

# MAS NEWSLETTER

A semi-annual publication of UMBC Management Advisory Services  
Web Site: <http://umbc.edu/mas>

Volume 7 Number 2

Fall 2006



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## [WHAT'S NEW?](#)

### **MAS Mission Statement**

MAS has a new mission statement. Why?

MAS has revised its mission statement and objectives to better define its role as an advisor to the campus and to highlight our intention to provide more service in the area of business process improvement, operational reviews and coordination of the campus's policy process review and development initiative.

We will still serve as the point of contact for auditors, assist campus departments in responding to audits, and conduct follow-up on audit report items to ensure we have instituted adequate corrective actions. We will also continue to offer training on internal controls and hope to expand into other more focused training sessions.

We look forward to working with the campus community in our newly defined role and encourage you to continue to contact us for specialized reviews of your departments. We believe that by taking a more proactive approach to our business operations and processes, we can achieve a high standard of excellence in our operations that will be reflected in continued, improved audit results.

Please contact us if you have any questions about our new mission statement or need more information about what MAS can do for you.

### **Board of Regents Provides Additional Resources to the Office of Internal Audit**

The University System of Maryland maintains a central Office of Internal Audit that independently appraises each institution's operations. Recently the Board of Regents, recognizing the need for greater accountability, decided the System should provide additional resources to the Office of Internal Audit enabling the Office to significantly increase their staffing levels. Each institution is contributing toward the Office's additional operating costs.

The Internal Audit staff periodically reviews financial and operating activities, analyzes internal control structures and procedures, and recommends corrective measures to both institution administrators and operating managers. With the increase in staffing, UMBC can expect their audits to occur more frequently. Similar to MAS, Internal Audit primarily functions to help managers discharge their responsibilities effectively, efficiently, and economically and as such, their reviews should be welcomed.

## AUDIT NEWS

### NSF Audit

For several months now we have been working with auditors who were engaged by the NSF Office of Inspector General to conduct an audit of three of our NSF awards. The audit report has not yet been received, but based on the auditor's preliminary comments; we suggest you pay particular attention to:

- Documenting and monitoring sub recipient performance, progress and financial information.
- Ensuring that all time and effort reports are accurate and certified timely.
- Verifying monthly that all expenditures are accurately reflected on your grant reports, including that they are charged to the correct project, account and resource type.
- Ensuring that any cost sharing requirements of UMBC and sub recipients are met as stated in the award, including documenting certifications.
- Requesting written approval from your sponsoring agency if you are deviating from the approved budget.

When we receive federal awards from agencies such as NSF, there are restrictions and requirements under which we must operate. If you are responsible for the management and/or administration of grants and contracts, please ensure that you are familiar with the OMB Circulars A-21, A-110 and A-133 that are applicable to higher education. If you have any questions about the audit, please contact Michele Evans at extension 51354. If you need more information about your responsibilities for the management and administration of grants and contracts, please contact The Office of Sponsored Programs at extension 51336 or Contract and Grant Accounting at extension 51503.

### Purchasing Card Audit



The University System of Maryland Office of Internal Audit recently performed an audit of the purchasing card recordkeeping at UMBC. Ten cardholders in five departments or programs were chosen for audit. Although the

formal audit report has not yet been issued, preliminary comments from the auditor indicated that generally he found our cardholders to be knowledgeable about p-card program policy and documentation to be in good order. However, the auditor did question several potential split purchases. We remind cardholders and supervisors that it is a violation of program policy to split transactions to stay below your per transaction threshold. Examples of split purchases can be found in Section 3.5 of the UMBC Purchasing Card Program User's Guide on Procurement's web site at <http://www.umbc.edu/adminaffairs/procurement>.

MAS would like to thank the Procurement department and the staff in the departments and programs the auditor visited, for their cooperation with the auditor and for informing MAS when the auditor arrived in their areas. With the increase in staffing at the Office of Internal Audit (see *Board of Regents Provides Additional Resources to the Office of Internal Audit*), we should expect this type of audit to occur more frequently. Please contact us if you have any questions about the audit or split purchases.

