



**Internal Audit Department**

***The Lumberjack* Newspaper**

**April 2017  
Report Number FY 17-07**

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Northern Arizona University  
*The Lumberjack* Newspaper  
 Audit Report  
 April 12, 2017

**Summary**

Our audit of *The Lumberjack* newspaper is in the Annual Audit Plan for FY 2017, as approved by the Audit Committee of the Arizona Board of Regents. This audit links to NAU’s strategic goal of student success.

**Background:** *The Lumberjack* is NAU’s student newspaper. Each week approximately 6,000 copies of the newspaper are printed and distributed without charge to the NAU campus and the surrounding area. About 35 editions are printed during fall and spring semesters and three or four more during the summer.

*The Lumberjack* is part of the School of Communication’s Media Center, an educational resource for journalism, photography, broadcasting and advertising sales. The Center is used as part of in-class studies and extracurricular activities. The extracurricular activities are student- operated with faculty oversight and include:

- NAZ Today - Broadcast news that airs 30 minutes each day Monday through Thursday;
- KJACK Radio - NAU’s student-run radio station; and
- www.jackscentral.org - A website with content from *The Lumberjack*.

*The Lumberjack* and the Media Center are student learning labs and are not expected to earn a profit. The Media Center’s Status of Funds for fiscal year 2016 is summarized in the table below:

**Media Center  
 Status of Funds Summary at June 30, 2016**

<b>Available Funds</b>	<b>Amount</b>
Beginning Balance	\$ 25,791
Foundation Gifts	\$ 40,416
Advertising Revenues	\$ 148,154
Transfers-In	\$ 75,000
Total Available Funds	\$ 289,361
<b>Uses of Funds</b>	<b>Amount</b>
Salaries, Wages, & Related Expenses	\$ 254,874
Other Operational Expenses	\$ 21,372
Total Uses of Funds	\$ 276,246
<b>Fund Balance as of June 30, 2016</b>	<b>\$ 13,115</b>

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Media Center revenues primarily come from advertising carried by the Lumberjack. Additional sources of revenue are Foundation gifts and support by NAU. Expenditures are primarily related to salaries and wages.

**Audit Objectives:** The primary objectives of this audit are to determine whether *The Lumberjack* has effective policies and procedures related to revenues, expenditures, and security of assets.

**Scope:** The scope of our audit included a review of policies and procedures currently in effect. Transaction testing was performed on samples recorded in FY 2017.

**Methodology:** The following procedures were performed to achieve the audit objectives:

- evaluated the processes to secure assets, including equipment and cash;
- assessed the processes to solicit and document advertising sales;
- reviewed the processes to determine and document the amount invoiced for advertising sales;
- verified that deposits are made timely and reconcile to vendor invoices and PeopleSoft Financials;
- evaluated the collection process for advertising revenues;
- confirmed that expense transactions were authorized and serve the interests of the newspaper; and
- inquired about student-employment hiring practices and training.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

**Conclusion:** The policies and procedures adopted by *The Lumberjack* are adequate to ensure that assets are secure, that revenues are controlled and accurately posted to PeopleSoft Financials, and expense transactions are reasonable.

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**Observations:** During our review *The Lumberjack* proactively:

- uploaded additional documentation to OnBase to ensure expenses sampled were properly authorized and fully documented;
- requested the newspaper’s printing services vendor send invoices electronically to avoid delays in payment processing;
- obtained evidence that advertising Insertions Orders were properly approved;
- began a system to improve accessibility to, and retention of, advertising Insertion Orders;
- implemented a process to ensure all expenses were reviewed by management; and
- collected a receivable for \$6,600 that was more than 90 days past due.

*The Lumberjack* is working with Disability Resources and Information Technology Services to develop an accessible on-line platform for visually-impaired students to access the newspaper’s complete content. The completion date for this project has not been identified.

The control standards we considered during this audit and the status of the related control environment are provided in the following table.

<b>General Control Standard</b> (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommen- dation No.	Page No.
<b>Reliability and Integrity of Financial and Operational Information</b>			
<ul style="list-style-type: none"> <li>• Revenue and expense transactions are accurately posted to PeopleSoft Financials.</li> </ul>	Reasonable to Strong Controls in Place		
Documentation is sufficient to support transactions posted to PeopleSoft Financials.	Reasonable to Strong Controls in Place		
<b>Safeguarding of Assets</b>			
<ul style="list-style-type: none"> <li>• Funds and property are safeguarded and controlled.</li> </ul>	Reasonable to Strong Controls in Place		
<b>Effectiveness and Efficiency of Operations</b>			

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<b>General Control Standard</b> (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<ul style="list-style-type: none"> <li>The newspaper endeavors to increase advertising revenues through effective solicitation.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>Invoices for advertising are based on an advertising rate schedule.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>There is evidence that all transactions and insertion orders have been properly approved.</li> </ul>	Reasonable to Strong Controls in Place		
<ul style="list-style-type: none"> <li>There is a process to ensure all advertising is properly invoiced and past due receivables are minimized.</li> </ul>	Reasonable to Strong Controls in Place		
<b>Compliance with Laws and Regulations</b>			
<ul style="list-style-type: none"> <li>Invoices for advertising comply with local and state sales tax regulations.</li> </ul>	Reasonable to Strong Controls in Place		

We appreciate the assistance of the staff of the School of Communication.

/s/  
 Penny Whitmore  
 Senior Internal Auditor  
 Northern Arizona University  
 (928) 523-6459  
[penny.hock-whitmore@nau.edu](mailto:penny.hock-whitmore@nau.edu)

/s/  
 Mark Petterson  
 Chief Audit Executive  
 Northern Arizona University  
 (928) 523-6438  
[mark.petterson@nau.edu](mailto:mark.petterson@nau.edu)

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**Distribution:**

Audit Committee, Arizona Board of Regents  
Rita Cheng, President  
Jamie Axelrod, Director, Disability Resources  
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