

the Quaestor Quarterly

Volume 11, Issue 2

Spring 2016

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

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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Accounting for Fixed Assets at RIT

The Quaestor Quarterly welcomes guest writer articles. This issue's lead article is provided by Jennifer Genter & Milagros Concepcion of the Controller's Office.

Property Accounting, a unit within the Controller's Office Accounting Operations department, is responsible for ensuring RIT's fixed assets are accounted for in accordance with accounting standards and working with departments campus-wide to ensure fixed assets are tracked and safeguarded. They share these responsibilities with faculty and staff campus-wide.

Property Accounting staff are responsible for:

- 1) establishing processes and procedures to ensure departments adhere to the university's and federal government's property standards;
- 2) maintaining RIT's asset recordkeeping system which includes capital equipment, land, buildings, and building and site improvements;
- 3) managing the annual physical inventory process; and
- 4) updating the recordkeeping system regularly with all changes including acquisitions and retirements.

Departmental faculty and staff are responsible for:

- 1) following RIT's procurement standards for capital equipment;
- 2) ensuring that assets are safeguarded;
- 3) completing annual physical inventories; and
- 4) reporting asset retirements and disposals to Property Accounting timely.

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The current university policy defines capital equipment (including furniture and furnishings) as an article of nonexpendable, tangible (moveable) personal property with a useful life of more than one year and an acquisition cost (including delivery and installation charges) of at least \$1,500. Capital equipment with a cost of at least \$1,500 must be capitalized and depreciated over the useful life of the asset. Any equipment costing less than \$1,500 is expensed in the same month it is purchased.

The university recently evaluated the current capital equipment threshold of \$1,500 and decided to increase it to \$3,000 or more effective **July 1, 2017 (FY18)**. The current threshold has been in place since July 1, 1996 (FY97). All other criteria used to define capital equipment would remain unchanged.

You might be wondering, why not sooner?

The university recovers a portion of its depreciation expense through the Facilities and Administration (F&A) rate applied to federal grants and contracts. The university's current organized research rate is 46.5%, and because this percentage was calculated using depreciation for assets under the \$1,500 threshold, the regulations require that the change be made once the current F&A rate agreement expires; that date is 6/30/2017.

The good news is that the university's cognizant agency, the Department of Health and Human Services, has already approved this change effective 7/1/2017. This provides ample time (a little over a year) to make the necessary changes to policies, processes and procedures campus-wide. Once the change takes effect, fixed assets volume will decrease by approximately 60% while 83% of the capital equipment will be preserved. This change will significantly reduce the administrative burden on the Property Accounting staff and the faculty and staff university-wide who currently track capital equipment assets until they are disposed or retired. This will also enhance overall stewardship and control of the university's assets by eliminating the requirement to track relatively low value items, and in turn, devoting more attention and effort to safeguarding higher valued items.

The Controller's Office will issue additional communication as the date gets closer. If you want to learn more about Property Accounting – consider registering for the Accounting Practices, Procedures and Protocol: [Accounting for Fixed Assets and Capital Projects](#) workshop offered through the Center for Professional Development.

~~ Contributed by:
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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 online shopping safety. A special thank you to Eilysh Haeger, Information Security Communications Associate for drafting the original article.



Clean and Update Your Devices

Spring is (sort of) here! And that means it's time to do some digital spring cleaning. Is your computer running slow? Is your smartphone experiencing glitches? Now is a great time to test the security of your devices and make sure all systems are clean. You should take this month to catch up on system updates and make sure you are using the latest version of all software programs and applications. You know computers can pick up bugs and viruses, but they can also become bogged down by miscellaneous programs and applications that you may not even be using. Below are some tips for making sure your devices are clean.

Update Your OS on All Devices

To protect against malware and viruses, it is a good idea to install the latest operating system. This means updating all desktops, laptops, and mobile devices in order to avoid security flaws that may exist in older operating systems.

Update Your Antivirus Software

Run your antivirus software and have it check for updates. If there is an auto-update feature available, you should turn this on. Make sure that you renew your antivirus subscription if the vendor you're using requires one. If you don't want to pay an annual fee, then choose a free scanner. RIT provides [McAfee antivirus software](#) for both Windows and iOS users.

