



Streamline Your Public University's Internal Audit Data Strategy

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We'll get you there.





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Introductions

- Troy Hollings, Digital Director
- Ryan Merryman, Principal Digital
- Chris Suda, Principal Higher Education



The Problem:

- Many internal audit departments
 - Short staffed – trying to do more with less
 - Cannot hire or retain staff with specific skill set
 - No capacity to train
 - Test entire populations versus sampling approach
 - Reliant on traditional, manual methods – only way to grow is through increased headcount
 - Purchased tools like IDEA and PowerBi but not using
 - Preference for continuous automated process versus project based

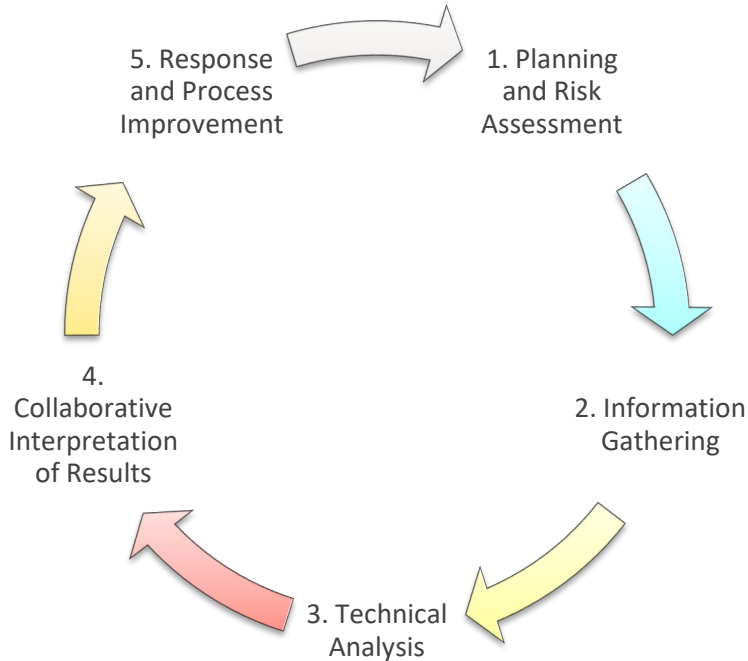


Polling Question:

- In your opinion, what is the biggest gap in internal audit currently?
 - Short staffed – trying to do more with less
 - Cannot hire or retain staff with specific skill set
 - No capacity to train
 - Test entire populations versus sampling approach
 - Purchased tools like IDEA and PowerBi but not using
 - Preference for continuous automated process versus project based



Data Analysis Methodology – 5 Phases



For the period defined, perform proactive data analysis on the following (example) areas:

- Procurement Cards
- Travel & Entertainment
- Financial Aid
- General Ledger/ Journal Entries
- Accounts Payable



Technical Data Analytics – Design and Perform Tests

Analytic tests selected from the following five categories will provide insight into the areas being examined.

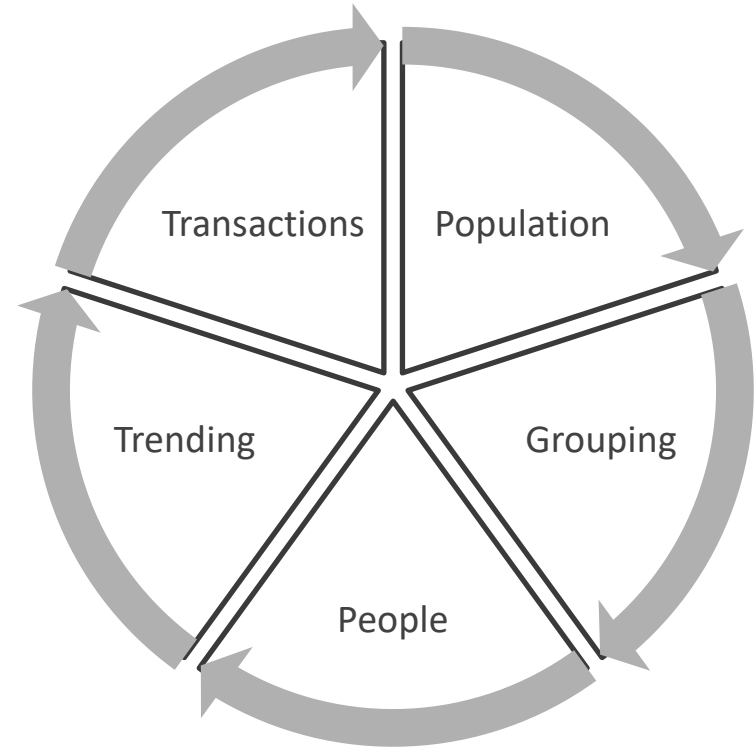
Population Analytics – Conducted to gain an understanding of the entire population.

Grouping Analytics – Summarize transactions into meaningful groups.

People Analytics – Designed to provide insight into who benefits from a transaction and who is responsible for the transaction.

Trending Analytics – Provide interpretive value by showing data results over time.

Transaction Analytics – Isolate transactions exhibiting particular traits or have a certain “DNA”. Rules based review.



