Self-Audit Checklist for Business Managers

THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL

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Purchasing and Asset Management

Would you know if this was happening in your department?

- A large payment to a single vendor is split into two p-card transactions on two consecutive days, thereby bypassing university purchasing rules for the purchasing of items over $5,000.
- An employee requests reimbursement for a computer purchased at a brick and mortar electronics store, and then returns the machine to the original point of sale after he or she is reimbursed by the university.
- Large amounts of certain types of supplies or IT items were being purchased, more than your department would reasonably use.
- An employee is purchasing a large amount of equipment that is being personally taken or delivered to their home address and not being used for university business.

What can I do to prevent this?

Regularly communicate with your employees regarding purchasing rules, practices, and expectations

- Share information during new employee onboarding sessions and during regular departmental meetings with administrative staff, research staff, and faculty.
- Send electronic reminders to all employees in your unit semi-annually.

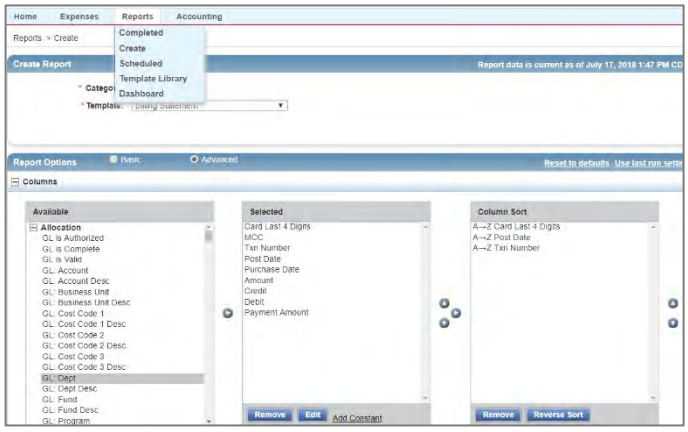
Ensure internal controls are in place

- The holder of a purchasing card cannot also be the card reconciler.
- Original, itemized receipts for all p-card purchases should be provided to the reconciler, along with a documented business purpose, within the reconciliation period window each month. Missing receipts are rare and explanations for missing receipts are appropriate and fully documented.
- Items purchased using the p-card must be delivered directly to the department and not to a personal residence.
- Best practice: Require eProcurement orders to be evaluated by at least one reviewer.

Routinely audit purchasing card and voucher activity

Run Billing Statement reports (In Works, Reports>Create>Category: Spend>Template: Billing Statement) and look for:

- Multiple purchases made to the same vendor within a short period of time that exceed $5,000 total.
- Many large purchases over an extended period.
- Abnormal or heavy p-card use.
- Non-standard vendors that would be unlikely to do business with the university and/or that have no web presence.

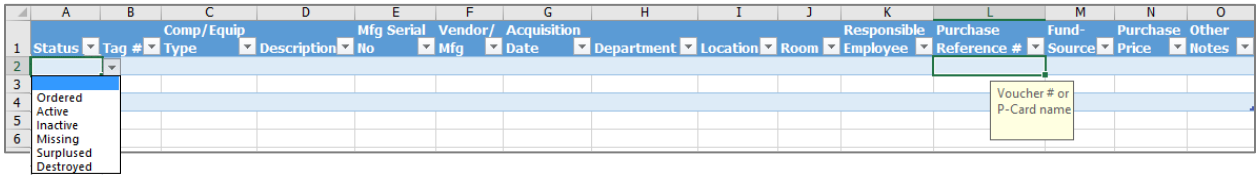


Enforce limits on out-of-pocket personal reimbursements

- The procurement of all goods and services should follow the university's established purchasing methods. This includes but is not limited to the purchasing of office supplies, computers, other electronic equipment, and furniture.
- If an employee purchases items outside of the university's procurement channels and requests reimbursement, tax and shipping cannot be reimbursed and the University's contract discount should be deducted from the reimbursement.

Track your assets

- Capital Assets (assets valued at $5,000 or more) are tracked via ConnectCarolina. To ensure accuracy, the asset custodian needs to report equipment transfers in and out and missing or stolen equipment.
- As a best practice, your department should also identify internal procedures for tracking assets valued less than $5,000. A sample asset tracking spreadsheet is available at finance.unc.edu > Procurement icon > Asset Management > Tracking Assets Costing Less than $5,000 > Departmental Asset Tracking Template
- See finance.unc.edu > Procurement icon > Asset Management > How-To > Resources > Campus Responsibilities for Assets for full details on tracking assets.
- When assets have reached the end of their useful life or are no longer needed they should be sent to the university's Surplus Property warehouse.
- An approved off-campus use agreement must be in place before any university equipment can be taken off campus.



