

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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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 Quaestor 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?)

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.



~ Ask the Auditor ~

Submit a question to the IACA webpage <http://finweb.rit.edu/iaca/forms/ask/> by March 19, 2010. If your question is chosen for publication in our newsletter, you will receive a prize valued at \$15.

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.

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/>