

## **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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## **IACA's Fiscal 2012 Annual Report**

Each year, IACA prepares an annual report for RIT senior management and the Audit Committee of the Board of Trustees. With the first quarter of a new academic year almost complete, I want to share with our readers some of the highlights from our Fiscal 2012 Annual Report and some of our plans for Fiscal 2013.

### *Fiscal 2012 – A year of many accomplishments*

The IACA staff was extremely busy last year. You may be aware of the services that IACA provides; however, if you are not, they are generally as follows: Advisory Services; Training Services; Audits; Business Process Reviews; Questionnaire Reviews; Continuous Auditing Activities; and Financial Fraud Investigations. During Fiscal 2012, IACA staff:

- Performed nearly 20 Advisory Services for management in the Academic Affairs, Student Affairs, and Finance & Administration Divisions
- Presented 4 Internal Controls and & Fraud in the Workplace Training Sessions through CPD
- Completed audits, business process reviews and questionnaire reviews in higher risk, moderate risk, and lower risk areas utilizing IACA staff time, 55%, 44% and 1%, respectively
- Performed 5 fraud investigations
- Participated as members of several campus committees
- Instituted the IACA Campus Liaison Program whereby IACA staff members meet with RIT managers twice per year to discuss challenges and explore opportunities for IACA assistance

### *IACA's 2012 Quality Assurance Review*

Believe it or not, the auditors get audited! This past June, IACA participated in an external review of its compliance with the Institute of Internal Auditors' Professional Standards (the Standards). The Standards require such an external review every five years. The focus of the review is compliance with the Standards, but also provides the reviewers an opportunity to offer recommendations to enhance the internal audit department's processes.

## IACA's Fiscal 2012 Annual Report (continued from p. 1)

IACA was found to be in compliance with the Standards and was provided with a few recommendations. While verification of IACA's compliance with the Standards is welcomed, I believe that an equal benefit provided by the external review is for us auditors to reconnect with how it feels to be audited. While I sincerely believe that all IACA staff are at all times professional and courteous, this experience is critical to us as auditors—to remember what it is like to be on the other side of the table.

### *Fiscal 2013 – New opportunities to strengthen RIT's control environment*

IACA's Fiscal 2013 Work Plan was designed with the broad goal of assisting managers in strengthening RIT's control environment. Our Work Plan was approved by the Audit Committee of the RIT Board of Trustees and includes the following:

- Audit, business process, and questionnaire review engagements to be performed across the following RIT Divisions: Academic Affairs; Finance & Administration; Student Affairs; Research; and Enrollment Management & Career Services
- IACA staff plans to spend approximately 57% of their time in higher risk areas, 41% in moderate risk areas, and 2% in lower risk areas.
- IACA will continue to augment our in-house IT expertise by collaboratively working with a technically accomplished member of the RIT Information Security Office in the delivery of our IT audits and reviews.
- Development of a New Department Chair Training Session to be offered through the Center for Professional Development (CPD)

As you can see, for a small department, we have an ambitious schedule. Having said that, we always welcome the opportunity to provide advisory services for RIT managers. So, please do not hesitate to contact any of the IACA team members if you think we can be of help in any way. The following are examples of activities that IACA staff can perform in an advisory capacity for department managers.

### *We Will Help You By...*

- *Sharing insights with a fresh perspective*
- *Providing validation for things that you are doing well*
- *Exploring alternative ways to approach a problem*
- *Identifying risks you didn't know you had*
- *Enhancing your management oversight skills*
- *Assisting you in acquiring skills that will help you monitor your operations more thoroughly*
- *Explaining control concepts and how to apply them to your operations*
- *Showing you that we are approachable and a trusted resource*



- Ask the Auditor -

Submit a question  
to the IACA webpage  
[http://www.rit.edu/fa/  
iaca/forms/ask](http://www.rit.edu/fa/iaca/forms/ask)  
by December 15 2012.  
If your question is  
chosen for publication in  
our newsletter, you will  
receive a prize  
valued at \$15.

