

*College & University*

# AUDITOR

# THE RIGHT STUFF

RIGHT PROCESSES,  
RIGHT TOOLS,  
RIGHT QUESTIONS,  
RIGHT ATTITUDES

## INSIDE .....

- ▶ ACUA Is Great – Volunteers Are Key
- ▶ Annual Conference – Top Lineup in Portland
- ▶ Plus Four Feature Articles: *Risk and Planning  
Hotlines  
Construction Audits  
Academics and Administration*





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# What's Old Is New Again

By Sterling Roth, Editor



Rice is nice. In June, its internal audit director sent the ACUA Listserv (ACUA-L) the 2005 winners of the *Washington Post's* Mensa Invitational which asked readers to take any word from the dictionary, alter it by adding, subtracting or changing one letter, and supply a new definition. One winner

was “Reintarnation: Coming back to life as a hillbilly.”

That kind of stuff may be fine for ACUA-L, but, dag nab it, you should not see such shenanigans in this magazine. My professional instincts are so strong, in fact, that I felt it necessary to verify the spelling of “dag nab it” on the Internet. What do you think came back on the search? Just another apparently older definition of “reintarnation” that’s all: “To come back in your next life as Gabby Hays.” Is there nothing new under the sun? (I will spare you the “dag nab it!”)

I am proud to introduce something much more worthwhile and in the here and now: the Summer 2005 issue of *College & University Auditor*. In it you will find four feature articles on timely, topical subjects: audit planning, hotlines, construction audits and changing the way academics and administrators look at each other. I believe that you will come back to this issue again and again over the years as each article will stand the test of time and value, so you can use less of the former in adding the latter at your institutions.

First is Peter Cataldo’s piece on how to assess risk for audit planning. He shows how they do it systemwide for the University of California, with its 10 campuses, three national laboratories, five medical centers and a corporate office of more than 2,000 employees. He says it’s not easy, but by sharing so illustratively what the University of California has done, he makes it easier for us.

Next, co-authors Dave Slovin and C. O. Hollis Jr. fire us up on hotlines in “More Than Just Talk: Hotlines.” They say internal auditors should understand the role of a hotline as a detection tool, hotline best practices and the importance of communications regarding ethics and the hotline. Then they help you to.

A third feature is James Boyle’s “A Preview to ‘Walking Through the Bags of Cement: A Construction Management Audit.’” Jim hopes you will register for his session by the same name (without “A Preview to”) in Portland, Oregon, at the ACUA Annual Conference. Jim’s article is all about protecting your institution’s interests and resources. Other novel ideas are that internal auditors can find and prevent bad things others miss.

The final feature is Chana Mills’ “Towards Law and Order.” Chana takes us halfway around the world to describe and help ease the tension between academics and administration. Chana sees in someone else’s idea related to quality a way to bridge that divide.

Also, do not miss Karen Hinen’s headquarters report on the annual conference in Portland. If you are not registered already, read and heed. As Karen explains, extraordinary and varied education, information and networking opportunities are available in a notably professional and scenic atmosphere.

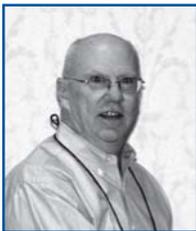
Patrick Reed, ACUA’s president, puts all ACUA does and wants to do in perspective in his column, “What Makes Us Great? It Might Be You!” He reveals the secret to our success, and shows how you can play a part.

Speaking of parts and according to the Internet Movie Database, in real life George “Gabby” Hayes “was the exact opposite of the characters he played on film. He was well read, well-groomed, serious and highly philosophical.” So no, I have no shame. And you have a magazine to read.

**I believe that you will come back to this issue again and again over the years as each article will stand the test of time and value, so you can use less of the former in adding the latter at your institutions.**

# What Makes Us Great? It Might Be You!

By Patrick Reed, President



What makes ACUA such a great organization? Even without membership surveys to confirm it, our day-to-day personal experiences tell us the obvious: the willingness of fellow members to share their knowledge and experiences distinguishes ACUA from other professional associations. In fact, network-

ing, whether at conferences or through ACUA-L, is rated as our number one member benefit. Clearly, its members are ACUA's greatest asset.

In this column, I want to focus on those members who take that extra step by giving their time to serve as an ACUA volunteer. Do you realize it takes the Publications Committee, a team of proofreaders and editors, and last, but certainly not least, the contributing authors to produce this journal? While the journal shows up on your desk three times a year, it is a continuous effort.

Did you know that of the 64 breakout sessions across eight tracks at this year's annual conference, 26, over 40%, will be offered by ACUA members? Their willingness to share knowledge not only enhances the relevance of our learning experiences, but also is a prime reason for the affordability of the annual conference compared to similar offerings by others. And have you noticed that the roundtables — dedicated forums for peer-to-peer sharing — have become a full track? In addition to session leaders, it takes more than 50 other ACUAns to plan, oversee and carry out an annual conference. Albeit on a smaller scale, the midyear seminar requires a similar investment. Furthermore, the consistent quality of our conferences and the recently added distance learning programs is assured only through the dedicated efforts of the members of the Professional Education Committee.

The majority of our volunteers are involved not in administrative duties, but in directly carrying out our core mission through activities that facilitate sharing professional and technical knowledge. In addition to committees for our regular conferences and publications, there are program committees such as Government Affairs, Accounting Principles and Best Practices to provide information on contemporary issues and to manage the GAIN/ABACUS (Global Auditing Infor-

mation Network/Analytical Benchmarking for Auditors in the College and University Sector) project. On a more ad hoc basis, there are volunteers who are instrumental in making resources such as the NCAA Compliance Audit Guide available and who work on other vital special projects.

ACUA is at heart a grassroots organization. Granted, the board and administrative committee positions handle the business of the association, but, more importantly, we are responsible for properly stewarding the substantial resources ACUA has available for service to the membership. Our relatively new Membership Committee, probably more than any other, bridges both administrative and member service responsibilities. Increasingly in recent years, our management firm, Association Resources, supports our efforts. However, ACUA remains a grassroots organization, even if not like in "the old days." Some of you may well remember when our treasurer mailed the dues notices and paid the bills, and the member institution in the host city for the annual conference handled all registrations and logistical support. Thankfully, our Board now can focus more of its time and energies on strategic matters.

My purpose in focusing on volunteerism is two-fold. First, I want to express sincere gratitude on behalf of all members to each person who has volunteered time and expertise to make ACUA great. It's important to recognize and remember our volunteers. ACUA is going to increase the visibility of volunteers by recognizing them on our Web site. Soon, if not now, when you go to the ACUA home page, you will see a Volunteer Spotlight and Opportunities section that will link you to a listing of past ACUA presidents and board members. In addition, you will find a listing of recent and current volunteers. I encourage you to acknowledge your friends and peers for the work they do on our behalf. From time to time, we hope to spotlight individual volunteers who have made especially outstanding contributions.

But my motives are not entirely altruistic. In addition to the Spotlight on Volunteers, you should find a link to the new Volunteer Opportunities page. These opportunities are directly associated with the new strategic plan and offer a wide array of ways to match *your* talents and interests with ACUA's new initiatives. Will you recognize yourself as one

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# Navigating the New Millennium

By Karen Hinen, CAE, Executive Director



ACUA's 49th Annual Conference, in Portland, Oregon, will serve as your guide to navigating the turbulent waters and rough territory of auditing today. The program is a blend of education, information and networking that only ACUA can offer you. You will not want to miss it!

