How are Audits selected?

Audits are selected through a risk assessment process. There are several factors affecting the activities, departments, functions or units selected to be audited. For example, Internal Audit assesses the risk or exposure to loss that any given activity, department, function or unit represents to the University. This assessment is used to weigh the order in which they are selected. Audit requests may also come from departments, functions and units or external sources, such as our external auditors. All organizations directly or indirectly managed by the University can be subject to review by the Department of Internal Audit.

Conflict of Interest Disclosures for Classified Staff – Coming this January!

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.

We have already launched the COI disclosures to appointing authorities and exempt staff. This January, we will launch the COI disclosures to **classified** staff. 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

Accounting

Accounting is a system that measures business activities, processes that information into reports, and communicates these findings to decision makers. Two major controls of an accounting system are accurate posting of transactions and adequate account review and reconciliation.

Inadequate controls over an organization's accounting system could result in:

- Misstated financial reports
- Inaccurate and unreliable financial records

Best Practices

To help ensure strong accounting controls exist, management should ensure:

- Employees are properly trained on performing accounting functions
- Only authorized personnel can establish or modify accounting ledger attributes (e.g., accounts, object codes, transaction codes)
- Transactions, adjusting journal entries, and reports are reviewed for accuracy, completeness, and timeliness of processing before they are authorized
- Accounts are reconciled monthly
- Individuals performing account reconciliations are independent of the cash receipts or cash disbursements process
- Reconciling items, errors and omissions are identified and corrected on a timely basis
- Account reconciliations are documented
- Reconciliations are reviewed and approved
- Automated accounting systems are properly developed by knowledgeable accounting and computing staff
- Automated accounting systems have the proper level of input and processing controls to ensure the integrity of the financial data being reported.
- A proper segregation of duties exists within the accounting function

Gift of Public Funds

What is Prohibited?
Article 8, section 7 of the state constitution prohibits any local government entity from bestowing a gift or lending money, property, or the entity's credit to a private party.

Why the Prohibitions?
The manifest purpose of these provisions in the constitution is to prevent state funds from being used to benefit private interests where the public interest is not primarily served."

Best Practice
Before government entities consider transferring property or funds to a private party, either on a permanent or temporary basis, they should assess the purpose of the transfer, as well as what they are receiving in return, in order to ensure that the transfer is not gifting a benefit to the private party.

What Happens if a Violation Occurs?
If a violation is found by the state auditor, then the auditor's office will issue an audit finding. The exact consequences of such a finding can vary depending on the seriousness of the violation, but in any event, audit findings are best avoided.

USB Flash Drives – Risks and Controls

It is presumed that each and every CWU employee is a Data User. Some of us may also be designated as a Data Custodian or an Information Owner. As a Data User, we are all responsible for protecting Institutional Data. Protecting data means following the policies, procedures and guidelines established to help ensure the Confidentiality, Integrity and Availability (CIA) of data. See policy CWUP 2-70-020 Data Classification and Usage Policy for additional details. All security incidents, real or suspected, involving internal, confidential or regulated data must be reported to the CWU Chief Information Security Officer (CISO) or the Information Service Desk at 509-963-2001.

Risks
CWU operates in a highly regulated environment. Violating any data security requirements of those regulations, e.g., PCI, FERPA, HIPAA, FISMA, GDPR and CCPA, exposes the University to a multitude of negative consequences in the legal, financial, reputational and operational arenas.

Mitigating Controls
Mitigating controls are things that you can do to reduce the likelihood of a compromise or reduce the impact of a compromise. Below is a simple list of activities you should consider adopting as standard practices in your daily computing routine.

- Keep the drive stored in a secure location when not in use.
- Always scan a USB device with your up -to-date antivirus/antimalware software when you plug the device in.
- Disable AutoRun on removable drives.
- Utilize full disk encryption on flash drives.
- Do not mix personal and CWU data on the same device.

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

Drexel University prof. arrested for using cancer research funds at strip clubs and bars – January 16, 2020

https://www.thedp.com/article/2020/01/drexel-professor-stole-research-fund

Ex-president of medical college spent $82,000 in school funds for personal shopping sprees – January 3, 2020

https://www.usatoday.com/story/news/nation/2020/01/03/ex-president-florida-medical-college-misused-82-000-school-fund/2803338001/

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.

CONTACT INFORMATION
Jesus Baldovinos
Internal Audit Manager
400 E University Way
Ellensburg WA 98926
Barge Hall, Room 311
Office: 509-963-1911
Fax: 509-963-2025
Email: Jesus.Baldovinos@cwu.edu
www.cwu.edu/internal-audit