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Message from the Director

How Safe Is Your Data
Technological advances are being made more swiftly than ever anticipated. As we embrace the benefits of these advancements, we must also be alert to the dangers that accompany many of the tools and applications we use. Steve Mar, IT Audit Director for Nordstrom Inc., has listed several areas where entities should be concerned as it relates to cyberspace dangers. The following excerpt from *The Tone at the Top* is provided for your consideration, and for discussion with those responsible for information technology and business processes within your organization. Mar identified five emerging technology risks:

1. **Social Networking** — Although social networking is growing in use, studies indicate that few organizations have assessed its impact. Companies should develop policies that will adequately address the risks associated with social media such as employee use, breach of confidentiality or theft of intellectual property, and proper brand positioning.
2. **Mobile Computing** — The use of Smartphones, iPads, laptops, personal digital assistants,

and other portable devices for work purposes is commonplace. Mobile computing policies should be developed, risks should be assessed, and controls should be implemented and monitored. Common risks to consider are information security, identity



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- theft, and long-term compatibility.
3. **Cloud Computing** — Typically a pay-per-use service, cloud computing is an Internet-provided infrastructure, platform, or software that increases capacity without investment. Risks that should be assessed and monitored include data confidentiality and privacy, data segregation, data integrity, service availability, and regulatory compliance.
 4. **Non-alignment of IT and Business Strategy** — If a company's technological resources do not support the business

objectives, those resources are a risk to the company.

5. **IT Infrastructure Attacks by Organized Crime** — Jeopardizing the security of personal information, the stability of business and government infrastructures, and the security and solvency of financial investment markets... These schemes present a real and present danger. After implementing security measures, organizations should test and verify that they are well designed and operating effectively.

Other significant risks are associated with mailing lists, virtual meetings, and bank and credit information. Considering all these technology risks, it's imperative that organizations simply do not conduct business as they always have. Instead, they must rethink the way they do what they do."

As we keep pace with technology, we should assure that we do not outpace security and confidentiality of data. **Best Practice:** Confer with your team of experts to determine what the best risk management practices are for your organization. Design and implement those procedures ahead of the technology.

Are Your Ready?Just a Few Tips



Employee Sick Bank News

According to the Code of Alabama each college of the System which has a sick bank is to hold an election at the beginning of each scholastic year. The purpose of the election is to select members to serve on the sick leave bank committee. Additionally, the President (or other chief executive officer of the authority) is to appoint a representative to the committee. Such appointment (other than the President) must be approved by the State Board of Education.



Did You Know?

The US Department of Agriculture and The Department of Education have teamed up to provide needed resources to rural community colleges. These funds can be “used for construction and renovation of classrooms and dormitories, and even to purchase transportation vehicles to serve campus facilities.” Moreover grants are available to cover the cost of distance learning by building the needed infrastructure for internet access in rural communities. Some example of grants awarded in 2011 are: “Coconino Community Col-

lege -- In July 2011, the college received a Distance Learning and Telemedicine (DLT) Grant for \$305,833 to replace outdated equipment with high-definition videoconferencing equipment... **Air Advantage in Michigan** -- The Great Lakes Bay Region and Thumb Area in Michigan were in need of broadband infrastructure to allow the community to compete in the global marketplace. In addition to lack of broadband services necessary for local businesses to operate, schools needed an internet connection for students

in the classroom and at their homes. Using multiple USDA Community Connect loans and grants since 2002, Air Advantage is now delivering broadband services to nearly 5,000 customers in its 3,500 square mile service area using 350 miles of wireless network backbone...”

More examples can be found here <http://www.ed.gov/blog/2012/01/teaming-up-to-support-rural-community-colleges/>



New Location...New Staff ...New Year!!!!

New Location: In case you didn't know, the offices for the Division of Internal Audit have relocated. Though we are still located on the fifth floor of the Center for Postsecondary Education, we now occupy Suite 545 (opposite side of the hallway from our former location and contiguous to the Board Room). Our phone numbers and email addresses remain the same; however, we do have a new addition to the Internal Audit Staff.