**The Opening Reception** will kick off the conference on Sunday evening, September 18, 2005, in the exhibit hall. There you can take time to reconnect with peers and long-time ACUA friends, meet new friends and stroll through the great exhibits available to you.

Exhibits will be open Sunday evening through Tuesday noon. Take advantage of this opportunity to learn more about the products and services offered by our exhibitors and sponsors to help you chart your auditing course, partake of the food and beverages and be sure not to miss the door prize drawings.

On Monday evening, join us for a "Taste of Portland," including foods and wines from the Portland area. On Tuesday afternoon, be sure to consider the golf tournament or one of the optional tours available to see Portland, the Columbia River Gorge Waterfalls, or the beautiful countryside of Yamhill or Washington County, including a winery tour.

**Business and Education** highlight the conference with an outstanding lineup of general sessions and individual workshops and roundtables.

Monday's general session keynote speaker, **Troy Campbell**, Senior Consultant, The Center for Generational Studies, will give you a lively, entertaining yet realistic perspective on how generations relate.

All eight workshop tracks are packed with great continuing professional education (CPE) opportunities, so no matter what track you attend, you will be able to walk away with new knowledge. Choose from General Business, Personal Skills – Behavioral, Compliance and Regulatory, Information Technology, Health and Research, Enterprise Risk Management, Fraud and Investigations, or Roundtables. Topics will include Walking through the Bags of Cement: A Construction Management Audit, an Update on Sarbanes-Oxley, Teams that Cook Know How to Manage the Heat, Building a Compliance Program,

Privacy: Protecting Your Student Bits, and Overcoming Data Access and Analysis Challenges in IS Auditing.

Tuesday's general session speaker, **Betty McPhelimy**, is Past Chairman, The Institute of Internal Auditors (IIA) Board of Directors and Assistant Vice President for Auditing & Compliance at Northwestern University. She will share steps internal auditors can take to thrive in today's new environment.

Join the ACUA Board on Wednesday morning for the 2005 Annual Business Meeting. Each attendee will be entered in a raffle to win a door prize. We will introduce you to our newly elected board members, share the accomplishments of this past year and challenge you with prospects for the coming year. New programs and member benefits will be highlighted.

Wednesday's keynote speaker, **John C. Cavanaugh**, is President of the University of West Florida. Dr. Cavanaugh will share his experience being a Rider in the Storm of Hurricane Ivan of September 2005. How do you cope with a catastrophe like this? Who is critical to your team? How does internal audit play into this picture? These questions and more will be answered.

The networking calendar is also full. In addition to the Sunday and Monday events, we have several tours available and a fantastic Wednesday evening finale with dinner, comedy, entertainment and dance. Share dinner with your friends and "Be Spotted" at the dinner dance. Laugh 'til you hurt as you are entertained by Comedy-Sportz as two teams take turns making up scenes, playing games and singing songs. Then prepare to dance the night away with the Dance Machine Band.

## 49th Annual Conference Information

### Hotel Reservations

Reserve your hotel room at the Hilton, Portland, Oregon. ACUA has reserved a limited number of rooms for our members, so register early. The room rate will be honored three days before and three days after the conference. Please call (800) 445-8667 or call the hotel directly (503) 226-1611 and ask for the Association of College & University Auditors

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# Risk Assessment and Audit Planning at the University of California

By Peter Cataldo, CIA, CFE, Audit Manager, University of California – University Auditor’s Office



*How does an \$18 billion institution with 10 campuses, three national laboratories, five medical centers and a corporate office of more than 2,000 employees assess risk for audit planning? The answer is “It isn’t easy!”* Like many institutions, the University of California (UC) has struggled to develop the optimal risk assessment and audit planning process. Because

UC is large and complex, our risk model required comprehensiveness and flexibility to accommodate the breadth of our services and activities. The following information describes the general risk assessment process, planning model and cycle that we have developed and refined over the past decade.

The UC process was driven by a number of important factors, including the need for uniform risk guidance and consistent reporting across a complex system with an audit program carried out through 13 internal audit departments. In the mid 1990s, a group of UC audit directors and managers reviewed models used by others, as well as literature on this subject, and agreed that whatever model we implemented should be easy to understand, adaptive, robust and easy to communicate. With respect to performance, we were looking to develop an ongoing assessment tool – one that would easily identify risk and opportunity while effectively using our time and resources.

## Overall Process

The foundation of our risk assessment and planning cycle was the formation of an audit universe – a tiered structure of both cross-functional processes and entities (i.e., business units). After using risk assessment methodology to refine the universe by scoring and weighting a set of predictive factors for each universe element, we obtained results that are the basis for the annual risk-based audit plan. This universe structure not only enabled us to compare location audit plans and assessment results but also provided us the necessary framework for the consistent and relevant reporting that we desired.

The key to our success was agreeing on a process and universe definition that permitted flexibility at the local entity level but which afforded a means for useful comparisons across all UC entities for roll up and reporting at the corporate level. After further refining, we have identified the following as our major reporting categories into which all audit universe topics roll up (Figure 1).

## It All Starts with the Universe

The basic framework for our audit universe is a four-tiered structure. The first three tiers identify major categories and process and entity groupings. These tiers are generic across all UC sites and permit comparative evaluation of risk scores and audit plans for specific topics. Locations cannot modify

*Continued on page 6*

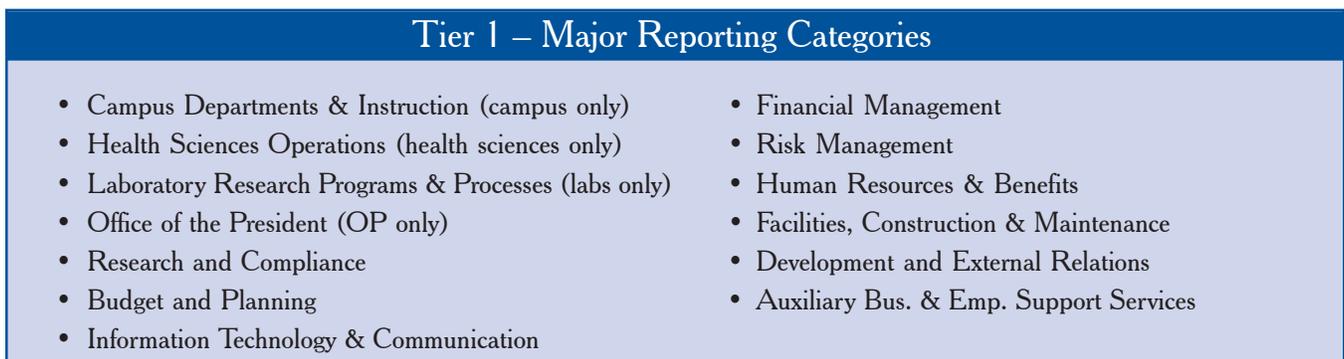


Figure 1

Continued from page 5

the first three tiers. However, the fourth tier is for site-specific subtopics. In this tier, each location can add specific entities or administrative processes unique to its environment. The structure also identifies audit elements by our three lines of business: campus, health sciences and national laboratories. The following chart (Figure 2) gives you an idea of how the tiers work together.

