



MEMORANDUM

TO: VSC Audit Committee
Lynn Dickinson, Vice Chair
J. Churchill Hindes
Jeff Kellar – State Auditor’s Office
Karen Luneau
Linda Milne, Chair
Mike Pieciak

FROM: Steve Wisloski, CFO
Sheilah M. Evans, System Controller/Senior Director of Financial Operations
Sophie Zdatny, General Counsel

DATE: February 5, 2018

SUBJECT: Audit Committee Meeting scheduled for February 12, 2018

The Audit Committee of the VSC Board of Trustees will meet at 1:00 pm in Conference Room 101 at the Office of the Chancellor, Montpelier, VT.

If you have any questions, I can be reached at (802) 224-3038.

Thank you.

cc: Other Trustees
Council of Presidents
Business Affairs Council
Sam Winship, Dept. of Finance and Management
Douglas Hoffer, State Auditor

**Vermont State College Board of Trustees
Audit Committee Meeting**

**February 12, 2018
1:00 pm at the Office of the Chancellor**

AGENDA

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 25, 2017 Meeting of the Audit Committee

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Discuss FY2018 Internal Audit Plan Proposal
2. Review Progress on FY17 Internal Audit Recommendations

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 25, 2017 Meeting of the Audit Committee

UNAPPROVED Minutes of the VSC Board of Trustees Audit Committee held Wednesday, October 25, 2017 at the Office of the Chancellor in Montpelier, VT

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The Vermont State Colleges Board of Trustees Audit Committee met on October 25, 2017 at the Office of the Chancellor in Montpelier, VT.

Committee members present: Linda Milne (Chair), Lynn Dickinson (Vice Chair), Karen Luneau, Mike Pieciak (via phone)

Absent: Church Hinds

Chancellor's Office Staff: Sheilah Evans, System Controller & Senior Director of Financial Operations
Steve Wisloski, Chief Financial Officer
Sophie Zdatny, General Counsel
Harriet Johnson, Executive Assistant

From the Colleges: Laura Jakubowski, Director of Finance, Castleton University
Sharron Scott, Dean of Administration, Johnson State College
Lit Tyler, Dean of Administration, Vermont Technical College
Lisa Cline, President, VSC Faculty Federation

Guests: Auditors Keith Goldie, David Dulus, and Ben DeForst of O'Connor & Drew PC, Certified Public Accountants

1. Chair Milne called the meeting to order at 2:15 p.m.
2. Approval of the Minutes of the May 9, 2017 Meeting of the Audit Committee

Trustee Dickinson moved and Trustee Luneau seconded the approval of the minutes. The minutes were approved unanimously.

3. Review and approval of FY2017 Draft Audited Financial Statements and Uniform Guidance Single Audit Report

Auditors Keith Goldie, David Dulus, and Ben DeForst of O'Connor & Drew PC, Certified Public Accountants presented their findings of the FY2017 draft audited financial statements and uniform guidance single audit report and answered questions from the Committee.

Trustee Luneau moved and Trustee Dickinson seconded the resolution for "Acceptance of the FY2017 Audited Financial Statements and Uniform Guidance Single Audit Report".

4. Article: Audit Committees: The Roles and Responsibilities

5. Article: Fraud and the Responsibilities of the Government Audit Committee

Sheilah Evans, Systems Controller/Senior Director of Financial Operations gave an overview of the referenced articles.

6. Discussion of the FY18 internal audit process.

Sheilah Evans, Systems Controller/Senior Director of Financial Operations provided an overview of the FY18 internal audit process. In an effort to make the process more robust, additional documents have been added to the process.

Chair Linda Milne suggested the draft proposal plan be shared with the committee in January instead of the originally scheduled date of February. The committee will determine if a meeting is needed sooner than February.

7. Other business

Trustee Dickinson moved and Trustee Luneau seconded a motion to enter executive session pursuant 1 V.S.A. § 313 (a)(1)(f) for the purpose of evaluating public officers and employees. The members of the Audit Committee and the auditors were invited to attend. The Committee approved the motion unanimously. The Committee entered executive session at 3:13 p.m. The Committee exited executive session at 3:25 p.m. and took no action.

8. Comments from the public

There was no public comment.

Chair Milne adjourned the meeting at 3:26 p.m.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. **Discuss FY2018 Internal Audit**

For FY18, we utilized a new version of an internal controls questionnaire. Additionally, we solicited three questionnaires per college/university - the Business office, Athletics, and Institutional Advancement departments were asked to complete the questionnaire this year. These changes provided us more in depth information regarding internal controls and areas of risk at our institutions.

When selecting a topic for internal audit we consider multiple factors, including the questionnaire results, the current regulatory environment and trends, VSC projects underway, as well as the last time we audited a particular function or topic area. Based on our analysis, the Internal Audit Committee is recommending that Cash Receipts and Travel Expenses be the scope of the FY18 Internal Audit.

Please refer to the Internal Audit Plan Proposal herein for greater detail.

Respectfully,

Internal Audit Committee: Sharron Scott, Dean of Administration, NVU
Sheilah M Evans, VSC System Controller/Senior Director
of Financial Operations, OC
Brenda Flint, Director of Business Services, OC
Kelley Beckwith, Director of Academic Services, CU

2. **Review Progress on FY17 Internal Audit Recommendations**

From the FY17 Internal Audit Final Report:

RECOMMENDATION OF BEST PRACTICES FOR REVIEW AND IMPLEMENTATION

Conflicts of Interest and General Controls:

