

THE **Audit Report**

AN INTERNAL AUDIT MAGAZINE

ISSUE

05

July 2022

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The Importance of Monitoring
Internal Controls

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achievements since implementation
and what to expect in the coming year

TIME WAITS FOR NO ONE

Effective Time Management Strategies

UNDERSTANDING ONE OF THE FASTEST GROWING CRIMES

Read what to look for and how to
report suspected fraud incidents

A MESSAGE FROM
THE VP FOR AUDIT



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Message from the VP for Audit



JOSEPH K. MALESZEWSKI

MBA, CIA, CISA, CIG, CIGA, CIGI, CGAP, CCEP, CCA, CFE

Since our last edition of *The Audit Report*, we have welcomed a new staff member; celebrated International Internal Audit Awareness Month; received high marks on our 5-year Division of Audit external quality assessment review; completed our risk assessment; developed a new audit work plan; and hit significant milestones in the implementation of FAMU's ERM program. All of this and more is highlighted in this edition of *The Audit Report*!

A highlight for me was June 6th when we spent half a day with the Senior Leadership Team discussing, the President's Annual Internal Control Assessment and the Division of Audit's risk assessment. We took the time to dive into a dozen topics identifying opportunities to enhance internal controls and mitigate risks which might otherwise inhibit our ability to achieve important university goals. Those topics included:

- Succession Planning
- Accountability Measures for Non-compliance
- Business Process Assessment
- Strengthening DSO Controls
- BOT Meeting Outcomes - Communications
- Resource Allocation – Strategic Priorities
- Higher Education Privacy
- Policy & Procedure Framework
- Employee Lifecycle
- Athletics Financial Controls
- Emergency Preparedness
- Enterprise Risk Management

I am so honored and blessed to work with a professional team who prides themselves in a job well done and adding value to this University! I think you will see their passion as you read this edition of *The Audit Report*!

DoA Employee Spotlights



NEW AUDITOR

Stephanie Omah

Join us in welcoming Stephanie Omah, as the newest addition to the Division of Audit team. She joined the Division as an internal auditor in June 2022. She comes to us from the Agency for Health Care Administration with over 11 years of working experience as a Medical Health Care Program Analyst and an Eligibility Specialist. Stephanie looks forward to learning more about the University and growing and developing her skills as an internal auditor.



NEW ROLE

Arriet Foster MBA, CFE, CIGA, CIGI

Congratulations Arriet for being elected as the Director of Communications for the ISACA Board of Directors.



NEW ROLES

Trystal Wright CGAP, CIGA

Congratulations Trystal for being elected as the Certification Officer and a Programming Committee Member for the Tallahassee Chapter of the Institute of Internal Auditors Board of Directors.



NEW ROLES

Bill Knight CIGA

Congratulations Bill for being elected as part of the Nominating Committee for the Tallahassee Chapter of the Institute of Internal Auditors Board of Directors and Treasurer-elect for the Tallahassee AGA.

Monitoring... Like a Boss

The Importance of Monitoring Internal Controls



Written by:

Carl Threatt, Senior Auditor

If left unmonitored, internal controls tend to break down or stop working overtime. That means you shouldn't get too comfortable and assume that your internal controls are working as they should. You should monitor them for deficiencies that could occur as the University changes. Monitoring helps ensure that internal controls continue to work as designed.

There is a wide variety of monitoring methods to choose from. Here are some suggestions to help you improve your organization's internal control environment and assure better outcomes:

Suggestions for Monitoring Internal Controls

1. Be familiar with university and departmental policies and procedures.
2. Conduct routine supervisory reviews of operations and controls to make sure they are working as intended.
3. Don't let one person have complete control of any process.
4. Limit signature authority and don't let anyone sign your name.
5. Ask questions if something doesn't make sense and pay attention to what others are doing.
6. Ensure offices and labs are kept locked to protect data and property.
7. Ensure university assets and funds are used for university business.
8. Complete periodic self-assessments and evaluations to ensure that controls remain effective at the university.
9. Identify, track, and review high-risk issues, internal and external audit results, and corrective actions.