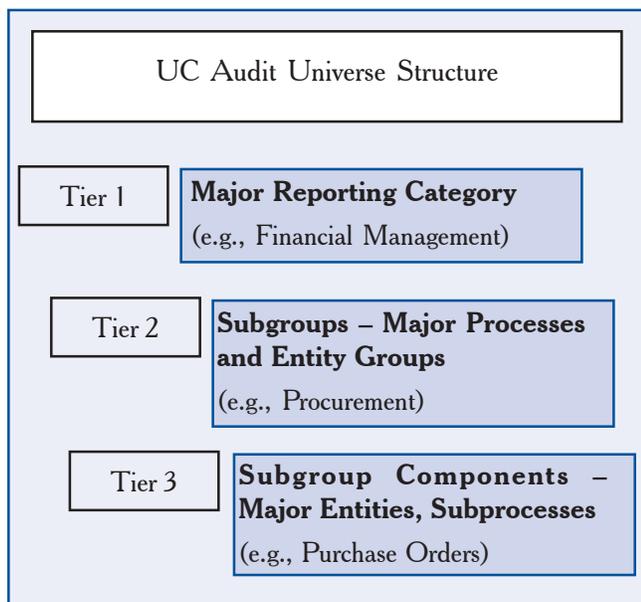


Figure 2

Integrated in the universe design are a risk assessment process and the ultimate formation of the annual audit plan. The risk assessment process has evolved into both a high-level, top-down overview of topical and selected strategic business risks as well as an intensive and comprehensive bottom-up process to assess risks for items included in the audit universe. On occasion, we may choose to evaluate a topic from a process perspective and then later evaluate it from a strictly organizational perspective (e.g., travel).

### Keeping It Fresh

A significant requirement for the risk assessment design was ensuring we had the ability to include an evaluation of the latest issues affecting higher education. In an effort to perform a comprehensive risk assessment, contemporary issues are identified and incorporated into the assessment process, allowing us to address issues and risks that may not be identified as a distinct universe element but are embedded within one or many audit universe areas. Thus, we identify and describe not only contemporary risks that affect the organization as a whole but also those risks and issues unique to our lines of business. The following diagram (Figure 3) displays this multifaceted risk assessment process.

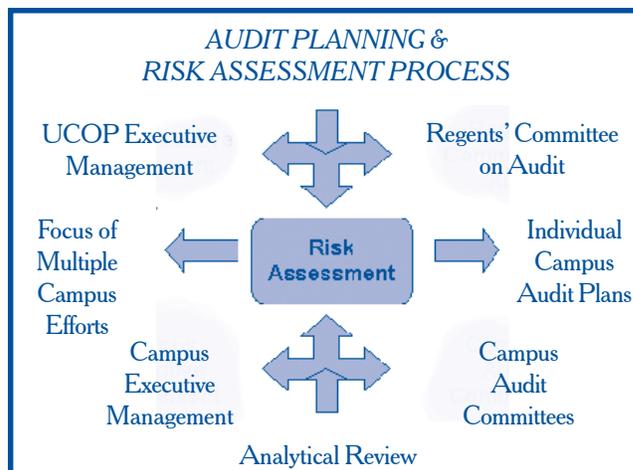


Figure 3

### The Risk Assessment and Planning Cycle

*Wouldn't it be nice to avoid doing an annual risk assessment? The easy answer may be "Yes." However, the risk assessment process itself is a useful management communication tool, and going through the process annually keeps us from getting complacent.* Like many organizations, UC completes its risk assessment and audit planning process annually. Our kickoff is a discussion and documentation of contemporary issues by audit directors and audit managers followed by distribution of detailed guidance to all sites. Typical guidance includes the updated risk assessment audit universe, audit plan and statistical summary templates, summary of contemporary issues and suggested areas of applicability, and the risk model (discussed in more detail below). Most of these reference documents reside on the University Auditor's Web site and are accessible at [http://www.ucop.edu/audit/news\\_events/welcome.html](http://www.ucop.edu/audit/news_events/welcome.html).

The risk assessment process typically allows sites approximately two months to complete their assessments. While all use the same model, each site may develop its own process for assessing risk and assigning predictive scores. For example, some use e-mail surveys, and others use workshops that employ an interactive polling tool. Typically, audit directors at each location gather information from change analyses and analytical reviews (management, systems, funding, regulations, etc.), management interviews, and consideration of external audit activities.

### Details of the Risk Model

*Was it possible to create a totally objective numeric risk model that resulted in the consistent application of risk scores by each of the UC sites? The answer is definitely "No!" However, we think our results provide a reasonable measure of relative risk and results that are comparable for enterprise-wide reporting.* After

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## Risk Assessment and Audit Planning at the University of California

Continued from page 6

having developed the basic UC universe structure described above, the next step was to incorporate the risk-scoring component into the model. For this we selected among traditional predictive factors, and have modified these over the past few years based on actual experience. Our current risk model now includes the following five predictive factors for all three lines of business:

- Quality and stability of control environment,
- Business exposure (materiality and liquidity of operational resources),
- Public and political sensitivity,
- Compliance requirements (extent and complexity), and
- Information technology and management reporting.

Risk scores are obtained by assigning each predictive factor a score of one (lowest risk) to four (highest risk) on a judgmental basis for each of the audit universe items. Scores are then multiplied by the proposed value weight indicated – as some factors are weighted differently in our three lines of business. For example, regulatory compliance is a 40% factor for health sciences but only a 20% factor for the campuses. We have documented definitions for elements of the audit

universe, the risk factors and scoring options in the interest of promoting a consistent view of risk across the universe and lines of business. The desired result is that a score of 700 for a medical center topic would indicate roughly the same level of risk as a score of 700 for a campus or laboratory topic. For those campuses with health sciences operations, two separate risk assessments are performed – one for the general campus and the other for the health sciences. As a result, our composite view of risk is based on 18 separate assessments.

A simple sorting of the audit universe by final score gives each site the ability to identify their high-risk items. Preliminary scores are shared among the directors for benchmarking purposes to assure that a high-risk topic at one campus has not been inadvertently overlooked by another campus. The final risk assessment spreadsheets, along with the resulting audit plans, are forwarded to the University Auditor's Office for review and consolidated analysis. Although the entire package is forwarded, only the calculated risk factors from the first three tiers are rolled up into the consolidated risk ranking analyses and summaries. The following chart (Figure 4) is an excerpt from a scored risk assessment spreadsheet before being sorted by final score.

