

# Internal Audit Spotlight

## Common Audit Observations

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### *Upcoming Issue: February 2023*

The Internal Audit Department performs audits which are financial, compliance, or operational in nature and span across all college operations. While performing these audits, there are several audit observations we have noted that tend to occur across college operations.

### **Department Procedures**

Regardless of the area we review, the most common audit observation we see is a lack of written departmental procedures. Without up-to-date, written procedures, which contain substantive details in key areas, there is the inherent risk of knowledge gaps associated with unanticipated employee absences, employee turnover, and training of new hires. Often, we rely on knowledgeable employees that know all the ins and outs of their positions, including the obscure tasks and questions that arise during the course of business, and while short absences can allow things to continue to run smoothly, issues arise when these absences go on for an extended period of time or the employee leaves the college. A lack of written procedures can also be frustrating to new employees when they are learning a new task and there are no procedures to reference.

If your area does not have any written procedures, we highly suggest you and your staff take the time to ensure all key areas are fully documented. The most beneficial procedures are procedures that are detailed enough for employees to follow with limited questions. Once you have documented procedures, it is just as important to keep these procedures current. These procedures should be reviewed and updated periodically or any time a change in a process occurs. This task is fairly easy for employees to review during their downtime and will go a long way to ensure business continuity.

### **Banner Access**

During a review of Banner access, we commonly find that employees have access to applications that do not align with their job duties. This occurs due to a variety of reasons such as initially setting up employees with access by copying the access of another employee or not removing access when an employee leaves the department. Allowing employees to have Banner access outside of their assigned job duties could result in unauthorized record changes both accidental and intentional.

The first step that leaders should take to safeguard Banner records is to ensure that Banner access is initially set up to align with the individual job assignments. While it is easy to simply copy existing access within the department, these job duties may not always line up to justify such access. Secondly, when an employee

## Common Audit Observations *continued*

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transfers to another departments, it is important to ensure that Banner access related to the prior position is removed. Finally, leaders should make it a practice to periodically review Banner access in their area to ensure no unauthorized access exists. ITS can assist you with generating these reports to determine who has modify and view access to the forms utilized in your area, or the Internal Audit Department can assist you in this review.

### Contracts and Invoices

Over the course of several audits, we have found that some budget managers are not ensuring compliance with contract terms prior to the approval and payment of invoices. Several of the issues noted include the following:

- Rates not matching the contract.
- Invoices billed via lump sum (no detail to substantiate the purchase or rate).
- Invoices not detailed enough to verify that charges match the contract.
- Contract discounts not outlined on the invoice, eliminating the ability for the reviewer to determine if the contracted discount was provided.
- Items purchased not included within the contract.

It is important to remember that it is the budget manager's responsibility to ensure all invoices match what is detailed in the contract. Budget managers should review all contracts and ensure they are familiar with the contract terms prior to approving the payment of any invoice.

### Final Point to Consider

The Internal Audit Department is here to assist you with potential issues prior to performing an audit in your area, so please feel free to reach out to our department if you have any concerns about the areas listed here or other areas you would like us to evaluate.

## Fraud and Ethics Reporting

When you observe behavior that you believe violates college policies and/or procedures, we expect you to report it. Ideally, you should bring any concerns forward to your direct supervisor, SLT member or other member of our management team; however, we recognize that there may be circumstances when you are not comfortable reporting issues in this manner. It is for such circumstances that we have partnered with Ethics Point. We would rather you report anonymously than keep the information to yourself.