**Are your internal
controls working
effectively?**

The best way to monitor internal controls is to continuously assess that preventive, detective and corrective controls are all in place to ensure that things are working as expected. **Preventive controls** prevent an undesirable event from occurring. **Detective controls** seek to uncover problems in processes once they have already occurred. **Corrective controls** are implemented after a problem is discovered to prevent or deter reoccurrence. Effective monitoring can lead to organizational efficiencies and reduced costs as problems are identified and addressed in a proactive, rather than reactive, manner. Always remember, that even the best laid plans are susceptible to errors, irregularities and fraud if no one is monitoring internal controls.

COSO Internal Control — Integrated Framework Principles



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Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control
- 3 Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- 4 The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- 5 The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives

Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- 7 The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- 8 The organization considers the potential for fraud in assessing risks to the achievement of objectives
- 9 The organization identifies and assesses changes that could significantly affect the system of internal control

Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- 11 The organization selects and develops general control activities over technology to support the achievement of objectives
- 12 The organization deploys control activities through policies that establish what is expected and procedures that put policies into action

Information & Communication

- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control
- 14 The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- 15 The organization communicates with external parties regarding matters affecting the functioning of internal control

Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate



For more information
about COSO,
visit coso.org

Self-Care Bingo

When we think about internal controls, we often overlook how our mental well-being can impact our ability to facilitate the achievement of goals and objectives. Self-care is an important way to remind yourself that you are a person before an employee. Engaging in daily self-care routines has been clinically proven to combat feelings of anxiety, stress, and burnout, while improving energy and increasing happiness.

HOW TO PLAY: Every time you complete an action on the board below, mark off the square, just like in regular bingo. Once you complete a line across, up and down, or diagonally, it's a win! Reward yourself with something nice that lifts your mood.

Began your day with gratitude.	Disconnected from social media for at least an hour.	Took a day to relax.	Ate foods that nourished your body.	Got adequate sleep.
Took breaks from long work tasks.	Exercised for 30 minutes.	Opened up to someone.	Gave yourself a compliment.	Had a good laugh.
Sent a 'Thank You' note to someone (or yourself).	Danced.	FREE	Spent 10 minutes in the sunshine.	Took time to acknowledge your feelings... allowed yourself to feel.
Practiced meditation or deep breathing.	Talked to a friend.	Listened to your favorite playlist.	Challenged your negative thoughts.	Learned something new.
Drank water.	Had fun.	Asked for help.	Went for a walk.	Accomplished a to-do item.

ERM Takes Flight at FAMU



Written by:
Bill Knight, ERM Coordinator

FAMU has come a long way in the last six months toward developing a robust Enterprise Risk Management (ERM) program. Management across the University and the Board of Trustees have actively participated in the process by reviewing the work and offering input. We have appreciated the help from all the different subject matter experts.

The most notable ERM Program milestones are detailed below. Click on each graphic for additional information:

**Creation of the ERM
Mission and Vision
Statements**

ERM Policy Updates

**Creation of a
Risk Appetite Statement**

ERM Advisory Committee: The ERM Advisory Committee (ERMAC) is made up of 18 voting members and six non-voting members. The members are from different divisions across the University and include faculty and student body representatives. The first project of the ERMAC was to assess the significant risks and opportunities associated with the 11 Performance-Based Funding metrics. We will expound on this topic in coming newsletters.

Inaugural HBCU Risk Management Conference: Deidre Melton (AVP for Audit/Chief Risk Officer), Ashley Davis (AVP/Emergency Management Director), and I attended the [Inaugural HBCU Risk Management Conference](#) on the campus of Texas Southern University in Houston, TX, on June 2 – 4, 2022. Deidre and Ashley both gave stellar presentations that were well-received. Deidre's presentation was about "A Collaborative Approach to Managing Enterprise-Wide Risks." While Ashley discussed "What HBCU Risk Managers Need to Know" during his presentation. Each presentation sparked conversations that went well beyond the allotted time. There were many conversations regarding ERM amongst the over 60 attendees from 19 different organizations. The attendees were interested in knowing what is and is not working for other institutions. Because of these conversations, we were able to foster relationships with people from organizations that are both ahead of us and behind us on the ERM learning curve.