1. Develop a process to expand conflicts of interest disclosure/certification to applicable employees beyond Executives and the Board of Trustees.
 - a. Individuals who had not done so in the past and who were identified as having a role or responsibilities in which a COI disclosure would be relevant were required to complete the form in FY18.
2. Revise the conflict of interest disclosure form for Executives and Board of Trustees members to provide improved guidance regarding what activities should be disclosed. Deploy a procedure that includes a review of disclosure forms by the appropriate level of authority.
 - a. VSC general counsel provided a training at the BOT retreat in the Fall of FY18. Additionally, legal and finance are working on a revised form for FY19. The forms are to be reviewed by the Chancellor and the CFO.
3. Develop a process/review to ensure that key operational departments maintain relevant, up-to-date written rules, guidelines, and policies and procedures for their programmatic areas and critical activities.
 - a. This is being addressed with functional areas that are currently undergoing significant process change. Both Admissions, with the implementation of Slate, and Accounts Receivable, amidst the current Touchnet/Heartland project, are creating new policies and procedures.
4. Encourage the institutions to establish a written operating plan that aligns with the institution's strategic plan or a strategic plan that encompasses annual operational goals and includes the "who, what, when and how much" that provides personnel with a clear picture of their tasks and responsibilities, goals, timelines and financial resources.
 - a. Several of the colleges have undertaken strategic planning efforts recently and are addressing this in alignment with this initiative.
5. Develop a strategy for intentional demonstration of strong "tone at the top".
 - a. As part of ongoing executive communications, colleges have been encouraged to incorporate this strategy.
6. Develop an online training for Policy 211 and communicate annually to employees regarding Whistleblower policy and procedures.
 - a. There is now an ALL VSC communication regarding the whistleblower hotline. Additionally, the VSC has invested in online materials through "Law Room" to assist with this effort.

Vermont State Colleges

Internal Audit Plan

FY2018





Internal Audit Plan Authorization Memorandum

I have carefully assessed the FY18 Internal Audit Plan for the Vermont State Colleges. This document has been completed in accordance with the parameters set forth by the Audit Committee of the VSC Board of Trustees.

MANAGEMENT CERTIFICATION - Please check the appropriate statement.

_____ The document is accepted.

_____ The document is accepted pending the changes noted.

_____ The document is not accepted.

NAME
Audit Committee, Chair

DATE

NAME
VSC Chief Financial Officer

DATE

NAME
Internal Audit Manager

DATE

NAME
Internal Audit Supervisor

DATE

INTERNAL AUDIT PLAN

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1.0 GENERAL INFORMATION

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1.1 Purpose/Objective

The Internal Audit process is extremely important as it is designed to evaluate and improve the effectiveness of risk management, control and governance processes, as well as add value and improve an organization's operations. Assessing internal controls ensures that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports.

The overall objectives of an internal audit are to determine whether the colleges:

- ☐ **Managed and used resources in an efficient, effective, and economical manner.**
- ☐ **Administered funds in compliance with applicable laws, regulations, policies and procedures.**
- ☐ **Implemented internal controls to prevent or detect material errors and irregularities.**

The specific objective in this audit is to:

- ☐ **Assist management with the assessment of the adequacy of internal controls related to cash receipts and travel expenses.**

1.2 Scope

The Vermont State Colleges internal audit group, through the direction and oversight of the Audit Committee of the Board of Trustees, prepares an internal audit plan, conducts the annual internal audit and issues a final report to the Committee. The audit is of the current fiscal year. The scope of the FY18 internal audit will be a risk assessment of management controls as they relate to Cash Receipts and Travel Expenses.

1. Are cash collections adequately safeguarded, deposited in a timely manner, and accurately recorded in the financial records.
2. Are travel expenses handled in accordance with the VSC Travel Policy, IRS guidelines, and Uniform Guidance regulations for grants and contracts.

1.3 Overview

The Vermont State College system is comprised of four colleges, one university and the Office of the Chancellor. Each of the colleges and the university operates as a single business unit in that most administrative functions exist at each location. As such, the importance of an audit of internal controls is vital to the overall risk assessment of the organization.

Cash Receipts:

Cash is the most liquid of assets and is susceptible to loss if not properly controlled. For purposes of our audit, “cash” is defined as coins, currency, checks, money orders, and e-commerce transactions like credit cards. In FY17, the VSC received over \$8 million in cash receipts outside of tuition and fees, grants and contracts, and collections of loan payments.

To ensure protection, accurate processing and reporting, internal control practices are developed for separation of duties, appropriate authorizations and approvals, securing assets, and reconciling. Cash handling duties can be divided into three stages: receiving, depositing, and reconciling. Different individuals should perform all three stages. The purpose of this segregation of duties is to minimize the opportunity for misappropriation of funds.

Separation of duties:

One of the most important ways to protect cash is to separate cash handling duties among different people. With proper separation of duties, no single person has control over the entire cash process.

- Best practice is to have different people:
 - Receive and deposit cash
 - Record cash payments to receivable records
 - Reconcile cash receipts to deposits and the general ledger
 - Bill for goods and services
 - Follow up on collection of returned checks
 - Distribute payroll or other checks

Note: The key to effective cash control while separating duties is to minimize the number of people who actually handle cash before it is deposited.

- Potential consequences if duties are not separated:
 - Unchecked or concealed errors or irregularities
 - Lost or stolen cash receipts
 - Inaccurate application of cash receipts to department accounts

Accountability, Authorization and Approval:

Cash accountability ensures that cash is accounted for, properly documented and secured, and traceable to specific cash handlers.

When proper cash accountability exists, you can answer the four W's during a process:

1. *Who* has access to cash?
 2. *Why* they have access to cash?
 3. *Where* cash is at all times?
 4. *What* has occurred from the transaction's beginning to end?
- Best practices:
 - Record cash receipts when received.
 - Keep funds secured.
 - Document transfers.
 - Give receipts to each customer.
 - Do not share passwords.
 - Give each cashier a separate cash drawer.
 - Verify cash receipts by supervisors.
 - Approval of all voided refunded transactions by supervisors.
 - Potential consequences if accountability does not exist:
 - Lost or stolen cash receipts
 - Inaccurate application of cash receipts to departmental accounts
 - Improper use of assets

Security of Assets:

Be sure to keep all of your resources physically protected, including your cash handlers. Follow these practices to promote a safe work environment when working with cash.

- Best practices:
 - Conduct the proper background checks on prospective cash handlers.
 - Follow physical layout standards prescribed by policy.
 - Restrict access of cash to as few people as possible.
 - Lock cash in a secure location like a safe or locked storage facility.

- Provide combinations, passwords only to authorized personnel.
- Change combinations and passwords regularly or when someone leaves.
- Minimize the amount of funds held overnight.
- Use a buddy system when taking funds from one location to another.
- Count cash in a non-public area not easily visible to others.

Review and Reconciliation:

Reconciliation activities confirm that transactions are recorded correctly. Perform monthly reconciliations of cash receipts and bank account statements to provide good checks and balances.