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## Inform RIT

*Inform RIT is a recurring column provided by the RIT Information Security Office. The column highlights current issues and initiatives that impact the RIT community. In this issue, we'll talk about creating a secure and memorable password.*



**INFORMATION**  
**SECURITY**

### **Simplifying Password Complexity**

Let's be honest. Passwords are a pain. We all know that it's important to have different passwords for different places and we all know that they need to be fairly complex. We also know that remembering numerous passwords, especially strong passwords, can be a challenge. So what's the best strategy?

In this article, I'll talk about how to create memorable (but strong) passwords and suggest a tool that will make constructing and remembering strong passwords easier.

In general, the strength of a password depends on two factors: length and complexity. Although there's some disagreement, length is more important than complexity. (For a humorous illustration of password complexity, read the XKCD comic at <http://xkcd.com/936/>)

Increased complexity makes it more difficult to create a password that you can remember. The idea of a long complex password may be overwhelming. However, increasing password length alone can result in a password that's memorable and stronger. Because of the way Windows stores some passwords, the "magic number" is 15 characters or more. A traditional complex password of 15 characters might look like this: "qV0m\$\$#owc2h0X5". I don't know about you, but there's no way I'm going to remember a password like that. You COULD write it down and store it securely, but it's not the easiest password to enter on a keyboard, and storing passwords in a browser or in a desktop application is insecure.

Here are a couple of strategies for strong passwords.

#### **Strategy One: Use Passphrases**

Because length is more important than complexity, using a passphrase, even if it's relatively simple, provides a sufficiently strong password.

For example, you may have heard of the Bulwer-Lytton Fiction Contest ([bulwer-lytton.com](http://bulwer-lytton.com)). Bulwer-Lytton was a novelist whose opening sentence, "It was a dark and stormy night," was immortalized in a Charles Schulz Peanuts cartoon where Snoopy was typing a novel. With a few modifications, that phrase makes a pretty strong password: "ItwasaDark2&StormyNight" That's a 23-character passphrase that most of us could remember. If you need to change the password, you could do it by incrementing the number. I recommend choosing the first line of a book or song and turning that into a passphrase.

"I believe in evidence. I believe in observation, measurement, and reasoning, confirmed by independent observers.

I'll believe anything, no matter how wild and ridiculous, if there is evidence for it.

The wilder and more ridiculous something is, however, the firmer and more solid the evidence will have to be."

- Isaac Asimov,  
scientist and writer  
(1920-1992)

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**Strategy Two: Use a Password Safe/Vault**

You'll find that you may need quite a few different passwords. Creating different passphrases is a great way to create strong passwords, but you would still need to remember quite a few different ones. A good way to manage multiple passwords is by using a password safe or vault. A password safe stores multiple passwords and may be configured to prompt you with the needed password when you visit a password-protected website. You may want to use a password safe called LastPass. LastPass provides browser plugins for multiple browsers and there's a version that will work with smartphones. LastPass will generate one of those long complex impossible-to-remember passwords on command and store that password for you. You should protect your password safe with a long passphrase constructed as described above. LastPass is just one example of good password safes. Other popular password safes include Password Gorilla, KeePass, and RoboForm.

A strong password is a key component in protecting information and unauthorized access. I hope you find these recommendations helpful.

~~ Contributed by Ben Woelk  
Policy and Awareness Analyst  
Information Security Office

**IACA's Fiscal 2012 Annual Report** (continued from p. 2)

*We Can Help You Determine...*

- *Why you are "putting out fires" instead of preventing them*
- *How to be assured that your department receives and records all the revenue it earns*
- *How to be assured that your department's expenses are valid and properly recorded*
- *How you can safeguard your assets, including your data*
- *How your staff can achieve compliance*
- *How your information systems could be affected by intrusions and viruses*
- *Whether your department's reputation is protected*
- *How you can improve and strengthen internal controls*

IACA is a resource for the RIT community; we welcome the opportunity to serve you.

~~ Contributed by Steven M. Morse, CPA  
Assistant Vice President, IACA

## What Were They Thinking?

Missouri State University's internal auditors found more than \$400,000 missing from the Missouri State University bookstore, university officials announced. As a result, the director of the bookstore, Mark Brixey, is no longer employed at the university and the case has been turned over to the Springfield police for investigation.

