CWU Internal Audit

The Audit Insight

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Internal Audit Mission

The purpose of Central Washington University's internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit department helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

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. We recently put in place a new policy and procedure on conflicts of interest, in particular the requirement to disclose conflicts annually. We are informing you that we have a new tool to manage these disclosures called Osprey Compliance Software, which will be administered by Internal Audit.

In the foreseeable future, 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 to be successful at this stuff

Policies and Procedures

Written policies and procedures codify management's criteria for executing an organization's operations. Developing and documenting policies and procedures is the responsibility of management, thus, they should document business processes, personnel responsibilities, departmental operations, and promote uniformity in executing and recording transactions. Thorough policies and procedures serve as effective training tools for employees. If written policies and procedures do not exist, are inaccurate, incomplete, or simply not current, the following could result:

- Inconsistent practices among employees and/or department
- Processing errors due to a lack of knowledge
- Inability to enforce employee accountability
- Inaccurate and unreliable records due to inappropriate recording of transactions

Best Practices

- Document all significant business practices, processes, and policies.
- Make the policies and procedures available to all personnel
- Revise policies and procedures for changes in business processes and policies. This is particularly important when new systems are developed and implemented or other organizational changes occur.
- Communicate significant changes to all affected personnel immediately to ensure they are aware of any revisions to their daily duties and responsibilities.
- In the event that there are changes in personnel (i.e. new employees are hired, promotions granted, etc.), documented policies and procedures will facilitate training and provide guidelines for the respective positions.
- Policies and procedures are only effective if people are aware and understand them.
- Ensure they are accurate, complete, and current at all times.

Internal Control Processes

Organizations use a wide variety of internal control processes and activities to mitigate errors and financial reporting fraud risk. The Three Lines of Defense in Effective Risk Management Control, a position paper published by The Institute of Internal Auditors (IIA) in 2013, outlines a model that organizations can follow:

- The first line of defense is comprised of operational managers that own and manage risks.
- The second line of defense is comprised of functions that oversee risks, such as management or compliance functions.
- The third line of defense is an internal audit function that provides independent assurance on the effectiveness of governance, risk management, and controls.

One important principle of internal control is the segregation of duties, so that no one person controls an entire process. This is important because collusion between two individuals is less likely than misconduct by one. In broad terms, internal controls are either "preventive" or "detective," meaning they are designed to either deter or detect errors.

Using Technology to Prevent and Detect Fraud

As noted by The IIA, advances in technology increasingly are allowing organizations to implement automated controls to help prevent and detect fraud. Technology also allows organizations to move from static or periodic fraud monitoring techniques, such as detective controls, to continuous, real-time fraud monitoring techniques that offer the benefit of actually preventing fraud from occurring.

Computer forensic technology and software packages are available to assist in the investigation of fraud — where computers are used to facilitate the fraud — or to identify red flags of potential fraud. Computer forensics is an investigative discipline that includes the preservation, identification, extraction, and documentation of computer hardware and data for evidentiary purposes and root cause analysis. Examples of computer forensic activities include:

- Recovering deleted e-mails.
- Monitoring e-mails for indicators of potential fraud.
- Performing investigations after terminations of employment.
- Recovering evidence after formatting a hard drive.

Conflict of Interest Examples
Learn more about situations where a conflict of interest may, or may not, arise or exist. Employees are often involved in the affairs of other institutions, businesses, and organizations. It is every employees' responsibility to make staff aware of situations at CWU that may involve the employee's personal or business relationships. Have a look at our new Conflict of Interest Examples that we have prepared for your use in our training section at www.cwu.edu/internal-audit.

IN THE NEWS

After 10 years and 1.3 million dollars, University of Georgia employee commits suicide when she knew she had been caught.

https://www.kiro7.com/news/trending-now/now-deceased-employee-stole-13-million-from-university-of-georgia-greek-life-organizations/981374841

Community College employee embezzled $7.5 million and invested it. Employee ended up paying the college $11 million in plea deal.

https://www.stltoday.com/news/local/crime-and-courts/former-st-louis-community-college-employee-stole-million-then-earned/article_b3d6058c-a59a-5539-9021-744a66d09e75.html#1

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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