



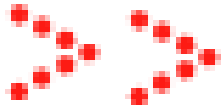


Did you know that Connect ACUA allows you to post new messages directly from your email without logging in to the Connect ACUA website?

For more details, check out the Quick Tip post on

[Connect.ACUA.org](https://connect.acua.org)

Your Higher Education Auditing Connection



ACUA Kick Starters

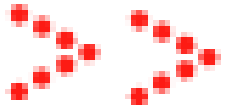
Use a Kick Starter to launch your next audit!

- Developed by ACUA members with subject matter expertise
- Focused on higher education specific topics

<https://acua.org/Audit-Tools/ACUA-Kick-Starters>



Do you have a great idea for an ACUA Kick Starter? Contact Lily Ly at lilyly@aa.ufl.edu.



New Kick Starters Available!

Payroll

Download today in the members-only section





Stay Updated

- The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.
- News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend one of our upcoming conferences:
Audit Interactive
To be determined
AuditCon
September 13 – 17, 2020
San Antonio, TX
- Contact ACUA Faculty for training needs.

Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
- Submit a conference proposal.
- Present a webinar.
- Become a Mentor
- Write an article for the C&U Auditor.
- Write a Kick Starter.

Connect with us



www.ACUA.org

Connect with Colleagues

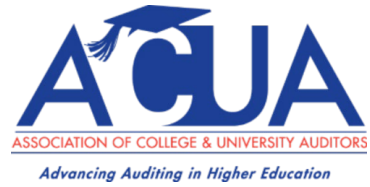
- Subscribe to one or more Forums on the Connect ACUA to obtain feedback and share your insights on topics of concern to higher education internal auditors.
- Search the Membership Directory to connect with your peers.
- Share, Like, Tweet & Connect on social media.

Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Kick Starters
- Risk Dictionary
- Mentorship Program
- NCAA Guides
- Resource Library
- Internal Audit Awareness Tools
- Governmental Affairs Updates
- Survey Results
- Career Center.....and much more.



WEBINAR MODERATOR



- Don't forget to connect with us on social media!



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Expanding on the Kickstarter for Investigations: Misappropriation of Assets



Intan McCartt

Investigations and Special Projects Auditor

Virginia Community College System



Facts and Figures

- 88% of occupational fraud cases in government agencies are asset misappropriation
- 45% of asset misappropriation cases were discovered from tips
 - “Hex of the ex”
- Mechanism to report suspected fraud, waste and abuse anonymously



Defining Misappropriation of Assets

According to the ACFE, misappropriation of assets is the misuse or theft of an organization's asset for personal gain.

Examples

- Embezzlement or manipulating accounts
- Creating false invoices or fictitious vendors
- Fake expenses
- Petty cash theft
- Ghost employees
- Leave and time abuse
- Using institutional resources for personal use





Poll Question #1

Has your institution been the victim of a misappropriation of assets case in the last year?

- 1) Yes
- 2) No
- 3) I don't know, but I hope not!



Key Risks

- Loss of the institution's time and resources – YOUR potential raise!
- Damage to institution resources
- Inaccurate accounting entries (overpayment of wages or inaccurate leave bank)
- Loss of grants or other funding
- Criminal charges, civil fines or damages if a computer or vehicle was used in an illegal or regulated activity
- Poor employee morale when misappropriation is known but not prevented
- Damage to the institution's reputation



Headlines

NATION-WORLD

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ST. LOUIS -

NEWS

SPORTS

BUSINESS

LIFESTYLE

The San Diego Union-Bee

LOCAL

University of Kansas researcher charged with related charges

UT-Austin investigating former procurement official after review finds irregularities

The former assistant vice president is the second University of Texas official to face scrutiny in recent months for allegedly running afoul of the university's financial processes. He now holds a similar position with Austin ISD.

BY SHANNON NAJMABADI NOV. 26, 2019 5 PM

REPUBLISH





Poll Question #2

Has your institution been in the headlines for a misappropriation of assets case in the last 3 years?

- 1) Yes
- 2) No
- 3) I'm not sure, but now I'm going to Google it...

For Our Purposes...

- The most common example of misuse of assets is exploiting institutional time or resources for personal use.

Focus

- Leave and time abuse
- Using institutional resources for personal use



Key Control Categories

- Governance controls

- Physical controls

- Process controls
 - Management Review



Governance Controls

- Code of Conduct, Anti-Fraud policy, and Ethics policy
- Current and enforceable policies and procedures





Poll Question #3

Does your institution have any one or a combination of a Code of Conduct, Anti-Fraud, or Ethics policy?

- 1) Yes
- 2) No
- 3) I'm not sure, but I'll make a note to look it up later.



