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What is an Internal Audit?

Internal audits evaluate a company's internal controls and accounting processes. These audits ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection. Internal audits also provide management with the tools necessary to attain operational efficiency by identifying problems and correcting lapses before they are discovered in an external audit!

NEW Travel and Entertainment Training Video!

Learn both the basic and the finer points of how to better understand travel in a work setting. A smart approach to this education can reduce risk and potentially save an organization from financial loss, regulatory action, and public embarrassment. Have a look at our new Travel and Entertainment training video.

Tips for Effective Internal Controls

If your department relies heavily on certain employees to carry out your internal control processes, take steps to make sure you're covered should one or more key people leave. Consider these four tips:

- **Document your control systems**

  Create a how-to: The employee really isn't your key control, it's something they do. Have you identified those tasks? Write them down in a desk procedure, a flow chart or a narrative. A desk procedure describes step-by-step how certain duties or processes are performed.

  Maintain evidence it was done: You'll also want to document that the steps were performed. This can be built into the how-to procedure, so staff know how to do it. A checklist is an example of a tool you can use to capture all the steps completed for a process.

- **Cross train other staff**

  Build in cross-training or duty rotations when an employee does something important. Prepare for change by having the key employee teach and oversee another in their assigned tasks. Have the staff in training use the step-by-step procedures you created, and based on their experience and feedback, evaluate where you can make improvements.

- **Capture the history by listening**

  History provides us with the context to understand where we are now, what worked and what didn't in the past. Repeating the same tasks every day makes it easy for us to remember, but it's equally important to have the process written down. Spend time listening and asking questions. Try to get as much historical perspective as you can before you lose it.

- **Create documentation repositories**

  Sometimes employees document information in places that are familiar to them, but others struggle to find this information when they are gone. In order to facilitate an easy transition, make sure you have a system in place to organize and store documentation.

Cybersecurity is a Shared Responsibility

It can be tempting to think it's the experts' job to keep us safe online. We trust our colleagues who are IT professionals and the technology services we use to stay up to date on the latest threats. But all of us, whether or not we are technology experts, have a part to play in cybersecurity. The State Auditor's Office (SAO) wants to help you protect yourself, your systems, and your data online. Throughout October, SAO shared tips, new information and existing resources to help you stay cyber safe. To learn more, check out these SAO articles.

Why does my auditor need to understand my key controls and how strong they are?

Auditors need to understand the strength of your control system so they can assess audit risk and properly plan your audit. In some cases, auditors might perform tests of those key controls to gain even more comfort – either because they are required to do so or because it reduces audit work in other areas, such as testing of transactions.

Entities that cannot identify their key controls and/or lack documentation of how they were used, create challenges for the auditor. These situations can result in audit findings for your government, as well as increased audit testing to address high risk areas.

Challenge Question

True or False: Entities that can't identify their key controls, or lack documentation of how they were used, create challenges for the auditor.

- a. True
- b. False

Send responses to Jesus Baldovinos at jesus.baldovinos@cwu.edu by November 30th. Correct responses will be entered into a drawing for a $15 Wildcat Shop gift card.

cwu.edu/internal-audit/hotline

CWU is an EEO/AA//Title IX Institution. For accommodation email: DS@cwu.edu. 19-BFA-21RN

Check out our past trainings!

- Unsure what to do when you receive an audit recommendation? No worries, the how to respond to audit recommendations training video provides tips on what to do and what to avoid when writing a solid response.
- Take a look at our conflict of interest training video to learn what constitutes a conflict of interest, how to avoid them, and how to proceed if employees recognize one.
- Check out our Giving and Receiving Gifts training video and learn both the basics and the finer points of how to better understand giving and receiving gifts in a work setting.

IN THE NEWS

University of Washington settles DOJ claims of grant fraud

- apnews.com

Audit dings leadership of LSU Health Sciences Center over nepotism, favoritism

- Joseph Cranney- nola.com

Former USC dean pleads not guilty in Los Angeles counsilman bribery case

- Michael Finnegan and Matt Hamilton Los Angeles Times- bakersfield.com

CWU SPEAK UP

INTERNAL AUDIT HOTLINE
www.cwu.edu/internal-audit/hotline

The Hotline is intended for faculty, staff, students and others to report suspected fraud or irregular activities such as improper transactions, suspected thefts, losses, misuse, or inappropriate action involving public funds, equipment, supplies, or other assets. To report a violation, click Hotline.

Issues you may want to report through the internal audit hotline:

• Fraud/theft
• Conflict of interest
• Waste and/or misuse of university resources
• Financial policy violations
• Operational policy violations
• Other regulatory violations

Key characteristics of the internal audit hotline:

• Online reporting at cwu.edu/internal-audit/hotline
• Discrete and confidential treatment of concerns to the extent possible under applicable laws.
• Employees may provide their names and contact information or may choose to remain anonymous.

Any employee who brings an issue to the university's attention through the Hotline should be aware that university policy prohibits retaliation against employees who in good faith report apparent violations.

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