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# The Audit Issues

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## Message from the Director

If you've had the experience of being audited you probably have been asked not only what happened, but why did it happen. Two of the most common responses are: "We've always done it that way." and "I didn't know."

The Division of Internal Audit frequently receives concerns from employees and supervisors regarding the absence of training or offerings of training. Many employees express a desire to be better equipped to do their jobs. Many supervisors cite limited resources as a reason for not providing such training. While most people believe that adequate and ongoing training are essential to enhanced performance, limited resources do impact training efforts.

Even if employees are hired with the best knowledge, skills, abilities and experiences, as circumstances change, additional

training is needed. Many professions have recognized this need and require annual continuing professional education as a re-



### Together we can achieve

quirement for maintenance of licensure or certification.

Fortunately, the State of Alabama has recognized the need for such training and offers many of the basics in training to State agency employees free of charge to all state employees. (Please see page 2, "Did You Know" sec-

tion of this issue.) However, it is incumbent upon the employee, the supervisor and the agency or institution to implement continuous training programs.

Inadequately prepared personnel are one of the greatest reasons for increased risks, and for failure in achieving strategic goals. Training that is efficient and effective can positively impact an organizations performance in every area.

**Best Practice:** Assure that personnel are adequately trained to meet the challenges that arise in their day to day operations.

**Special Note:** This month the Division of Internal Audit said adieu to **Claire Sam Milligan**, Senior Auditor. Claire served the system for over twenty years. We wish her well.

## Top Five Audit Issues

The top five Examiner of Public Accounts audit issues (findings and comments) for 2010 were:

- Inadequate internal controls to safeguard assets
- Failure to properly document student eligibility for attendance, tuition waivers, and scholarship awards
- Failure to comply with State Board policies regarding live works
- Failure to follow Title IV procedures for returning funds
- Improper Time and Efforts reporting

Did you know that taking the time to complete a Corrective

Action Plan for comments, as well as, findings helps to establish accountability for corrective action implementation? Moreover, it also helps to reduce the likelihood of repeat issues.





*Free  
Training is  
available*

*Do we know  
what best  
practices are?*

## Did You Know?

The State of Alabama offers free training. The classes offered include:

- Time Management
- Family and Medical Leave Act
- Performance Appraisal for Supervisors
- Progressive Discipline
- Customer Service
- Sexual Harassment Prevention
- Dynamics of Supervision
- Interview and Selection
- Employment Law for Supervisors

These classes are offered at different locations throughout the State. To access the training schedule, go to [:http://personnel.alabama.gov/](http://personnel.alabama.gov/)

Click on "Employees" then on "Training Information." (Note: registration can only be completed by the Personnel Manager or Training Coordinator for the entity.)

Another source for free training that is especially helpful for business office personnel is the Governmental Accounting and Auditing Training (GAAT). This training is of-

ferred through the Alabama Training Institute and is free to all Alabama agency employees. The GAAT training schedule can be accessed at: <http://www.ati.aum.edu/Content.aspx?cid=19db3b38-8e76-4cea-a866-47de653b416d>.

All training requests must be approved by the employee's supervisor.

## Are We There Yet?

Just as children on a trip asking the question, "are we there yet?" we keep wondering whether, or not, we have arrived...arrived at a place where we do not have to worry about our practices and procedures in our



colleges.

Although we have progressed a lot in the past years, change is constant. We must keep up in order to remain competitive within our industry. How do we do this? For the trip, we used a map. For remaining in the stream of education, we use best practices.

What are best practices? Best practices are not written in concrete for the *Wall Street Journal*, or an educational man-

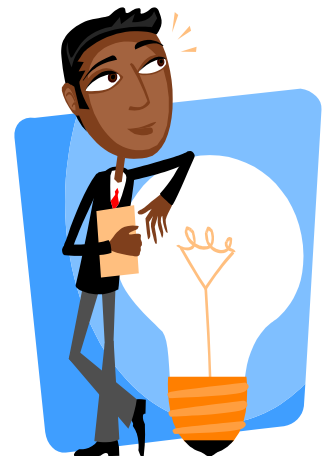
ual. Best practices are just those...best practices...the buzzword that is used to describe how we conduct business. In higher education, it means the discovery and implementation of the best method to gain students, reduce costs, and make learning easier and better. There are best practices for every component of your organization. You may already have practices that you could share with other schools.

