

Office of Internal Audit, Board of Regents of the University System of Georgia, (404) 657-2237

The Office of Internal Audit has a position opening for an Auditor III. See the link below for additional details:
<http://www.usg.edu/employment/jobs/>



From the Desk of Ron Stark

****Reminder****

Audit Finding Status Reports are due to BOR Office of Internal Audit by July 31, 2008.

Fiscal 2009 is here and the Internal Audit department will be very busy with an aggressive audit plan that includes operational audits, IT audits and consulting engagements.

are:

- Non-Resident Tuition Revenue
- Study Abroad Program
- Institutional Travel
- Follow-up on P-Card audit

Legislature. The Performance Audit division of DOAA will be auditing Student Activity Fees to evaluate 1) whether they are being used for the purposes for which they were collected and 2) use as compared to other public institutions.

You also need to be aware of an audit that was requested by the State

Some areas that we will be looking more in depth into

****Reminder****

Per BPM Section 1.7.2, a reconciliation should be performed between the various balances maintained in the Student Information System (Banner) and the cumulative balances maintained in the general ledger (PeopleSoft) weekly, but no less often than monthly.

What Reporting? LEAVE Reporting

Vacation and sick leave is an important benefit that all regular employees (faculty members and classified personnel) working at least half-time are entitled to receive. Board of Regents Policy Manual Section 802.08, Leave, specifies the leave accrual eligibility amounts.

Briefly, annual (vacation) leave accrual rates are:

- For full-time employees - 10 hours, 12 hours, or 14 hours per month, depending on years of continuous service.
- For full-time faculty and full-time faculty administrative officers on a 12-month or fiscal year basis - 14 hours per month.

• For employees who work at least half-time but less than full-time - leave is prorated on the basis of percentage to full-time employment.

• For employees who work less than half-time - not eligible to accrue annual leave.

• For faculty on a 9 or 10 month basis - not eligible to accrue annual leave.

• For temporary employees - not eligible to accrue annual leave.

Sick leave accrual rates are:

• For full-time regular employees - one working day per calendar month.

• For regular, part-time employees working at least half-time - prorated on the basis of percentage to full-time employment.

We have noted in recent audits that there is sometimes confusion regarding the requirements

of faculty to report sick leave. Sick leave does apply to days in a work week in which the faculty member is unavailable or incapacitated, regardless of whether the faculty member has formal teaching responsibilities on those sick days or not. Having a colleague cover one's classes does not relieve the faculty member from the responsibility of reporting sick leave taken.

Further, O.C.G.A. § 47-3-92 GEORGIA CODE requires each employer to maintain accurate records reflecting sick leave used and accumulated by each employee. The mechanism to accomplish this is by submission of annual/sick leave forms. All USG institutions should require full enforcement of leave policies.

For more information and requirements, please contact your institution's Human Resources department.



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Purchasing Card Legislation Passed During the 2007-08 General Assembly

State of Georgia House Bill (HB) 1113 was signed by Governor Perdue on May 14, 2008.

The Bill specifies rules, regulations, and requirements of the State purchasing card program.

HB 1113 also specifies travel advance rules and prohibits fraudulent reimbursement requests.

New civil and criminal penalties are also introduced for violations.

Please go to

http://www.legis.ga.gov/legis/2007_08/sum/hb1113.htm

to read the bill in its entirety.

We strongly encourage that this site be shared on your campus with all card

holders, approvers, and administrators as well as to those individuals who request reimbursement of expenses.



Countdown to AFR Reporting

AFR Due Date Reminder:

August 1st:

- Institutions receiving Agreed Upon Procedures, unless listed in a later due date
- Georgia Gwinnett College
- Southern Polytechnic State University

August 8th:

- Institutions receiving Modified Disclosure Management Reports
- Kennesaw State University

August 15th:

- Institutions receiving full audits
- Atlanta Metropolitan College
- Abraham Baldwin Agricultural College

Budget to Actuals Reporting is due to the System Office two weeks after the respective AFR due date.

Here are some friendly reminders:

- Enter all amounts in the Excel model in whole dollars

- Ensure that your institution's Due to and Due from balances with affiliated organizations agree when year-ends are the same
- Ensure all checkpoints are in balance or provide explanations
- Proofread the Word document for completeness and accuracy before submitting
- Refer to the Year-End Workshop and AFR Training presentations located on the Georgia First website as references

What is your Reporting nightmare?