Useful Reference Materials

- Asset Management resources
- Policy 1218 – Purchasing Method
- Policy 1251 – Small Order Policy
- Policy 1252 – Small Order Purchase via Purchasing Card
- Policy 1253 – Small Order Purchase via Business-to-Business Strategic Partner Agreements
- Policy 603 – Equipment Inventory and Reporting
- Policy 604 – University-owned Surplus Property
- Training and Development "How-To" Brochures (e.g. buy goods, buy furniture, transfer equipment, use ePro and eCommerce)
- UNC Procurement Overview

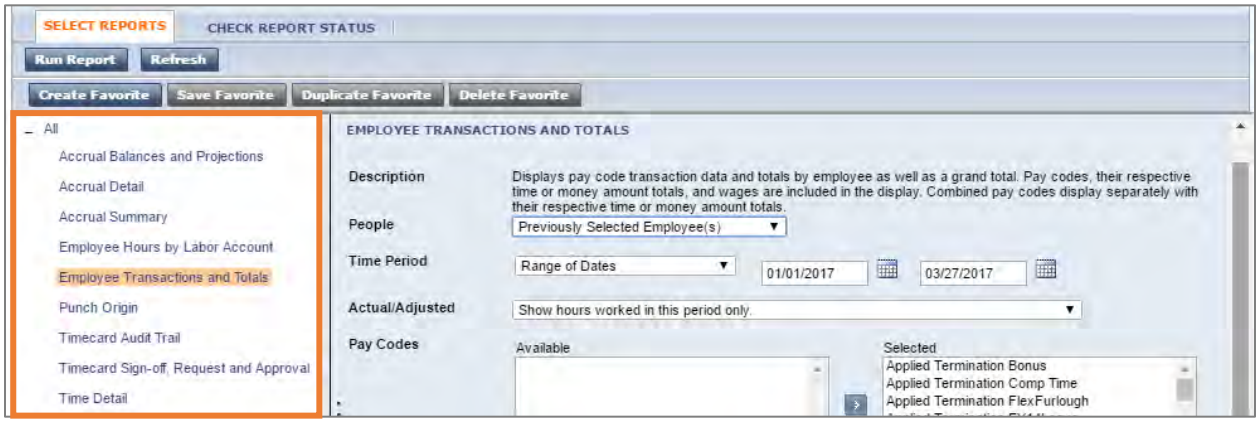
Time Information Management (TIM)

Would you know if this was happening in your department?

- A timestamp employee is friends with her TIM manager. The manager edits the friend's timecard to show additional hours worked.
- A timestamp employee accesses TIM to clock in from home before leaving for work.
- An SHRA Non-exempt employee records the same eight hour shift every day, but frequently arrives late and leaves early.
- An EHRA exempt faculty member takes leave throughout the year, but never records it.

What can I do to prevent this?

- TIM provides a variety of reports and related items that can help identify inappropriate behavior.
- Managers should run and review the reports relevant to their team on a regular basis.



Sample helpful reports:

Students and temporary employees: run Punch Origin report

- Who is making timecard edits and when? Are there excessive edits?
- Are the time stamps from unfamiliar IP addresses? UNC internal IP addresses all begin with 152 or 172.

Punch Date/time	User	Client	Server	Data Source
Filley, Joanne J			ID:	
7/25/2016 9:02:00 AM		152.2.215.40	unctim.unc.edu	Timestamp - HTML
7/25/2016 5:31:00 PM		152.2.215.163	unctim.unc.edu	Timecard Editor
7/26/2016 9:02:00 AM		152.2.215.40	unctim.unc.edu	Timestamp - HTML
7/26/2016 5:14:00 PM		152.2.215.40	unctim.unc.edu	Timestamp - HTML
7/27/2016 8:59:00 AM		71.52.232.61	unctim.unc.edu	Timestamp - HTML
7/27/2016 5:32:00 PM		152.2.215.40	unctim.unc.edu	Timestamp - HTML
7/28/2016 8:26:00 AM		152.2.215.40	unctim.unc.edu	Timestamp - HTML
7/28/2016 5:50:00 PM		152.2.215.163	unctim.unc.edu	Timecard Editor
7/29/2016 8:24:00 AM		71.52.232.61	unctim.unc.edu	Timestamp - HTML

SHRA employees: run Time Detail report

- Do hours worked align with observed behavior?
- Are SHRA Permanent Non-Exempt Employees (not set to capture) entering their times in and times out in their timecards in TIM on a daily basis?