- Best practices:
 - Compare receipts to deposit records.
 - Record cash receipts when received.
 - Count and balance cash receipts daily.
 - Perform periodic surprise cash counts.
- Potential consequences if review and reconciliation activities are not performed:
 - Errors, discrepancies, or irregularities not detected
 - Lost or stolen cash receipts
 - Inaccurate application of cash receipts to department accounts

Travel Expenses:

Employees travel for a number of business needs, including conferences, trainings, meetings, site visits, and other business requirements. In FY17, the VSC reported \$3.2 million in travel expenses and \$1.2 million at midpoint FY18. As such, it is important that travel expenses be properly handled in accordance with VSC policy, IRS regulations, Uniform Guidance, and other rules and regulations.

A common basic framework for internal controls related to travel include the following:

1. **Establish a clearly written policy and procedures regarding the reimbursement of employee expenses.** This policy should document (1) the purpose of the policy and to whom it applies; (2) the list of reimbursable expenses; (3) the items required to be submitted for reimbursement, such as, the completed and approved expense report; credit card statement(s); and the sales receipts or invoices; (4) the time period in which the entity will allow employee expenses to be reimbursed; and (5) the entity's employee expense reimbursement approval process. The approval process should address the person(s) responsible for reviewing employee expense reimbursements, as well as, the requirement for signing and dating the expense reports to indicate expenses have been approved for reimbursement.

2. **Only reimburse employee expenses from an actual sales invoice or receipt.** By allowing an employee to be reimbursed from a sales quote or vendor statement, the entity could be at risk for reimbursing the employee twice if the employee were to also submit a reimbursement from the related sales invoice or receipt. In addition, the Internal Revenue Service (IRS) Guidelines require a valid invoice or receipt to substantiate the expense.
3. **Include the intended business purpose and correct account coding on the sales invoice or receipt, if it is not noted on the employee's expense report.** For meal and entertainment related expenses, the receipt should indicate the names of the individuals present, in addition to, the intended business purpose, and for tangible items purchased, the receipt should include the intended business use of the items purchased and their location within the entity to signify the expense is not a personal expense.
4. **Review and approve all employee expense reports prior to reimbursement.** The person approving the employee expense report should sign and date each expense report to show approval.
5. **Do not allow employee expenses to be reimbursed if the date on the receipt is greater than 60 days old.** Per the IRS Guidelines, reimbursements of expenses that are more than 60 days old are considered compensation to the employee; and therefore, are subject to withholding taxes. Additionally, if employees delay filing their expense reports, it could also cause cash flow challenges for the entity, as well as, poor accounting.

1.4 Plan References

1. The Self-Assessment of Internal Control Questionnaire

The Self-Assessment of Internal Control Questionnaire is a review of the internal policies and procedures at the Office of the Chancellor and the colleges/universities within the Vermont State College System. The questionnaire is designed to help identify risk as well as eliminate considerations of risk that do not apply. The questionnaire serves as management tool for evaluating how well risks are being addressed through current control policies and practices. It is designed to raise awareness of certain issues and encourage further analysis and discussion. The questionnaire will also help the Vermont State Colleges identify best practices to share with all of the institutions.

Colleges should use this questionnaire as a guide to managing important controls within their units/departments. ***Please note, while this questionnaire covers several areas, it does not include all possible areas of risk within a department.*** This questionnaire is divided into different control processes; some may not be applicable to all colleges. The questions may be answered by different departments within the colleges and the answers aggregated¹. Generally, a “no” response indicates a potential weakness in the specific internal control referred to in that question and should be considered an opportunity for improvement of processes and procedures. Action should be taken to resolve any weaknesses. The following are the elements of the Self-Assessment Questionnaire.

¹ The terms “department” and “college” may be interchangeable depending upon the context of the question.

A. ORGANIZATIONAL GOVERNANCE		Lower Risk	Y	N	IDK	NA
Does your department/organization have a written mission statement?	Y	12	2	0	0	
Does management clearly communicate and demonstrate integrity and other ethical values consistent with the College's/University's business conduct policy?	Y	13	0	1	0	
Does your department have an organizational chart that defines lines of authority and responsibility?	Y	13	0	1	0	
Is the organizational chart up to date?	Y	11	1	1	0	
Has your department documented all internal policies and procedures that are related to performing all significant administrative processes specific to your department or division's operations?	Y	11	1	1	0	
Are these policies and procedures reviewed and up to date?	Y	11	1	1	0	
Do you believe that responsible persons in your department are sufficiently familiar with Vermont State College policies related to personnel management, financial matters, use of information and related technology, and regulatory compliance?	Y	14	0	0	0	
Are administrators within your department aware of how to access on-line policies and procedures from Human Resources, Finance, Procurement, the Public Safety Office, Research Administration and other key areas of the College/University?	Y	14	0	0	0	
A. ORGANIZATIONAL GOVERNANCE TOTAL			99	5	5	0

B. FINANCIAL PLANNING AND MONITORING		Lower Risk	Y	N	IDK	NA
Are funding sources evaluated annually to assess the sustainability of current funding levels?	Y	14	0	0	0	
Does the budget process include key members of management?	Y	12	2	0	0	
Are one or more individuals in your department responsible for reviewing the department's monthly Synoptix financial reports?	Y	12	1	0	0	
Are these reports reviewed: Monthly Every few months Infrequently	Y	10	0	0	0	
Are budget managers held accountable for financial performance?	Y	14	0	0	0	

Are responsibilities divided among staff members (so that no single employee controls all steps of a financial transaction) thereby maintaining appropriate segregation of duties? (If inadequate segregation of duties does exist, please indicate the process or transaction affected in the Comments section.)	Y	12	1	0	1
If segregation of duties is not practical, does supervisory oversight exist at any level over these financial transactions?	Y	12	0	0	0
Are there any important financial reconciliations that are not being routinely performed that you think should be?	N	2	11	0	1
B. FINANCIAL PLANNING AND MONITORING TOTAL		88	15	0	2