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INDEX	MAJOR REPORTING CATEGORY	PROCESS OR ENTITY GROUPINGS	MAJOR PROCESSES AND COMMON ADMINISTRATIVE SERVICES	LOCAL SPECIFIC RESEARCH ENTITIES AND MINOR ADMINISTRATIVE PROCESSES		Score	Qual Cont Envir	Bus Exp (MLOR)	Pub & Pol Sctvty	Comp Reqs	Info Tech & Mngt Report		
Multipliers for Campus							60	50	30	20	40		
				Specific Research Entities	Minor Admin Processes								
	TIER 1	TIER 2	TIER 3	TIER 4.A	TIER 4.B							CORE	Contemp Issue Ref
G	Information Technology & Communications												
Ga		Information Infrastructure											
Ga.01			Strategic Planning			640	2	4	4	2	4		B D
Ga.02			Network Management			800	4	4	4	4	4	X	I D
Gb		Central Administrative Computing											
Gb.01			Software Acquisition, Development and Maintenance			780	4	4	4	3	4	X	D A
Gb.01.01			Academic Information System			670	4	3	4	2	3		A D
Gb.01.02			Financial Information System			610	4	3	2	2	3		A D
Gb.01.03			Payroll/ Personnel System			590	4	3	2	3	2		A D
Gb.02			Logical Security			560	3	3	3	3	2	X	D H

Figure 4

### Use of Risk Assessment Results to Help Achieve Multiple Audit Objectives

*Once we risk rank items, do we need to make adjustments? The answer is “You bet!” The risk assessment process is just a tool, not an end in and of itself!* The UC audit environment includes several hundred distinct audit subjects, some of which would never be audited using a pure risk-based approach. The audit plan strives to achieve the dual objectives of assuring audit coverage of the areas identified as representing the greatest current risk, while at the same time assuring broad coverage of the business operations of the university over time. Naturally, we want to ensure that all high-risk items are included in the audit plan. However, we have also combined our risk-based approach with a cyclical approach for fundamental or “core” business operations.

The core concept used to supplement the high-risk evaluation identifies fundamental business operations whose key controls are relied on day in and day out to carry out the business of the university. The goal is to ensure coverage of the identified areas over a three- to five-year period. Examples of core areas are procurement, cash management and disbursements.

Over the years, we have struggled with the definition of high risk. At one point we tried to establish numerical parameters for high risk (e.g., any risk score over 700); however, the arbitrary definition of high risk caused a considerable disparity in the number of elements among locations. Since we were unable to find an objective measure for high risk, we currently apply a “top 10” approach for each audit site – meaning that the audit universe items with the 10 highest scores at each location will be included in the annual audit plan as high risk.

### The Audit Plan

*We know that auditors love numbers, and with that in mind, the results of the risk assessments actually mean something. So what do we do with all this information?* The risk assessment process drives the formation of the individual audit plans. As you may have guessed, the audit plan is much more than just a list of planned audit projects. The audit plans include detailed schedules and performance measures used to calculate information such as location FTEs, available audit hours, coverage percentage of high risk and core audit areas, and distribution of hours by service type (i.e., audits, advisory services and investigations) and lines of business. An audit plan narrative supplements the schedules, and each site provides explanations of unique audit coverage strategies, as well as a brief preliminary project scope for each planned project.

### Reporting to The Regents

One of the most important features of our audit universe formation and resulting risk assessment and planning process

**An effective risk assessment process in a complex organization is often more art than science.**

is that it enables us to report on activities in a useful and consistent manner, not only internally but to our governing board – The Regents of the University of California (The Regents). All location audit plan and risk assessment results are consolidated at the University Auditor’s Office and serve as the basis for the “Annual Report – Internal Audit Plan” that is presented to The Regents for approval. Since consolidated plan data are maintained in a database, we have the ability to present the data in a number of meaningful ways. The consolidated plan contains a variety of statistical analysis reports, charts and graphs that give details on the distribution of available hours (by tiers/functional areas, service type, location and line of business), as well as convey common high-risk areas and planned core coverage.

We monitor progress on the annual plan quarterly via schedules similar to those used in the planning phase. These reporting schedules record the status and project detail for the audit plan items, and include tracking of high-risk and core project coverage. A standard reporting package is prepared by each location. The University Auditor’s Office consolidates the data, and provides a quarterly report of schedules and narrative analysis to The Regents. At the end of the fiscal year, we bring it all home with an annual report of activities. This report to The Regents is essentially a compilation of the quarterly report data along with additional analyses and summaries of the control environment and significant issues. The quarterly and annual reports always measure against the audit plan approved by The Regents. Annual planning and activity reports can be viewed by accessing the “Plans and Reports” link on the UC University Auditor’s Web site (<http://www.ucop.edu/audit/>).

### Conclusion

*An effective risk assessment process in a complex organization is often more art than science.* The UC internal audit program, through the risk assessment and planning process, demonstrates accountability for audit resources as well as communicates accomplishments and execution of the approved plan through regular reporting to The Regents Committee on Audit and Senior Management. We believe that our risk assessment and planning process serves us well, but we recognize that it is a dynamic process. Accordingly, reviewing and enhancing this process continues to be a major effort within our internal audit strategic plan.

### About the Author

*Peter Cataldo, CIA, CFE, is the Audit Manager for the University of California – University Auditor’s Office, located in Oakland, California, and has worked in the university’s audit program for the past 16 years.*

# More Than Just Talk: **Hotlines**

By Dave Slovin, Vice President of Business Development, The Network and  
C. O. Hollis Jr., CPA, CIA, CFE, Director of College Auditing and Advisory Services, Morehouse College

Colleges and universities are uniquely complex organizations with vulnerability to fraud and other unethical behavior. The diversity of operations and the sizes of the various university populations make it difficult to monitor behavior and prevent malfeasance. In terms of internal fraud, administrators can accept bribes or divert institutional payments. Externally, suppliers can overbill in a variety of ways. Another area of risk is illegal or unethical behavior on the part of any representative of the college or university, which could damage the institution's reputation.

The good news for internal auditors is that institutions of higher education are increasingly adopting hotlines, a tool that has proven its value in law enforcement and in corporate America. When considering implementing a hotline, internal auditors should understand the role of a hotline as a detection tool, hotline best practices and the importance of communications regarding ethics and the hotline.

## Hotlines as a Detection Tool

The Federal Bureau of Investigation uses hotlines to gather information that leads to the capture of criminals. A recent example of this is the capture of the Washington, D.C., snipers, who were discovered as the result of a call to a hotline. Decentralized employers, such as retailers, have relied on hotlines for uncovering internal theft for more than 20 years. The Sarbanes-Oxley Act of 2002 expanded the use of hotlines by requiring publicly traded companies to offer a confidential reporting process to employees as a governance best practice. Now not-for-profits are seeing the value of a mechanism that helps both deter and detect improper behavior.

One out of five American workers has personal knowledge of workplace fraud, according to a 2002 study sponsored by Ernst & Young LLP and conducted by research firm Ipsos-Reid. It is interesting to note that 80% of the participants indicated that they would turn in fraudsters who were stealing from the employer, but of those who had the opportunity, less than half of them actually did. Of that group, 39% were



Dave Slovin



C. O. Hollis Jr.

more likely to report fraud if they could remain anonymous, and 57% chose a hotline as the best means to report fraud.

The Association of Certified Fraud Examiners periodically surveys its members to understand the dynamics of fraud. Their 2004 *Report to the Nation* found fraud is discovered via a tip 40% of the time, making tips the number one

method of fraud detection. The same survey found that fraud losses were reduced by more than 50% for organizations with a hotline. Educational institutions lost an average of \$31,000 per scheme, with the most common type of fraud involving erroneous billing.

The American Institute of Certified Public Accountants (AICPA) has also recognized the value of hotlines. In January 2005, The AICPA's Antifraud Programs and Controls Task Force published a tool designed to help evaluate the effectiveness of a hotline. As part of the announcement of the new guidance, the AICPA recommended that all organizations seriously consider establishing a whistleblower hotline because of its effectiveness for catching fraud at the management level. Internal auditors within the academic community should be able to use the AICPA advice to implement changes to an existing process to improve detection of fraud perpetrated by internal parties or by suppliers.