Governance Investigation Steps

- Existence of Anti-Fraud, Code of Conduct or Ethics policies
- Employee training on policies or regularly signing Codes of Conduct
- Departmental policies and procedures
- HR assistance to determine applicable employment policies and guidelines, as well as institution procedures
- Understanding context and culture of the department/subject in question
 - If necessary and appropriate, interview the subject's supervisor or peers

Physical Controls

- Physical safeguards - gates, locks, cameras, or swipe entry cards
- Limits on access and authorization for use of assets





Physical Controls Investigation Steps

- ❖ How are assets physically safeguarded?
 - Access limitations
 - Cameras
 - Where they are located? How long the tapes are kept? Any limitations to viewing?
 - Swipe entry cards
 - Note that a person may come in with another person without swiping his/her card.

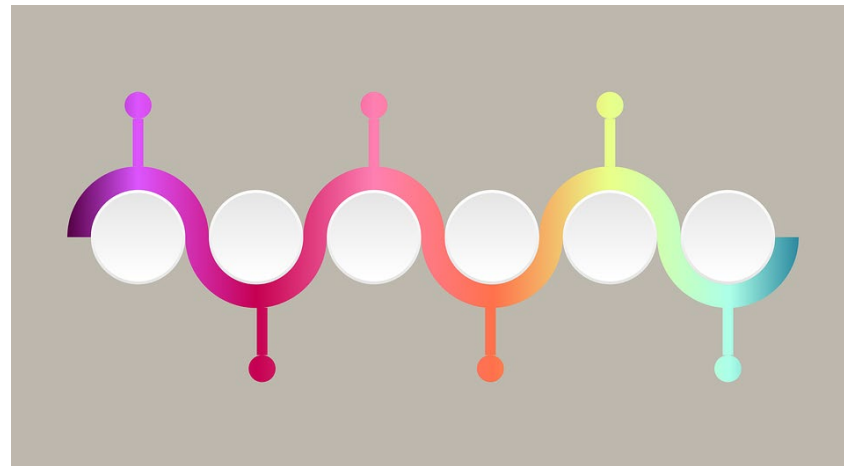


Physical Controls Investigation Steps (cont.)

- Process to grant and remove access
 - How does the department determine who has access?
 - How often is the access list reviewed?
 - Is this documented?
- Check in/out logs
 - Who was (or supposed to be) using it at the time?

Process Controls

- Segregation of duties
- Management review of appropriate and complete documentation
 - Perception of detection
 - Independent checks or surprise reviews





Process Controls Investigation Steps

Segregation of Duties

- Job functions are appropriately segregated so that no one person is responsible
- Cross-train employees, initiate job rotations, or require employees to take vacation



Process Controls Investigation Steps (cont.)

Management Review

- Review process for approving access, time, and expenses
 - Is it documented?
 - When was it last NOT approved?
- “Perception of detection”
- Review usage of assets
 - Does management review this often?
 - Is it scheduled or a surprise?
 - Is it documented



Process Controls Investigation Steps (cont.)

- Review emails or computer logs
- Compare timesheets to cameras, swipe entry cards, calendars or computer login times (or social media posts)





Data Analytics

- Select days to review
 - Suspected/alleged days where incidents may have happened
 - Days/times that no activity should have happened (late nights, weekends, holiday breaks, etc.).
- Compare time logs to employee and college calendars
- Cross-reference suspected/alleged days to timesheets, cameras, calendar entries, emails, or computer logs
- Review access logs or documentation for manipulation of data



Poll Question #4

Which control category do you think your institution could most improve on to reduce the risk of misappropriation of assets?

- 1) Governance
- 2) Physical
- 3) Process
- 4) None, we're the institution that's great at all the controls!



Common Recommendations

- Management should reinforce institutional and departmental policies and procedures regarding asset use and timesheets through regular training and notifications.
- Employees should sign acknowledgement of rules and responsibilities for any use of an institution asset (e.g. computers, vehicles).
- If the subject did misappropriate an asset, management/Human Resources should take corrective action that aligns with institution and state policies.



Tips & Tricks

- Know the applicable laws and regulations permissible to investigative steps
 - Obtain approval from your own management!
- Speak to individuals who have “no dog in the fight”
- Gather all key facts and information *before* speaking to the subject



Resources

- ACFE Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse (Government Edition) - https://www.acfe.com/uploadedFiles/ACFE_Website/Content/rtnn/2018/RTTN-Government-Edition.pdf
- Managing the Business Risk of Fraud: A Practical Guide - <https://na.theiia.org/standards-guidance/Public%20Documents/fraud%20paper.pdf>



**Join us for
our upcoming
webinar.**