The times for each day should reflect the actual time the employee started work and the actual time the employee stopped work. Actual times out and in for meal breaks should be recorded daily as well.

Date/Time	Apply To	In Punch	In Exc	Out Punch	Out Exc	Override Amount	Adj/Ent Amount	Money Amount	Day Amount	Totaled Amount	Cum. Tot. Amount
Xfr/Move: Account		*Comment*		*Xfr: Work Rule*							
1/9/2017		8:00:00 AM		12:00:00 PM						4.00	4.00
1/9/2017		1:00:00 PM		5:00:00 PM						4.00	8.00
1/10/2017		8:00:00 AM		12:00:00 PM						4.00	12.00
1/10/2017		1:00:00 PM		5:00:00 PM						4.00	16.00
1/11/2017		8:00:00 AM		12:00:00 PM						4.00	20.00
1/11/2017		1:00:00 PM		5:00:00 PM						4.00	24.00
1/12/2017		8:00:00 AM		12:00:00 PM						4.00	28.00
1/12/2017		1:00:00 PM		5:00:00 PM						4.00	32.00
1/13/2017		8:00:00 AM		12:00:00 PM						4.00	36.00
1/13/2017		1:00:00 PM		5:00:00 PM						4.00	40.00

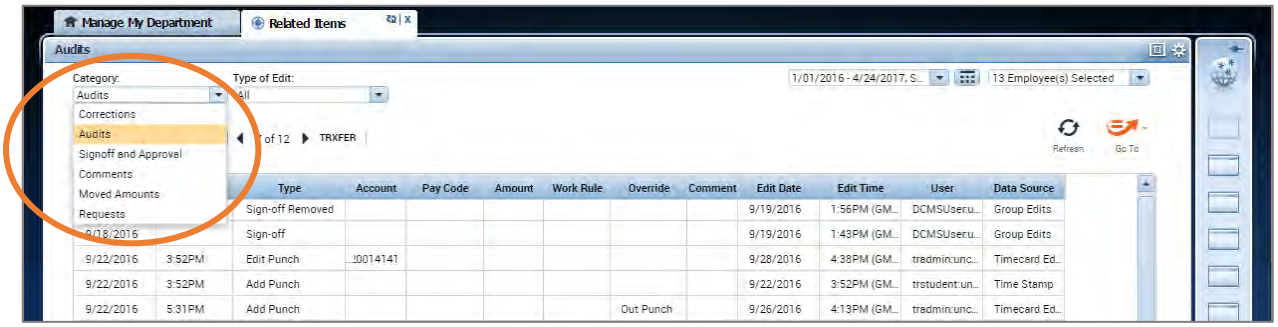
SHRA and EHRA employees: run Employee Transactions and Totals report

- Does the leave used align with their communicated and/or approved schedule?

Transactions:	Day	Date	Pay Code	Hours	Money	Days	Entered By	Datasource
	Sat	1/14/2017	Vol Shared Leave Donated-VAC	16.00	$0.00		tradmin1	Timecard Editor
	Tue	1/24/2017	Voluntary Shared Leave Received	8.00	$0.00		tradmin1	Timecard Editor
	Thu	2/9/2017	Sick	4.00	$0.00		trmteot1	Timecard Editor
	Tue	2/14/2017	Vacation	8.00	$0.00		tradmin1	Schedule Editor
	Thu	3/23/2017	Vacation	4.00	$0.00		trmteot1	Timecard Editor
Totals:	Pay Code			Hours	Money	Days		
	Regular Hrs. to be paid			88.00	$0.00	0.00		
	Total Hours			104.00	$0.00	0.00		
	Worked Hrs			88.00	$0.00	0.00		
			Totals:	280.00	$0.00	0.00		

Additional historical detail: run Audit reports

- To access additional useful historical data, select Audit from the Go To widget. This will bring up your Related Items tab, which gives you a list of data categories to choose from.
- These reports show exactly who did what when for all time periods. In the report below, you can see there are numerous revisions to the punch in and out times that may need to be verified.



Ensure that supervisors are storing timecard hardcopies when necessary

If an employee or supervisor is not able to record their approval in TIM before the deadline, they must print the timesheet, sign it, and file it for audit purposes.