Although hotlines are a proven tool for fraud detection, many institutions of higher education still do not have an anonymous hotline. The financial investment in a hotline is small in comparison to the potentially disastrous results of malfeasance that continues undiscovered. Beyond the obvious financial benefit of stopping fraud in its early stages, a hotline provides the opportunity to limit liability. Uncovering and dealing with sensitive issues before they are exposed in the media can be especially important for a college or university because of the opportunity to protect the organization's reputation. For example, a tip regarding misuse of research funds could be investigated and the matter rectified prior to notifying the sponsor.

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### Best Practices

**Multiple Reporting Mechanisms** The most effective way to learn about fraud is to provide faculty, students and vendors with a variety of methods for reporting their concerns about illegal or unethical behavior. Interactive communication, such as a face-to-face conversation or a hotline interview, generates more detailed information than one-way communication, such as an anonymous note. While some individuals may feel comfortable coming forward through an open door policy, others may not. Resistance to revealing one's identity may be due to fears about potential retaliation, especially when reporting a peer, professor or supervisor. In these situations, the hotline interview is the best option for the institution, because an interview conducted by an experienced interviewer results in the most actionable information possible.

There is also evidence that people feel more comfortable using an anonymous hotline. The Ernst & Young survey showed that while 57% of those surveyed would report unethical behavior using a telephone hotline, 20% of respondents would write an anonymous letter, and only 16% said they would use an anonymous Web site. The student population may more readily accept the Web as a vehicle than the population included in the Ernst & Young survey, but Web-savvy individuals often point out the ease of tracking IP (Internet protocol) addresses as a cause for concern. Offering several reporting options will accommodate the preferences of different individuals.

**Interactive Interviews 24/7/365** An effective hotline must be available 24 hours a day, 365 days a year. Many organizations operate a hotline by publicizing a number that reaches an individual in administration during the work day, and then is answered by voice mail outside of business hours. This is not ideal because nearly 50% of hotline calls occur at night or on weekends, and these calls deserve the same treatment as contacts made during the day. Sometimes an individual will not leave a message because of a fear that his or her voice will be recognized. If the individual does happen to leave a message, it may be incomplete and disorganized due to an urge to get off the phone. A more effective approach is to have someone who knows the right questions to ask answering the line any time, day or night.

Given that the purpose of the hotline is to gather enough information to support an investigation, there is no substitute for a robust interview. Therefore, when one considers the pros and cons of various solutions, the interview process should be the most important factor. The interview needs to be detailed and tailored to the type of concern being reported. For example, the line of questioning necessary to properly document falsification of research findings in order to qualify for a grant will differ greatly from the appropriate questions for a case of violating athletic eligibility. Questions that are tailored to the incident help paint a picture and guide follow-up actions.

The interview technique becomes even more critical in light of the possible state of mind of an anonymous person. As mentioned previously, anonymous parties may often be anxious and provide information in a disjointed manner. The interviewer should have specialized training on how to help callers remain calm. Ideally, the interviewer should have supporting technology that will assist in tracking the information reported, pointing out any need for clarification.

Looking at an example in detail, consider a report claiming, "My professor isn't fair." A voice mail or e-mail report might end there. An interactive sequence of questions, however, could reveal that the professor is treating students differently based on gender or ethnic group. The issue becomes more serious when the possibility of discrimination is raised. Asking questions that elicit examples of preferential treatment (without biasing the caller) becomes an important part of validating the allegation. An experienced interviewer asks unbiased questions that help the organization gain enough information for the investigation.

Maintaining communication with an anonymous person after the initial contact enhances the hotline's usefulness. Each hotline report should be assigned a unique code, and the individual should be asked to call back within a predetermined time period. The unique report number enables the person to call back to offer additional information while maintaining anonymity. Investigators will have a chance after reviewing the report to provide questions to be asked of the caller if he or she does call back. This process can be very helpful as an investigation unfolds. Unfortunately, roughly 70% of anonymous callers never call back, so a dialogue capability does not alleviate the need for a detailed initial report.

**Internal versus Third-Party Operations** The AICPA's guidance on anonymous hotlines mentions using a third party to operate the hotline as a method for improving the perception of confidentiality. An external process provides greater safeguards of anonymity and avoids even the appearance of impropriety. While there are costs associated with an external hotline, the financial investment is small in comparison to the potentially disastrous results of malfeasance that goes undiscovered. With the expertise, trained personnel, resources and technology already established to operate a hotline and conduct quality assurance, a professional hotline provider can usually provide these services for much less than it costs to implement them internally.

**Report Dissemination** One of the most important aspects of having a hotline is deciding where to send the information that is received. Report dissemination procedures should protect faculty, staff and students from retaliation and safeguard auditors from accusations of improper handling of the investi-

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## More Than Just Talk: Hotlines

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gation. To ensure allegations reach the right people, hotline incident reports can be automatically routed to one or multiple recipients within the college or university structure. A report dissemination routine should be set up with the hotline administrator so the appropriate officials receive reports of illegal or unethical behavior.

Dual dissemination is a helpful practice for ensuring complaints are not overlooked. This simply involves having an appropriate official, in addition to the investigative authority, receive copies of all hotline reports as a secondary layer of dissemination. For example, a report of internal theft could be sent to a designated security person as the primary recipient of the information, with a copy to the ethics officer or an official in a similar position, as the secondary recipient. Dual dissemination acts as a protective device in case a report is sent to the accused party. If a report is distributed to only one person, and that person has a motive for preventing an investigation, the system is vulnerable.

Another operational consideration is accelerated notification of a time-sensitive issue. For example, if an allegation is received regarding potential campus violence, security officers should be alerted immediately. Procedures that must be followed when time-sensitive issues are reported should be set up during the planning stages, as part of a global crisis response plan. The group responsible for setting up the hotline must agree upon a list of topics that are sufficiently critical to require immediate notification 24 hours a day, such as threats of violence or an allegation that a recurring fraud will occur again in the near future. This ensures key parties have a shared understanding of how such a situation will be handled.

### Communication Regarding Ethics and the Hotline

**Launching the Program** Like any new initiative, a hotline program will fail if it is not launched properly. The initial communication should include an announcement by the president of the college or university about the goals of the program and the reason for implementing it. Employees should be told that the college or university is providing every opportunity to report problems, and the information will be sent to top management and/or to the governing board. Information about the program should be posted on intranet sites, in break rooms and in other appropriate places, and should be introduced in face-to-face meetings wherever practical. Every member of the staff and administration should receive a letter or flyer announcing the program, and ideally an accompanying card that he or she can keep in a wallet or purse as a reminder of the phone number. New employees and students should receive this information during their orientation.

**Ongoing Communication** Communication about ethical behavior and options for reporting inappropriate behavior should ideally be repeated several times a year. The hotline can only

be effective if people know it exists. Consumers are exposed to numerous promotional messages in a typical day, and messages about the hotline will need to be conveyed in a manner that cuts through the clutter of information. One way to accomplish this is periodically changing informational postings to keep them from becoming “wallpaper” that no longer attracts attention. For example, if the initial posting used a photograph of a school setting, the replacement poster might use a photograph of a person on the telephone so that the change is immediately visible to anyone passing by.

