The Audit Perspective

Fiscal year-end is quickly approaching and is a common time of year for employees to retire; therefore, we would like to remind employees and supervisors of several items related to employment separation. See additional information below.

Terminations Policy

It is the responsibility of the department head to initiate E-forms to separate employment of those members leaving the department; otherwise, persons leaving the University may receive salary checks after employment has ended. In the event recovery of overpayment involves expenditures of funds or is impossible to accomplish, the **department head is financially liable for such overpayment**. Terminations of all employees (other than hourly student workers) are to be submitted on an E-form 3. Terminations for hourly student workers should be submitted on an E-form 18. See the Terminations Policy and Employment of Students Policy for more information.

Employee Exit Checklist

Exit Checklists help ensure that all appropriate actions are taken in a timely manner in the event of employee turnover. The Employee Exit Checklist **must** be completed anytime an employee separates employment from the University and must be used consistently within departments. Exit Checklists for department heads should be completed by the department head's supervisor. Additionally, transfers and their former department must complete the Exit Checklist Form prior to transferring to another University department. Completed Employee Exit Checklists must be forwarded to HR. See the Terminal Interviews Policy and the Employee Transfer (Intra- University) Policy for more information.

Tip: If there are items within your department that are not addressed on the Employee Exit Checklist and need to be

considered at the time of separation, the department could create a supplemental Exit Checklist that could be used internally within the department to aid in remembering additional items.

Reminder: Don't forget to notify the Office of Accounting when a signatory officer separates employment from the University or transfers to another department!

Student Exit Checklist

Although not required by policy at this time, we recommend the Student Exit Checklist also be completed for students separating employment or transferring within the University. The Student Exit Checklist may also be forwarded to HR for inclusion in the employee's personnel file.

Department Head Change – Inventory

Before a department head leaves the University or steps down as department head, he/she should contact the Property Office and request a complete physical inventory prior to a change in department head status so that discrepancies can be resolved. When the new department head assumes control of the department, the Property Office should be notified so a complete and current inventory list can be forwarded to the new department head. A physical audit will be completed and the new department head can accept responsibility for the departmental inventory. See the Department Head Change - Inventory Policy for more information.

Petty Cash Custodian Change

Anytime a petty cash custodian leaves the University or transfers departments within the University, a custodian change form must be completed and approved by the custodian's supervisor to either change the custodian or close the account. To change the custodian, the current custodian must notify the Office of Accounting of the intended change. Both the relinquishing custodian and accepting custodian must be present at the time of transfer, perform a count of the funds, and sign the change of custodian form. This must be done **prior** to the employee leaving the University.

The change form should be forwarded to the Office of Accounting so that necessary changes can be made to the University records. Accounting will send a confirmation letter to the accepting custodian detailing the custodian's responsibilities, with a courtesy copy to Internal Audit. Please see the ***updated*** Petty Cash Policy for more information.

Additionally, the fund custodian should reconcile the petty cash fund at least <u>monthly</u>. The total amount on hand should always equal the general ledger balance for the fund. Reconciliations should be retained for at least 7 years and be available for review by auditors.

Year-End Reminders

Fiscal year-end is quickly approaching and there are several policies which require annual renewal of forms. Review the below sections to ensure your department is in compliance with these policies.

Outside Employment:

As regulated by the Board of Trustees of State Institutions of Higher Learning (IHL), in order to engage in outside employment, faculty and staff must complete the HR Form 9, Application for Permission to Engage in Outside Employment or Practice of Profession. The form must be routed through the proper channels for approval, <u>prior to</u> engaging in outside employment. **It is the responsibility of the employee's supervisor to ensure the employee complies with this policy.** The form must be completed or updated at the beginning of each fiscal year or each time the outside employment changes, whichever occurs sooner.

Employees should not engage in a business or profession that would in any manner compete with a similar business or profession over which he/she has direct supervision, inspection, or purchasing authority, such being a conflict of interest. Additionally, if an employee works/consults during regular business hours, the employee must charge this time to personal (vacation) leave unless the absence of the employee has been certified as qualifying under the Faculty Consulting Policy. See the Non-Institutional Employment Practices (Outside Employment) Policy for more information. HR has also compiled a list of Frequently Asked Questions for Form 9s. It includes helpful examples of types of employment which require a Form 9.