New Staff: Effective January 1, 2012, Dionne Thomas (formerly of the Fiscal Division) joined Internal Audit as the Audit Technician/Administrative Assistant. Please join us in welcoming Dionne to our Division. Dionne is a special addition because of the wealth of experience and knowledge of our System, gained in during the years (10+) she has been with the Department. We are grateful to Dionne for agreeing to join us and to Fis-

cal for graciously working with us in this effort.

New year: Just as this new year brought a welcome addition to our Division, each new year brings with it 365 days of new opportunities. As the new year begins, please accept our wishes for a year of outstanding performance and great success. In an effort to help, the Division of Internal Audit hopes to take advantage of each opportunity to provide helpful information to System personnel and partners. The Tone at the Top is the mantra for the Institute of Internal Auditors (IIA). This year we hope to share best practices for enhancing effectiveness, efficiency and compliance with direct excerpts from the IIAs monthly circulation. Often these best practices will be shared in the Newsletter, however we hope to provide direct mailings between the Newsletter publication dates. While these mailings will be directed to business managers, we hope that they will be

shared with appropriate personnel as training opportunities, risk management discussions or for brainstorming sessions. If you have best practice information that you would like to share, please send them to our attention. Our contact information is listed on the last page of the Newsletter.

Happy New Year!



Getting Ahead of the Curve

Are You Ready?

The year end brings with it a number of requirements for the business and payroll offices around the System.

Certain requirements are worth mention, particularly those related to year-end tax statements and IRS requirements. One such issue is the extension of the payroll tax cut into 2012 and the impact of the extension on employees earning more than \$110,100 per year. Detail can be accessed at: (<http://tax.cchgroup.com/downloads/files/pdfs/legislation/2011yearend.pdf>).

Helpful Hint

Another issue is that of proper filing of employer W-2 forms. Filing instructions can be accessed at: <http://www.ssa.gov/employer/pub.htm>. Each year brings challenges regarding the question of classification of workers as employee or independent contractor. Be reminded that it is not the responsibility of the vendor or employee, but the organization to make the determination between *independent contractor* or *employee*. That determination **must** be made

in accordance with IRS guidelines. Those guidelines, including type of forms required and reporting deadlines are available at: <http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>.

Finally, it is important to note that withholding tax tables and percentages are subject to change. For this reason, the IRS provides annually its Circular E which addresses important changes, provides forms and identifies penalties for non-compliance. This information can be accessed at: <http://www.irs.gov/instructions/iw2w3/ch01.html>.

Best Practice: (Please) be certain that your organization is adhering to these guidelines.



Training Opportunities

The Internal Revenue Service provides online learning and educational products that are free. You may review these resources at: <http://www.irs.gov/businesses/small/content/0,,id=146331,00.html>.

The State of Alabama continues to provide its free training for State employees, including ACCS employees. This training must be scheduled through the Department's

Human Resource Division. (Contact Gloria Whiting). For a listing of the winter offerings visit: http://personnel.alabama.gov/Documents/Training/2012_Winter_Training_Schedule.pdf.



Training increases awareness and enhances productivity

FRAUD FINDINGS | FROM the HEADLINES

“The Courier-Journal reports that the University of Louisville in Kentucky is accusing the former senior program coordinator of its Equine Industry Program of taking more than \$463,000 from the program and using it for home renovations and dozens of personal purchases. Although the former employee has not been charged with a crime, the university’s police department has given the case to the U.S. Attor-

ney’s office in Louisville.” After the completion of a six-month probe into Equine Program, the audit confirmed that fraudulent credit cards were issued, fake PayPal accounts were established for vendors, and invoices were doctored.

“Lessons Learned
While it is important to have solid policies and procedures in place to prevent fraud, organizations cannot

assume employees are following them. In this case, the former program coordinator’s actions were not monitored or reviewed by her supervisor... Organizations cannot rely on manual controls or on employees to do their jobs. Without an independent review performed by internal audit, senior management cannot rely on manual procedures and policies. The procedures should include a

internal audit of the effectiveness of management’s monitoring activity.” For the full article, click here <http://www.theiaa.org/intAuditor/fraud-findings/2011/09-06-university-manager-rides-off-with-equine-program-funds/>



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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.