

OCR Audit Focus



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Audit & Compliance Review

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Purchasing Card Program—Key Controls

The Purchasing Card (PCard) is a convenient, and therefore popular, way for university units to purchase items with a small dollar value.

Since the university operates in a decentralized environment, the department is responsible for providing assurance that transactions are appropriate, properly authorized and accounted for. Key controls for approvers to consider include:

Approvers

Approvers have the responsibility to approve, question, and possibly deny, staged transactions. The approver should have knowledge of university directives and procedures, be available to approve transactions timely and **not report to the person initiating the transaction**. To strengthen controls we recommend:

- Use of a PCard requisition form signed by the approver.
- Approver review of monthly cardholder aging report.

Review of Transactions

PCard transactions should be reviewed before approving in *myUFL*.



The approver **must** review supporting documentation when the cardholder reconciles their own transactions.

Transactional Documentation

PCard transactions should be supported with acceptable original documentation

such as a cash register receipt, completed mail order form, or e-mail confirmation. Supporting documentation should include:

- Unit cost and description
- Number of items purchased
- Date
- Vendor name and address
- Total cost of purchase

Red Flags indicating altered documentation include:

- Hand-written descriptions
- Receipts with multiple fonts
- Items purchased not itemized
- No e-mail confirmation from vendor

Documented Receipt of Goods

PCard guidelines state that the person receiving the goods must sign the receipt or other supporting documentation indicating that purchases have been received and are appropriate for the university. Controls can be enhanced through independent verification of receipt of goods, which could be achieved through implementing a central receiving location.

Timeliness

Cardholders should submit receipts to the reconciler or approver within three days and transactions must be approved within eight calendar days.

For more information, please refer to: (http://www.purchasing.ufl.edu/main_purchasingcards.asp).

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Internal Controls—Who is Responsible?

You have probably heard the term “internal controls” a million times but what does it really mean? An internal control system is the process that is used to provide reasonable assurance that the unit’s goals and objectives are achieved. It is the management of business risks and is a dynamic process that changes as personnel and circumstances change.

Who is responsible for internal controls? Internal controls are ***everyone’s responsibility***. The administrator who is responsible for the accomplishment of unit goals and objectives is also responsible for the establishment, maintenance, and monitoring of the internal control system. He or she is responsible for the sound financial condition of the unit, protection of the university’s assets, including its human resources, and compliance with federal, state and university rules, regu-

lations, and procedures. The administrator may delegate some of the related duties but ***cannot delegate accountability***. The internal control system should be designed to discourage occurrences of errors or irregularities and to identify, within a reasonable time frame, errors or irregularities that may occur.

The internal audit group has the responsibility of evaluating the internal control system and ascertaining that the ongoing processes for controlling the university’s risks are adequately designed and functioning in an effective manner. To ensure that administrators understand these responsibilities, the university has adopted the Guiding Principles of Financial Management and Internal Control Principles, located on the Finance and Accounting website:

(<http://fa.ufl.edu/uco/guiding-principles-financial-management.asp>) (<http://fa.ufl.edu/uco/internal-control-principles.asp>)

Audit Coordination

The Office of Audit and Compliance Review (OACR) was established to provide a central point for the coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency at the University of Florida. The OACR has the duty and responsibility to direct, supervise, and coordinate audits relating to the programs and operations of the university. To effectively fulfill this duty and responsibility it is important that the OACR is aware of all audit and audit-related services received by the university and related entities, includ-

ing direct support organizations. Appropriate personnel shall work with the OACR and determine (1) what audit or audit-related service may best be provided by the OACR versus and outside source, and (2) the level of involvement by the OACR in procuring audit and audit-related services from outside the university. Whenever these services are provided by a source outside the university, a copy of the written results shall be provided to the OACR. Remember, contact OACR at 392-1391 if you your unit will be audited or if you need audit related services.