

Changing Your Paradigm on Risks and Controls

Stacey Walker, CPA, CFE
Director, Internal Auditing
Office of Audit, Compliance & Privacy
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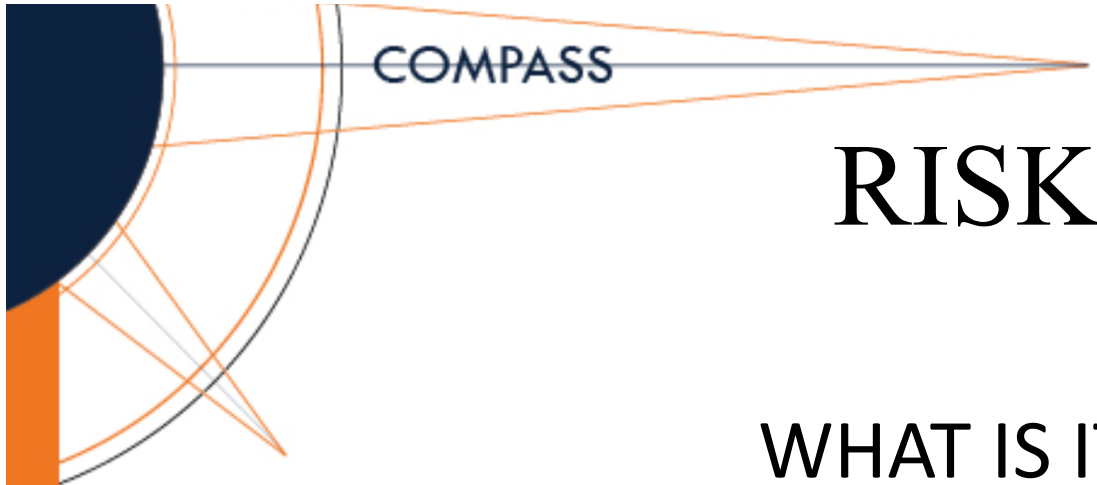


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OBJECTIVE: PARADIGM CHANGE

Paradigm – A set of assumptions, concepts, values, and practices that constitute a way of viewing reality for the community that shares them





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RISK

WHAT IS IT?

Anything _____ that might happen and
_____ us from achieving our
_____.

WHY SHOULD YOU CARE?

Because _____ is a _____ manager.



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IDENTIFYING RISKS

- Risks are everywhere!
- Risk comes in all levels from the strategic to the transactional.
- There are many ways to evaluate risks and all involve some subjectivity.



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POSSIBLE RESPONSES TO RISK

- Avoid It
- Live With It
- Share It (or transfer to someone else)
- Manage It



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RISK MANAGEMENT

- Our goal isn't to eliminate all risks but to manage them to minimize the chances our organization will be impacted.
- Pro-active risk management doesn't have to be complicated.
- Pay attention to what is happening at other schools and consider whether those things could happen here.
- If you see something, say something.



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Some Things to be Aware Of – State of Alabama Ethics Law

"No public official or public employee shall use or cause to be used his or her official position or office to obtain personal gain for himself or herself, or family member of the public employee or family member of the public official, or any business with which the person is associated unless the use and gain are otherwise specifically authorized by law. Personal gain is achieved when the public official, public employee, or a family member thereof receives, obtains, exerts control over, or otherwise converts to personal use the object constituting such personal gain."

Avoid using your position for personal gain.

<http://ethics.alabama.gov/>

Some Things to be Aware Of – AU Sexual Misconduct Policy & Procedures – Title IX

- AU's policy prohibits sexual misconduct towards students and employees. Sexual misconduct includes sexual harassment, sexual assault, domestic and dating violence, and stalking.
- AU's policy strictly prohibits retaliation against anyone reporting sexual misconduct or participating in the investigative process in any way.
- All Responsible Employees, **are required** to immediately report all relevant details (obtained direct or indirectly) about an incident that involves a University Student or Employee as a Complainant or Respondent, or that occurred on property owned or controlled by the University.
- More information, including an online reporting form, can be found at

www.auburn.edu/titleix.

A graphic of a compass rose with the word "COMPASS" written across it. The compass is oriented horizontally, with the needle pointing to the right. The word "COMPASS" is written in a blue, sans-serif font across the center of the compass. The compass is set against a dark blue background on the left and an orange background on the right.

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Additional Areas of Concern

- Data Privacy/Security (must report data breach/loss – abuse@auburn.edu or 334-844-0888)
- Contract Authority
- Bid Law



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INTERNAL CONTROL DEFINED

Systematic measures instituted by an organization to:

- 1) Conduct its business in an orderly and efficient manner
- 2) Safeguard its assets and resources
- 3) Deter and detect errors, fraud, and theft
- 4) Ensure accuracy and completeness of accounting data
- 5) Produce reliable and timely financial and management information
- 6) Ensure adherence to its policies and plans

Achieve Organizational Success

Source: businessdictionary.com

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COMPONENTS OF INTERNAL CONTROL - COSO Model





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PERSONAL INTERNAL CONTROL SYSTEM

- Anything you do in your personal business to protect yourself and achieve your objectives
- Examples
 - Your house: _____
 - Your debit card: _____
 - Your bank accounts: _____
 - Your car: _____
 - Yourself: _____



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SUGGESTIONS

1. Set a strong example for the expectation of ethical behavior, compliance with laws/policies.
2. Never sign anything you don't understand. Also, only sign your own name.
3. Don't violate legal requirements for anyone.
4. If something doesn't make sense, ask questions until it does.