C. PERSONNEL		<u>Lower Risk</u>			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Are up-to-date position descriptions available for each employee in the organization?	Y	11	1	1	0
Are sufficient training opportunities provided to improve employee work related competencies in accordance with their job responsibilities?	Y	11	2	0	0
Has the department established cross-training or contingency plans for significant changes in personnel?	Y	7	1	1	1
Are Time Entry records pertaining vacation and sick leave up to date?	Y	13	0	0	0
Are overtime hours, and other special work requirements(on-call, shift premium) reviewed and approved in advance by the employee's supervisor?	Y	9	0	1	2
Are annual performance evaluations given to departmental employees in accordance with the bargaining contracts or personnel handbook?	Y	13	0	0	0
Have procedures been established to ensure that terminating employees return all College/University ID cards, keys, laptops, purchasing/travel related credit cards, equipment, etc., and that appropriate systems administrators are notified to remove all logon privileges to departmental and College/University systems?	Y	10	1	2	0
Are forms completed promptly and submitted to the Payroll/HR for new hires and changes in employment status?	Y	12	0	1	0

Are employees sufficiently trained to perform assigned roles and responsibilities to support payroll processing(time reported, on-line time entry, etc.)?	Y	12	0	1	0
Are payroll reports monitored to identify unapproved time, miscodings, etc.?	Y	12	0	1	0
C. PERSONNEL TOTAL		110	5	8	3

D. BUSINESS CONDUCT POLICY	Lower Risk	Y	N	IDK	NA
Are all department personnel aware of the Whistleblower Policy #211?	Y	13	0	1	0
Are all faculty and staff members in your department aware of the Vermont State College's Employee Conflict of Interest Policy that requires employees to avoid conflicts (or any appearance of conflicts) between their personal interests and those of the College/University?	Y	10	3	1	0
Do you know of any individual(s) in your department who, because of the nature of his or her position should be asked to complete an annual Conflict of Interest Disclosure Statement?	N	4	10	0	0
Are all department personnel familiar with the Hospitality Policy #425?	Y	9	3	2	0
D. BUSINESS CONDUCT POLICY TOTAL		36	16	4	0

E. REPORTING OF FRAUD/ FRAUD INDICATORS	Lower Risk	Y	N	IDK	NA
Until completing this questionnaire are you aware of any instances of suspected fraud that should be reported to the College/University President, Chancellor or reported using the VSC's reporting hotline (see below)?	N	1	13	0	0
Have any unusual trends or discrepancies in department accounts been recently detected?	N	1	13	0	0
Are there any department assets (property, equipment, supplies, etc.) that you believe are not adequately protected against theft or misuse?	N	1	13	0	0
Have any missing numbers in sequences of numerically controlled documents been recently identified?	N	1	12	0	1

Until completing this questionnaire were you aware that a website exists to report suspected instances of employee misconduct and that it can be done anonymously? http://www.vsc.edu/faculty-and-staff/Pages/Employee-Benefits.aspx . Access is also toll-free: (866)-215-4016	Y	10	4	0	0
E. REPORTING OF FRAUD/ FRAUD INDICATORS TOTAL		14	55	0	1

F1. INFORMATION TECHNOLOGY		<u>Lower</u> <u>Risk</u>			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Are all department personnel familiar with the VSC Computing and Telecommunications Technology Conditions of Use Policy #502?	Y	8	3	3	0
Are all department workstations upgraded with the latest security patches and virus protection?	Y	9	0	5	0
Is critical information backed-up and stored off-site?	Y	7	2	5	0
Is sensitive information protected by operator ID/password?	Y	14	0	0	0
Are all passwords adequately controlled and protected from unauthorized use?	Y	14	0	0	0
Are passwords kept confidential (i.e., not shared or posted at work sites)?	Y	14	0	0	0
Are you aware of any “default” passwords that are still being used for any IT applications rather than having been changed to more secure, personal passwords?	N	2	11	0	1
Are computer applications logged-off when the user is going to be away from the terminal or PC for an hour or more?	Y	12	1	1	0
Are computers and servers maintained in a secure area?	Y	13	0	1	0
Are laptop computers secured when not in use?	Y	10	0	3	1
Are electrical surge suppressers used on all computer equipment?	Y	9	1	4	0
Is each departmental server equipped with an Uninterrupted Power Supply (UPS)?	Y	5	0	9	0
If a department has a critical information system that is connected to an outside network, is it protected by a firewall?	Y	9	0	4	1
Is all software properly licensed using either a site or individual licensing arrangement?	Y	11	0	3	0

Has a disaster recovery/business resumption plan been developed should one of your critical information business systems fail or be destroyed?	Y	5	0	8	1
Has the disaster recovery/business resumption plan been tested/simulated and if so, when (indicate in Comments section)?	Y	2	3	9	0
F1. INFORMATION TECHNOLOGY TOTAL		144	21	55	4

F2. INFORMATION CONFIDENTIALITY AND DATA PRIVACY
Are all department personnel familiar with the requirements concerning the handling of private and confidential College/University information?
Do your computers/applications contain any of the following combinations of confidential data elements that are considered to be “individually-identifiable” information that could be used to assist with identify theft?1) Name & Social Security #2) Name & Date of Birth3) Name & Bank Account #4) Name & Credit Card #5) Name and Mother’s Maiden-name6) User ID & Passwords for University Systems?(NOTE: List those combinations in use by number in the Comment section)
Do your computers/applications contain private or confidential information about students?
Do your computers/applications contain private or confidential information about faculty/employees?
Do your computers/applications contain private or confidential information about donors?
Does your area collect any (as defined above) individually-identifiable private or confidential University information on paper forms or records?
Do these paper forms/records contain private or confidential information about students?
Do these paper forms/records contain private or confidential information about faculty/employees?
Do these paper forms/records contain private or confidential information about donors?

