

Northern Oklahoma College
Tonkawa, Oklahoma

Internal Audit Report

Fiscal Year 2012–2013



**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT

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**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT

Fiscal Year 2012–2013

**EXECUTIVE SUMMARY OF PROCEDURES PERFORMED
AND RESULTS THEREOF**

We performed the procedures detailed in the attached report to assist the Board of Regents and management of Northern Oklahoma College (the “College”) in maintaining an effective internal control system for the College. The following is a brief summary of the areas in which testwork was performed and the results.

Expenditures

Procedures Performed

A review of the College’s policies and procedures for expenditures was done. A selection of 30 expenditures from the E&G 290 Fund was selected and 30 expenditures from the Auxiliary 700 Fund were selected. We utilized ACL (Audit Data Extraction software to assist in selecting the samples). The samples were examined for adequate supporting documentation, approved in accordance with applicable policy and properly recorded.

Results

No exceptions were noted.

Travel Claims

Procedures Performed

We randomly selected 30 travel claims that were dated from July 1, 2012, through May 31, 2013. For each transaction selected, we obtained and reviewed for supporting documentation for the claim and proper approval of the claim in accordance with applicable policy.

Results

We noted one exception to the Oklahoma State Travel Rules requirement to provide a Travel Requisition Form for employee reimbursement from the State. Under the rules, the employee should use a college vehicle when available. If a college vehicle is not available, the employee must note the unavailability on the Travel Requisition Form. The College has exempted employees who have monthly mileage as part of daily duties from the Oklahoma State Travel Rules noted above. Exceptions to the Oklahoma State Travel Rules should be noted in the policy. The exemption to the Oklahoma State Travel Rules was not noted in the College’s travel policy.

Management’s Response

Management has provided language which we believe is sufficient to update the College’s travel policy.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

**EXECUTIVE SUMMARY OF PROCEDURES PERFORMED
AND RESULTS THEREOF, CONTINUED**

Property Rentals

Procedures Performed

We received an inventory housing list of 33 rental units provided by the College. We reviewed all property rental documents and examined the details within each of the rental properties that support and approve the leasing transaction process. We sighted 32 rental properties to verify existence. We will sight the Enid property at a later date.

We reviewed the policies and procedures used to administer property rental transactions to ensure that they were effective and efficient. We documented procedures used, conducted a “walk through” of operations, and observed the processes. We also conducted interviews with personnel involved in this process.

Results

No exceptions were noted.

Payroll

Procedures Performed

We randomly selected 60 employees from the Poise Master File Employee report dated July 1, 2012, through May 31, 2013. For each employee selected, we obtained documentation that properly supports employee hiring, contract, and wage qualifications.

We reviewed the policies and procedures used to administer Payroll’s operations to ensure that they were effective and efficient. We documented procedures used, conducted a “walk through” of operations, and observed the payroll process. We conducted interviews with personnel involved in the Payroll operations, including Human Resources, Accounting, and other persons involved in the process.

Results

We noted there was one instance of an employee who did not have an I-9 form. **The missing I-9 form was provided prior to the end of our fieldwork.**

Management’s Response

Management has reviewed our recommendation and fully responded to the finding.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

**EXECUTIVE SUMMARY OF PROCEDURES PERFORMED
AND RESULTS THEREOF, CONTINUED**

Data Extraction

Procedures Performed

Computer auditing techniques were used to assist in tests of expenditures and payroll. We used our ACL software to:

- Perform Benford analysis for all E&G and Auxiliary Fund expenditures.
- Review for possible duplicate payments.
- Review for possible missing checks (700 Fund).
- Review for duplicate addresses for payroll expenditures.
- Review for duplicate social security numbers.

Results

All possible instances of abnormalities were examined and resulted in no findings.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

EXPENDITURES

Audit Approach

As an element of Northern Oklahoma College's (the "College") core business function, expenditures will be audited using the risk-based approach. The audit will only address expenditures as defined by the generation of pay (State of Oklahoma, Office of State Treasury).