We want to thank everyone that has and is working with us to build out our ERM program. We have made considerable progress in getting FAMU's ERM program off the ground and we are confident that we will achieve additional objectives soon and look forward to bringing them to you.

DoA Open House Photos



Internal Audit Awareness Month was a SUCCESS!



Written by:
Trystal Wright, Auditor

Throughout the month of May, we created flyers and advertisements that were sent out weekly through FAMUINFO. These ads were designed to highlight the services we provide and the different events we would host in honor of [International Internal Audit Awareness Month \(IIAAM\)](#).

We kicked off IIAAM with an ad showing a stethoscope that asked University staff, “Does your Department need a Check-up?” We used this ad to communicate the advisory and consulting services that we provide to improve organizational health throughout the University. We also sent out flyers promoting the upcoming Open House and HBCU Town Hall Meeting.

For our Open House on Thursday, May 19, 2022, we invited the entire University to come tour our new location. We passed out promotional candy as reminders for everyone to come participate and we prepped our office with balloons, posters, banners, food, drinks, and games.

We had more than 40 guests from all around the University come tour our new location and partake in the festivities. At times, there were as many as 15 people visiting our offices at one time. As guests entered, they were given index cards containing creative personal clues about DoA staff, like what our superpowers would be if we were superheroes or what cartoon character we wanted to be as a kid.

If the guest correctly guessed the staff member described on the card, they were given a gift bag containing a small token of appreciation.

We played games like Cornhole, Taboo, Jumbo Jenga, #Culturetags, and Family Feud with our guests/FAMULY. We raffled off a huge jar containing 253 pieces of candy to the Open House guest who guessed closest to the number of candy pieces in the jar, without going over. In the end, we made sure all guests left our office with some token of gratitude.

Our final event was the HBCU Virtual Town Hall Meeting on “Fraud, Risk, and Controls,” hosted on Thursday, May 26, 2022. The Town Hall was moderated by our very own Associate VP for Audit, Deidre Melton, with opening remarks from our FAMU President, Dr. Larry Robinson. The discussions by the panel were both interesting and enlightening. Our distinguished panel of Chief Audit Executives included Joe Maleszewski from Florida A&M University, Mindy Sanders from North Carolina A&T University, Chris Thomas from Jackson State University, and Rob Clark from Howard University. The panel talked about some of the common risks to internal controls at HBCUs, as well as common fraud schemes and successful implementation of effective internal controls.

Thanks again to everyone who joined, shared, and partook in the IIAAM events! It wouldn't have been successful without your participation.

Understanding One of the Fastest Growing Crimes

Fraud Motivations & the Fraud Triangle



Written by:
Arriet Foster, Lead Senior Auditor & Investigator

Have you ever wondered why someone would commit fraud?

Federal Trade Commission data shows that consumers reported a loss of more than \$5.8 billion to fraud in 2021, an increase of more than 70 percent over the previous year. According to the Association of Certified Fraud Examiners, the most widely accepted explanation for why some people commit fraud is known as the Fraud Triangle. **The Fraud Triangle**, developed by criminologist Dr. Donald Cressey, hypothesizes that if all three components are present — financial need (pressure), perceived opportunity, and rationalization — a person is highly likely to pursue fraudulent activities.

Pressure is the internal motivator for someone to commit fraud. This is often some type of financial need or debt. **Opportunity** is the way a person can commit fraud due to the seemingly low risk of being caught, the lack of essential preventative controls, or both. **Rationalization** is the thought process someone goes through to justify to themselves and to others their decision to commit fraud.

The most common ways to fight fraud are prevention and detection. **Prevention** is the control measures put in place by the University to lessen or eliminate opportunities to commit fraud. One way you can help prevent fraud is by following established policies and procedures and encouraging those around you to do the same. Policies and procedures are often times in place to help manage University operations and prevent misuse of University resources. **Detection** is the action steps taken by the University to identify whether fraud has occurred or is in the process of occurring. Do you know someone who frequently ignores or circumvents established policies and procedures? Your detective senses may be telling that something is amiss.