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SUGGESTIONS

5. Be familiar with institutional policies and procedures. Don't hesitate to call and ask for clarification or guidance.
6. Consider unique risks your unit may have and ensure oversight is provided.
7. Ensure accounts are reconciled monthly and reviewed for unusual activity.



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SUGGESTIONS

8. No one employee should have complete control over a process.

9. Keep offices and labs locked to protect data and other resources.

10. Ensure institutional resources are used for institutional purposes.



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COMMON THOUGHTS AND REALITY

Thought: “We will send it through and if it is processed, then it’s okay.”

Reality: Fiduciary responsibility rests with you if you send something through you are saying it’s okay.



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COMMON THOUGHTS AND REALITY

Thought: “It is our money anyway, we can spend it however we want.”

Reality: State and federal law dictate what is allowable – you are a steward of funds.



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FOCUS ON FRAUD

- Colleges and Universities all face unique risks with respect to fraud - particularly occupational fraud.
- A major fraud has substantial implications for the institution.



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FRAUD DEFINED

Fraud - A willful or deliberate act or failure to act with the intention of obtaining an authorized benefit such as money or property, by deception of other unethical means.

Occupational Fraud – The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.



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WHY DO PEOPLE COMMIT FRAUD?



The Fraud Triangle

Source: Yellowbook-cpe.com



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2018 ACFE Report

- Median loss: \$ _____
- Duration of Fraud: _____
- Gender: _____
- Biggest contributing factors:
 - _____
 - _____
 - _____
- Most common concealment method:

A graphic of a compass rose is positioned in the upper left corner. It features a dark blue semi-circle on the left, an orange vertical bar below it, and several thin lines radiating from the center. The word "COMPASS" is written in a blue, sans-serif font across the top of the compass.

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2018 ACFE REPORT

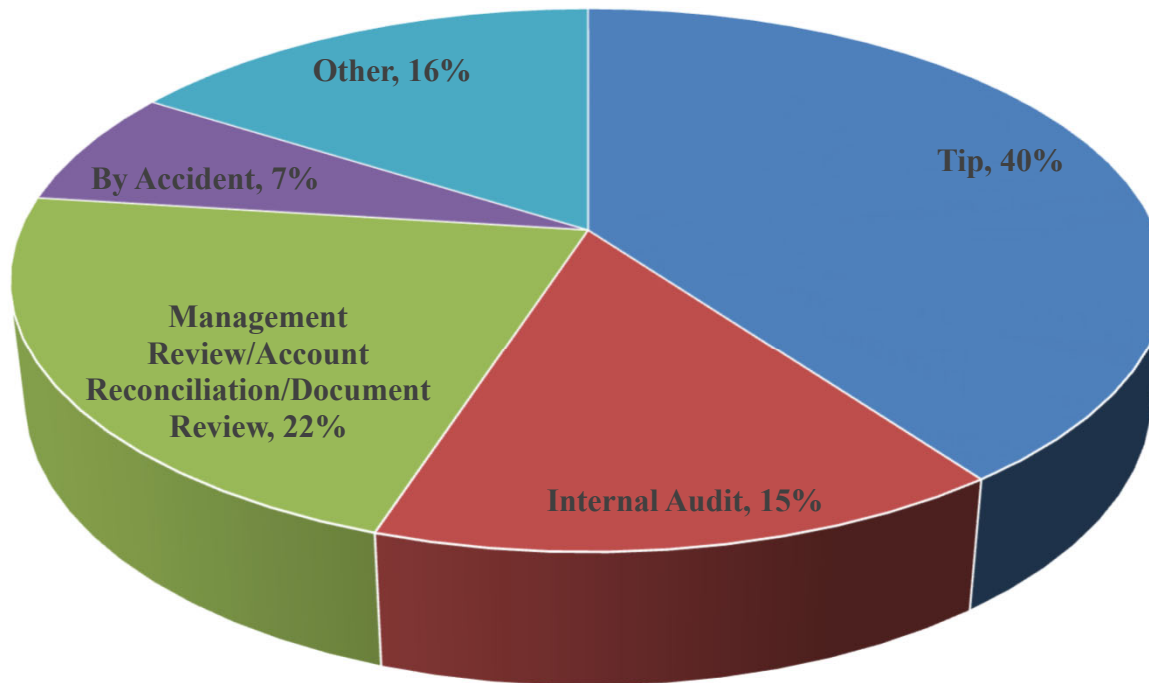
Three Ways Fraud Occurs

- Asset Misappropriation
- Corruption Schemes
- Financial Statement Fraud

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HOW IS FRAUD DISCOVERED?