BOR Reporting is here to help your institution with its biggest reporting obstacle, whatever it may be.

Scholarship Allowance calculation?

Cash Flow Statement?

Note 2?

Don't hesitate to ask us

questions or let us look over your schedules.

The misstatements begin being tracked by DOAA as soon as the AFR is submitted to them.

Call us before then at:

Yvette Usher at 404-657-1297 or at Yvette.usher@usg.edu

Diane Hickey at 404-657-1301 or at

Diane.hickey@usg.edu



*From the
Office of
Internal Audit
– Reporting
Department*

Implementing DOAS and USG P-Card Policies

Several significant modifications to the P-Card policies and procedures have been made over the past few months. In addition to the legislation enacted through HB 1113, both the Georgia Department of Administrative Services (DOAS) and the USG have released new policies governing P-Cards. The USG P-Card policy can be found in BPM Section 3.3 at the following URL:

http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect03.pdf

The new DOAS policy governing P-Cards can be found at the DOAS website under the Purchasing Card Program section. Allowable and prohibited transactions are addressed in a separate article.

The intent of this article is to outline those additional considerations noted in the DOAS policy that are not specifically addressed in the USG BPM. The USG BPM does incorporate DOAS policy by reference. This means that each institution should carefully consider how they will implement the additional DOAS requirements as summarized below. Note that the list below captures most of the additional DOAS requirements. However, the DOAS policy should be reviewed and complied with by each institution.

1. WORKS is required for card administration and monthly billing statement reconciliation – Section I, fourth paragraph.
2. DOAS requires that the internal policy also address various minimum requirements such as “consequences of misuse or fraudulent use,” “a provision for review of the internal policy for adequacy at least annually,” etc. – Section IV, A, 1, i.
3. The State Cards Program Manager must be notified of any changes in local Program Administration Information using Form SPD-CC001, Designation of Card Program Administrator. – Section IV, A, 1, iii.
4. The following Program administrative positions should be designated as needed and coordination among the positions should be ensured: Card Program Coordinators, Electronic Contact to handle data transmission matters, and Settlement Contact to handle monthly payment matters. – Section IV, A, 1, iv.
5. Institution Policy needs to address how to request exceptions to policy and should incorporate annual review of current exceptions. – Section IV, A, 2, i-ii.
6. Guidance is provided on documenting misuse to include details pertaining to evidence of who conducted the transaction, who approved the transaction, and when/how the misuse or fraud was discovered and documentation of personnel actions taken, e.g., cardholder was terminated. – Section IV, A, 1, v.
7. Training requirements are detailed to include a requirement for review of Mandatory Cardholder Agreement, State P-Card Policy, Internal P-Card Policy, User Manual, and familiarity with all forms to include the Sales and Use Tax Exemption Form and transaction log. – Section IV, A, 4.
8. “Accounting Requirements” are detailed to include designating a storage location for all original transaction documentation, establishing billing discrepancy procedures, and establishing reconciliation procedures between cardholders, supervisors/approving officials, and AP to ensure timely payment of the corporate monthly billing statement. – Section IV, A, 6.
9. Rubber stamp signatures are prohibited – all signatures must be original. – Section IV, B, 5, vi.
10. Lost receipt forms are limited to three times per fiscal year – fourth time results in card suspension. – Section IV, C, 6, ii.
11. Institution Policy must address inclusion in or exclusion of specific types of equipment from any asset inventory systems. – Section V, A, 1.
12. Bidding and documentation requirements are specified pertaining to open-market purchases of supplies and materials over \$5000. – Section V, A, 3.
13. Guidance is provided on declared emergencies/natural disasters. – Section V, C.
14. Guidance is provided on sole source/sole brand purchases. – Section V, D.
15. Only the State Cards Program Manager can authorize certain MCCs (Merchant Category Codes) for inclusion – institutions must ensure these are approved through DOAS. – Section VI, A.
16. Institution Policy must incorporate:
 - a. Separation of duties between cardholders, approving officials, and AP
 - b. Weekly independent review of all card maintenance activity if the Card Program Administrator is also a cardholder
 - c. Designation of an approving official with supervisory authority over the cardholder and/or with the authority to question purchases if needed
 - d. Provision for an annual independent audit or review by the P-Card Administrator, Internal Audit unit, or other unit with audit responsibilities that includes a review of:
 - i. Adequacy of internal policies and procedures
 - ii. Appropriateness of cardholder spending limits
 - iii. Adequacy of review, reconciliation, and payment procedures
 - iv. Adequacy of transaction documentation. – Section VI, B.
17. Detailed guidance is provided on spending limits, transaction limits, etc. – Section VI, C.
18. Cards may be issued only to full-time employees. – Section VI, D, 1. Note: BOR and DOAS have discussed this requirement and we anticipate that DOAS will clarify its definition of full-time employees to include regular and/or permanent employees of the USG. It is DOAS’s intent to exclude student assistants, contract laborers, temporary employees, etc. from being issued a P-Card. This clarification should be made in the forthcoming DOAS P-Card Administrative and Procedures Manual.
19. Background Checks
 - a. Must complete criminal background checks on existing cardholders prior to next renewal date.
 - b. Must complete criminal background checks on all new cardholders. – Section VII, B.
20. Detailed guidance is provided on sales tax exemptions. – Section VII, E.