If you suspect fraud is occurring you should report the concern to your supervisor or directly to the Division of Audit. Depending on the situation, we may request management take action, investigate the alleged activity ourselves, or refer the case to law enforcement. **Visit the Division of Audit's website for more information on how to report and fraud awareness resources.**

The Fraud Triangle



Time Waits For No One

Effective Time Management Strategies



Written by:

Stephanie Omah, Auditor

Time management is the process of organizing and planning how to divide your time between activities. It's about taking control of how your day is spent. We can't go back in time, so it's important to know deadlines and set reminders for things that are important to us. Managing how you spend your time helps you work efficiently by allowing you to complete more tasks in a shorter period of time. It also lowers stress because you don't have to rush to complete tasks.

Start your day with a plan. How you spend your time determines what is a priority. Should you spend your day relaxing with friends or prepping for tomorrow's presentation? Is there time to do both? The best solution is to give each task a time limit and try not to multi-task.

Also, try implementing some of these effective time management strategies:

- **It's okay to say no.** It is sometimes necessary for time management. Try to create a daily schedule and stick with it.
- **Don't be afraid to ask for help to get tasks done.** Knowing how you spend your time is key to a productive day.
- **Focus on the most important things first.** What are the deadlines or due dates?
- **Focus on one thing at a time.** According to Forbes.com, multi-tasking increases stress while reducing achievement and meaningfulness.
- **Write everything down.** Use the memo pad in your phone or take blank paper and pen. Write down what you need to do.
- **Remove distractions.** Go to the library. Work in a quiet area in your home. Turn off notifications on your phone or computer.
- **Take a break.** Allow yourself to rest and clear your head of all that needs to be done. Read your favorite book. Go for a walk. Take a nap.

Having better time management, leads to less time being wasted in your day, allows you to achieve goals and therefore have more time to spend on hobbies. Remember: Time is both valuable and limited. Much like money, it must be protected, used wisely, and budgeted. But unlike money, once time is lost, it can't be regained.



