

The Audit Insight



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What does the basic audit process involve?

An audit is broken down into four main parts. They are as follows:

- **Planning:** During this phase we gather various types of information from interviews with department, unit or function personnel and members of other offices with which the audited department, unit or function regularly interacts with, as well as from financial analyses we perform. This information helps us get a clear understanding of the various functions of the audited department, unit or function and establish the preliminary scope for the engagement.
- **Fieldwork:** This phase is where we begin spending a good deal of time "on site" in the department, unit or function. Since each is unique in its size, purpose, staffing, procedures and issues, audit fieldwork can also be unique. We perform tests of various department, unit or function transactions. The number of transactions tested varies from audit to audit depending on our scope. The transactions to be tested will be provided in advance so that department, unit or function personnel have ample time to gather the information before our arrival.
- **Reporting:** This is the compilation phase. During this part of the audit, we assemble any audit issues and/or suggestions in draft form for discussion with department, unit or function management. As a result, some issues are resolved and some remain to be included as part of the "official" audit report.
- **Follow-up:** It is anticipated that all audit recommendations will be followed up with the department, unit or function within a reasonable timeframe after the report is issued.

How to be successful at this stuff

Timeliness

In simple terms, timeliness means meeting prescribed deadlines.

When deadlines are not met, the following could occur:

- Inefficiencies could result
- Fines or penalties could be imposed
- Prospective projects or customers could be lost
- Other operational processes could be negatively impacted

Best Practices

Frequently, the timeliness of processing is not a major priority on an individual's "to do" list. As organizations continue to push to do more with less and create increased operational efficiencies and profits, timeliness has become important to the overall success of the organization as whole. It's the one area where all employees can analyze their workflows and identify ways to work smarter and save time.

Here are a few tips:

- Obtain an understanding of all the required deadlines particularly those that are "not negotiable" such as regulatory due dates.
- Build in adequate lead times to ensure the work product or report is complete, accurate, and has been reviewed before it is submitted. Meeting the deadline is great, but providing a quality product on time is better. If it has to be returned for corrections or omissions, the deadline has not been met.
- Prioritize activities when critical deadlines are imminent
- Ensure adequate staff are available, trained, and able to complete the tasks in order to meet the deadlines.
- If deadlines cannot be met, notify the appropriate parties in advance. Determine if the deadline is negotiable. Commit to the new date and be willing to do whatever it takes to meet it.
- Create a synergy within the unit or organization that embraces the Kaizen philosophy that continuous process improvement means that a product is quality if it's great and on time.

Conflict of Interest Disclosures

As you know, the State of Washington has robust rules regarding conflicts of interest, and in a small town like Ellensburg, conflicts of interest can be difficult to avoid. Up to this point, we have relied on our employees to self-disclose conflicts but this process has not always served either our employees or the institution well. CWU recently put in place a new policy and procedure on conflicts of interest, in particular the requirement to disclose conflicts annually. We want to let you know that we have a new tool to manage these disclosures called Osprey Compliance Software, which will be administered by Internal Audit.

Earlier this month, we launched the COI disclosures to **exempt** staff, and we intend to move down the organization over the next year. You will get an email from "**Compliance@CWU.edu**" containing a link for you to answer a few questions about any conflicts you may have.

For questions regarding the disclosures, please contact Jesus Baldovinos, Internal Audit Manager, at Ext. 1191 or at Barge Hall, Room 311.

How can I prepare for an audit?

For scheduled audits, Internal Audit will communicate in advance to the department, unit or function and senior management about an upcoming audit.

After being notified, the department can prepare for an audit by doing the following (not a comprehensive list):

- Make ready for release to the audit team, the department's organization chart, list of key personnel and their job descriptions, process flowcharts, operating policies and procedures.
- If applicable, make available the copies of recent external audit reports completed on your department within the audit period.
- Inform the department staff about the upcoming audit and encourage full cooperation with the audit team.
- If applicable, assign areas of the audit scope to key employees so they can effectively plan and prepare to respond to audit requests.
- Contact the audit team, in a timely manner, if you have questions or comments about the upcoming audit.

cwu.edu/internal-audit/hotline

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

TRAINING WITH INTERNAL AUDIT

Documenting Your Department's Key Controls – Coming Soon!

Learn about documenting your department's key control activities to mitigate errors. A key control is an action your department takes to prevent or detect errors or fraud. Departments should review their activities and identify key controls. They should make sure that everyone understands them and the controls should be documented (written down). This training will help managers and staff understand the components of internal controls and provide tools to establish, properly document, and maintain effective internal control systems.

IN THE NEWS

Ex-City Colleges vice chancellor, seven others indicted in \$350,000 kickback scheme at school – November 20, 2019

<https://www.chicagotribune.com/news/criminal-justice/ct-chicago-city-colleges-director-fraud-charges-20191120-n2faxw4cxzdlvk72vdlh4kfky-story.html>

2 state colleges lose funds to fraud – October 11, 2019

<https://www.arkansasonline.com/news/2019/oct/11/2-state-colleges-lose-funds-to-fraud-20/>

CWU SPEAK UP

Internal Audit Hotline

If you suspect an incident, situation or conduct violates a law, regulation, requirement or university policy, it is your duty to report it. To report a violation, click [Hotline](#).

Violations of financial fraud, theft, embezzlement, ethics and waste of university resources should not be ignored. All employees have an obligation to report any suspicions or allegations of suspected waste, fraud, or abuse of university resources. We will follow up, evaluate the matter, and take any appropriate action.

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

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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