Run a Full Scan of Your System

Running a full or deep antivirus scan on your computer is something you should do periodically. A full scan may catch things that a quick scan did not and ensure that malware isn't hiding out on your hard drive. For mobile devices, make sure you have a security app that scans applications upon install.

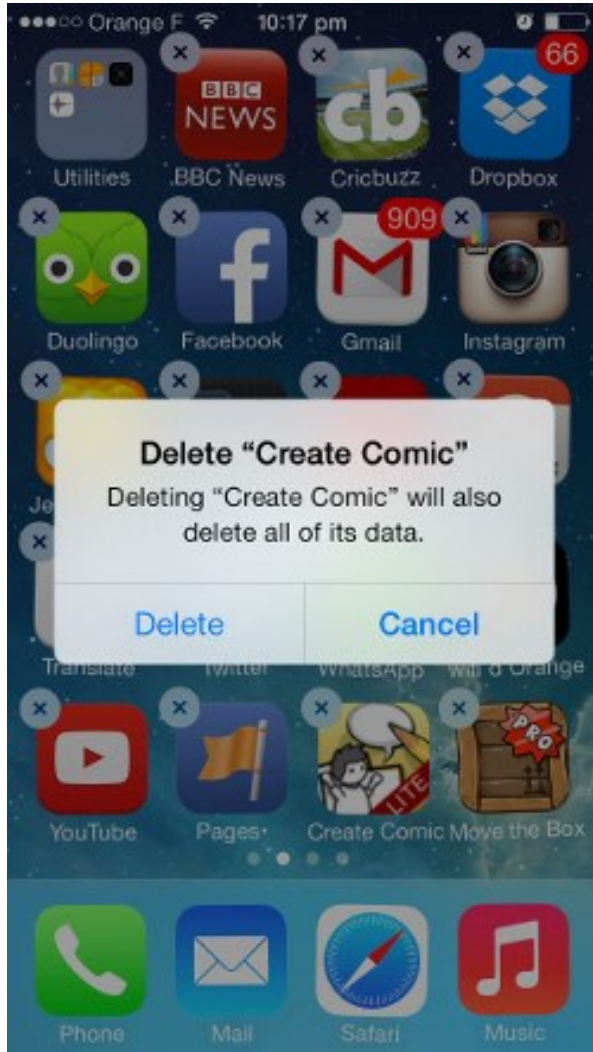
Update Your Apps

For all devices (Windows, Android, iOS, etc.) updating apps not only gives you the latest features of an application, but can fix glitches and security vulnerabilities. Security patches and fixes for bugs become available regularly, so check online or in your device's general settings.

Uninstall Programs and Apps

Get rid of those unnecessary programs that may be taking up space on your computer. For mobile devices, this means deleting apps that you no longer use. This can speed things up and preserve battery life.

(continued on p. 4)



More Tips:

[Cyber Security Spring Cleaning](#)

[How to Speed Up a Mac](#)

[How to Speed Up, Clean Up, and Revive Your Windows PC](#)

Image: <http://screenshots.en.sftcdn.net/blog/en/2012/09/Right-click-on-the-app-you-want-to-delete-and-then-click-the-Uninstall-button.jpg>

[Sign up for our new DSD101 course](#), Introduction to Digital Self Defense through CPD.

[Contact Ben](#) if you'd like us to present DSD101 to your department.