### Feel free...share those ideas!

We will share ideas and links where you can find methods for your college to become or remain competitive. Then we can say..."Yes, we are there!"

## How To Submit Ideas

All ideas can be emailed to any of the audit staff or mailed to the Division. Please provide examples of the practical application for all ideas submitted. Your name and employing institution will be granted credit for all information submitted. Thanks for your help.



# Getting Ahead of the Curve



The Internal Revenue Service (IRS) is moving forward in a special compliance review project that was recently initiated. This project seeks to determine how tax exempt colleges and universities are handling their *for profit* business operations within the organization.

## Helpful Hint

If your college has not already received a questionnaire, you can get ahead of the curve by assuring that you are prepared for such a compliance review. You may view the questionnaire as well as the applicable regulations in their entirety at the IRS website.

For more information visit the IRS's website via the link below.  
<http://www.irs.gov/charities/article/0,,id=186865,00.html>

*Did you know* that the IRS has a new online tool to make it easier to remember important tax and deposit deadlines? This tool will allow you to check important tax dates daily, weekly, or monthly. To download this tool use the following link: [IRS CalendarConnector](#)

## Other Training Opportunities

- National Reporting System provides training for adult education reporting requirements.  
<http://www.nrsweb.org/trainings/>
- Training for Financial Aid Professionals  
<http://www2.ed.gov/offices/OSFAP/training/index.html>

- Free governance, risk ,and compliance webinars  
<http://www.ethicspoint.com/>
- IRS has numerous free webinars  
<http://www.irs.gov/govt/index.html>
- Distance Learning available from the National Association of College and University Business Offices

[http://www.nacubo.org/Distance\\_Learning.html](http://www.nacubo.org/Distance_Learning.html)

- Alabama Examiners of Public Accounts offers training for board members and bid law procedures  
<http://www.examiners.state.al.us/>

**Training increases performance efficiency and decreases audit findings.**

## Fraud Can Happen at Your College

Ensuring that fraud, waste, or abuse is not occurring on our campuses is often a daunting task for higher education administrators. Sadly, the headlines of late are filled with articles shamefully highlighting how not having a watchful eye led to embarrassing news headlines that damaged the remaining employees' morale, jeopardized the institution's reputation, and raised the level of scrutiny from federal

and other regulatory agencies.

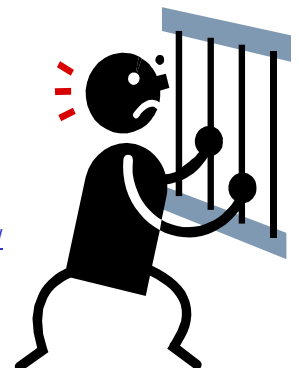
The following links reflect such instances. Hopefully reading these articles can help you identify the risk factors that may be present on your campuses and showcase the need to tighten controls around those risks, after all, fraud can happen on any campus. Please note that overriding existing controls and/or no controls was the root

cause of the fraud that occurred in the articles below.

<http://chronicle.com/article/Brewton-Parker-College-Sued/98097/>

<http://chronicle.com/article/Economics-Professor-Pleads/30719/>

<http://chronicle.com/article/Gross-Academic-Fraud/47914/>





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**Together we can achieve more!**



## What Services Does Internal Audit Offer?

The Division of Internal Audit provides all segments of the Alabama Community College System, State Board of Education, Chancellor, member institutions and personnel with independent assessment of the quality of the System's internal controls and administrative processes, and provides recommendations and suggestions for continuous improvements.

The Division of Internal Audit serves as a resource to executives and senior management and as an avenue for all ACCS stakeholders to address concerns or complaints relative to conducting business with any ACCS agency or agent

The Division of Internal Audit::

- Performs audits of the Alabama Community College System institu-



tions and programs

- Serves an independent appraisal activity established to review the fiscal, administrative and operational functions of the system
- Conducts reviews to provide management with timely, accurate and objective information, opinions and recommendations pertaining to sys-

tems, programs, activities, processes and functions to promote efficiency and protect assets and to assure compliance with regulations, policies and procedures

- Performs follow-up investigations of complaints of fraud and confidential whistleblower concerns.

The Division of Internal Audit serves as a resource to executives and senior management and as an avenue for all ACCS stakeholders to address concerns or complaints relative to conducting business with any ACCS agency or agent.