Types of Frauds and Functional Areas of Analysis (1 of 2)

Accounts Payable

- Fictitious vendors
- Employee vendors
- Fictitious, inflated and / or duplicate invoices
- Structured payments
- Conflicts of interest
- Foreign Corrupt Practices Act
- Kickbacks / Bid-rigging

P-Cards

- Duplicate purchasing and reimbursement schemes
- Unauthorized and/or improper purchases
- Unauthorized users
- Unauthorized SIC codes
- Foreign Corrupt Practices Act

Payroll

- Ghost employees
- Improper supplemental payments
- Improper bonus or incentive compensation payments
- Inflated salaries
- Inflated hours

Travel and Entertainment Expense

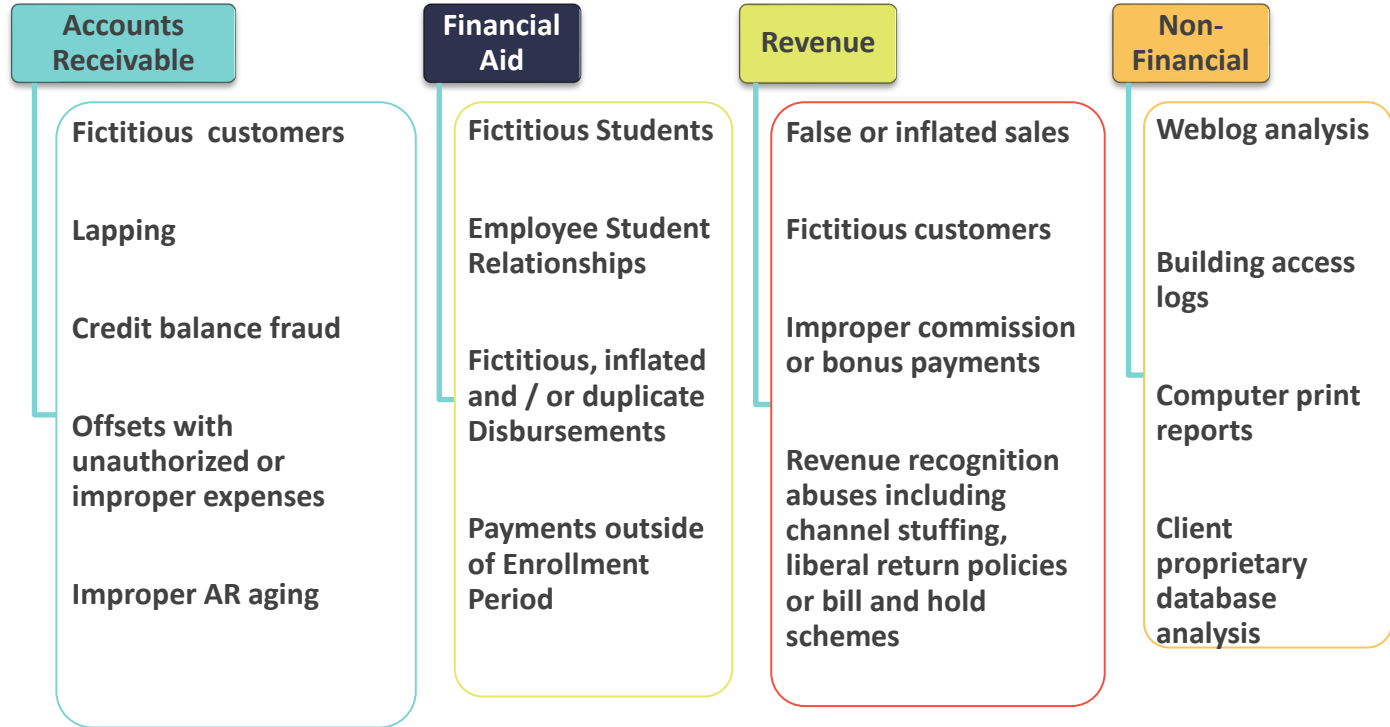
- False or inflated reimbursement submissions
- Improper use of corporate credit card
- Purchase for personal use
- Duplicate purchasing and reimbursement schemes
- Foreign Corrupt Practices Act

Journal Entries

- Unbalanced journal entries
- Improper management override
- Improper expense capitalization
- Improper revenue recognition
- Entries to unusual or seldom used accounts
- Improper or unauthorized user activity
- Entries during non-business hours



Types of Frauds and Functional Areas of Analysis (2 of 2)



Polling Question: Which functional area is the biggest challenge at your university?

- Accounts Payable
- Procurement Cards
- Payroll
- Travel and Entertainment Expenses
- GL/Journal Entries
- Accounts Receivable
- Financial Aid



Hypothetical CLA levels of Assistance

Analytic Areas:	Year 1	Year 2	Year 3
General Ledger	100%	100%	50%
Cash Disbursements & Procurement	100%	50%	25%
Payroll	100%		100%
Travel and Entertainment Expenses			
Financial Aid	100%	50%	25%

- Transition performance of data analytics over time to Internal Audit through training
- Reduced reliance on CLA to perform Data Analytics through: design -> perform -> interpret -> train -> refine
- CLA available to consult always as needed



CLA Recommendation: Sample Functional Area and Estimated Investment

Deliverables:

- Workshop with client to develop initial reporting focus
- Develop analytics and reporting dashboard in IDEA and/or Power BI for the following functional areas:
 - *Travel and Entertainment (& Credit Card)*
 - *Financial Aid*
 - *General Ledger/ Journal Entries*
 - *Accounts Payable*
- Work with IA team to integrate BI reporting and results into their projects and IA workflow
- Train the team on data analytic platforms
- Develop methods for ad-hoc reporting

Sample Estimated Timeline/Investment:

Timeline: 4-8 weeks per functional unit

Cost: \$16,000 - \$28,000 per functional unit



Polling Question: I have explored using data analytics in my internal audit department?

- Yes – We couldn't live without data analytics
- Yes – We are in early stages
- Yes – We struggled with finding a solution
- No – I'd like to start thinking about it
- No – No need/NA





Questions



We'll get you there.

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Thank you!

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