Below are the types of audits conducted and the typical stages and control objectives of our audits:

**Types of Audits**

*Department Review*

A department review is limited to interviews with department personnel, completion of selected testing procedures, and observations. Its purpose is to evaluate the adequacy of controls, safeguarding of assets, efficient use of resources, and integrity of financial information, within the context of the above limitations. The department review addresses those administrative functions generic to any operating unit.

*Functional Review*

A functional review is similar to a department review except that only one of the administrative functions listed above is reviewed. Common functions that are the focus of a functional review include: cash receipts and revenues, purchasing and disbursements, or sponsored programs.

**Audit Stages**

*Planning Phase*

1. Determine audit period and scope.
2. Review and analyze financial activity for the time period under review.
3. Perform a risk analysis of the audit sections as they apply to the auditee.
4. Select sample chart strings and transactions for testing.
5. Solicit feedback from central administrative personnel on planned audit period and scope.
6. Hold an opening meeting with auditee to discuss the planned audit period and scope.
7. Complete the engagement memo, planning memo, time budget, and workpaper documents.

*Fieldwork Phase*

1. Conduct interviews with personnel to gain an understanding of current procedures and controls.
2. Perform detail testing of documentation for sample transactions.
3. Prepare and communicate audit observations and recommendations resulting from fieldwork to auditee.
4. Request written responses to the observations from the auditee including: whether the auditee agrees or disagrees with the observation, the corrective action plan, and the target date for implementation.

*Reporting Phase*

1. Draft audit report to include all significant audit observations and action plans received from the auditee.
2. Conduct an exit meeting with the auditee to discuss drafted audit report. Revisit the goals and objectives of the review to ensure all were accomplished as planned.
3. Draft audit report will be sent to you for final review.
4. Issue audit report to the chair or director, with our standard distribution to school and central administrators, external auditors, and other individuals the auditee deems appropriate.
5. Send the auditee a customer survey in order to provide feedback to Auditing on the audit process and results.
6. If action plans remain open when the final report is issued, perform a follow-up review within six months to one year after the issuance of the audit report to determine whether all action plans have been implemented and issue a follow-up report detailing our results.
7. Perform additional follow-up reviews when necessary until all open observations have been resolved.
The Office for Audit and Advisory Services

What to Expect during an Audit

Control Objectives

Cash Receipts and Revenues
1. Cash handling duties (receipt, posting, deposit, and reconciliation) are adequately segregated.
2. Cash and checks are properly safeguarded at all times.
3. The nature and source of all revenues are properly classified.
4. Cash and checks are deposited timely and supporting documentation is maintained in department files.
5. Gift and royalty revenues are processed properly and timely.
6. Receivable balances are monitored and reconciled.
7. Access to, disbursement from, and reconciliation of petty cash/imprest fund(s) are appropriate.

Purchasing and Disbursements
1. Purchasing and disbursement duties (requisitioning, processing, and receiving) are adequately segregated.
2. The financial system is used to encumber, receive, and pay for goods and services.
3. Open encumbrance items are cleared, and "Receivers" are entered into the financial system on a timely basis.
4. Disbursements designate purpose, include proper supporting documentation, and are paid in a timely manner.
5. Expenditures are charged to the appropriate chart string and assigned the correct account and category classifications.
6. Employee/visitor travel expense reports indicate business purpose, are processed in a timely manner, and are properly approved.
7. Employee/visitor travel expense reports include only allowable expenses and are supported by itemized receipts.
8. Entertainment policies are followed.
9. Cash advances for travel and research subject fees are cleared in a timely manner.
10. Faculty members receive and review copies of the Monthly Budget Statements for their chart strings.
11. Procurement card procedures for maintaining supporting documentation and reconciling transactions to monthly statements are appropriate and processed timely. (This should be tested here, only if there are no cards used for sponsored program transactions)
12. Intra-institutional, journal, and transfer vouchers are reviewed and approved by the appropriate individual.
13. Purchases of $25,000 or more are competitively bid.
14. The financial system’s approval levels are appropriately set and periodically reviewed.