<http://www.rit.edu/security/>

Like RIT Information Security at www.facebook.com/RITInfosec

Follow us on Twitter: @rit_infosec

~~~ Contributed by Ben Woelk  
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## What about ethics in the workplace?

Learn about the [RIT Ethics and Compliance Hotline](#)

# Training Opportunities Provided by IACA

## Internal Controls and Fraud in the Workplace

During the 2.5 hour Internal Controls and Fraud in the Workplace class, the importance of components of, and the responsibility for establishing and maintaining effective internal controls are discussed. Various examples of what can happen when controls are non-existent or break down (i.e., fraud) are shared throughout the class. The session is required to receive the RIT Accounting Practices, Procedures and Protocol Certificate of Completion. However, anyone interested in learning about internal controls and fraud prevention is welcome to attend.

To learn more about these important topics, sign up for a session at the [CPD website](#).

## Unit Level Risk Assessment—How to Advance Your Organization’s Agility

The first step towards successfully managing risks is to implement an effective risk assessment methodology. Risk assessment is a systematic process for identifying and evaluating both external and internal events (risks) that could affect the achievement of objectives, positively or negatively. During this two hour class, we will discuss the key components of an effective risk assessment process and how to integrate it into the business process to provide timely and relevant risk information to management. To learn more about this offering, see the corresponding [CPD webpage](#).

"Without continual growth and progress, such words as improvement, achievement, and success have no meaning."

- Benjamin Franklin

### Upcoming Internal Controls & Fraud in the Workplace Training Sessions:

Tuesday, July 12, 2016  
9:00am to 11:30am; 2140 Louise Slaughter Hall

Wednesday, October 12, 2016  
9:00am to 11:30am; 2140 Louise Slaughter Hall

### Upcoming Unit Level Risk Assessment—How to Advance Your Organization’s Agility Training Sessions:

Tuesday, August 2, 2016  
10:00am to 12:00pm; 2140 Louise Slaughter Hall

## Watch IACA’s Monday Minute video series [here!](#)

This video series focuses on opportunities for improving internal controls and increasing awareness of various university processes, policies, and protocols. If you have questions, feel free to contact anyone in the IACA office using information on our [webpage](#).

Past topics include: Information Security Standards, Lenel Card Swipe Access Management, Conflict of Interest & Commitment Disclosures, Records Management Policy, Risk Assessment and many others.

## Committee of Sponsoring Organizations of the Treadway Commission (COSO)

As explained in previous editions of the Quaestor Quarterly, the COSO Framework (internationally recognized standard against which the adequacy and effectiveness of an organization's internal controls are evaluated) was updated in May 2013 to further define the principles underlying the five components of internal control (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring). According to the Framework, these principles are fundamental concepts that must be present and functioning in order to achieve an effective system of internal control. In addition, the Framework includes points of focus or characteristics that are examples of behaviors or processes that would be expected to be in place to demonstrate that the related principle is in fact present and functioning. This edition of the COSO Corner will summarize the eighth COSO principle which is the third principle related to the Risk Assessment component of the COSO Framework, as well as the related points of focus.

Principle 8 – The university considers the potential for fraud in assessing risks to the achievement of its objectives. Fraud assessments should consider:

- Fraudulent reporting, the misappropriation of assets, and possible corruption both by university personnel (i.e., management override of university policies and procedures) and by outsourced service providers.
- The potential negative impact that incentives and pressures may have on employee behavior.
- Opportunities (i.e., due to weak internal controls) for unauthorized acquisition, use or disposal of assets, altering of the university's reporting records, or committing other inappropriate acts.
- How management and other personnel might engage in or justify inappropriate actions (i.e., just "borrowing" an asset, but will repay/give it back).

To learn more about how you can help prevent fraud (and strengthen internal controls, thereby reducing the opportunity for fraud) at RIT, register for the IACA training session, "Internal Controls and Fraud in the Workplace," which is offered quarterly through RIT's Center for Professional Development.

If you have any suspicions of fraudulent or inappropriate behavior, these concerns should be reported to your immediate supervisor, dean/division head, appropriate university officer (such as the AVP of Compliance & Ethics), or anonymously through [RIT's Ethics & Compliance Hotline](#).

### Reference

Committee of Sponsoring Organizations of the Treadway Commission (May 2013). "Internal Control – Integrated Framework – Framework and Appendices"

~~ Contributed by Nancy A. Nasca  
Manager  
Institute Audit, Compliance & Advisement

# Pop Quiz Challenge

The Pop Quiz Challenge is on Spring Break. Check back in the Fall Issue of the Quaestor Quarterly for a chance to win.



Institute Audit, Compliance & Advisement  
Achieving Excellence Through Collaboration

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**Congratulations to Linette Koren from the Wallace Center for correctly answering the Winter issue's Pop Quiz question.**

The question and the correct answer were:

According to *Inform RIT*, Zero-day exploits take advantage of vulnerabilities for which a hardware/software vendor has not yet created a \_\_\_\_\_ to fix the problem.

- A. Spam
- B. Patch
- C. Stitch
- D. Antibiotic

**Correct** →



~ Ask the Auditor ~

Submit a question to the IACA webpage  
<https://www.rit.edu/fa/iaca/forms/ask>  
by June 30, 2016.  
If your question is chosen for publication  
in our newsletter, you will receive a  
prize valued at \$15.

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