<u>Lower Risk</u>	<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Y	14	0	0	0
N	5	8	1	0
N	8	6	0	0
N	7	7	0	0
N	5	7	2	0
N	8	6	0	0
N	4	9	0	0
N	2	10	1	0
N	3	9	1	0

Do these paper forms/records contain any of the following combinations of confidential data elements that are considered to be “individually-identifiable” information that could be used to assist with identify theft?1) Name & Social Security #2) Name & Date of Birth3) Name & Bank Account #4) Name & Credit Card #5)Name and Mother’s Maiden-name6) User ID & Passwords for VSC systems?(NOTE: List those combinations in use by number in the Comment section)	N	8	4	1	0
Are these paper forms/records stored in secure cabinets that prevent unauthorized personnel from gaining access to this data?	Y	12	1	0	0
If you maintain information related to students, have you received FERPA training?	Y	9	0	0	4
If you maintain information related to patients, have you received HIPAA training?	Y	4	0	1	8
Does your department accept payment via credit card?	N	10	4	0	0
If you answered yes to question 14, are you utilizing Touchnet?	Y	7	4	0	2
F2. INFORMATION CONFIDENTIALITY AND DATA PRIVACY TOTAL		106	75	7	14

G. BANK ACCOUNTS/PETTY CASH		<u>Lower Risk</u>			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Does your College/University have a checking account with an outside banking institution?	Y	6	6	1	0
If yes, what it is used for? (use comments section)		1	0	1	3
Does your department maintain a petty cash fund? If yes, what is the amount of this fund? (use comments section)	N	4	8	1	1
Was this petty cash fund established with the approval of the Dean of Administration?	Y	5	0	1	6
Do more than two individuals have physical access to the petty cash fund cash box or safe? (If so, how many?) (use comments section)	N	1	4	1	6
Is the petty cash fund maintained in a safe or lockable cashbox and stored in a secured place?	Y	5	0	1	6
Is supporting documentation provided for all petty cash disbursements?	Y	5	0	1	6
Is the petty cash fund reconciled and replenished at least monthly? (If not, please indicate how often)	Y	4	1	1	6

Does a person other than the fund custodian reconcile the fund or perform an independent review of the reconciliation?	Y	4	1	1	6
G. BANK ACCOUNTS/PETTY CASH TOTAL		35	20	9	40

H. CASH RECEIPTS/REVENUE	<u>Lower Risk</u>	<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Does adequate segregation of duties exist within your department between staff members responsible for receiving, depositing and reconciling cash and checks?	Y	11	2	1	0
Are all checks made payable to the College/University?	Y	14	0	0	0
Are all checks restrictively endorsed immediately upon receipt with a stamp, "For Deposit Only – College/University?"	Y	3	7	4	0
Is a cash receipt log maintained to create supporting documentation to which you can reconcile deposits?	Y	10	2	2	0
If cash is accepted, are pre-numbered receipts used to track payment?	Y	3	7	4	0
Are all unused pre-numbered receipts/tickets accounted for?	Y	4	1	2	5
Are deposits of funds made on the next business day?	Y	6	6	2	0
When funds cannot be deposited daily, are they transported or stored in a secure location at the end of the workday?	Y	13	0	1	0
Are cash and checks adequately protected when transferred to the Business Office or bank?	Y	12	0	2	0
Is there adequate physical security where cash handling activities occur?	Y	13	0	1	0
Is all information on cash or checks gifted to the College/University forwarded to the Advancement Office for gift processing?	Y	13	0	0	1
If you have any revenue generating activities, have you consulted with the System Controller at the Chancellor's Office to determine if any of the revenue is subject to unrelated business income tax (UBIT)?	Y	4	2	3	4
Has your Department consulted with the Chancellor's Office concerning whether sales tax should be charged to customers and how it should be deposited?	Y	4	3	3	3
H. CASH RECEIPTS/REVENUE TOTAL		110	30	25	13

I. TRAVEL AND BUSINESS EXPENSES		Lower Risk	Y	N	IDK	NA
Are members of your department aware of the VSC online Travel Policies and Procedures?	Y	14	0	0	0	
Are travel plans made sufficiently in advance to obtain the most favorable transportation rates?	Y	14	0	0	0	
Is all overnight travel authorized in advance by the traveler’s Department Head, Supervisor or Director?	Y	14	0	0	0	
Do you know of any instances of non-compliance with policies for reimbursing travel and entertainment expenses in accordance with the VSC’s Travel policy or Federal regulations?	N	1	12	0	1	
Do reimbursement requests include exchange rates for receipts submitted for international travel?	Y	7	0	2	4	
When traveling internationally on federally funded grants, are any international carriers being used when departing from/to the United States?	N	0	0	3	10	
Does someone in your department review travel and meeting expense reports to ensure alcohol expenses are not charged?	Y	13	0	1	0	
Are travelers required to provide original receipts for all travel expenses over \$25 per day?	Y	14	0	0	0	
Are copies in lieu of original receipts ever submitted by travelers in your department?	N	8	6	0	0	
Are all requests for business and entertainment expenses documented in terms of how the activity was College/University or business related, including a listing of attendees (with titles)?	Y	9	4	1	0	
I. TRAVEL AND BUSINESS EXPENSES TOTAL			94	22	7	15

J. PROCUREMENT CARDS (P card)		Lower Risk	Y	N	IDK	NA
Have P-cards been issued to all department personnel who are responsible for procurement?	Y	12	1	0	1	
Has everyone that has a p-card read the p-card policy and procedures manual?	Y	13	0	0	1	
Has a formal reconciliation protocol been established for each cardholder to reconcile his or her monthly P-card statements with packing slips, invoices or register receipts? (Note: Certain charges may be automatic such as water or cell phone services.)	Y	13	0	0	1	

Is documentation of P-card activity, including supporting documents, sorted and stored by Month and/or Cardholder and by P-card Transaction report?	Y	13	0	0	1
J. PROCUREMENT CARDS (P card) TOTAL		51	1	0	4

K. PROCUREMENT OF GOODS AND SERVICES	Lower Risk	Y	N	IDK	NA
Does your department rely on someone outside of your department to coordinate bids for goods and services?	N	4	9	1	0
Does the department solicit at least 3 competitive bids for any purchase that exceeds \$25,000 and perform a competitive RFP process for purchases exceeding \$100,000?	Y	9	0	0	5
Does the department maintain written documentation for justifying any purchasing of sole source or preferred vendor for purchases that are not bid?	Y	9	0	0	5
Does the department reconcile purchases/goods received to their monthly budget statements?	Y	13	1	0	0
Do you ever pay a state sales tax on your purchases?	N	2	12	0	0
Does your department split orders to avoid higher approval levels or to bypass limits, (i.e. P card limits or bidding levels)?	N	1	13	0	0
K. PROCUREMENT OF GOODS AND SERVICES TOTAL		38	35	1	10