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

Audit Scope

The general scope of the audit include interviews with Accounting, Purchasing and Student Accounts management and key personnel; expenditures processed from July 1, 2012, through May 31, 2013; all other related documents and information pertaining to the collection, reviewing, processing and reporting of expenditures plus supporting documentation required to support the expenditures for the College's Departments, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; and consideration of key operational aspects.

We obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

Audit Objectives

Our objective was to obtain an understanding of significant processes and practices employed in administering the expenditure function, specifically addressing the following components:

- Management philosophy, operating style, and risk assessment practices.
- Functional and Organizational structure relating to delegation of authority and responsibility.
- Positions of accountability for financial and programmatic results.
- Purchasing policies, standard practices and procedures.
- Expenditures are properly coded.
- Vendor invoicing and College review and approval processes.
- College payment processes.
- Management review of edits and checks to enable identification of unusual or unexpected transactions.
- Conflict of interest.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

EXPENDITURES, CONTINUED

Audit Objectives, Continued

- Controls over the expenditure process are evaluated.
- Evaluate the local compliance with the following requirements:
 - Financial/Accounting Policies and Procedures Manual,
 - College’s expenditure policies,
 - Authorization limits, and
 - Applicable Federal/State rules and regulations.

Summary of Policies and Procedures

Accountability for expenditure control purposes is the delegation of authority to qualified persons to initiate, approve, process and review expenditure transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College’s organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

Summary of Control Features of Internal Controls

Segregation of Duties: Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any expenditure transaction process.

Authorization and Approval: Expenditure transactions are authorized by a person delegated approval authority consistent with policy.

Review and Reconciliation: Expenditure records are routinely examined and reconciled to determine that transactions were properly processed. The person performing the review signs and dates the expenditure report to signify that the review has been satisfactorily completed and any discrepancies resolved.

Physical Security: Expenditure records are secured and locked in filing cabinets and are only accessible to designated personnel.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

EXPENDITURES, CONTINUED

Summary of Control Features of Internal Controls, Continued

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level expenditure policies and operating procedures are formalized and communicated to employees. Management adheres to documenting expenditure policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of expenditure activities.

Internal Audit Procedures Performed

Document Sampling Techniques

We randomly selected 30 expense checks from the E&G 290 Fund and 30 expense checks from the Auxiliary 700 Fund. The check register reports were dated July 1, 2012, through May 31, 2013. For each transaction selected, we obtained and reviewed supporting documentation, noting proper approval in accordance with applicable policy and whether the expenditures were properly recorded.

We reviewed the policies and procedures used to administer expenditure operations to ensure that they were effective and efficient. We documented procedures used, conducted a “walk through” of operations and observed the expenditure process. We also conducted interviews with personnel involved in the Expenditure operations, including Accounting and Purchasing along with other personnel involved in the payables process.

Audit Limitations

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

EXPENDITURES, CONTINUED

Internal Audit Procedures Performed

Audit Limitations, Continued

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

Findings and Recommendations

None.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

TRAVEL CLAIMS

Audit Approach

As an element of the College's core business function, Travel Claims will be audited using the risk-based approach. The audit will only address travel as defined by the generation of pay (State of Oklahoma, Office of State Finance).

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

Audit Scope

The general scope of the audit include interviews with accounting management and key personnel; travel claims processed from July 1, 2012, through May 31, 2013; all other related documents and information pertaining to the collection, reviewing, processing and reporting of travel plus supporting documentation required to support the travel expenses for the College's Departments, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; and consideration of key operational aspects.

We obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

Audit Objectives

Our objective was to obtain an understanding and evaluate travel expense control processes, specifically addressing the following areas:

- Travel authorization and processes.
- Functional and Organizational structure relating to delegation of authority and responsibility.
- Data recording and reporting.
- Travel expense payment processes for compliance with College travel policies.
- Other processes as needed.
- Compliance with applicable Federal and State rules and regulations.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

TRAVEL CLAIMS, CONTINUED

Summary of Policies and Procedures

Accountability for travel claim control purposes is the delegation of authority to qualified persons to initiate, approve, process and review travel reimbursement transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College's organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

Summary of Control Features of Internal Controls

Segregation of Duties: Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any travel claim transaction process.