Equipment Loan Forms:

When a temporary loan of property is made between departments or to individuals (i.e. any time a piece of equipment leaves the department or is returned), an Equipment Loan Form must be completed and the original sent to the Property Office. This also includes computers that are sent to the IT Helpdesk for repair. A copy of the form should also be kept within the department since the department head is responsible for the item(s).

Loan forms are only valid for ***one year*** and must be renewed with the Property Office annually. Specifically, Equipment Loan Forms should be renewed one year from the date the loan form was actually signed. For example, if an employee submits an Equipment

Loan Form for their work laptop to be taken home periodically for business use, their form is only valid for one year and must be renewed within one year of the date the form was signed by the employee.

When the property is returned to the lending department by the borrower, section III of the form should be completed and an updated copy must be forwarded to the Property Office stating the location of the item(s) returned. Please see the Temporary Loan- Inventory Policy for more information.

Tip: Consider updating all equipment loan forms at the same time of year (ex: fiscal year-end) to save time and effort required to track each employee's loan form separately.

Policy and Procedure Manual:

To help ensure that procedures are performed consistently, data is recorded accurately, and new and backup personnel have necessary information to help maintain continuity of operations, departmental policies and procedures, as well as desk manuals, should be developed, documented, and provided to each employee. These policies and procedures should be **regularly (at least annually) reviewed and updated**. The department should also require each employee to review annually and sign to evidence their review. Below is a list of topics the department should consider including in their policy and procedure manual:

- Account Reconciliation
- Accounts Receivable
- Building and Office Access
- Cash Receipting
- Code of Ethics and Conduct
- Confidential Information
- Contracts
- Emergency Plan
- Fleet Management
- Hazardous and Radioactive Material
- Human Resources
  - Payroll & Comp/Overtime
  - Leave
  - Employment Separation
  - Outside Employment
  - Performance Appraisals
- Information Security
  - Security Controls
  - Backup and Recovery

- Long Distance Charges
- Media Relations
- Organizational Chart
- Petty Cash
- Procurement
  - Purchasing
    - Purchase Orders
    - Requests for Payment
    - Procurement Card
    - State Contracts
    - Purchase Notification Reports (PNRs)
  - Travel
- Property Management
- Record Retention
- Sales Tax
- Scholarships
- Work Orders

Record Retention

For questions regarding document retention periods, please refer to the Records Retention Policy; however, you may also find a listing of commonly asked about retention periods on our website.

Training with Internal Audit

Account Reconciliation:

Internal Audit is now offering training on account reconciliation. Sessions are currently scheduled for June 20th and August 23rd from 10:30am- 11:30am at Insight Park, 1st Floor Seminar Room (East End). In this class, employees will learn how to perform monthly account reconciliations for revenue and expenditures (including payroll) in order to be compliant with the Responsibilities of Signatory Officers Policy. This class is designed for signatory officers as well as other employees who have been delegated the responsibility for reconciling departmental accounts. To register, go to our website.

Honor the Code, Live the Creed:

A section on the Code of Ethics and Conduct is presented by Internal Audit during the Lead training sessions. The next Lead session is offered in July. Sign up on the HR website!

Self-Assessment

Self-assessment is a valuable tool to help identify internal control deficiencies and assist in departmental management and audit preparation. The self-assessment consists of a series of "yes" or "no" questions. "Yes" indicates adequate controls in an area, while "no" indicates control deficiencies. Additional control related information is provided below each question to aid in resolving control deficiencies. Links to relevant policies are also included for each section. The self-assessment can be accessed here. For questions not addressed in the self-assessment, please feel free to contact us.

Thanks

We hope you find the information in our newsletters useful. If you have any suggestions, questions, or feedback, please contact us at 662-915-7017 or auditing@olemiss.edu. Feel free to share our newsletters with those in your department you feel would benefit. You can also visit our website for more helpful information.