

**Department of Internal Audit  
Departmental Audit Template  
Fieldwork Testing**

**Department:**  
**Attendees:**  
**Date:**  
**Site:**

**Objective A: Segregation of Duties**

**Item 2: Review of Segregation of Duties**

**Purpose:** To determine if department adheres to institutional Segregation of Duties policy.

**Criteria:** As stated in item 1 above.

**Scope:** Limited review of current processes and transactions for the department. For the testing phase, use a judgmental sample of 5 documents (purchase requisitions, Company/Center reconciliations, etc.).

**Source:** Personal observation of processes, direct inspection of documents (includes attribute testing for signatures) obtained and personally reviewed on site by the auditor, and interviews with individuals that are responsible for processes stated below.

**TEST WORK DEFINITIONS**

**Verified Responsibility**

**Definition: Y = Auditor verified** that transaction phase was performed by the individual in column 1 and supported by adequate documentation (Employee's signature is on document, etc.).

**Definition: N = Auditor was not able to verify** that transaction phase was performed by the individual in column 1.

Transaction Phase	(1) Name of Responsible Employee as stated in item 1	(2) Verified Responsibility?	(3) <a href="#">Cross Reference</a>
1. Who opens the mail and prepares a listing of checks received?		Ck Lstg #1	
		Ck Lstg #2	
		Ck Lstg #3	
		Ck Lstg #4	
		Ck Lstg #5	
2. Who reconciles the company/centers?		Recon #1	
		Recon #2	
		Recon #3	
		Recon #4	
		Recon #5	
3. Who approves the purchases of goods and services?		PR#1	
		PR#2	
		PR#3	
		PR#4	
		PR#5	
4. Who requisitions the purchase of goods and services?		PR#1	
		PR#2	
		PR#3	
		PR#4	
		PR#5	
5. Who has custody of the checks prior to the deposit?			

**Overall Conclusion:**

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**Objective B: Reconciliations**

**Item 2: Review of Reconciliations**

**Scope:** Limited review of documentary evidence that a reconciliation was performed for 3 departmental company/centers. A judgmental sample of 3 Company/Centers to be chosen by the Auditor using a SmartStream Divisional Structure. Examination of current Status of Company Centers to determine if overdrafts exist.

**Source:** A judgmental sample of 3 Company/Centers assigned and budgeted for the department's operations. Direct inspection of records maintained by the department.

**Note to auditor:** Be wary of "reconciling items", "suspense accounts", and/or "clearing accounts" that are carried forward from period to period without being resolved. Determine the components of these accounts and whether they are satisfactorily resolved and not just carry forward from month to month.

**Note to the auditor:** Obtain list of departmental company/centers from Smart Stream.

**TEST WORK DEFINITIONS**

**Reconciliation Done**

**Y** = Documented evidence exists that a reconciliation of the company/center has been performed.

**N** = Documented evidence exists that a reconciliation of the company/center has not been performed.

Documentable evidence includes copies of the "Reconciliation of Company/Center Actual Ending Balance Calculation" worksheet, and the "Status of Company/Center" for the month and all other pertinent documents. The submission of only a "Status of Company/Center" is not considered documentable evidence that a reconciliation occurred.

Some departments may not use the "Reconciliation of Company/Center Actual Ending Balance Calculation" Worksheet to reconcile the company/centers. In this case, adequate evidence that a reconciliation was performed would consist of documents that detail the reconciliation of any and all differences between the ending Free Balance as stated on the Status of Company/Center and the actual Company/Center ending balance.

It is the auditor's responsibility to acquire sufficient evidence that a reconciliation was performed.

**Evidence of Review**

**Y** = Documented evidence exists that the reconciliation of company/center **was** reviewed by management.

**N** = Documented evidence exists that the reconciliation of company/center **was not** reviewed by management.

COMPANY/CENTER NUMBER	COMPANY/CENTER DESCRIPTION	MONTH/YEAR	RECONCILIATION DONE?	EVIDENCE OF MGMT REVIEW?
1.				
2.				
3.				

**Overall Conclusion:** The division ensures the reliability and integrity of their financial information by performing reconciliations on a consistent and timely manner.

Yes/No

Basis for conclusion:

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**Objective C: Time system Reconciliation**

**Item 2: Review of Reconciliation of leave balances in Kronos**

**Criteria:** As stated in item 1.

**Scope:** Review of the reconciliation process for a judgmental sample of 5 **employees in the department** who are paid on a semi-monthly schedule. Time period is for the most recent 3 pay periods.