Authorized and Prohibited Uses of Purchasing Cards

Chapter 3.0 of the Business Procedures Manual (BPM), Purchasing and Contracts, has recently been updated. Included are the current rules on authorized and prohibited uses of Purchasing Cards (P-Cards).

In summary, below are the authorized uses:

- Equipment less than \$3,000
- Supplies and Materials
 - Less than \$5,000 if not on Statewide or Agency contract
 - No specified limit other than cardholder transaction limit for contract purchases
- Airline tickets (per BPM Section 4.6), contract car rentals, and conference registration fees
- Student food, student travel, food for instructional uses, and food for approved research as authorized in BPM Sections 19.8 and 21.4 and subject to documentation requirements
- Food for employees purchased for use in an on-campus academic program or sanctioned student event (per BPM Section 19.8) - See important note on policy exceptions below
- Motor vehicle repairs and maintenance for state vehicles (all costs must be reported in accordance with DOAS fleet management regulations) - See important note on policy exceptions below

Prohibited purchases include:

- Personal purchases
- Cash advances or rebates
- Employee lodging, transportation, and meals (except contract rentals, airline tickets and registration fees)
- Entertainment, alcohol, and tobacco
- Professional services as listed in BPM Section 3.1.2
- Gift cards, gift certificates, or other cash equivalent items
- Food, except as listed under allowable purchases
- Sales tax on purchases made from vendors within Georgia
- Agency account or Foundation purchases except as specified in BPM Section 21.4 (Student Study-Abroad travel expenses)
- Purchases made intra-institution

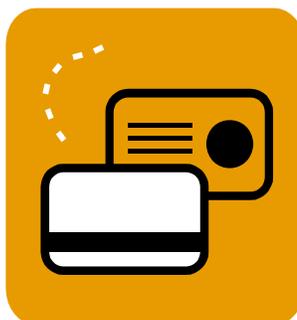
- Split purchases designed to circumvent purchasing limits

Important Policy Exceptions:

- The current DOAS policy conflicts with the USG policy in that the DOAS policy prohibits use of the P-Card for food purchases that include employees or volunteers at sanctioned student events and on-campus academic programs. We have discussed this requirement with DOAS and submitted a one-time, umbrella exception to policy that will cover all USG institutions. A copy of this approved exception has been distributed via the Chief Accounting Officer listserv.
- The current DOAS policy prohibits use of the P-Card for state vehicle repairs and maintenance unless the institution (1) can confirm that they have implemented procedures to enter costs into Maximo, and (2) has obtained an umbrella exception to policy. This means that institutions should not use the P-Card for vehicle repairs and maintenance until authorized by DOAS.

Note that the P-Card rules are complex and all USG employees are encouraged to read BPM Chapter 3.0 and all related sections in their entirety. Various P-Card topics discussed in Chapter 3.0 include program administration, objectives and controls, compliance requirements, safeguarding of assets, and other topics.

Please contact either Michael Foxman at 404-656-3374 or John Fuchko at 404-656-9439 if you have any questions.



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