Useful Reference Materials

- More on TIM reports can be found in the TIM training materials at: finance.unc.edu > click Training icon > Other Finance Training > TIM tab
- TIM requirements by employee type: finance.unc.edu > click TIM icon > Managers

Travel Services

Would you know if this was happening in your department?

- An employee attends a conference for which all meals are included. The employee includes the daily meal per diem in their expense report.
- An employee says he/she is presenting at a conference, but instead takes a vacation in a town near the conference.
- An employee is speaking at a conference and the sponsor will pay for the employee's travel expenses. The employee requests reimbursement from the University for those same expenses.

What can I do to prevent this?

Check the conference materials

- Are meals included?
- Verify conference dates. Do the traveler's dates coincide with the dates of the conference?

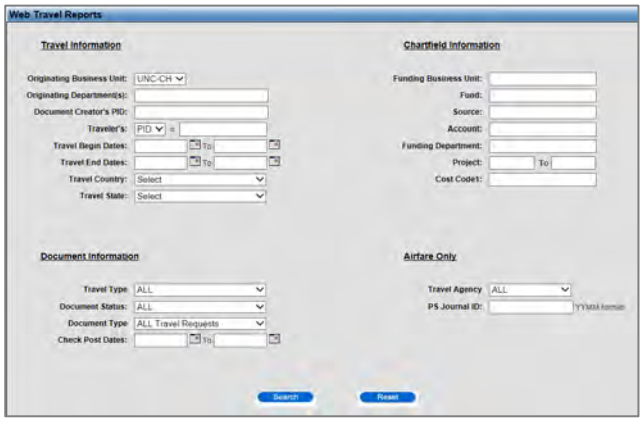
Follow proper procurement methods for travel

- When reimbursing per diem meals follow the appropriate time table to see if they are eligible. See Policy 1302 – Statutory Provisions and Maximum Rates for Travel.
- Out-of-country travel may be reimbursed at the federal per diem rate only if the funding source is a federal grant and the reimbursement is an allowable project expense.
- Verify with the traveler that no expenses for which reimbursement is being requested are being paid by an outside party.
- Require that the university pay for registration fees up front. See Policy 1309 – Registration Fees
- Best Practice: Purchase airfare reservations through CABS (Central Airfare Billing System) to ensure that state employee travel is conducted in the most efficient manner and at the lowest and most reasonable cost. See Procedure 1304.2 – Purchasing an Airfare Ticket.

Create travel reports to view activity

- Go to ConnectCarolina > Finance > Web Travel > Menu > Travel Reports.*
- Fill in any field to set filter criteria.
- Look for suspicious activity such as:
  - Duplicates on same trip or conflicting dates.
  - Unexpected or unusually high charges.

**Note that you must have proper access to see these options.*



Be sure all travelers and Business Office staff are well-versed in the University's travel policies (see this page for a full list).

- Policy 1301 – University Business Travel
- Policy 1302 – Statutory Provisions and Maximum Rates for Travel
- Policy 1304 – University Travel Advances
- Policy 1306 – Conferences, Seminars, and Workshops
- Policy 1308 – Travel Expenses
- Policy 1309 – Registration Fees

Accounts Receivable

Would you know if this was happening in your department?

- An employee steals a cash receipt and writes off the associated customer's outstanding balance.
- An employee who is friends with a customer provides the customer with unauthorized refunds.
- An untrained employee sends a cash deposit to the Cashier's office via interoffice mail. The funds disappear.
- An employee kept funds received in an unlocked desk drawer and did not deposit them daily. The funds disappear.
- An employee who processes debit and credit card payments submits refunds to his own credit card with the department's legitimate transactions.

What can I do to prevent this?