L. RECORDS RETENTION	Lower Risk	Y	N	IDK	NA
Does your department have a copy of the appropriate records retention policy for your area?	Y	9	3	2	0
Are important documents, including electronic media, stored in a secure area with adequate protection from fire and/or water damage?	Y	10	3	1	0
L. RECORDS RETENTION TOTAL		19	6	3	0

M. INVENTORY CONTROL	Lower Risk	Y	N	IDK	NA
Are inventory items maintained in a secure location?	Y	9	0	0	5
Is there adequate protection from fire and water?	Y	6	2	1	5
Is inventory well organized?	Y	9	0	0	5

Is flammable material stored according to code in a special fireproof cabinet and kept in an isolated location?	Y	3	0	1	9
Are any controlled substances stored and dispensed according to Drug Enforcement Agency (DEA) regulations?	Y	1	2	1	9
Are receiving documents matched to purchase orders and invoices?	Y	10	0	0	4
Are all materials received counted and inspected prior to entry on storeroom/inventory records?	Y	10	0	0	4
Are back-ordered items properly followed up on to ensure timely receipt of items ordered?	Y	10	0	0	4
Are inventory records maintained based on periodic physical counts or a perpetual system?	Y	6	2	0	5
Have formal procedures been established for reviewing and disposing obsolete and slow-moving inventory items?	Y	5	1	0	7
Are there currently any items in stock that are obsolete or slow-moving?	N	3	6	0	4
Is a physical inventory conducted at least annually?	Y	8	0	0	5
Are items physically counted matched against inventory records?	Y	5	2	0	5
Has a cycle counting program been considered?	Y	3	5	1	4
Are inventory records adjusted immediately based on the results of a physical inventory or cycle counting program?	Y	7	0	0	6
Do individuals independent of inventory custody investigate unusually large discrepancies, between inventory records and physical counts?	Y	3	3	1	6
Is any inventory stored or consigned at an outside location?	Y	2	6	0	5
M. INVENTORY CONTROL TOTAL		100	29	5	92

N. BUILDING SAFETY & SECURITY		<u>Lower Risk</u>			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Have all concerns about the safety of the building(s) been brought to the attention of the individual or group responsible for building safety (e.g. lack of building exit routes, trained safety monitors, regular evacuation drills)?	Y	11	0	2	0
N. BUILDING SAFETY & SECURITY TOTAL		11	0	2	0

O. COMPLIANCE WITH FEDERAL AND STATE GOVERNMENTAL REGULATIONS

Do you believe that department personnel are sufficiently informed about important federal and state laws and regulations that govern activities performed within your department?

Please answer for each of the following that applies: Does your department participate in activities that are governed by:

• Occupational Safety and Health (OSHA)

• Environmental Protection Agency (EPA)

• UG Federally Funded Research

• IRS

• HIPAA

If you answered 'YES' for OSHA

Have employees been trained for workplace safety by the Environmental Health & Safety Office (EH&S) to comply with the appropriate regulatory requirements for their job responsibilities?

Does your department have a policy of conducting (or requesting) periodic walk-through inspections of workspaces to identify and correct any unsafe or potentially hazardous conditions and work practices that could result in OSHA violations in consultation with the Office of Risk Management?

If you answered 'YES' for EPA

Has the EH&S notified your department about how to avoid hazards in the handling of hazardous materials and emergency response procedures?

Does your department, research or teaching labs perform any activities using bio-hazardous agents, hazardous chemicals or radioactive material?

If so, are they properly labeled and stored?

Do you believe that adequate security exists over access to any bio-hazardous, radioactive or other hazardous materials?

Has all hazardous waste been stored and disposed of in accordance with federal regulations and College/University policy as managed by EH&S?

Do all individuals working with radioactive materials wear monitoring badges?

Lower Risk

	Y	N	IDK	NA
Y	12	1	0	0
N	5	5	1	0
N	1	10	0	0
N	6	7	0	0
N	9	3	0	0
N	6	6	0	0
	0	0	0	0
Y	4	2	0	0
Y	4	2	0	0
Y	0	0	0	0
Y	0	1	0	0
Y	1	0	0	0
Y	1	0	0	0
Y	1	0	0	0
Y	1	0	0	0
Y	0	0	0	1

Do you know of any teaching or research labs within your college that might represent a health or safety risk due to poor housekeeping practices?	N	0	1	0	0
Do individuals in your teaching and research labs know how to correctly respond to a hazardous spill or chemical release?	Y	0	0	0	1
Are you aware of any violations of any existing hazardous materials storage laws or documentation requirements for using such materials?	N	0	1	0	0
If you answered 'YES' for Uniform Guidance Federally Funded Programs					
Are all grant proposals reviewed and approved by the appropriate programmatic Dean, Dean of Administration and President's Office before they are submitted to granting agencies?	Y	5	0	0	0
Are the Forms A, B & C completed in a timely manner for each grant and submitted to the Office of the Chancellor as per Policy 408?	Y	5	0	0	0
Do you believe that your department's principal investigators (PIs) and project directors are sufficiently familiar with Uniform Guidance cost principles governing allowable costs and activities?	Y	3	2	0	0
Do you believe that your department's principal investigators and project directors are sufficiently familiar with VSC guidelines for charging administrative or clerical salaries and other administrative costs to federal grants and contracts?	Y	4	1	0	0
Do you believe that principal investigators require additional training concerning effort reporting requirements to ensure that salaries charged to federal grants and contracts properly reflect the time and effort directed to the grant or contract activities?	N	3	2	0	0
Do you know of instances where principal investigators are not signing off on Quarterly Time & Effort Reports for those individuals who work on their grants and contracts?	N	2	3	0	0
Do you believe that principal investigators and project directors require additional training concerning VSC's policies and procedures regarding purchasing, procurement card usage, capital equipment requests, and travel and business expense reimbursement as they relate to charging federal grants and contracts?	N	3	2	0	0

**Lower
Risk**

Y N IDK NA

If you answered 'YES' to IRS		Lower Risk			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Is your head department administrator sufficiently familiar with federal and state tax regulations that pertain to department operations (e.g., HR - federal employment taxes, social security, COBRA, foreign students, pension requirements; check writing/AP functions - independent contractors, abandoned property and sales tax)?	Y	9	0	1	0
Has department management contacted the System Controller at the Office of the Chancellor with any questions regarding potential tax liabilities?	Y	4	3	2	1
If you answered 'YES' to HIPAA		Lower Risk			
		<u>Y</u>	<u>N</u>	<u>IDK</u>	<u>NA</u>
Does your department retain medical records for faculty, staff or students?	N	4	3	0	0
Does your department maintain any confidential employee/student records that require special treatment for privacy protection?	N	2	5	0	0
Do you believe that refresher HIPAA training would benefit individuals responsible for providing treatment or maintaining confidential medical records?	Y	4	3	0	0
O. COMPLIANCE WITH FEDERAL AND STATE GOVERNMENTAL REGULATIONS					
OVERALL TOTAL		99	63	4	3

2. Vermont State College Policies

VERMONT STATE COLLEGES POLICY 424

TRAVEL POLICY
POLICY Number 424
Date 5/26/16

PURPOSE: The VSC Travel Policy is designed to ensure the effective and efficient management of VSC resources, fair and equitable payment for business travel and related expense, and compliance with all applicable laws and regulations.

