a deciding factor in determining if the personal use complies with the Ethics law *de minimis* rules. If a supervisor suspects that an employee's personal use exceeds the Ethics laws *de minimis* rules, they should follow the university's Reporting Losses policy and procedure.

Q. What do I do when I am called to jury duty?

A. Upon receipt of a summons for jury duty, employees must notify their supervisor. If you report to the court to serve as a potential juror, even if you were not selected for a jury, you must complete a Special Leave Request form as soon as reasonably possible and check the "civil" leave type box and enter the dates and number of hours that you spent at court. Also, you would use the "civil" leave code and record the hours and dates on your Web timesheet. Payroll Services will send you a letter which you will take to the University Cashier's Office along with the check received from the court. The cashier will deposit the \$10 per day payment (\$40 for federal court) and give you cash for the remainder which is your mileage and/or per diem. If you do not receive a letter, you are still obligated to take the court check to the Cashier's Office.

MONEY MATTERS



Departments that receive cash, checks and debit/credit card payments must be approved as decentralized cash receipting locations by the Treasury Director. All other departments must direct all university-related payments to the University Cashier for processing and receipt. A series of cash handling polices and procedures have been adopted and are on the university's policy Web site at http://www.wvu.edu/policies/vp_bfa.shtml.

University policies document controls for revenues receipted by decentralized cash receipting locations. Specifically, each receipting location Financial Manager is responsible for maintaining reasonable controls, including but not limited to, the following:

- Ensuring that all cash handlers are qualified and have received proper training.
- The activities performed by the department's cash handlers are monitored and reviewed for compliance with university policies and state regulations.
- Receipts are created to document all in-person payments and there is proper documentation of mail payments.
- Ensuring that cash is maintained under sole control to maintain proper accountability, unless a waiver has been obtained.
- Physical storage devices are provided and utilized, including methods for maintaining backup keys and combinations.
- Cash handler's overages and shortages are monitored and appropriately recorded.
- The deposit transmittal process has considered the safety of the transporting employee.
- Department petty cash funds are reconciled at least monthly and surprise cash counts of a department's change funds are performed periodically.

Reminder: University Cashier's Office has an online cash handling training course <http://courses.wvu.edu/index.html>.