



University Internal Audit

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In order to provide the Finance and Audit Committee of the Board of Visitors and executive management with a clear picture of university-wide business practices and compliance with key university fiscal and administrative policies, University Internal Audit began performing an ongoing series of compliance reviews in fiscal year 2003-04. University Internal Audit has concluded that the reviews are most effectively conducted and reported at the senior management (college/vice president) level. It is at this level where the authority and resources reside to make compliance and good business practices a priority. There are approximately 25 senior management areas identified in the university's financial system, and each will be reviewed at least once during every five-year cycle.

Fiscal Responsibility and Reconciliation of Financial Activities (Policy [3100](#) and Controller's Procedure [10305a](#))

- Review departmental records to determine if the department has a procedure or process to ensure that the monthly reports reflect all items authorized for payment, that no inappropriate expenditures exist and that revenues collected for the operation have been deposited.
- Verify that reconciliations are performed and reviewed within 30 days of the end of the period in review, and gain an understanding of the reconciliation process.
- Verify that retention of the financial activities is kept on file for the current fiscal year plus the three previous fiscal years for non-research university activity. (Grant activity records - applications, correspondence, expenditure reports, & other related materials - must be kept for seven years after completion of the final report or expiration of the grant contract.)

Employee Compensation and Leave (Policies [4296](#), [4298](#), [4300](#), and [4320](#))

- Verify that hours worked by employees are appropriately documented and approved, that hours are entered correctly and that reconciliation reports are reviewed in a timely manner and appropriately maintained (four years from date of creation).
- Determine if adequate separation of duties exists between the data input, approval, and reconciliation processes.
- Determine if the department is in compliance with the overtime guidelines of the Fair Labor Standards Act (wage and non-exempt employees).
- Verify that salaried employees are in compliance with the university's leave reporting guidelines.
- Verify the proper use of adjunct faculty payments (P14 payments) and the thoroughness of supporting documentation.

Small Purchases/Expenditures (Policy [3200](#) and <http://www.procurement.vt.edu/>)

- Determine if purchases are appropriate, thoroughly documented and authorized.
- Determine if purchases were split to avoid \$2,000 transaction limit.
- Verify that Purchase Card reconciliation process is adequate and timely.
- Verify retention of Purchase Card statements is on file for the current fiscal year plus the previous five fiscal years.
- Review non-pcard/non-payroll expenditures for suspicious or intriguing purchases/reimbursements for further testing (appropriate use of state funds, adequate documentation).
- Review travel reimbursements for appropriate use of state funds and proper authorization.

Fixed Asset Management (Policy [3950](#))

- Verify department/organization has an assigned fixed asset coordinator
- Verify that home use assets are properly documented, custodians are maintained, the process for updating assets is sufficient and the coordinator has been to fixed asset training.

Invent the Future

Funds Handling (Policy [3600](#) and [University Bursar Procedures](#))

- Review departmental procedures and processes for compliance with the university's funds handling policy (www.bursar.vt.edu).
- Complete a Cash Handling Questionnaire to determine if cash and checks are properly received and secured.
- Verify deposit activity for timeliness and accuracy of documentation.
- Reconcile Petty Cash funds to the original amount.
- Verify internal reconciliation of Petty Cash funds.

University Key Control (Policy [5620](#))

- Determine if the department has implemented and follows a key control policy to maintain the location and security of all keys issued to the department by the Key Control Office. Ensure that this data is accurate and current.
- Verify that lost or stolen keys were immediately reported through the department head to the Virginia Tech Police Department.
- Determine if keys are retrieved from custodians immediately upon termination or transfer from the department.

Information Technology (Policies [1060](#), [7010](#), [7105](#), the [Standard for Storing and Transmitting Personally Identifying Information](#))

- Determine whether physical security of hardware, software, and data is adequate.
- Verify controls for system access are monitored.
- Verify the guidelines for collecting and storing Personally Identifiable Information are followed.
- Determine whether sensitive information is properly safeguarded.
- Identify any tools used to assist in maintaining a secure environment.

Emergency Preparedness (Policies [1005](#) and [5615](#))

- Verify that the organization/department Emergency Action Plan (EAP) is on file, documented on the latest university provided template, and revised annually.
- Verify that at a minimum, the EAP contains evacuation routes, emergency teams, and a meeting point.
- Ensure the EAP has been communicated to all employees.
- Verify that the organization/department Continuity of Operations (COOP) plan exists and is on the most up to date template.
- Verify that the COOP is updated annually.

State Vehicle Management (Policy [5500](#))

- Verify procurement and/or disposal of vehicles is in line with state policies and guidelines.
- Determine whether vehicle maintenance logs are properly documented.
- Verify departmental state vehicle users are authorized to use the vehicle.

Student Privacy (<https://www.registrar.vt.edu/faculty/privacy/index.html>)

- Determine that the organization/department has received adequate guidance in regards to the Family Education Rights and Privacy Act of 1974.
- Ensure that the organization/department is communicating FERPA guidelines to employees.
- Verify that confidential information is safeguarded.

Conflicts of Interest (Policies [4070](#) and [13010](#))

- Determine if employees are made aware of the respective policies regarding conflicts of interest.
- Verify that the necessary steps have been done to report any conflicts of interest within the organization/department.

Updated March 15, 2017