Authorization and Approval: Request for travel reimbursements must first be pre-approved and are then authorized by a person delegated approval authority consistent with policy.

Review and Reconciliation: Travel claim records are routinely examined and reconciled to determine that reimbursements were properly processed. The person performing the review signs and dates the report to signify that the review has been satisfactorily completed and any discrepancies resolved.

Physical Security: Travel claim records are secured and locked in the vault and are only accessible to designated personnel.

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level travel reimbursement policies and operating procedures are formalized and communicated to employees. Management adheres to documenting travel reimbursement policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of travel reimbursement activities.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

TRAVEL CLAIMS, CONTINUED

Internal Audit Procedures Performed

Document Sampling Techniques

We randomly selected 30 travel claims. They were dated July 1, 2012, through May 31, 2013. For each transaction selected, we obtained and reviewed supporting documentation, noting proper approval in accordance with applicable policy.

We reviewed the policies and procedures used to administer travel reimbursement operations to ensure that they were effective and efficient. We documented procedures used and conducted interviews with personnel involved in the travel reimbursement operations, including personnel responsible for authorizing and processing all travel reimbursement claims.

Audit Limitations

Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. With that premise, it is our opinion that the travel claim reimbursement activities successfully meet their financial, compliance, and operational objectives.

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

TRAVEL CLAIMS, CONTINUED

Findings and Recommendations

Finding

We noted there was one instance in which mileage reimbursement did not have proper supporting documentation required by applicable policy.

Recommendation

We recommend the College update the policy to include employees who might be exempt from providing supporting documentation for mileage reimbursement due to the nature of their job.

Management's Response:

The travel guidelines that are available to all employees on the NOC portal are intended to be informative and serve as guidelines for employee travel, but have not been adopted as official policy. These guidelines are based on the Oklahoma State Travel Reimbursement Act. The travel requisition form is intended to provide documentation for reimbursements for employees who meet the state's established time and distance criteria, thus placing the employee in official travel status with eligibility for per diem, lodging, and other official travel-related expenses.

There are certain employees whose official duties require that they travel on a regular and sometimes daily basis such as the college recruiters, the directors for the sponsored programs such as SECC and TANF, and coaches when recruiting for the team. These employees have not been required to complete a travel requisition form due to the volume of repetitive forms when it is known that they must make day trips on a regular basis. For clarification purposes, we believe the addition of the following wording to the travel rules would be appropriate and will be added to the posted travel rules:

Employees such as college recruiters, directors for sponsored programs such as SECC and TANF, or coaches recruiting players and performing activities required as part of their daily duties are not required to complete or submit a travel requisition for mileage reimbursements when the employee is not in official travel status. These employees should submit a mileage log or recruiting log as documentation so that they may receive reimbursement.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PROPERTY RENTALS

Audit Approach

As an element of the College's core business function, property rentals will be audited using the risk-based approach. The audit will only address property rentals.

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

Audit Scope

The general scope of the audit include interviews with the key personnel responsible for property rentals; for activities processed July 1, 2012, through May 31, 2013; all other related documents and information pertaining to the collection, reviewing, processing and reporting of the property rental activities plus supporting documentation required to support property rentals for the College's Departments, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; and consideration of key operational aspects.

We obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

Audit Objectives

Our objective was to obtain an understanding of significant processes and practices employed in administering the property rental function, specifically addressing the following components:

- Management philosophy, operating style, and risk assessment practices.
- Functional and Organizational structure relating to delegation of authority and responsibility.
- Positions of accountability for financial and programmatic results.
- Leasing policies, standard practices and procedures.
- Student ledgers are properly credited.
- Tenant review and approval process.
- Tenant payment processes.
- Management review of edits and checks to enable identification of unusual or unexpected transactions.
- Applicable Federal/State rules and regulations.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PROPERTY RENTALS, CONTINUED

Summary of Policies and Procedures

Accountability for property rental control purposes is the delegation of authority to qualified persons to initiate, approve, process and review expenditure transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College's organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

Summary of Control Features of Internal Controls

Segregation of Duties: Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of property rental process.

