

***Internal Auditing:  
How It Should Function at a  
College or University – and More***

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# Part and Parcel, and Partners

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## **College & University Business**

**Administration, Sixth Edition:** (©2000, National Association of College and University Business Officers)

“The roles and responsibilities of internal auditing . . . in higher education can be as diverse as the . . . institutions they serve. Internal auditors’ . . . abilities can make them important partners with an institution’s management.” (pg. 22-9)

# Defined

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**Definition of Internal Auditing:** “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”<sup>1</sup>

<sup>1</sup>The Institute of Internal Auditors

## Streamlined and Aligned

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- **Eight-Word Version:** Internal auditing helps an organization accomplish its objectives.
- **Eight-Word Commitment:** The institution's objectives are the internal auditor's objectives.

## **What, Why and How, and with Whom**

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- Risks and priorities determine projects.
- Each project should have a clear purpose and a reasoned approach.
- Purpose and approach should be shared – communicated and communal.

## **What We're After**

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- Accurate, reliable, and timely information
- Compliance
- Economy, efficiency, and effectiveness
- Safeguards

## **How We Go After**

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- Question ourselves as well as others
- Update to inform and be informed
- Be willing to learn and to understand
- Look for opportunities not mistakes
- Validate for value
- Give our best

# Reporting

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- Fair
- Informative
- Positive
- Forward-looking



# Follow-up

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- Recommendations
- Resolution
- Responsiveness

# Self-Assessment

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- Quality Assurance
- Constituency Feedback
- Intra-Office Interaction

# Three Things We Do

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- Internal Audits (Assurance)
- Advisory Services (Consulting)
- Investigations (Malfeasance/Hotline)

# **University System of Georgia (USG) Business Procedures Manual (BPM) Section 16.4 Reporting Wrongdoing**

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**USG employees have an affirmative duty to**

- Report wrongdoing in a timely manner.
- Refrain from retaliating against those who report violations or assist with authorized investigations.

**USG policy is to refer all criminal acts to law enforcement for investigation.**

## **Section 16.4.1**

### **Conduct to Report**

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Violations of USG policies or of state or federal law; violations of ethical and professional conduct; and fraud, waste, or abuse.

Examples: USG Code of Conduct violations, discrimination, harassment, research misconduct, academic misconduct, and privacy violations.

## Section 16.4.1

### Conduct to Report (cont.)

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#### **Fraud**

**Definition:** False representation of a matter of fact that is intended to deceive another

- Embezzlement, misappropriation, theft
- Alteration/falsification of documents
- Inappropriate use of computer systems
- Bribery, kickback, conflict of interest

## **Section 16.4.1**

### **Conduct to Report (cont.)**

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#### **Waste**

**Definition:** Use of resources in excess of need – is often extravagant or careless

#### **Abuse**

**Definition:** Intentional, wrongful, or improper use of resources – can be wasteful, exploiting loopholes for personal advantage

## **Section 16.4.2**

### **Where to Report**

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Report immediate threat to life or property or obvious criminal acts to law enforcement.

Report other wrongdoing or concerns through processes established by institutions and USG. Unless otherwise inappropriate, report wrongdoing through supervisory chains.



## **Section 16.4.2**

### **Where to Report (cont.)**

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Other avenues include institution's internal audit department, human resources department, office of legal affairs, or corresponding departments at USG.

Also can be reported anonymously on the Ethics and Compliance Reporting Hotline, available 24 hours a day, 7 days a week at **1-877-217-4674** or <https://gsu.alertline.com/gcs/welcome>

# Hotlines

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Georgia State University  
Ethics and Compliance Reporting Hotline  
<https://gsu.alertline.com/gcs/welcome>

Board of Regents  
Ethics and Compliance Reporting Hotline  
<https://bor.alertline.com/gcs/welcome>

## Section 16.4.3

# Protection against Retaliation – Whistleblower Protection

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**Protections Afforded:** Employees may not interfere with right of another employee to report and may not retaliate against an employee who has reported; cooperated with an authorized investigation; participated in a grievance or appeal procedure; or otherwise objected to actions reasonably believed unlawful, unethical, or a violation of USG policy.

## **Section 16.4.3**

# **Protection against Retaliation – Whistleblower Protection (cont.)**

**Protections Afforded (cont.):** Violations may result in disciplinary action, which may include termination of employment.

## Section 16.4.3

# Protection against Retaliation – Whistleblower Protection (cont.)

**Conduct Prohibited:** Retaliation is any action or behavior designed to punish for reporting; cooperating with an investigation; participating in a grievance or appeal procedure; or otherwise objecting to conduct that is unlawful, unethical, or violates USG policy.

## **Section 16.4.3**

# **Protection against Retaliation – Whistleblower Protection (cont.)**

**Conduct Prohibited (cont.):** Retaliation includes, but is not limited to, dismissal from employment, demotion, suspension, loss of salary or benefits, transfer or reassignment, denial of leave, loss of benefits, denial of promotion that otherwise would have been received, and non-renewal.

## Section 16.4.3

# Protection against Retaliation – Whistleblower Protection (cont.)

**Written Procedures:** Each institution shall maintain written procedures for receiving and investigating allegations of actions that violate the USG's policy prohibiting retaliation. Violations should be reported through processes and procedures established by each institution. Alleged retaliation by an employee assigned to the University System Office should be reported to the Vice Chancellor for Human Resources.

## Section 16.4.3

# Protection against Retaliation – Whistleblower Protection (cont.)

**False Reports/False Information:** This policy does not protect an employee who files a false report or who provides information without a reasonable belief in the truth or accuracy of the information. Any employee who knowingly files a false report or intentionally provides false information during an investigation may be subject to disciplinary action, which may include the termination of employment.



## **Section 16.4.4**

# **Investigation of Malfeasance**

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**Malfeasance is any conduct or act carried out by a public official that cannot be legally justified or conflicts with the law including, but not limited to, fraud, waste, and abuse.**

## **Section 16.4.4**

# **Investigation of Malfeasance**

### **(cont.)**

**University Auditing and Advisory Services has the primary obligation for malfeasance investigations at GSU.**

- May contact legal, police, or others to form team
- Will keep source information as confidential as possible

## **Section 16.4.5**

# **Malfeasance Reporting**

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**Incidents involving suspected criminal malfeasance by an employee must be reported to the USG Chief Audit Officer once an initial determination has been made that employee malfeasance may have occurred.**

## **Section 16.4.5 Malfeasance Reporting (cont.)**

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**USG Chief Audit Officer, in consultation with the USG Office of Legal Affairs, shall transmit employee malfeasance reports to the Georgia Department of Law.**

# **Section 16.5**

## **Ethics and Compliance Reporting Hotlines**

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To implement this policy, each institution shall document its procedures for receiving, investigating, and resolving hotline reports.

# Section 16.5

## Ethics and Compliance Reporting Hotlines (cont.)

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**USG encourages a triage committee at each institution to review and manage reports received on the hotline.**

- May include representatives from internal audit, legal affairs, compliance, HR, police, IS&T, or others
- GSU: Senior VP, Fin. & Admin.; Univ. Attorney; and I
- Reports regarding potential fraud, waste, and abuse must be provided to the internal audit department.

# **We Value Listening to and Working With You**

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## **Internal auditing's success lies in yours.**

- Communication is critical in a university.  
Sterling Roth: 404-413-1310 [sroth@gsu.edu](mailto:sroth@gsu.edu).
- Criminality and malfeasance put organizations and other employees at risk. GSU gets that.