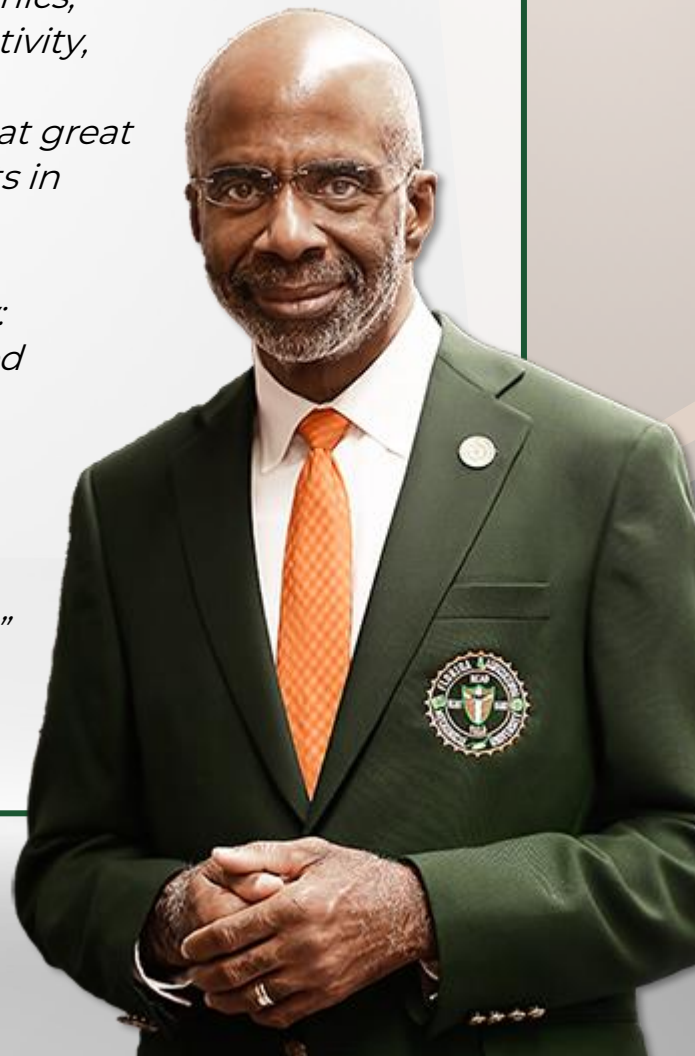
...More DoA Spotlights

"As many of you know, FAMU has been named the number one public HBCU by US News and World Report for the past two years. This honor was made possible by the strong system of internal controls that support our businesses, financial and academic operations, as well as the hard work of everyone on our team to ensure controls are in place and are functioning optimally. This charge is led by Joe Maleszewski and his team in the Division of Audit.

I'm pleased to report that our team, OUR TEAM received the highest possible rating on their external assessment of internal audit activity. The external assessment conducted by Kaye Kendrick Enterprises, LLC concluded that the Division of Audit generally conforms with over 50 attributes and performance standards and the Institute of the Internal Auditors Code of Ethics, which includes elements of integrity, objectivity, confidentiality, and competence. Whereas "generally conform" might not sound all that great to laypersons, that's about as good as it gets in the world of auditing compliance.

This report solidifies what we already know: our internal audit function is well-structured and progressive. Our team is highly competent, capable, and objective. Congratulations to the team and I want to thank all of them for their efforts in ensuring that FAMU maintains integrity, accountability and efficiency in operations."

-Dr. Larry Robinson, President



Issue #5 - Word-Search

How to Play: Read the articles in this issue of the Audit Report Magazine to help you solve the puzzle. Use the words in the Word Bank to answer the clues below. Then, find the words in the word search. The first three people to respond with all correct answers and the puzzle completed, will win a prize. Submit responses to: DivisionofAudit@famuedu by August 8, 2022.

n c s n x p y t h d g e o s t
o e o r f e r h e e r l l h i
i l e l e o h e e t o a y a a
t b s s l d c e v c w n t a e
a a u y e a n u l e i r i d c
z u o j d i b i s p n e r v s
i l h c r a c o m x g t o i f
l a n o i t a n r e t n i s y
a v e m r g u a e a r i r o t
n o p p o r t u n i t y p r n
o n o l a u t r i v c i f y e
i t o e c o r r e c t i v e v
t o l t q o f n i u m a f e e
a n e e i p p r e s s u r e s
r n s t h s h b r m t c a w d

ANSWERS TO CLUES / WORD BANK

- | | |
|-------------------|---------------------|
| ___ advisory | ___ international |
| ___ complete | ___ open house |
| ___ collaborative | ___ opportunity |
| ___ corrective | ___ pressure |
| ___ deficiencies | ___ prevention |
| ___ expected | ___ priority |
| ___ FAMUINFO | ___ rationalization |
| ___ focus | ___ reminders |
| ___ growing | ___ seventy |
| ___ help | ___ valuable |
| ___ internal | ___ virtual |

CLUES:

- If left unmonitored, these types of controls tend to breakdown or stop working over time.
- You should monitor for ___ that occur as the University changes.
- Monitor internal controls continuously to assess that preventive, detective, and corrective controls are all in place to ensure that things are working as ___.
- These types of controls are implemented after a problem is discovered to prevent and deter reoccurrence.
- Don't let one person have ___ control of any process.
- For the month of May we celebrated ___ Internal Audit Awareness Month.
- For IIAAM, we distributed weekly flyers via ___.
- We invited the entire campus to tour our new location during our ___ in May.
- We closed IIAAM with an HBCU ___ Town Hall Meeting on Fraud, Risk, and Controls.
- The amount of money Americans lost to fraud in 2021, was a ___ percent increase over the previous year.
- This is an internal motivator for someone to commit fraud.
- The way a person can commit fraud due to the seemingly low risk of being caught.
- The thought process someone goes through to justify to themselves their decision to commit fraud.
- The control measures put in place to lessen or eliminate opportunities to commit fraud.
- It's important to know deadlines and set ___ for things that are important to us.
- How you spend your day determines what is a ___.
- Don't be afraid to ask for ___ to get tasks done.
- ___ on the most important things first and only one task at a time.
- Time is both ___ and limited.
- Fraud is one of the fastest ___ crimes in the U.S.
- The ERM ___ Committee is made up of 18 voting members and 6 non-voting members.
- During the Inaugural HBCU Risk Management Conference, Deidre presented a topic on "A ___ Approach to Managing Enterprise-wide Risks."

