Meet the Auditors

Rita Moore is the Director of Internal Auditing at Western Illinois University. She has approximately 25 years of auditing experience, with ten being in higher education. Her higher education experience includes working in public, private and for-profit environments. Rita has been at WIU for eight years, was the Associate Internal Auditing Director-IT at Northwestern prior to coming to WIU and started her career as a staff auditor for DeVry, Inc. She is a CPA, Certified Information Systems Auditor (CISA), and holds a business degree in accounting from WIU. She is a member of the Association of College and University Auditors (ACUA), the Institute of Internal Auditors, and Information Systems Audit and Control Association (ISACA). Rita has also been a guest speaker for the Auditing class at WIU and has presented at several national conferences on audit and IT topics. In addition, she has experience in the healthcare and insurance industries and has worked as a consultant for a public accounting firm. Her operational experience includes holding positions as a billing and receivables manager, regional financial manager, budget director and IT project manager. Rita also serves as a board member on the McDonough District Hospital Board.

Michael Sartorius is the Assistant Manager of Internal Auditing at Western Illinois University. He has approximately 17 years of internal auditing experience with 7 years in the higher education environment. His higher education experience includes operational auditing, investigations, and consulting services for the University and related Foundation. He has also participated in various advisory committees and the quality assurance review process. He recently presented at a national auditing conference. His internal auditing career began in the banking industry where he served as a staff auditor and audit manager for two different banks. He also has prior work experience in loan review, credit analysis, trust services and bank operations. Michael has also served as the treasurer, vice president, and president of the McDonough County United Way and is a member of ACUA and the IIA. He has a business degree from WIU.

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Why does WIU have an internal audit function?

The State of Illinois requires certain designated agencies, including public universities, to maintain a full-time internal auditing program. It exists to assist University management and the Board of Trustees Audit Committee in effectively fulfilling their responsibilities. Internal auditing bridges the gap between management and the Board by providing objective, in-depth assessments of university activities. Independence is maintained since the office reports administratively to the University President and functionally to the Board of Trustees Audit Committee.

What does Internal Auditing do?

Internal Auditing performs audits with a focus on financial, operational, technology, compliance, strategic and reputational risks. We perform our audits based on an annual risk-based audit plan, as well as at the request of the Board of Trustees, University Management, Deans, Department Heads, and the State of Illinois Auditor General.

Our audits are designed to ensure that the Macomb and Quad Cities campuses, as well as, all off-site locations and Foundation are functioning in an efficient manner, and that policies, procedures, and internal controls are adequate and effective.

Our purpose is to assist management in the effective and efficient completion of their duties and responsibilities. In doing so, we provide management with analyses, appraisals, recommendations, counsel and assurance concerning the operations and activities we review.

What types of services does Internal Auditing provide?

- **Value-Added Operational, Financial, Compliance and Information Technology Audits** are objective assessments of information, facts, or data to provide an independent opinion or conclusion. Not only are weaknesses identified, but recommendations are issued to correct the weaknesses and improve the efficiency and effectiveness of operations.

- **Consulting Services** are advisory and include counsel, advice, facilitation, process design and limited training. The objective is to add value in the development or modification of processes, procedures, and controls to minimize risk and achieve objectives.

- **Special Investigations** evaluate allegations of fraudulent business practices and/or misconduct involving financial or operational matters. These are completed to determine if the allegations are founded and to prevent future occurrences.

- **Coordination of External Audits** ensure external auditors or regulators have access to the University staff and resources necessary to conduct their audits. The coordination through a central office also helps to ensure internal and external efforts are not duplicated and that Internal Auditing is informed of any identified issues.

How can Internal Auditing help you and your department?

Internal Auditing provides services to help you manage your operation more efficiently, resulting in a more effective use of resources. We can identify strengths and weaknesses in processes quickly and make practical recommendations. This helps conserve resources and ensures that your operation is based on sound business practices and is in compliance with University, State of Illinois, and Federal policies, procedures and/or regulations.
Examples include:

- Trend Analysis of financial and/or operational data.
- Evaluation of procedures in controlling risks.
- Determination if your area is following applicable laws and policies.
- Recommendations for improvement.

Do you have a concern you would like someone to look into? Do you want to talk to someone about an issue, but don’t know where to start? Internal Audit is here to assist.

**Fraud Focus**

**What is Fraud?**

- Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. (Source: Institute for Internal Auditors)
- Frauds are perpetrated by individuals and organizations to obtain money, property or services, to avoid payment or loss of services, or to secure personal or business advantage.
- Fraud is an intentional act. Fraudulent activity has no boundaries (income level, educational level, or position). It can happen anywhere in the University.

**Impact of fraud on the University**

Aside from the actual financial loss, fraud can have lasting effects. Whether it involves state appropriated funds, tuition income, student fees, or donor funds, fraud has adverse effects on our students, employees, and reputation of the University and Foundation.

**Potential indicators of fraudulent activity**

Red flags that *may* indicate fraud is occurring include:

- Conflicts of interest.
- Accounts not reconciling and reviewed in a timely manner.
- Altered documents.
- Continuous or unusual account transfers.
- Employee refusing to take time off and/or unwilling to share duties with co-workers.
- Unrecorded transactions or missing records.
- Personal purchases on the P-card, purchases not shipped to an official University address.
- Misappropriation or misuse of assets.
- Unauthorized system changes.
- Revenue unexpectedly decreasing.
- Employee with a lifestyle beyond their means.
- Frequent management override of internal controls, policies and procedures.

