Protect the Pirate Treasure!!

Internal Audit, Internal Controls, and Fraud and Abuse

Office of Internal Audit and Management Advisory Services

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Who are You?

- Academic departments
- Clinical staff
- Administrative areas
- Other



Do you...

- Supervise employees?
- Use or reconcile a ProCard?
- Are you a Kronos Super Admin?
- Work in academic departments?
- Manage state or grant funds?
- Process travel?



Agenda

- Internal Audit what we do
- Internal Controls / Fraud and Abuse
- Game time and PRIZES



Who are we?

- An independent, objective team that reports to the Chancellor and BOT
- Our purpose: Strengthen the organization's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

(Per the IIA Global Audit Standards)



Audit Services

- Operational Audits
- Compliance Audits
- Information Technology Audits
- Investigative Audits / University Hotline
- Financial Audits
- Assistance to the Office of the State Auditor
- Liaison with outside auditors
- Consultations / Advisory Services





Recent Examples

- Student Athlete Health and Well-being
- ProCard Program Compliance
- Transit, Campus Living, Campus Rec
- Cashier's Office
- Employee Benefits Admin
- Campus Fuel Usage
- Academic Advising



Internal Controls Help to...



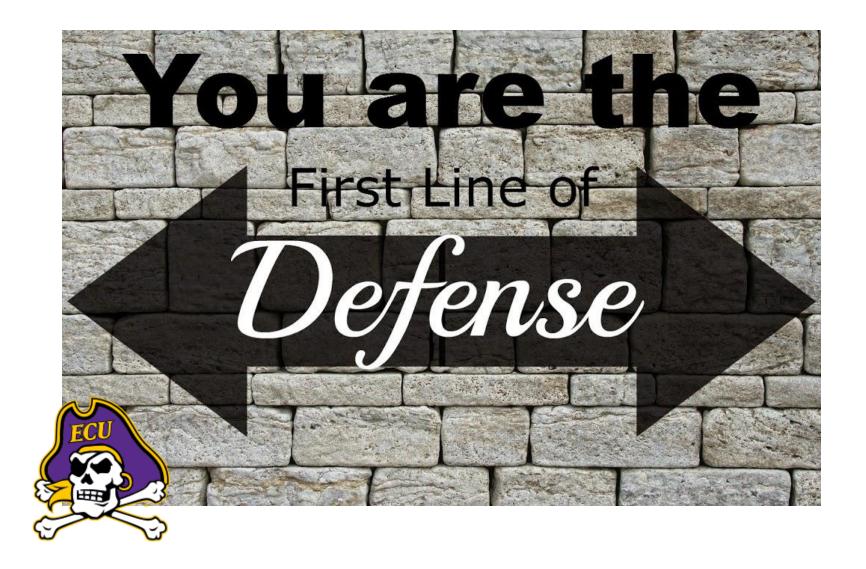


Internal Control Resources

- Visit https://audit.ecu.edu/
 - East Carolina University Internal Control Manual
 - An Internal Controls Checklist that you can use to evaluate your own team's controls
- Contact our office anytime









Control Concepts

- Secure assets
 - Cash, computers, equipment, etc.
- Protect data
- Segregate duties
- Review & reconcile transactions & accounts
- Document policies and procedures
- Scrutinize time and leave records
- Supervisors pay attention



Security of Assets

- Physically control access to your department's valuable assets – computers, iPads, mobile devices, cameras, other equipment, and gift cards – review who has access via 1 Card and keys
- Maintain a departmental inventory, and periodically review to ensure all assets are on hand



Protection of Sensitive Data

- What data do we have?
- Where is it stored?
- Is it allowed to be there? (CIO and data stewards)
- Who has access and do they really need it?
- Is it encrypted/secured?
- Proposed Al Regulation



Segregation of Duties

- Functions are separated so that no one person has control over all parts of a transaction
- Have at least "two sets of eyes" look at a transaction
- Separate receipt, deposit, and reconciliation



Cash Management

- Comply with the University Cash Management Plan
- Issue a pre-numbered receipt for all payments received
- Ensure that a person who is not involved in the collection process reconciles the collection records with the Banner deposit information
- Physically safeguard cash, checks, gift cards, and credit card information



Transaction Review and Approval

- In a position to know whether the transactions are related to legitimate University business
- Have the authority to disapprove or question specific expenses
- Ensure a valid business purpose is documented
- Monthly review of transactions and accounts
- ASK QUESTIONS!!



Reconciliations

- Departmental account reconciliation is a comparison of a department's monthly financial reports to supporting documentation which is retained in the department
- Be sure to properly segregate duties
 - The reconciliation should have documented review and approval by someone other than the preparer



Policies, Regulations, Rules (PRRs) and Standard Operating Procedures

- It is a good business practice to have PRRs and standard operating procedures to guide actions of the department or unit.
- Written PRRs and standard operating procedures increase efficiency, reduce errors, and make training of new personnel easier and faster.