STATEMENT OF POLICY: This policy applies to all official VSC travel, regardless of the funding source. If the travel policies and procedures for federal grants and contracts are more restrictive than the

VSC Policy, they will supersede this policy. If the terms imposed for grants and contracts are less restrictive than the VSC policy, VSC policy applies. Travel expenses paid by the VSC must be properly authorized, appropriately documented with a clear business purpose, and otherwise comply with this policy. The VSC does not compensate travelers for personal expenses incurred during travel. Employee travel may be authorized when the travel is related to VSC business and is preapproved by the appropriate supervisor. Employees shall travel in an efficient and cost effective manner allowing for the purpose of the trip to be accomplished. Travelers may not authorize their own travel nor approve the reimbursement of their own travel expenses. The traveler's immediate supervisor or his/her designee must authorize the travel reimbursement. Nothing herein requires the VSC to, or prohibits the VSC from, paying for costs of an employee's travel in advance. Such advance payment is a matter of discretion for the VSC. If such payments are made by the VSC, the provisions of this policy on authorization of travel, cost allowance, and cost restrictions apply. Any activity or expense related to federal grants or contracts must comply with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Title Awards, in addition to the provisions below.

I. GENERAL TRAVEL POLICY PROVISIONS

- A. A request for reimbursement of travel expenses must be submitted within 10 business days after return from a trip, or in accordance with college procedure.
- B. The supervisor approving the traveler's reimbursement form is responsible for reviewing the adequacy and accuracy of the receipts and other supporting documentation, and the reasonableness and appropriateness of all expenditures.
- C. Reimbursement of any added expense for spouse/guest while traveling is strictly prohibited.
- D. Reimbursement for alcoholic beverages is strictly prohibited.
- E. Receipts are required for all transactions for which the traveler is seeking reimbursement except for the following: • Direct billing arrangements that have been approved in advance • Meals and Incidentals per diem • Exact Meals and Incidentals expenses that are reimbursed at less than the per diem rate • P-Card purchases less than \$25.00
- F. With permission from the traveler's supervisor, a travel advance may be authorized. Advances will be issued no earlier than one week prior to the traveler's departure date. Advances will be deducted from the traveler's next submitted expense report.
- G. Electronic receipts are acceptable provided that the necessary detail they contain is equivalent to that required in an acceptable paper record.
- H. Employee use of private aircraft, boats and other non-traditional modes of travel in carrying out the performance of official college duties must first receive written authorization in advance from the Chancellor.

II. TRANSPORTATION EXPENSE

- A. Transportation expenses shall be reimbursed based on an economical mode of transportation and a commonly traveled route consistent with the authorized purpose of the trip.
- B. Transportation tickets should be procured in advance in order to obtain the best price offered by the carrier or negotiated by the VSC.
- C. Driving for the VSC is only permitted in accordance with The VSC Fleet Safety Program.
- D. Personal Automobiles

1. The VSC will pay the standard rate per mile as set forth in subparagraph 2 below for official travel by private automobile for: a. the difference between miles ordinarily traveled for daily Page 3 commutation and miles traveled on college business unless traveling from campus; or b. if the employee is traveling from his or her campus, the miles traveled on college business from the campus to another location and for return to the campus or home location, whichever is less.
2. Use of personal automobiles will be reimbursed on a per mile basis according to the current IRS reimbursement rate. This takes into account all actual automobile expenses such as fuel, insurance, normal wear on the vehicle, etc.
3. In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls (if more than \$5.00), ferries, parking, bridges and tunnels – for which receipts are required.
4. The owner of the vehicle is responsible for complying with state insurance requirements. The VSC's insurance does not apply to privately owned vehicles.
5. Mileage between an employee's residence and place of work is not reimbursed.
6. Traffic ticket and parking ticket expenses will not be reimbursed

E. Rental Cars

1. An employee may rent a vehicle when advantageous to the VSC and approved in advance.
2. The traveler is responsible for obtaining the best available rate commensurate with the requirements of the trip.
3. The VSC's insurance policy provides liability protection: however, the collision damage waiver shall be purchased unless otherwise directed by the Dean of Administration, or designee.
4. Renters must abide by the terms and conditions of the rental agency contract or rental agreement.

F. Airfare. Coach airfare only is allowable. Business and first class are not allowable expenses.

G. Ground Transportation. Travelers should select the most reasonable means of ground transportation, whether shuttle, taxi, rail or bus, as needed to travel between business locations.

II. LODGING EXPENSE

- A. The VSC reimburses travelers for the single occupancy cost of a standard room. Travelers should select a hotel that is appropriate for their business purposes and is as economical as possible.
- B. Employees should always ask for corporate or educational discount rates before Page 4 renting a room.
- C. No paid TV or other personal entertainment items will be paid for or reimbursed.
- D. Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting VSC business.

III. MEALS AND INCIDENTAL EXPENSES

- A. Meals will be reimbursed only when a clear VSC business need is demonstrated and they have supervisor approval.

B. There are two ways that the VSC will reimburse a traveler for allowable meals and incidental expenses incurred during VSC related travel. The option to be used must be approved by the traveler's supervisor in advance of travel.

1. Using the default rate for the VSC as set out on the VSC Travel Reimbursement Form, or, in the case of a particularly expensive region and with authorization, the per-diem rate for the geographical region where the expenses were incurred.
2. Using the exact expense incurred for meals and incidental expenses as long as they do not exceed the per diem reimbursement rates.