**Examples of Fraudulent Activities may include:**

- Embezzlement / theft of funds.
- Personal purchases on a P-Card.
- Theft of equipment, inventory, supplies, or other University assets including scrap.
- Misuse, destruction, or removal of University resources including records, furniture, fixtures, computers, and equipment.
- Personal use of University property in commercial business activities.
- Fraudulent financial reporting or improper handling of cash and other financial transactions.
- Theft or misuse of confidential data, including social security numbers, grades, credit cards, etc.
- Accepting any kickbacks, gifts or gratuities (beyond approved limits) from contractors, vendors, or persons providing services/materials to WIU.
- Authorizing payment for goods and services not received or performed.
- Multiple expense reimbursements for the same item.
- Using WIU tax exempt status for the purchase of personal items.
- Authorizing or receiving unearned wages or benefits, falsification of time records.
- Filing of worker’s compensation claims for injuries that are not work related.
- Financial aid and scholarship fraud.
- Improper reporting or change of grades.
What to do if you suspect fraud

According to the WIU Policy on Fraud, any irregularity that is detected or suspected must be reported immediately to the Internal Auditing Office, who coordinates all investigations with the Legal Counsel/Ethics Officer and other internal and external areas affected. Fraud may be reported to our office directly by anyone at the University or anonymously. To the greatest extent possible, confidentiality will be maintained.

Internal Auditing reviews fraud allegations on a case-by-case basis. Sufficient evidence must exist to investigate and substantiate the potential fraud. Depending on the nature and circumstances involved, allegations may be referred to other University departments for resolution.

Fraud Deterrence and Prevention

The WIU Fraud Policy was established to facilitate the development of controls to aid in the detection and prevention of fraud against Western Illinois University. It is the intent of Western Illinois University to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and to conduct investigations.

The key deterrent of fraud is awareness and prevention. Strong internal controls should be designed to prevent fraud, and/or detect fraud or misappropriation in a timely manner. The best controls cannot prevent all fraudulent activity, but a strong internal control system that includes a system of “checks and balances” and adequate processes and monitoring, can detect the activity timely. Other controls to help prevent and detect fraud include:

- Segregation of Duties: Duties should be segregated amongst various personnel to reduce the risk of error or inappropriate action.

- Authorization and Approval: Transactions should be authorized and approved to help ensure the activity is consistent with departmental or institutional goals, objectives, policies and procedures.

- Reconciliation and Review: Performance reviews of specific functions or activities may focus on compliance, financial or operational issues. Reconciliations involve comparing transactions or activities recorded to other sources to help ensure that the information reported is accurate and have been reported.

- Security: Security may be physical, electronic, or both. Equipment, inventories, cash, checks and other assets should be secured physically and periodically counted and compared with amounts shown on control records.

Common Myths About Internal Auditing

Myth #1: Internal auditors find fault with everything and only point out what we are doing wrong. Reality: Internal Auditing is focused on whether or not policies, procedures, and practices are effective in controlling risks to the organization. We are also looking for best practices to share with other departments. For example, one mistake may just indicate human error. Many findings may indicate a serious deficiency that needs to be addressed and corrected. An internal audit where policies, procedures, and processes are good is much easier to complete.

Myth #2: Internal Auditing is responsible for setting internal controls, policies, and procedures. Reality: Management is responsible for designing, implementing, and monitoring internal controls, policies, and procedures. As a part of the audit
process, Internal Auditing assesses how well these function in controlling risks and meeting objectives. When improvements need to occur, Internal Auditing will make recommendations.

**Myth #3:** Since Internal Auditing isn’t doing the work, they do not really understand the way things are. **Reality:** A huge part of an internal audit is the planning stage. This involves reviewing existing policies and procedures, meeting with staff personnel, and researching to gain an understanding of how things work. In doing this, we gather best practices to compare with the way it is handled at our university. During the audit, we spend time in the area learning how things actually work so that we can test and evaluate the processes.

**Myth #4:** Internal Auditing can make us change the way we do things. **Reality:** Internal Auditing has no operational authority to make management change the way things are done. We offer recommendations for improvement or consulting advice to assist management in improving processes. Management has the authority to reject recommendations and find alternative solutions. Internal Auditing reports are provided to senior management and the Audit Committee. These groups may request that corrective action be taken to resolve the issues.

**Myth #5:** An internal audit will catch all problems and reveal if any fraud is occurring. **Reality:** Audit testing procedures are developed before the audit begins based upon input from management and an assessment of risks. Objectives are developed to test against. Testing is then completed according to the procedures. Testing procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

The following resources are being provided to assist you in finding key University and Foundation regulations, policies, and procedures.

- **Official University Policy Manual:** listing of all current WIU policies.
- **Administrative Procedures Handbook:** listing of administrative procedures for WIU.
- **WIU Board of Trustees Regulations**
- **WIU Foundation Policies & Procedures**
- **WIU Faculty Policy Manual**
- **Civil Service Handbook**
- **Graduate Assistants**
- **Student Employment Handbook**
- **WIU Ethics Officer**
- **Office of Equal Opportunity & Access**
- **Financial Accounting System Training Guide**
- **Business / Departmental Expense Policy**
- **Travel Guide**
- **WIU P-Card Manual**

**Still Can’t Find It?**
Contact us at I-auditing@wiu.edu or 298-1664.

**Where to go for what:**