Authorization and Approval: Property rental transactions are authorized by a person delegated approval authority consistent with policy.

Review and Reconciliation: Property rental records are routinely examined and reconciled to determine that transactions were properly processed.

Physical Security: Property rental records are secured and locked in filing cabinets and are only accessible to designated personnel.

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level property rental policies and operating procedures are verbally communicated to employees.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PROPERTY RENTALS, CONTINUED

Internal Audit Procedures Performed

Document Sampling Techniques

We received an inventory housing list of 33 rental units provided by the College. We reviewed all property rental documents and examined the details within each of the rental properties that support and approve the leasing transaction process. We sighted 32 rental properties to verify existence.

We reviewed the policies and procedures used to administer property rental transactions to ensure that they were effective and efficient. We documented procedures used, conducted a “walk through” of operations and observed the processes. We also conducted interviews with personnel involved in this process.

Audit Limitations

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance, or irregularities do not exist. The deterrence of fraud is the responsibility of management.

Findings and Recommendations

None.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PAYROLL

Audit Approach

As an element of the College's core payroll function, Payroll will be audited using the risk-based approach. The audit will only address payroll as defined by the generation of pay (Office of State Finance Payroll Warrant Register). The audit assumes that the employee was properly hired and that employment data was properly input into the system. No benefit issues will be addressed.

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

Audit Scope

The general scope of the audit include interviews with Payroll Office management and key personnel; payroll processed from July 1, 2012, to May 31, 2013; all other related documents and information pertaining to the collection, reviewing, processing and reporting of payroll plus supporting documentation required to support the payroll for all the College employees; a review of the employment handbook; a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; and consideration of key operational aspects.

We obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

Audit Objectives

Our objective was to obtain an understanding of significant processes and practices employed in administering the payroll function, specifically addressing the following components:

- Management philosophy, operating style, and risk assessment practices;
- Organizational structure, and delegations of authority and responsibility;
- Positions of accountability for financial results;
- Additions, separations, wage rates, salaries and deductions are properly authorized, recorded, and processed within Poise & People Soft in a timely manner;
- Employees' time and attendance are properly reviewed, approved, processed, documented, and accurately coded for accounting and distribution;
- Payroll data is properly reconciled, recorded in a timely manner, and in the proper accounting period;
- Payroll journal entries and supporting documentation are reviewed and approved by the appropriate level of Management;
- Confidentiality of personnel data is maintained;
- Controls over the payroll process are evaluated.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PAYROLL, CONTINUED

Summary of Policies and Procedures

Accountability for payroll control purposes is the delegation of authority to qualified persons to initiate, approve, process and review payroll transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College's organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

The College is an "at-will" employer. The faculty is composed of five categories. These classifications include full-time faculty, part-time faculty, adjunct faculty, contractual faculty, and technical faculty. In addition, the College also employs students. These positions are paid either by salary or hourly. Positions are for the fiscal year July 1 through June 30 unless otherwise documented.

Depending upon the category of hire, each approved employee receives a signed and approved Employee Transaction Form or Temporary Employment Action Form in which the new hire brings to meet the Human Resource Director who will then prepare a Letter of Appointment. All employees are required to physically meet with the HR Director, without exception.

All employees must complete and sign an Employees Withholding Allowance Certification (W-4), an Employment Eligibility Verification (I-9), a Drug Free Schools Policy form, a Loyalty Oath Document, Direct Deposit Forms, and a Health Policy Examination document as/if required for special medical circumstances.

