

What To Expect

When We Review Your Financial Processes

1. Pre-Review Orientation Meeting

A. Attendees should include:

- 1. The manager of the process and those staff members whose work will be affected by our process review and recommendations**
- 2. Staff members from Internal Controls Accounting**
- 3. A representative from College Finance (the Director or a designee)**
 - a) Because the Director of College Finance is the ultimate process owner of all financial policies and procedures, (s)he must approve/disapprove all control recommendations**

B. We explain our purpose and how we do our work

C. We review your roles in developing, implementing and maintaining effective financial controls

D. You share your existing written policies and procedures, plus any internal control concerns you currently have

E. We jointly:

- 1. plan a timeline for our process study**

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2. agree on which of your staff we will interview to understand and document your financial processes
3. develop a framework for ongoing communication during our study

2. Understanding And Documenting Your Current Processes

A. To understand your processes we need to learn:

1. Who is responsible for performing each step of the process
2. What exactly is involved in performing each step in the process
3. What is the documentation resulting from performing the process

B. We generally employ multiple techniques, including:

1. Reviewing your current written policies and procedures
2. Interviewing staff who perform specific financial duties about what they do
3. Observing staff while they perform financial tasks
4. Performing some of your financial tasks ourselves

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C. We will be asking you to verify that our written description of your processes reflects what you actually do

1. We will likely ask you to review our documentation more than once (because we need to ensure that we accurately describe your current procedures step-by-step)

3. Analysis And Evaluation Of Your Current Processes

A. We compare your current processes to “best practices” at other colleges and public institutions

1. Many colleges make their control procedures available on the Internet
2. The Government Finance Officers’ Association (GFOA) publishes “model” procedures for financial activities

B. We assess the adequacy of your current controls in relationship to accounting professional standards

1. The American Institute of Certified Public Accountants (AICPA) publishes standards for accounting controls
2. The National Association of College and University Business Officers (NACUBO) publishes specific control guidelines for college accounting systems

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3. Our department also utilizes professional accounting reference guides

C. We estimate the costs and benefits of any internal control enhancements we are considering recommending to you

1. Our goal is to help you provide Lane the most effective financial controls that are affordable
2. While remembering: the benefits of any proposed controls must always outweigh their cost

D. We also analyze your financial processes for potential efficiency improvements

1. We may be able to help you simplify some aspects of your work
2. You may also be able to eliminate certain tasks when new compensating controls are implemented
3. We will estimate the dollar amount of efficiency gains that we propose

4. Meeting To Review Our Preliminary Recommendations

A. The purposes of this meeting are to:

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- 1. Make certain that we have correctly documented your current processes**
- 2. Ensure that you fully understand any control improvement recommendations that we propose**
- 3. Provide a forum in which to discuss the relative costs and benefits of our proposed control recommendations**
 - a) We need your input about all estimated increased costs**
- 4. We discuss new financial process issues that may have emerged subsequent to the interviews**

B. Attendees should include:

- 1. The manager of the process and those staff members whose work will be affected by our process recommendations**
- 2. Staff members from Internal Controls Accounting**
- 3. A representative from College Finance (the Director or a designee)**
 - a) Because the Director of College Finance is the ultimate process owner of all financial policies and procedures, (s)he must approve/disapprove all control recommendations**

5. Issuance Of Our Draft Recommendations For Management Review And Response

A. We will have made appropriate changes to the recommendations, based upon our meeting in 4., above

B. Draft recommendations report will be distributed to:

- 1. The process manager**
- 2. The Director of College Finance**
- 3. Any managers with supervisory financial responsibilities
between 1. and 2. above**
- 4. The Vice President for College Operations (a courtesy copy)**

C. We will ask each of you to respond in writing to each recommendation within 2 weeks by:

- 1. Agreeing to implement the recommendation, or**
- 2. Disagreeing and stating your reasons for disagreeing**
- 3. If you disagree among yourselves, the final decision will be
made by the Director of College Finance - - who has ultimate
responsibility for all College financial controls**

D. We will insert your response(s) into our draft and

E. Re-issue it as a "Study" which is our final product

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1. Recipients will be the same as in B., above

2. What we do with the Study:

a) Post the Executive Summary and management responses to the Internal Controls Accounting website

b) Retain a paper copy in our permanent archive of college financial processes and procedures

6. Post-Review Meeting To Discuss Our Recommendations And Possible Implementation Strategies (Optional)

A. This meeting is at the option of the process manager and/or Director of College Finance

B. Possible reasons to meet:

- 1. Process manager(s) need more information on specific recommendations before implementation**
- 2. Process manager(s) want to discuss pros and cons of alternative methods for implementing recommendation(s)**
- 3. Process managers want to collaborate with Internal Controls Accounting in planning and implementing recommendations**

a) We are always willing to assist process managers improve financial controls and/or streamline processes

7. Implementation And Follow-Up Activities (Optional)

A. Implementation - - Please contact us if you:

- 1. Want to collaborate in any aspect of developing and implementing our recommendations - -**

- a) Planning changes**
- b) Assistance with specific issues or barriers**

8. Documenting revised processes

B. Follow-Up - -

- 1. We will return to evaluate your revised processes shortly after you implement recommended change(s)**

- a) This is an essential component of the PDCA (Plan, Do, Check, Act) process**
- b) Additionally, we need to document the process revisions for our archive of college financial policies and procedures**

- 2. We will ask you to evaluate the services we have provided**

- 3. If you encounter new problems with any of your financial policies or procedures, please contact us; we would like to help**