Create checks and balances within each process

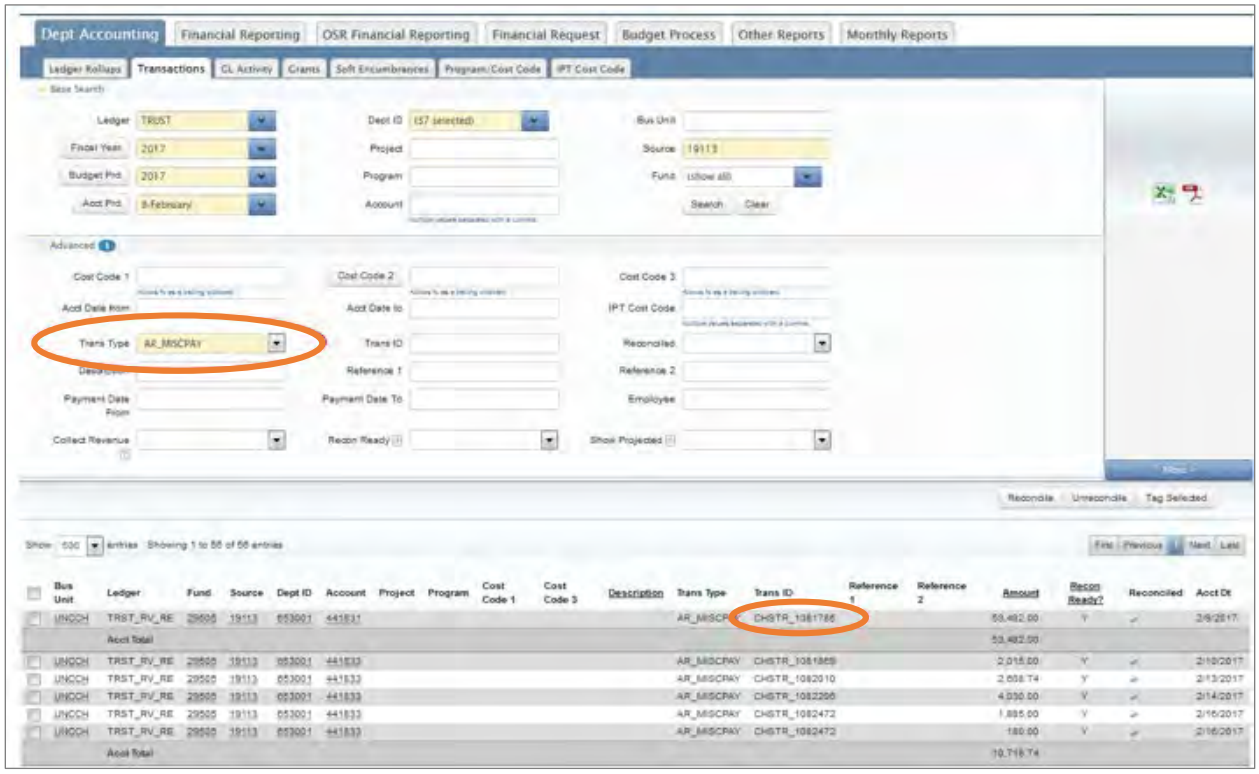
- Clearly segregate cash, check, and payment card billing, receiving, processing, recording, and reconciliation functions.
- Make sure that you have adequate and well-trained staff for each role (including staff who are trained in PCI compliance).
- The person responsible for preparing or making deposits should not also have the responsibility for recording collections or verifying the posting of deposits to departmental records.
- Departmental policies should require the documented approval of at least two people for refunds and write-offs.
- When feasible, reduce the number of in-person payments your unit receives and instead encourage online payments.
- In order to comply with the North Carolina Daily Deposit Act, at least two people should be trained and able to complete departmental deposits.
- Best practice: The most secure method for transporting deposits to the Cashier's Office is through armored car services or by hand delivery.

Ensure thorough reconciliation

- In addition to reconciling between the Deposit Transmittal Report and the General Ledger, departments should reconcile back to the original point of sale documentation. A discrepancy between the original point of sale documents and the deposit transmittal report may be a sign of theft or fraud. Accounts Receivable should be reconciled by cross-referencing three items:
    - Original point of sale documentation (i.e. receipts)
    - Deposit Transmittal Report
    - InfoPorte transactions / General Ledger
- Consider whether or not deposits are being recorded with the expected frequency based on how often your department takes in funds.
- Departments should also closely review their outstanding Accounts Receivable balances to ensure proper record keeping.

Run reports to review transactions

- Transactions tab in InfoPorte: Business Managers can filter by the Transaction type "AR_MISCPAY" to see all deposits in their area. The transaction ID in the results will provide them with the deposit ID.



- RPT query entitled NC_AR_DIRJRNL_BY_JRNLID_GUNTER: Business Managers with access to the RPT environment can use this query to view data relating to their deposits. This query will allow you to see all deposits on a particular CFS. The primary difference between this report and InfoPorte is that the results also provide the Line Description detail that was entered on the deposit.

Useful Reference Materials

Policy 302 - General Receipts and Deposits and subsequent procedures 302.1-302.5
Policy 308 - Credit Card Merchant Services and subsequent procedures 308.1-308.9