A comprehensive hotline program includes communication explaining the behaviors that are unacceptable. Posters in high traffic areas, articles in newsletters or school publications and pages on intranet sites all help create awareness of ethical issues and act as preventative devices. Such communication reinforces the perception that the school wants to know about illegal and unethical activities so that action can be taken to stop them. If the institution discovers there are trends in the types of behaviors being reported via the hotline, these posters are a useful tool for explaining which behaviors are not condoned.

The best return on investment from a hotline will come from promoting it to as many people as possible. Consider an example in which a member of administration is handling collection of fees from companies who are sponsoring an activity on campus. If the administrator asks the contributors to make checks out to him, they may question the practice but not know where to turn with their concern. Listing the hotline number on all checks and invoices issued is an inexpensive action that has helped other organizations uncover fraud. Knowledge that the hotline number is communicated to anyone writing checks to the institution will have a deterrent effect on anyone tempted to commit internal fraud.

Detecting and deterring unethical behavior help protect the college or university from losses and negative publicity that could hurt the institution’s reputation. Offering a professional, confidential hotline gives employees, students and suppliers every possible means for coming forward about especially sensitive situations. Ultimately this gives the institution an opening to investigate allegations and take corrective action in order to minimize losses.

### About the Authors

*Dave Slovin is the Vice President of Business Development at The Network, a company that has operated confidential hotlines for more than 20 years. The Network provides hotline services to some of the nation’s largest colleges and universities.*

*C. O. Hollis Jr., CPA, CIA, CFE, is Director of College Auditing and Advisory Services at Morehouse College in Atlanta, Georgia. In 2004, he coordinated the implementation of an ethics line at the college to assist Morehouse in detecting and reporting suspected unethical and illegal behavior.*

# A Preview to “Walking Through the Bags of Cement — A Construction Management Audit”

By James Boyle, MBA, CPA, Internal Auditor, The University of Scranton



There is nothing quite like recovering university funds from a construction management (CM) firm as a result of a construction audit. It gets everyone’s attention. It also feels good, but not to everyone – especially folks who work for the CM firm.

Before I start to talk about anything technical though, I want to emphasize at the outset that your good judgment as an auditor is all that is needed to lead you through an audit of a CM project. You certainly do not need to be a construction specialist – at least I was not one, although now some people think that I am.

Furthermore, you can expect your audit findings to come under attack. The CM firm may confuse, intentionally or not, what was done in the past with what the CM contract language actually requires. It may take a good measure of patience and poise to stay focused on the issues.

I also advise that you be diligent and keep asking questions. The same person who says that you do not know what you are talking about may be signing a recovery check to your university at the conclusion of the audit.

At the 2005 ACUA Annual Conference in Portland, I will present the session, “Walking Through the Bags of Cement: A Construction Management Audit.” The findings and recommendations in the audit on which this session is based led to a substantial financial recovery for the university. The audit also resulted in revised language in the university’s standard CM contract that better identifies and protects university rights.

Moreover, monitoring controls were established to help ensure that the university does not pay too much for construction costs in the future. Finally, internal audit now plays an ongoing role as a member of the university’s construction advisory team.

Internal audit reviews the language in the university’s contracts with both the architect and the contractor for all new

major construction projects. Internal audit also attends at least one construction project planning meeting.

So what is a CM contract? Again, I’m not a specialist, but I found that it basically addresses a construction project where the university reimburses a CM firm for its direct costs plus a CM fee to manage the project.

A CM contract may also contain a guaranteed maximum price (GMP) clause. The GMP clause enables the university to budget a total cost for the construction project. The CM firm is at risk if the project costs exceed the GMP, except in the case of any change orders. Change orders are amendments arising from unforeseen conditions or from a change in the project scope or quality of materials that is approved by the university, and typically result in additional costs.

The billable project costs of a CM contract with a GMP clause are equal to the allowable, actual project costs incurred by the CM firm, plus the CM fee up to the GMP amount, plus the cost of any approved change orders and related change order fees. It may be agreed that any savings below the GMP accrue to the university exclusively or be shared with the CM firm as an incentive to minimize project costs.

Any time the CM firm bills the university for unallowable project costs or for amounts in excess of actual project costs incurred, the CM firm effectively increases the profit margin on the project at the expense of the university. The auditor

must identify these inappropriate billing amounts and seek to recover them.

I will not talk about lump sum contracts here, but they may also have change orders that are billed at cost plus change order fees. These fees are typically mark-ups based on a specified percentage of cost.

It is especially important to understand the billable project costs and the payment process sections of the CM contract. I suggest reading these sections over several times.

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**The findings and recommendations in the audit led to a substantial financial recovery for the university.**

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One approach to beginning a CM audit might be the following:

1. Identify major construction projects recently completed and in progress. Prepare a summary schedule of expenditures for each project.
  2. Meet with appropriate university employees to determine the types of construction contracts used, which may include some types of cost plus and/or lump sum contracts. A CM contract is a type of cost plus contract.
  3. Select one or more major CM contract(s) to audit.
  4. Obtain and review each construction contract selected. Meet with appropriate university employees to ask them questions and to help you understand the terms of the contract. You may note the important areas to audit and start building your set of audit procedures from a thorough reading and rereading of the contract provisions.
  5. Obtain the CM firm invoices (a CM invoice is often referred to as an Application and Certification for Payment) and supporting detail. Prepare a spreadsheet summarizing the total project billing.
  6. Obtain the project cost records that agree to the total project billing from the CM firm in an electronic format and download the file into a spreadsheet. If necessary, sort by natural expense categories, such as labor, payroll taxes, materials, payments to subcontractors, etc. The data in this format are easier to audit and to use to identify possible billings in excess of actual costs incurred by the CM firm.
3. Payroll tax costs for FICA (Federal Insurance Contributions Act), FUTA (Federal Unemployment Tax Act) and SUTA (State Unemployment Tax Act) are limited to the applicable rates applied to the statutory taxable wages.
  4. Workers' compensation insurance costs are limited to the net costs incurred after the insurance carrier's audit adjustments. In no case shall the workers' compensation insurance rates used exceed the rates available through the state workers' compensation fund.
  5. The rental rates of any contractor-owned equipment must be approved in advance and in writing by the university. The rates are limited to a specified percentage of the equipment fair market value or book value.
  6. The billing of any allowances based on a percentage of costs is not permitted without the prior written approval of the university. Under no circumstance may an expense category be billed as both an allowance and a direct cost.
  7. The CM firm will not be allowed to self-perform and submit bids for any bid packages without the prior written approval of the university.
  8. A university official will be present during the opening of all sealed subcontractor bids and at pre-bid meetings.

While the above list is not all-inclusive, it does outline some productive initial steps to help you to get moving through a CM audit that may at times seem overwhelming.

In preparing the CM audit report, I found it helpful to break down the audit findings and recommendations under three headings: (1) revisions to the language of the standard university CM contract, (2) findings to be communicated to the CM firm, and (3) findings for internal management purposes only.

This approach made it easier to issue a separate report to the CM firm that contained only relevant information and excluded any unnecessary reference to internal management concerns.