Timekeeping and Leave

- Ensure accurate and reliable reporting of time and leave balances
 - Have documented procedures outlining the timekeeping process
 - All time entry submitted should have supervisory approval
 - The approver should have actual knowledge of the employee's work time and should be able to validate the accuracy of the time reported by the employee
 - Review the location of punches periodically

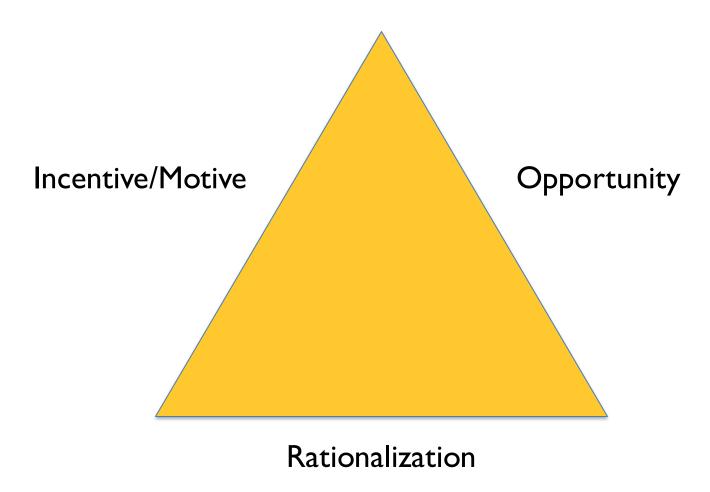


Fraud and Abuse

- Occupational Fraud:
 - The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.

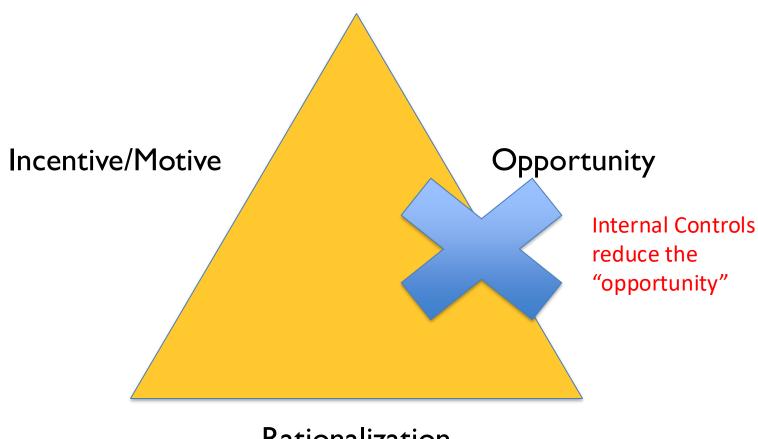


Fraud and Abuse





Fraud and Abuse





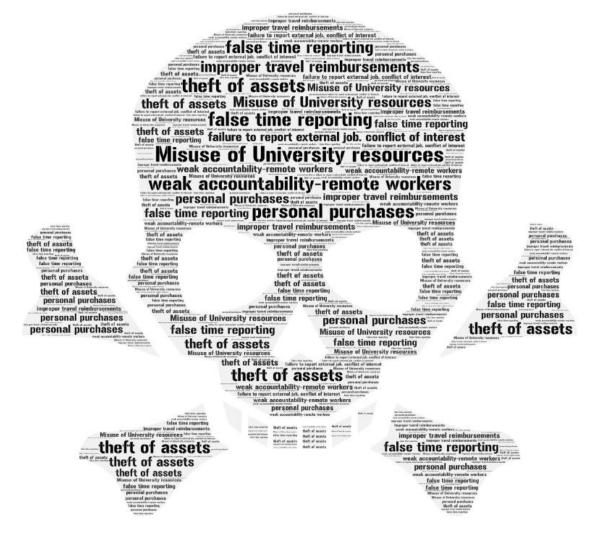


Red Flags of Fraud

- Internal control weaknesses
- Existing controls are not enforced
- Analytical or accounting anomalies
- Employee's change in lifestyle or behavior
- Person who never takes leave or is unwilling to share information



Commonly Seen at the University





Key Takeaways

- We are <u>all</u> responsible for protecting ECU's assets and reputation
- Internal Audit is here to partner with you
- "Stuff" really does happen
- Internal Controls can help prevent or detect "stuff"



Questions/Comments

Call us any time. We're here to serve!

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https://audit.ecu.edu

https://compliance.ecu.edu/



Game time!!

