

## IACA's Mission

Institute Audit, Compliance & Advisement promotes a strong internal control environment by objectively and independently assessing risks and controls; evaluating business processes for efficiency, effectiveness, and compliance; providing management advisory services; and offering training to the University community. We focus on preserving the resources of the University for use by our students as they prepare for successful careers in a global society.

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Institute Audit, Compliance & Advisement

# the Quaestor Quarterly

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**quaes·tor** [kwes'tôr] 'one who asks questions'

## Internal Controls – Who *IS* responsible, anyway?

At the close of each of IACA's Internal Controls training sessions, participants are requested to complete the typical course evaluation provided by CPD. A couple of the topic areas included in the evaluation explores the participant's inclination to use the course information within their normal job functions. Surprisingly, almost invariably, there are a handful of individuals that indicate that they do not envision applying the concepts covered in the course to their work environment.

Why should this be surprising, you ask? Aren't internal controls supposed to be IACA's or University Management's responsibility? And the answer is a resounding "NO!" While it is true that management is responsible for having a system of internal controls in place and IACA plays a very important role in the monitoring component of internal controls, it is the responsibility of every employee working at the University to make sure that those controls are followed.

Over the course of the past year or so, Lyn Kelly, RIT's Controller and Assistant Treasurer, has been sharing articles in the Quaester Quarterly that have highlighted the various components of an organization's internal controls – the control environment, management's risk assessment, control activities, information and communication, and monitoring. Although these categories may sound obscure to the average employee, they aren't as remote as one might think. In fact, every employee encounters internal controls everyday – consider the following scenarios (as well as some questions – although not necessarily all questions – that you might ask yourself related to the topic):

- You ask your supervisor to approve a request to purchase a certain supply. (You should be asking yourself - does my supervisor require that all purchases are reviewed and approved by him/her? And, does it appear that he/she is performing a diligent review of the purchase prior to approval? Also, is the process that I am following compliant with the purchasing policies of RIT?)

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## Internal Controls – Who *IS* responsible, anyway?

(continued from p. 1)

Internal control scenarios (continued):

- You use a key or card swipe to access your work space. (The question to ask yourself in this regard is do you only have access to those spaces necessary to do your job?)
- You lock file cabinets or closets that contain private information of our students or employees. (Are there areas containing private information that aren't properly protected? Is there information that is being gathered (i.e. on a computer) that might need a special protection mechanism?)
- You use a password to access your computer account. (Have you changed your passwords within the past 120 days? Are you careful not to share your computer password? Are others in your area careful to safeguard their passwords?)
- You participate in a fire drill, lab safety inspection, or report a new chemical entering your lab. (Are there areas that you know about that are hazardous and should be addressed? Have the appropriate notifications occurred for new chemicals? Are there Material Safety Data Sheets - MSDSs - readily available?)
- You advise students on class substitutions using an approved class substitution listing. (Are class substitutions handled consistently for all students? Have those substitutions been approved by the Dean/Chairperson of the program?)
- You review and reconcile your general ledger transactions on a monthly basis and have your reconciliation reviewed by your supervisor. (Is this being done on a regular basis? Does the activity include tracing each transaction back to supporting documentation? Is a thorough investigation performed for transactions that are incorrect? Does your supervisor regularly review the results of the reconciliation?)

■ Ensure that your department has established and is maintaining good internal controls.

To learn more about internal controls, sign up for Internal Controls Training.

### Upcoming sessions:

April 27, 2010  
9:00 am - 11:00 am  
Location: CIMS 2140

July 27, 2010  
9:00 am - 11:00 am  
Location: CIMS 2140

Sign up at the CPD website  
<https://finweb.rit.edu/cpd/leadership/cares.html>

These are only a few examples of controls at work. All of our jobs involve a process and as a result each of us is affected by the internal controls incorporated into that process. Additionally, it is the responsibility of each of us – individually and collectively – to evaluate the processes for which we are responsible and bring forth to our supervisors any areas for which gaps in internal controls are known to exist.

Every employee is responsible for helping to maintain a good system of internal controls at RIT! The question is not “are you responsible for internal controls,” but rather “what internal controls are you responsible for?” I challenge you to identify each of the controls that you encounter everyday, and make sure that they are operating effectively!