### Hazardous Material Operations Audit



The University System of Maryland Office of Internal Audit is currently performing an audit of UMBC's controls for ensuring compliance with regulatory requirements designed to protect human health and the environment from hazardous materials. The auditor will be identifying regulatory requirements, conducting interviews, inspecting facilities, observing operations and reviewing and testing records and activities. Please contact MAS when the auditor arrives in your department so that we can help you address the auditor's requests.

## P-CARD CORNER

### Emergency Procurements

MAS has found some cardholders have violated Purchasing Card Program policy by splitting purchases because they considered the purchase to be an "emergency procurement." UMBC Procurement policy states that, "An emergency is a sudden and unexpected occurrence or condition which the University reasonably could not have

foreseen that requires an action to avoid or to mitigate serious damage to public health, safety or welfare. An emergency is **not** a situation which arises as a result of poor planning or lack of funds.” If you feel that you have an emergency procurement situation, contact the Department of Procurement on ext. 52273 as soon as the emergency arises to see how best to proceed.

## FYI

### **Internal Control Training Session**

MAS will be presenting an Internal Control Education Training Session on Monday, November 13, 2006 in The Commons Room 331 from 10:00 AM until 12:00 PM. The session is provided to the campus community semi-annually in the spring and fall semesters to educate UMBC faculty/staff about internal controls and their importance. It is open to anyone who feels that they could benefit from understanding internal controls and how to apply them. MAS will shortly make an announcement in Insights and on the various list serves (e.g., Business Managers, PS users) about registration information.



### **Fraud, Theft and Corrupt Conduct**

In our previous newsletter we discussed the concept of ethics in the workplace. Here are some key definitions and examples of unethical activities.

Fraud includes theft, criminal deception, making false representations to gain an unjust advantage, and abuse of University property or time. Theft is the dishonest appropriation of the University's property with intent to deprive the University of it permanently. Corrupt Conduct includes improper use of influence or position and/or improper use of information or other improper acts or omissions of a similar nature.

Examples of some activities covered under these definitions are:

- taking inducements to mark a student grade more favorably or to award a contract for the provision of goods or services;
- misuse or abuse of telephone, fax, computers, and other equipment to run a private business;

- misuse of the p-card;
- unauthorized removal of equipment, parts, software, or office supplies from University premises;
- submission of fraudulent applications for reimbursement;
- submission of exaggerated or wholly fictitious accident, harassment or injury claims; misuse of sick or family leave or falsification of time records; and
- misrepresenting your travel for personal business as University-related for the purpose of being reimbursed for your personal travel expenses.

Please contact MAS if you have any questions about this information.

### **Required Competitive Bid**

Procurement procedures require a competitive bid for purchases between \$5,000 and \$100,000. MAS has found some p-card holders have purchased considerably more than \$5,000 from one vendor on an annual basis. In these situations, although each vendor charge may be less than the \$4,999 per transaction limit, the total annual purchases for the year are such that a competitive bid should have been processed. There must be competition to the extent practical, considering such factors such as availability of vendor, cost of administering the procurement, delivery time and sound business judgment practices. The bid process is required to obtain the most cost-effective pricing. It may be possible to continue using the p-card as the method of payment for the goods or services. In those instances, you should indicate that the p-card will be used as the payment method. Procurement procedures for orders between \$5,000 and \$100,000 are on Procurement's web site at <http://www.umbc.edu/adminaffairs/procurement>. If you have any questions regarding competitive bid procedures, please call either Ina Caplan on ext 53915 or John Blecheisen on ext 52071.

### **Records Management Policy**

How long should we maintain our department records? What type of records should we maintain in our department? What type of records should be transferred to the University Archives? The answers to these questions can be found in the Policy on

Records Management on the Library web site at <http://aok.lib.umbc.edu/specoll/RecMgmt/>. If you have any questions on the policy, you can contact either MAS or Marci Peri (ext. 56290).



### **KUDOS...**

...to the following departments: Erickson School of Aging Studies and the Public Affairs Scholars Program. Recently completed purchasing card reviews by MAS show that these departments are managing the Purchasing Card Program well. Thanks for your efforts and keep up the good work!

#### **MANAGEMENT ADVISORY SERVICES**

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