I provide below examples of contract language revisions, the types of unallowable project costs recovered and the monitoring controls that resulted from the internal audit of the CM project.

### *Examples of Contract Language Revisions*

1. Overtime labor cost is not permitted without the prior written approval of the university.
2. The cost of the project shall not include bonuses paid by the CM firm.

### *Examples of Unallowable Project Costs Recovered by the University*

1. Amounts were billed in excess of allocable costs incurred for nonunion labor and fringes (computed as a loaded rate). These amounts were billed at internal billing rates that did not reflect costs.
2. Amounts were billed in excess of costs incurred for union employee payroll taxes and fringes on allocable labor costs. Applicable rates for FICA, FUTA and SUTA taxes were applied to all labor costs, rather than to the statutory taxable earnings. Workers' compensation insurance was billed at internal billing rates that did not reflect costs and exceeded the rates available through the state workers' compensation fund.
3. Amounts were billed for project cost categories specifically unallowable according to the terms of the CM contract. These primarily related to overhead costs that were already negotiated to be part of the CM fee.
4. Amounts were billed for a small tools allowance of 3% of production labor. This allowance was not permitted in the CM contract. In addition, small tools were also billed as a direct cost.
5. Amounts were billed for unauthorized rental charges for equipment owned by the CM firm. A negotiated amount

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**Do not be surprised by the lack of any critical review of the billing detail by the independent or in-house architect who may be responsible for approving the contractor’s invoices.**

was eventually allowed after the rates were reduced to fair market value.

*Examples of Monitoring Controls for Internal Management*

1. The university will competitively bid all CM projects in the future.
2. Internal audit will review the contract language for major construction projects and attend at least one planning meeting with the architect and contractor.
3. Procedures have been developed to ensure that the university critically reviews construction project cost billing detail and properly retains funds in accordance with its contractual rights.

Do not be surprised by the lack of any critical review of the billing detail by the independent or in-house architect who may be responsible for approving the contractor’s invoices. The architects that I have worked with focus more on the visible progress of the project than on specific costs billed by the contractor.

Likewise, do not be surprised if your general counsel approves the language of standard construction contracts that do not address important matters of cost, such as the allowability of overtime labor and bonuses. General counsels’ backgrounds may not prompt them to think about these issues.

Each construction contract presents an opportunity for the internal auditor to offer financial expertise to improve cost controls for the construction project and to become a value-adding member of the construction advisory team.

I have heard construction consultants promote the concept of “we’re watching you” as effective in reducing the likelihood that contractors will intentionally bill inappropriate construction costs. However, this risk may actually increase if an audit does not uncover inappropriate billing amounts that already exist.

Therefore, it is vitally important to perform a well-planned, thorough construction audit or do no audit at all. But how can you tell if the audit was

successful? While it’s great to recover costs for the university, a construction audit’s success cannot be measured by this alone. However you define it, a successful construction audit lets the contractor know that “we’re REALLY watching you.”

I hope this article piqued your interest enough for you to consider registering for the session, “Walking Through the Bags of Cement: A Construction Management Audit” at the 2005 ACUA Annual Conference.

Besides providing some practical information from the perspective of an auditor in the trenches, I will share some entertaining stories about my site visits to the CM firm offices. The title of the session derives from one of these stories. I look forward to providing all attendees with concrete advice on construction audits.

**About the Author**

*James Boyle is the University of Scranton’s Internal Auditor. He earned a B.S. in Accounting and an MBA in Finance from the University of Scranton. A CPA and a member of the AICPA and PICPA (Pennsylvania Institute of CPAs), he is also an active member of ACUA. Jim was employed with a Big 6 firm and a regional accounting firm for 13 years prior to joining the university in 1999.*

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# Towards Law and Order

By Chana Mills, Senior Internal Auditor, Ben-Gurion University of the Negev, Beer Sheva, Israel



Perhaps only those of us who work in a college or university environment would understand the chasm that sometimes seems to exist between academics and administration. Moreover, most of us in higher education internal auditing are eventually struck by a realization that we are not understood by academics the

way we would like to be. We too often are seen simply as representatives of “administration.” Now I ask, literally, that you follow me on this—across hemispheres.

## From Israel to Australia, Where the Author Works on a Project

This past year I was very fortunate to be able to work at another university, and in a different country! I joined my husband, who took a year’s sabbatical at the Australian National University (ANU) in Canberra, the capital of Australia. Moreover, I managed to get the two universities, Ben-Gurion University (BGU) where I came from and ANU, to agree on a mutual project. As a result, I was able to have two months’ experience in internal auditing at ANU, one of the world’s foremost research universities.

The aim of the audit was to find ways in which ANU could support sub deans on the faculties and conveners at the research schools in their roles. Academics and administrators provided useful insight, and I found some procedures quite different from those at BGU. There were also differences in viewpoints, mainly in regard to students, which I thought would be very interesting to take back home and consider. I will not go into the outcome of the audit or those viewpoints. They are outside the scope of this article. What I would like to show is how, though far from BGU at ANU, I was confronted with the common realization that is the theme of my article: academics are not administration, and administration is not academics.

There is that gap between these two groups at most institutions. Even if that is a truism, I write this article because I believe we internal auditors can make a difference and help close the gap. After all, as in all things, we try to look objectively at both sides. We are part of institutional administra-

tion, but we like to think we also understand academic needs. We just may be able to offer academic staff some insight into administration needs with suggested rules and procedures as well as show administration why academics are not thrilled, or inclined, to work according to “the book.”

Academics tend to believe that what they do requires learning and experience, yet they overlook the equivalent fact that being an administrator also demands intelligence and know-how. A higher education administrator is as essential a calling as a chemist or child psychology researcher, and has its own means and aims.

So what am I talking about? Addressing a few of the frictions that we all experience every day and which I experienced both at ANU and at home at BGU may help explain.

## Academics Complaining About Lack of Knowledge

At both institutions, I often heard these kinds of arguments put forward by members of the academic staff: “We never know what is going on. Nobody tells us a thing.” Yet, as we administrators know, knowledge is there. Some of our group might then counter: “We try to put every decision and change in writing, and if you make it your business, you could find out and know!”

Of course, finding out requires time and effort, and academics are busy, so who could really expect them to master everything. Then there are those technicalities. At ANU and at BGU, there were a lot of complaints about the hardships of extracting data from the main student computer system or other systems. For most data, there are good established systems, but academics often assume systems are too complicated. As a result, work continues outside them, sometimes even using self-constructed systems.

So what could make it better?

## Academics Complaining About Administrators Making Decisions Without Academic Input

This argument has grounds. Many decisions are made by administration committees at a university, and academics com-

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plained about this again and again at the two universities. But what is happening really? Even when administration desires academics' participation (which, of course, is not always the case), academics are many times reluctant to participate in administrative tasks. Committees, meetings and connecting with what they might view as "administrivia" do not appeal to academics. Furthermore, at ANU and BGU, a lot of things result from government decisions, but academics may not keep up. Administration has to keep up and thus must go on with committees, meetings, procedures and decision making. Academics, if dissatisfied, then complain.

Is there a remedy?