RESOURCES

Need to file a complaint or make a report to the DoA?

You can reach DOA by emailing us at DivisionofAudit@famu.edu or by phone at 850-412-5479.

Complaints can also be submitted via the University's Compliance and Ethics website which allows anonymous reporting.

[Click on this link to file an Ethics Report.](#)



We look forward to hearing from you.

Additional DoA Resources

[The Audit Charter](#)
[Audit Reports](#)
[ERM, Training, & Other Resources](#)

Did you enjoy reading...

The Division of Audit's The Audit Report Magazine? [Click here](#) to find previous issues on the Division of Audit's website.



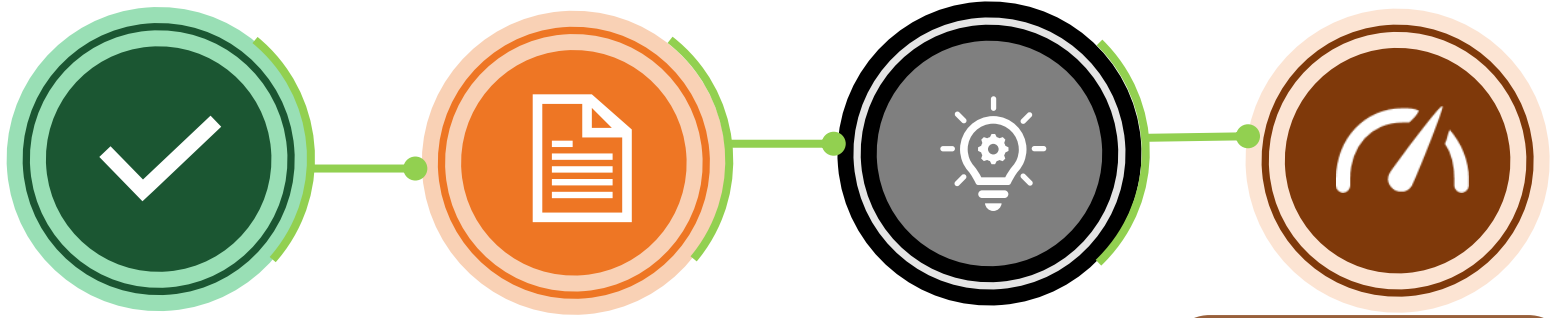
Fraud Education and Resources

Want to know more about how to prevent, detect and address fraud within the University or in your day to day life? Check out some of the resources listed below:

[Association of Certified Fraud Examiners](#)
[AGA Fraud Resources](#)
[FAMU Division of Audit](#)
[FRAUD Magazine](#)
[Institute of Internal Auditors Fraud Resources](#)

ACCOUNTABILITY • INTEGRITY • EFFICIENCY
FAIRNESS • OBJECTIVITY • PROFESSIONALISM

FY JULY 2021 – JUNE 2022: Audit Workplan Status



Complete

- Performance Based Funding Audit
- 2020 Knight Foundation Expenditure Review
- Federal Stimulus Funding (Internal Reviews)
- FAMU-FSU Joint College of Engineering Audit
- 2021 Knight Foundation Expenditure Review
- IT – Remote Working
- Intern Controls
- Assurance Statement
- Athletics Auxiliary Transfer Review

Reporting

- Procurement Services Advisory

In-Progress

- CAFS Advisory
- Title IX
- Continuous Monitoring Services Projects

Deferred

- FAMU Foundation – Endowment Operations
- Athletics Budget Process
- Controller’s Office Advisory

JULY 2021 – Present: Investigations Data

33 Complaints Logged Since July 1, 2021*



*This chart represents cases in which DoA was involved, including investigations referred out to other units or split between University investigative units.

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