**Source:** Departmental copy of reports and/or documents used to reconcile employees' vacation leave, sick leave and Holiday taken balances in the Kronos Time System. Direct inspection of records maintained by the department such as Intradepartmental Request for Time Off forms, Leave of Absence Correction forms, Punch Detail Reports (from Kronos), etc.

**TEST WORK DEFINITIONS:**

**(Note to auditor: Randomly test the reconciliation process for 2 to 3 employees to determine that the reconciliation is accurate, in essence – if the balances in the Kronos Time System is accurately stated.)**

1. Reconciliation Done

**Y** = Documented evidence exists that a reconciliation of vacation and sick leave balances in the Kronos Time System has been performed for all employees **by an individual other than the person who enters the data into the Kronos Time System.**

**N** = Documented evidence exists that a reconciliation of vacation and sick leave balances was not performed.

2. Reconciliation Reviewed

**Y** = Documented evidence exists that the reconciliation of holiday, vacation and sick leave balances in the Kronos Time System **was** reviewed by management.

**N** = Documented evidence exists that the reconciliation of holiday, vacation and sick leave balances in the Kronos Time System **was not** reviewed by management.

Pay Period	Employee	Reconciliation done?	Reconciliation reviewed by management?	Request for Leave or Time Off (yes or no)	Kronos Reflective of Actions taken (Key Punch detail)	Accurate vacations and sick leave balances exist in Kronos

**Overall Conclusion:** Although the reconciliation of the holiday, vacation, and sick leave balances in the Kronos Time System is not institutionally mandated, the division office performs a reconciliation.

Yes / No

Basis for Conclusion:



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**Objective F: Procurement Cards**

**Purpose:** To document that procedures and practices exist providing assurance that monthly procurement card reconciliations are being performed and that there is documented evidence of review by management. To also review the physical security of active and inactive Procurement Cards and the appropriateness of Procurement Card expenditures.

**Criteria:** According to the Procurement Card User's Guide: It is the primary responsibility of the Procurement Cardholder and his or her supervisor to perform a review and reconciliation within 7 working days after the close of the billing cycle. The billing cycle runs from the 7<sup>th</sup> to the 6<sup>th</sup> in a given month. When reconciled, the Procurement Cardholder's supervisor must review the reconciliation, approve the reconciliation, and sign the transaction log indicating that a review has been performed.

The Procurement Card User's Guide states that safeguarding of the Procurement Card is the cardholder's responsibility. The Procurement Card is to be kept in a safe place, preferably locked up, when not in use.

**Scope:** Limited review of documentary evidence that a reconciliation was performed and reviewed during the most recent billing period. Also review the appropriateness of the purchases made with the Procurement Card. Conduct Interviews with Procurement Cardholders and supervisors within the department to learn the Procurement Card Reconciliation process and verify that the physical security of active and inactive cards is adequate.

1. Interview the cardholders and determine the following:
  - The reconciliation process,
  - If the physical security of active and inactive cards is adequate, and
  - If the procurement card documentation is retained for an appropriate time period.

During the interview:

- Review the transaction documentation (transaction log, receipts, credit card charge tickets, memo statements, etc.) for the most recent billing period,
- Review the appropriateness of charges made to the procurement card,
- Determine if a reconciliation is performed by the cardholder,
- Verify that the cardholder checked all "Reviewed" boxes in the EAGLS system to denote that a reconciliation was performed,
- Determine if the reconciliation is reviewed and approved by the cardholder's supervisor in a timely fashion, and
- Verify that the supervisor's signature is on the transaction log denoting that the supervisor performed a review of the cardholder's reconciliation.

Cardholder: \_\_\_\_\_

Cardnumber: \_\_\_\_\_

	YES	NO	Comments
All entries on Transaction Log agree to receipts?			
All receipts agree to Transaction Log			
Are charges appropriate? (Review <b>Receipts</b> for Acceptable/Non-Acceptable Transactions)			
Sales Taxes Paid?			
All "Reviewed" boxes checked on EAGLS Activity Report?			
Transactions on reconciled EAGLS statement matches Transaction Log?			
Signature of Cardholder on Transaction Log?			
Signature of Supervisor on Transaction Log?			
Verified that Signature of Cardholder dated no later than Feb 18, 2002?			
Verified that Signature of Supervisor dated no later than Feb 18, 2002?			
Physical security of ProCard is satisfactory?			
Dept has procedure for retention of Pro-Card documentation?			