### Academics Complaining About Their Own Workload and Undervaluing the Work Done by Administrators

The nature and variety of teaching and research workload can make it difficult to grasp how much work academics do. If administrators do not grasp it, they might erroneously think that academics have a lot of free time for administrative work. Likewise, academics might superficially view purchasing, hiring and billing as things anyone can do, and in no time. They might ask, "Why do we need so many jobs for such unimportant tasks?"

How can we change these attitudes and assumptions?

### Administrators Have No Idea About the Needs of Research as a Whole, and Research Students in Particular, So Why Are They Interfering?

Despite the distinctive nature of a research environment, academics would not likely benefit from doing all support work themselves. Do they really want to go and buy their computers, or chemicals, or even their pens, all by themselves? Do they want to be the ones to pay for everything, and then give an accounting to outside authorities? No, of course not! When will they do their research? And do they want to manage student tuition payments? Do they think they could take over management of scholarship programs, and do they want to be the ones to check whether Ph.D. students have taken the classes they need, while doing research? Of course they do not! They can and do rely on a good and sound administration to fulfill these tasks for them.

How can we make the academic and administrative components of our institutions understand that one cannot operate without the other, and that we all have the same objectives in mind? How do we make both sides respect one another? Is there a way to put both roles on the same level of importance, so all can appreciate what the other contributes to the overall well being of the organization?

### Now to New Zealand

After a while, I finished my project and went touring New Zealand. Staying a week in Wellington, I decided to meet the

internal audit manager at the Wellington Institute of Technology, which I was told was not a university, but a college. And I am happy to tell you, it was also the source of my answer!

The internal audit manager, Ms. Irene Corpuz, told me about her work. One of the surprises that she had for me was that there was only one more staff member at her department, yet she produces 10 to 15 audits a year. How can you do that? I urged her to tell. And that is when I learned her secret, which was also a great idea: Irene uses academic volunteers to do audits! Wow!

I have to admit I had a hard time accepting the idea initially, but here it was, and so simple! Get academics to help you with the audits, and as a by-product, they will learn who you are and what an audit is. Their objectivity will increase, as they observe and better understand the benefits of doing things differently, and why it is important to do things right, even when that often means more work and new tasks.

As Irene explained, she uses academic staff for what they call quality audits. These audits review the programs taught against a set of twelve quality standards. Of course, it is not our regular kind of audit, but the idea is too good to just let go of it.

As Irene put it to me, "The audit is an opportunity to expose everyone to different needs. We use only academics but would like to use non-academics too, for the reason that the audit exposes everyone to the quality environment we need to operate in, and helps them get an appreciation for the paper work that all academics have to endure at their end."

Producing academics that are ambassadors of administrative needs and aims (and administrators for academic needs as well) may seem out of reach, but here it was for real, and going strong! Of course, Wellington Tech does not have your university environment, so you might argue that this is impossible to do where you are, but I believe the idea is worth trying! Here may be an important tool to change the way academics and administrators look at each other! I would strongly suggest we try it out before raising our hands in disbelief and complaining. If it happens even in just a few places, we may see the beginning of "law and order"!

Thanks go to Ms. Irene Corpuz, Internal Audit Manager, Wellington Institute of Technology, New Zealand.

### About the Author

*Chana Mills, Senior Internal Auditor at Ben-Gurion University of the Negev, Beer Sheva, Israel, has an M.A. in Public Policy and Administration from BGU and a B.A. in Economics and International Relations from The Hebrew University in Jerusalem. She has worked at BGU for 18 years.*

## What Makes Us Great? It Might Be You!

*Continued from page 3*

of ACUA's Ten Most Wanted? If you are not looking for a leadership role right now, do you see a task force whose charge appeals to you? If so, a position on the task force team may be just your chance to give something back to the association from which we all benefit so greatly. You can join the literally hundreds of active members who are currently contributing or have in the past contributed their time and talents for the benefit of fellow members.

We have all perhaps heard or read that volunteerism is on the decline. However, I just read that last year approximately 64.5 million Americans volunteered a mean of 52 hours annually. I am sure that many if not most of you are experienced volunteers in your communities, in religious or educational institutions, or in youth and social services arenas. Well, the good news here is that you do not have to do any fund-raising, sell magazines or candy bars, carpool, run a phone bank or stand over a hot grill in a parking lot burning hot dogs. We are asking you to do things you know how to do and in which you have an interest. It may not make the teacher give your child a better grade or get him or her more game time or a better part in the school play, but you will still feel good about it.

So, whether you go to the Web site just to recognize your friends and colleagues for their efforts or to give active consideration to volunteering for a role yourself, please check it out and spend a few minutes thinking about the importance of volunteerism to ACUA's success. Go to [www.acua.org](http://www.acua.org) now, and respond to one of those opportunities!

See you in Portland soon!

## Navigating the New Millennium

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conference rate. The hotel offers ACUA members the following rates on a first-serve basis:

Single	\$129
Double	\$139

Rates quoted do not include state and local taxes, currently 12.5%.

The cutoff date for reservations is August 19, 2005. Reservations received after the cutoff date are subject to availability and the group rate is not guaranteed. The address is 921 S.W. Sixth Avenue, Portland, OR.

### Online Registration

Online registration is available for credit card payments and purchase order numbers only. Register online at [www.acua.org](http://www.acua.org).

Cancellations, refunds and substitutions information is on the ACUA Web site.

### Upcoming Meeting

2006 Midyear Seminar  
April 9-12, 2006  
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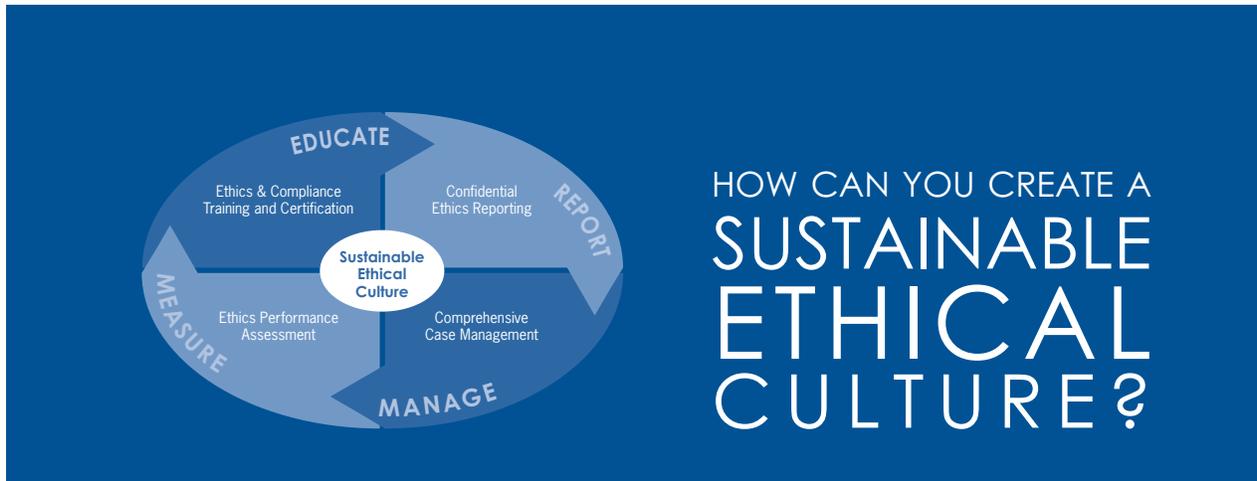
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