"About two weeks ago, during a routine internal audit, we discovered irregularities in how cash was being handled in the bookstore," said Interim President Clif Smart. "Upon further investigation on that day, we found more than \$81,000 in cash in the desk of the director, Mr. (Mark) Brixey. Since then, the good work of our office of internal audit has led to the discovery that more than \$400,000 is unaccounted for over the past three years.

"We now have reason to suspect that Mr. Brixey transacted business off the regular books for multiple years by cashing checks payable to the university and keeping some or all of the cash. We have gone back three years, but at this time we don't know exactly how long this has been going on or the total amount of money missing."

Brixey, a 1989 Missouri State graduate, worked at the bookstore as a student and has been a full-time bookstore employee since 1991. He was first hired as a bookstore accounting clerk in January 1991 and was promoted to bookstore supervisor in July 1993. He was appointed director of the bookstore in October 2000.

The internal audit will continue and additional recommendations will be implemented; several procedures already have been tightened to help guard against future incidents.

"I think our office of internal audit deserves special credit for identifying this issue and for pursuing it thoroughly and effectively," said Orv Kimbrough, vice chair of the Board of Governors and chair of the Board's Finance Committee. "This is an example of the advantage of having a strong internal audit process. The process worked just as it should have."

The bookstore has total annual revenues of just over \$15 million. Significant portions of the proceeds are transferred to the university to support student scholarships and other priorities.

~~ Excerpt from article by: Steve Grant, KY3 news  
"Missouri State University fires bookstore manager;  
audit found \$400,000 missing"

<http://www.ky3.com/news/ky3-missouri-state-university-fires-bookstore-manager-audit-found-400000-missing-20120820,0,2711842.story>

## Word on the Street

As the Institution looks closely at issues such as cost containment, one has to look no further than the exemplary, dedicated staff in the office of Institute Audit, Compliance and Advisement (IACA) as role models for this task. It is their consistent and persistent effort to be good stewards of Institute dollars which serves as a best practice for the rest of us. Student Affairs has worked closely with IACA reviewing practices and behaviors in every department in our Division. This partnership has been collaborative, professional and resulted in positive externalities for the Institution. IACA is not to be afraid of, but rather a unit to collaborate with whenever possible. That's not to say we have enjoyed every moment of these comprehensive audits, but I can say it has truly been a pleasure to have had the chance to work together.

*I am Mary-Beth Cooper and I approve this message.*

~~ Contributed by Mary-Beth Cooper, Ph.D.  
Senior Vice President, Student Affairs

## Training Opportunities Provided by IACA

IACA's Internal Controls and Fraud in the Workplace class is two and one half hours in length and is a required class in the RIT Accounting Practices, Procedures and Protocol Certificate Program. However, anyone interested in learning about internal controls and fraud prevention is encouraged to attend.

To learn more about these important topics, sign up for IACA's Internal Controls and Fraud in the Workplace class at the CPD website:

<http://www.rit.edu/fa/cpd/leadership/internalcontrolsandfraud.html>

### Upcoming Sessions:

January 15, 2013

1:30 - 4:00 pm

2140 Louise Slaughter Hall

April 30, 2013

9:00 - 11:30 am

2140 Louise Slaughter Hall

## What about ethics in the workplace?

**To learn more about  
RIT's Code of Conduct and the RIT Ethics Hotline,  
check out**

**<http://www.rit.edu/fa/svp/content/ethics-and-compliance-hotline-whistleblower>**



Institute Audit, Compliance & Advisement  
Achieving Excellence Through Collaboration

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# 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 valued at \$15. One lucky winner will be chosen randomly and notified by email.

**Question: What is the role of internal audit?**

- A. Providing management with advice on strengthening the control environment
- B. Evaluating whether the university has adequate processes in place to monitor compliance with federal and state regulations
- C. Evaluating whether there are adequate controls in place to mitigate departmental risks
- D. All of the above

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

<https://www.rit.edu/fa/iaca/content/quiz>

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**Congratulations to Clarissa Baston from the Office of Academic Enhancement Programs for correctly answering the previous issue's Pop Quiz question.**

The question and the correct answer was:

On average, the most expensive corruption scheme committed by employees is ...

- A. Accepting illegal gratuities
- B. Economic extortion
- C. Undisclosed conflicts of interest
- D. Bribes and kickbacks