DETECTION METHODS



62%
is
YOU!

Source: 2018 Report to the Nations on Occupational Fraud and Abuse,
Association of Certified Fraud Examiners

Anonymous Reporting Hotline



Auburn University uses the [EthicsPoint anonymous Reporting System](#) to enhance communication and empower individuals to promote safety, security, and ethical behavior. Use this anonymous, confidential system to report situations, events or actions by individuals or groups that you believe unethical or otherwise inappropriate. Frivolous or unfounded reports do not help foster a positive workplace. This hotline service does not replace our existing reporting methods for reporting fraud, waste, abuse or other potentially illegal activities. The University continues to encourage stakeholders to report concerns or suspected violations to their supervisor or [other campus entities](#) as appropriate. If you are uncertain if a situation violates University policy, is illegal or constitutes harassment or discrimination, you may use EthicsPoint to obtain clarification. We would much rather have you ask questions than let potential problems go unchecked. **However, EthicsPoint should not be used for immediate threats to life or property. If the situation presents an immediate threat to life or property call emergency -- 911**

[File an EthicsPoint Anonymous Report](#) | [FAQ](#) | [How to File a Report](#)

Last Updated: October 31, 2016

**THIS IS
AUBURN.**

Contact

Office of Audit, Compliance & Privacy
204 Sanford Hall

Providing services for Auburn University,
Auburn University at Montgomery, the
Alabama Cooperative Extension System,



AUBURN UNIVERSITY

AU Internal Auditing

Follow-up on a Report

ATTENTION! This web page is hosted on EthicsPoint's secure servers and is not part of the Auburn University web site or intranet.

Auburn University Ethics Line

Auburn University has selected EthicsPoint to provide a simple, anonymous way for employees to confidentially report activities that may involve certain improper conduct or violation of Auburn University's policies. You may file a report on this site or by calling toll-free 1-866-294-4871.

Auburn University considers employee concerns very important and desires your cooperation in resolving such issues. However, this hotline service does not replace or supersede existing reporting methods on campus. Employees are encouraged to bring concerns to their supervisor, Human Resources, or other campus entities as appropriate. In addition, certain categories of concerns cannot be reported through this hotline. Please direct the following areas of concern to the appropriate office noted below.

Reports not accepted via this hotline service include the following:

- Human Resource Issues Dealing With Sexual Harassment or Discrimination
Please direct these reports to the AA/EEO Office at 1-334-844-4794. For more information see: <http://www.auburn.edu/administration/aaeeo/>
- Research Issues Involving Human Subjects or Animal Resources
Please direct these reports to Research Compliance at 1-334-844-5966. For more information see: <http://www.auburn.edu/research/vpr/ohs/index.htm> or <http://www.auburn.edu/research/vpr/animals/index.htm>
- Issues Concerning Safety, Environmental, or Health Matters
Please direct these reports to the Risk Management and Safety Office at 1-334-844-4870. For more information see: <http://www.auburn.edu/administration/rms/>

TO MAKE A REPORT (Click on the appropriate category below)	
Financial Matters	Accounting or internal control issues, fraud, theft, or other financial issues.
Regulatory	Confidentiality issues, research grant misappropriations, falsification of contracts, and similar issues.
Human Resources	Payroll misappropriations, leave misappropriations, and similar issues.
Athletics	Violations concerning NCAA regulations.
Hazing	Any activities, rituals or practices by AU related organizations, clubs, or groups that could be considered hazing.
Other	Other issues of a similar nature which do not seem to fit the above categories.
TO FOLLOW-UP ON A REPORT (Click here)	

ETHICSPPOINT IS NOT A 911 OR EMERGENCY SERVICE.

Do not use this site to report events presenting an immediate threat to life or property. Reports submitted through this service may not receive an immediate response. If you require emergency assistance, please contact your local authorities.

Auburn University asserts that reports submitted via EthicsPoint will be handled promptly and discretely. No retaliatory action will be taken against anyone for reporting or inquiring in good faith about potential breaches of Auburn University's policies or seeking guidance on how to handle suspected breaches. Reports submitted through EthicsPoint will be given careful attention by Auburn University with the objective of correcting the situation being reported, if facts can be





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FRAUD QUICK FACTS

- Most fraud is found by _____ and _____ simply paying attention to what is going on.
- _____ of _____ is the best deterrent to fraud.
- _____ have a role in ensuring ethical business dealings of the institution.

Examples of Fraud

- Use of purchasing card for personal use
- False/duplicate travel claims
- Misuse of university property or resources
- Theft of funds or property
- Fictitious (ghost) employees
- Conflict of Interest



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RED FLAGS OF FRAUD

- Behavioral
- Organizational
- Document



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THINGS TO REMEMBER

1. You are a risk manager. You make things better or worse.
2. Internal controls matter in achieving success so think about those you can improve.
3. Never let one person have complete control of any process.

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QUESTIONS AND COMMENTS



Contact Info:
Stacey Walker
swalker@auburn.edu