C. Per-diem rates presented in this policy represent the maximum per-diem reimbursable by the VSC.

D. Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers.

E. Receipts and detailed documentation are not required when requesting reimbursement of meals and incidentals unless otherwise required by grants.

F. The Chancellor annually shall set a default per-diem rate for domestic Meals and Incidental Expenses. The rate shall be set forth on the VSC Travel Reimbursement Form. Per-diem expenses for particularly expensive regions will be based on the General Services Administration rates as available on the following web site: Domestic Per-diem Rates (if in Word press keyboard Control button & click on left mouse button) or type <http://www.gsa.gov> and click on Per Diem Rates.

G. The VSC's per diem rate for foreign Meals and Incidental Expenses is based on the U.S. Department of State maintained web site of per diems by country and locality, at: Foreign Per-diem Rates (if in Word press keyboard Control button & click on left mouse button) or type <http://aoprals.state.gov> and click on Foreign Per Diem Rates

H. Meals and Incidental Expenses Per-diem Meal Reductions

1. On the days of travel to or from the destination, the per-diem shall be reduced for the individual's departure and return times to exclude any meals not Page 5 incurred during the time of travel using the reduction schedule set forth on the VSC Travel Reimbursement Form.
2. The VSC's per-diem will also be reduced to account for meals furnished at no cost or nominal cost to the traveler while away on official business. If meals are covered in the cost of a conference or otherwise, those meals should be deducted from the per-diem rate following the schedule on the VSC Travel Reimbursement Form.

2.0 AUDIT PROCESS

2.0 AUDIT PROCESS

2.1 Method of Internal Audit

- Utilize self-assessment questionnaires that were completed in December 2017, review of relevant VSC or college policies and procedures, and conduct interviews with personnel regarding cash receipts and travel expenses.
- Select samples of cash receipts and travel expenses and determine compliance with established policies, procedures, regulations and best practices.
- Provide guidance and written recommendations to management that will assist in the improvement of the internal control structure for cash receipts and travel expenses.

2.2 Procedures

1. Cash Receipts

The following procedures should be performed to cover the proposed scope:

- a. Obtain and review documents pertaining to cash receipts; i.e. cash receipts procedures manual.
- b. Hold discussions with Institutional Advancement, Athletics, and Conference/Events staff to understand the process and procedures utilized by each department for the areas in scope.
- c. For each “in scope” area, identify the key risks and mitigating controls in place. Evaluate the design and effectiveness of controls.
- d. By obtaining documentation, and through the performance of non-statistical sample testing, evaluate the effectiveness of internal controls regarding cash receipts. Audit testing should include selecting a non-statistical sample of the following:
 - i. Cash receipts posted to the general ledger in FY18
 - ii. Outstanding deposits at the time of fieldwork
 - iii. Transactions in scope that are for grants and contracts

2. Travel Expenses

The following procedures should be performed to cover the proposed scope:

- a. Hold discussions with a sample of departments’ staff to understand the process and procedures utilized by each department for the areas in scope.
- b. For each “in scope” area, identify the key risks and mitigating controls in place. Evaluate the design and effectiveness of controls.
- c. Perform testing on non-statistical sampling of travel expenses posted to the general ledger in FY18.

2.3 Roles and Responsibilities

Audit Team (name, role, title,)

- Sharron Scott, Audit Manager, Dean of Administration, Northern Vermont University
- Sheilah M. Evans, Audit Supervisor, System Controller/Sr Dir of Fin Ops, Office of the Chancellor
- Brenda Flint, Audit Senior, Dir of Business Services, Office of the Chancellor
- Kelley Beckwith, Audit Staff, Director of Academic Services, Castleton University

Internal Stakeholder(s)

- Board of Trustees
- Chancellor and Presidents
- Deans of Administration

2.4 Schedule

Milestones

Activity	Estimated Completion Date
Completion of audit plan	2/12/18
Execution of audit fieldwork	3/16/18
Report to management for comment	4/1/18
Comments back from management	4/13/17
Final report issuance	4/23/17
Vermont State College Audit Committee Review	4/30/17

Total Estimated Staff Hours:

120

3.0 EVALUATION

3.0 EVALUATION

3.1 Metrics

DESIGN MATRIX (Cash Receipts/Travel Expenses)

Objectives	Information Required and Source(s)	Scope and Methodology	Limitations	What This Analysis Will Likely Say
What are the objectives the audit is trying to address?	What information is needed to address the objective? From where will this information be received?	How will each objective be addressed?	What are the designs limitations and how will it affect the audit?	What are the expected results of the work?
<p>To determine if the colleges have appropriate policies and procedures surrounding cash receipts and travel expenses that comply with VSC Board Policy, industry regulations and best practices.</p> <p>The plan is to review the internal controls surrounding cash receipts and travel expenses at each college and assess the extent that these controls are proper and working as intended.</p>	<p>The most recent 2017 VSC Self-Assessment of Internal Control for each college will be reviewed.</p> <p>We will obtain policy and procedure documentation from each college.</p> <p>We will interview/hold discussions with VSC personnel.</p> <p>We will obtain a sampling of cash receipts and travel expenses from each college.</p>	<p>We will use inquiry and review of selected documents in scope to ensure compliance and adequacy of internal controls surrounding cash receipts and travel expenses.</p> <p>We will select a sample of cash receipts and travel expenses. In selecting the sample, we will consider the amounts as well as the level of oversight of the process.</p> <p>We will obtain the necessary documents to support good internal controls around general operations in regards to cash receipts and travel expenses.</p> <p>We will conduct interviews and walkthroughs with college staffs relevant to our audit objectives.</p>	<p>Our sample will not allow us to make any statements about cash receipts and travel expenses as a whole.</p> <p>A portion of our audit will use inquiry as our testing method; therefore, we will rely on personnel's responses which is not the most reliable form of supporting documentation.</p>	<p>The audit will be able to report whether or not the internal controls and policies/procedures at each college are functioning properly as designed.</p> <p>The VSC will have current written documentation of the policies and procedures at the colleges and be able to identify and implement "best practices" to achieve more consistency and compliance across all VSC colleges.</p> <p>Recommendations will be provided to assist in minimizing fraud risk.</p>