All employees are given an Employee Handbook. Section 5 of this manual denotes the College's staff policies and general procedural information. The information contained in this section specifically addresses areas of compensation, hours of work, lunch period, work breaks, conduct, absenteeism, tardiness, overtime, extended leaves, employment policies, disciplinary action, etc.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PAYROLL, CONTINUED

Summary of Control Features of Internal Controls

Segregation of Duties: Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any payroll transaction process.

Authorization and Approval: Payroll transactions are authorized by a person delegated approval authority consistent with policy. Employees do not approve actions affecting their own pay.

Review and Reconciliation: Payroll records are routinely examined and reconciled to determine that transactions were properly processed. The person performing the review signs and dates the payroll report to signify that the review has been satisfactorily completed and any discrepancies resolved.

Physical Security: Payroll records are secured physically in a secure room, locked in filing cabinets, and are only accessible to designated payroll custodians.

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level payroll policies and operating procedures are formalized and communicated to employees. Management adheres to documenting payroll policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of payroll activities.

Internal Audit Procedures Performed

Document Sampling Techniques

We randomly selected 60 employees from the Poise Master File Employee report dated July 1, 2012, through May 31, 2013. For each employee selected, we obtained documentation that properly supports employee hiring, contract, and wage qualifications.

We reviewed the policies and procedures used to administer Payroll's operations to ensure that they were effective and efficient. We documented procedures used, conducted a 'walk through' of operations and observed the payroll process. We conducted interviews with personnel involved in the Payroll operations, including Human Resources, Accounting, and other persons involved in the process.

**NORTHERN OKLAHOMA COLLEGE
TONKAWA, OKLAHOMA**

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

PAYROLL, CONTINUED

Internal Audit Procedures Performed, Continued

Audit Limitations

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

Findings and Recommendations

Finding

We noted there was one instance of an employee who did not have an I-9 form.

Recommendation

We recommend that the college create a check list detailing all documentation that should be obtained and retained, with required signature of employee and management when documentation within employee file is complete. **We noted the missing I-9 form was provided prior to the end of our field work.**

Management's Response

The adjunct instructor whose folder was missing the I-9 was hired in 2007, which was before the Human Resources department kept a checklist of required documents in personnel folders. Since that time, the checklist has been very beneficial as a reminder to obtain all necessary documents from new hires for the folders. The Human Resources department will continue to strive diligently to obtain all forms.

INTERNAL AUDIT REPORT, CONTINUED

Fiscal Year 2012–2013

DATA EXTRACTION

Expenditures

Computer auditing techniques were applied to the complete check register from July 1, 2012, to May 31, 2013, in order to perform extensive testing. Procedures performed included:

Benford Analysis was performed for the E&G 290 fund and the Auxiliary 700 fund. The Benford analysis is performed to detect anomalies or abnormal recurrences of digits. Any abnormalities could pinpoint areas for investigation to determine if there are symptoms of error, waste, processing inefficiencies, or fraud.

- The Benford analysis performed on the E&G 290 fund produced no unusual results.
- The Benford analysis performed on the Auxiliary 700 Fund indicated transactions with a leading five exceeded the expected range. The transactions were reviewed and it was determined they were Oklahoma Tuition Aid Grant (OTAG) disbursements that were typically issued in increments of five. These transactions were reviewed and determined to be appropriate.

Procedures were performed to identify any possible duplicate payments.

- The results for duplicate payments produced four possible instances of duplicates. All instances were reviewed and determined to be appropriate.

Procedures were performed to identify any possible missing checks.

- The results for possible missing checks produced eight possible instances of missing checks. All instances were reviewed and determined to be appropriate.

Payroll

Computer auditing techniques were applied to the complete payroll from July 1, 2012, to May 31, 2013, in order to perform extensive testing. Procedures performed included:

Procedures were performed to identify any duplicate addresses of employees.

- The results produced 56 instances of duplicate addresses. All instances were reviewed and determined to be appropriate.

Procedures were performed to identify any duplicate social security numbers of employees.

- The results produced no duplicate social security numbers.