~~ Contributed by Wendy Roy  
Sr. Internal Auditor  
Institute Audit, Compliance, & Advisement

## Word on the Street

Over the past three years, Institute Audit, Compliance & Advisement (IACA) selected several departments in The Division of Student Affairs for audit. In my role as the Division's College Partner, I had the opportunity to work closely with the IACA audit team and to learn more about their audit process. For example, I learned that each audit followed a similar process starting with the audit entrance meeting to explain the audit process and ending with a written audit report identifying any issues. This consistent approach was very helpful and provided everyone involved with the opportunity to organize and respond to their requests as efficiently as possible.

The IACA staff was professional and approachable during the entire process. IACA also provides consulting services. I have taken the opportunity to discuss internal control issues with them, to obtain an additional perspective, and have found the feedback invaluable.

~ Contributed by Lynn C. Purdy  
 Director of Financial Reporting & Internal Controls for Student Affairs  
 Controller's Office

## Ask the Auditor

**Question:** What is the selection process for determining what departments to audit?

**Answer:** Each year, IACA performs an Institute-wide risk assessment. The results of that risk assessment process provide the basis for the development of IACA's annual work plan. IACA's work plan is comprised of audits, business process reviews, questionnaire reviews, and continuous (fraud) auditing. If your department is selected for an audit, it does not necessarily mean that there is a problem in your area. Your department may have been chosen because of the nature of the work that it does on campus, the length of time since you've been audited, or for other reasons. Regardless, the IACA staff understands that an audit can be disruptive to your operation; therefore, we will work closely with you on manageable dates and reporting timelines.

- Occupational fraud
- can be found in any workplace. Whether an organization is a non-profit entity such as a university or a large for-profit corporation, fraud has occurred and continues to occur.

To learn more about occupational fraud, sign up for **Fraud in the Workplace Training**.

### Upcoming Sessions:

April 13, 2010  
 9:00 am - 11:00 am  
 Location: CIMS 2120

July 13, 2010  
 9:00 am - 11:00 am  
 Location: CIMS 2140

Sign up at the CPD website  
<https://finweb.rit.edu/cpd/leadership/fraud.html>



## Pop Quiz Challenge

Take the Pop Quiz Challenge! Correctly answer the question below and you will be entered in a drawing to win a prize worth \$10. One lucky winner will be chosen randomly and notified by email.

**Question: “Tone at the Top” is a term everyone has likely heard. It can be defined or characterized by:**

### IACA TEAM:

#### **Steven M. Morse '86, CPA**

assistant vice president  
475-7943

#### **Patrick M. Didas '90, CPA, CFE**

associate director  
475-6826

#### **Wendy J. Roy, CPA**

senior internal auditor  
475-7011

#### **Nancy A. Nasca, CPA**

senior internal auditor  
475-5293

#### **Elisa M. Cockburn, CPA**

senior internal auditor  
475-7849

#### **Christine M. VanHemel**

staff & audit assistant  
475-7647

#### **Daniel R. Dellaquila**

co-op student internal auditor  
475-4318

- A. A culture in which managers are aware of the risks in their areas of responsibility, monitor the internal controls to mitigate those risks, and take action if the controls are not working.
- B. How an organization should relate to all of its stakeholders – employees, vendors, customers, and the community as a whole.
- C. One of the most important things that allows an organization to be aligned and steered in the right way.
- D. How organizational processes and structures, such as targets and incentives, drive people's behavior.
- E. All of the above.

**Post your answer to our Quiz webpage at:**

<https://finweb.rit.edu/iaca/forms/quiz/>

*The winner's name and answer will be included in the Spring '10 Quaestor Quarterly Newsletter.*

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Congratulations to Ashley Walker, Communications Coordinator for the College of Imaging Arts & Sciences, for correctly answering the Fall issue's Pop Quiz question.

The question and the correct answer was:

**“The greatest deterrence to fraudulent conduct is:”**

- B. The perception the illegal act will be detected.

What about *ethics* in the workplace?

To learn more about RIT's Code of Conduct  
and the Ethics Hotline, check out  
<http://finweb.rit.edu/svp/ethics/>