

The Audit Insight



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Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Central Washington University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Central Washington University's strategic objectives are appropriately identified and managed.
- The actions of Central Washington University's officers, directors, employees, and contractors are in compliance with Central Washington University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Central Washington University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Internal Audit Environment

In today's internal audit environment, auditors are expected to be knowledgeable in all areas of their business, help the organization meet its objectives through value-added auditing, and catch fraud during the audit process. A standard audit catches less than 15 percent of existing frauds because it is designed to test the effectiveness of controls and evaluate operating efficiency — not find fraud. According to the Institute of Internal Auditors, every year billions of dollars are lost to fraud and corruption resulting in inefficiencies, aborted projects, financial challenges, organizational failure, and, in extreme cases, humanitarian disaster. Often fraud occurs because of poorly designed controls and weak governance undermining the organization's processes. Organizations should have robust internal control procedures to limit the risk of fraud, and internal audit's role is to assess these control.

3 Ways Internal Audit Can Strike a Balance between Productivity and Control

According to Corporate Compliance Insights, business procedures documentation is critical in an organization. Despite the move of organizations to more agile environments it is critical for organizations maintain proper documentation. The auditor's fundamental understanding of their process is set by documentation. Internal audit function must be able to execute 3 main points to obtain the right balance between supporting organizational objectives and provided assurance of appropriate internal controls.

1. Avoid pushback – When organizations adopt more agile process, it is critical for Internal Audit to take the correct approach and ensure proper documentation is being produce.
2. Reinforce Value in Documentation – Internal Audit must reinforce the notion that it is in the business best interest to process documentation beyond the fact that internal auditors need it to be able to do their jobs.
3. Have the skills to Assess Documentation – Internal audit teams must have the knowledge and skills to ensure the proper documentation is being produce when a different set of controls is set in place.

How to be successful at this stuff

Efficiency and Effectiveness

Efficient performance accomplishes goals and objectives in an accurate and timely fashion using minimal resources. Inefficiencies in operations occur when processes are performed that provide no additional benefit or value. Operations are considered effective when they are functioning as intended. If, for example, two individuals are both responsible for executing the same function within a process, a duplication of efforts would exist. This is an inefficient and ineffective use of time and resources.

Best Practices

In an effort to promote operational efficiency and effectiveness, departments should consider the following:

- Analyze business processes and identify and eliminate any duplicated efforts
- Streamline processes by reducing any non-valued added procedures
- Identify any processes that have been done merely because “that’s the way we’ve always done it”. Determine if those processes are still needed. If they are, identify methods that would allow steps to be completed either more timely or effectively.
- Strive to process documents and/or transactions in a minimum required time to increase the efficiency and effectiveness of the unit.
- Employ a cost-benefit methodology when analyzing and developing new processes. If the costs outweigh the benefits, then consider eliminating the procedures or significantly reducing the number of steps needed to complete the process.
- Think “outside of the box”. Look for more innovative ways to accomplish goals and objectives.
- Automate where possible

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 detect errors or fraud. Departments should review their activities and identify key controls. 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

Former UCO employee allegedly caught selling university property online – October 2, 2019

<https://kfor.com/2019/10/02/former-uco-employee-allegedly-caught-selling-university-property-online/>

FTCC instructor arrested on embezzlement charges – October 1, 2019

<https://www.fayobserver.com/news/20191001/ftcc-instructor-arrested-on-embezzlement-charges>

Hotline Awareness

How does suspected waste, fraud, or abuse of resources impact the University?

Suspected waste, fraud, or abuse of resources hurts everyone. This activity is a common risk that should not be ignored. Failure to do so will eventually result in damaging morale, jeopardizing the reputation of the University and raise questions about its fiduciary duties regarding funds provided by donors, government agencies, students, and parents. Suspected waste, fraud, or abuse of resources costs everyone through direct influence or indirectly through increased taxes and costs of products and services.

How do I report an alleged suspected waste, fraud, or abuse of University resources?

If you suspect an incident or situation of waste, fraud, or abuse of University resources, etc., please contact Internal Audit at 509-963-1191 or report it to our anonymous [Hotline](#).

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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