Payroll and Personnel
1. Segregation of duties is adequate to ensure that no individual employee has control over all aspects of a payroll transaction.
2. The Payroll Expense Distribution Report is reviewed and used to facilitate the reconciliation of payroll expenses.
3. Personnel records are maintained in a secure location.
4. Time reports are properly approved, hours accurately recorded, and wage rates supported.
5. Overtime payments are reasonable, approved, and accurately calculated and are continuously monitored.
6. Payroll suspense chart strings are monitored.
7. Procedures to process and orient newly hired employees are adequate.
The Office for Audit and Advisory Services
What to Expect during an Audit

8. Procedures followed for terminating employees ensure recovery of all NU property and removal of access to buildings, systems, and files.
9. Written job descriptions are available for all staff positions.
10. Performance evaluations are conducted annually, formally documented, and kept in the employee’s personnel file.
11. Unit adheres to the Conflict of Interest policy for faculty and staff.
12. Appropriate background checks are performed for required positions.
14. Special and Additional Pay are appropriately approved and tracked.

Cost Monitoring
1. NU budget statements are reconciled on a monthly basis, budget to actual variances are investigated.
2. Intra-institutional, journal, and transfer vouchers are appropriate, properly classified, and controls are in place to ensure proper use of funds.
3. Recharge centers are properly identified and rate calculations are reviewed and approved annually.
4. Field coding is correctly designated and assigned to chart strings.
5. Agency funds are monitored.

Capital Equipment, Physical Safety/Security
1. Transfers, sales, and disposals of NU equipment are appropriately reported to Accounting Services.
2. All capital and non-capital equipment items are inventoried.
3. Controls used to safeguard valuable portable equipment are adequate.
4. Physical safety/security of the department is adequate (e.g., control of keys, existence of door locks, etc.).
5. Physical safety concerns raised by Risk Management have been addressed.
6. Lab safety requirements, monitored by the Office for Research Safety, are followed.
7. Hazardous materials are handled and disposed of appropriately.
8. Fabricated equipment charges are appropriate.

Information Technology
1. Physical and environmental controls are adequate to prevent loss of data and/or equipment.
2. Computer software and hardware is properly licensed and inventoried.
3. System backup and recovery procedures are current and have been tested.
4. Network administration controls are adequate.

Sponsored Programs
1. Grant proposals are submitted to the Office of Sponsored Research at least five business days prior to the sponsor deadline.
2. Grant funds are recorded properly and processed through the Office of Sponsored Research.
3. Prespending chart strings are established when necessary.
4. Principal investigators receive and review copies of the Monthly Budget Statements for their grant chart strings.
5. Grant efforts are certified timely and accurately.
6. Restricted grant funds are used for the intended purpose of the program. (This should include a review of credits to ensure that one grant is not being used to bank roll another grant.)
7. Grant purchasing and disbursement duties (requisitioning, processing, receiving, and reconciliation) are adequately segregated.
8. The financial system is used to encumber, receive, and pay for goods and services.
9. Grant disbursements include business purpose and are accompanied by appropriate supporting documentation.
10. Grant disbursement account and category code classifications are appropriate.
11. Grant disbursement invoices are paid in a timely manner.
12. Employee/visitor travel and non-travel expense reports charged to grants indicate business purpose, are processed in a timely manner, and are properly approved.
13. Employee/visitor travel and non-travel expense reports include only allowable expenses, are supported by itemized receipts.
14. Cash advances for travel and research subject fees are cleared in a timely manner.
15. Indirect costs are calculated and applied appropriately.
16. Grant activities comply with subcontract agreements where applicable.
17. Conflicts of interest are disclosed by principal investigators and are reflected on grant conflict disclosure forms.
18. Animal testing complies with University guidelines.
19. Human subject testing complies with University guidelines.
20. Summer salary is appropriate for the grant.
21. Income generated by the grant is handled appropriately.
22. Equipment purchased with grant funds is managed appropriately.
23. Intangible property is processed through the University Technology Transfer Program.
24. Procurement card procedures for maintaining supporting documentation and reconciling transactions to monthly statements are appropriate and processed timely.
25. Grant closeout procedures are appropriate.