PREVENTING, DETECTING AND MANAGING FRAUD

WHAT IS FRAUD?

Fraud is a false representation of a matter of fact, whether by words or by conduct, by false or misleading allegations, or by concealment of what should have been disclosed, that deceives and is intended to deceive another. It is typically a deception deliberately practiced in order to secure unfair or unlawful gain. Simply put, it is a type of illegal act involving the obtaining of something of value through willful misrepresentation.

DEFINITION OF ABUSE

Behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practices given the facts and circumstance. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessary involve, violation of laws, regulations, or provisions of a contract agreement.

WHAT SHOULD I REPORT?

Dishonest acts, either known or suspected, should be reported, such as

- Theft or misappropriation of funds, supplies, property, or other university/college resources
- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Improper and wasteful activity
- Falsification of reports to management or external agencies
- Pursuit of a benefit or advantage in violation of SCSU conflict of interest's policy

THINK BEFORE YOU SPEAK!

Before making allegations of dishonesty, be reasonably certain of any claims. Such allegations can seriously and negatively impact the accused individual's life and adversely affect the working environment of the department.

REPORTING OPTIONS

Several options are available to all SCSU employees, students and others for reporting known or suspected dishonest acts.

YOU MAY REPORT YOUR CONCERNS:

- To your supervisor or department head
- To an administrative official (trustee, president, cabinet member)
- To SCSU's Internal Auditor at 803.536-8980
- To SCSU's General Counsel at 803.533.3928
- To the Attorney General, State of South Carolina at 803.734.3970

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South Carolina State University

Office of Internal Audit and Process Improvement

"Performed by professionals to ensure that internal controls are in place to mitigate risk, governance processes are effective and efficient, and organizational goals and objectives are met.

WHO WE ARE...

The South Carolina State University Internal Audit Department was established to assist the Board of Trustees and management in establishing and maintaining policy and procedures that adequately protect the assets of SCSU, and to provide the Board of Trustees and management an objective appraisal of compliance with, and adequacy of, existing internal controls.

Internal Audit partners with management to improve the control environment and to identify and manage business risks. We aim to ensure that: operations are run efficiently and effectively, assets are safeguarded, policies and procedures are being adhered to, and that financial transactions are appropriately recorded.

We are a resource to the organization by assisting in areas of organization structure, guidance in policies and procedures, financial accounting and reporting, financial administrative systems, and compliance with federal regulations. We will act as an extra set of eyes to help ensure processes are well controlled and working efficiently.

WHAT WE DO...

Our role is to provide a detailed perspective of SCSU's control environment by reviewing financial, operational, compliance and reputation related risks. We work with

management to reduce these risks and strengthen internal controls.

Audits

- Perform audits of financial, operational, and compliance control
- Identify areas of risks and possible mitigation options
- Review business practices and advise on possible improvement areas
- Provide feedback on how to improve internal controls

Advisory Services

- Consult with management to conduct advisory reviews addressing specific management's concerns
- Provide management with observations and recommendations that can help improve operations and strengthen internal controls

HOW WE DO IT...

1. Planning

This Stage typically includes gathering preliminary available background information, developing audit approach, time budgeting and a memo to the campus president to provide information about the coming audit.

2. Entrance Meeting

At this meeting, Internal Audit discusses our procedures, goals, schedule, scope, and any issues that management may have related to the audit. Normal campus attendees include: SCSU Controller, Campus CFO, responsible VP, Department Head, and Department Business Manager. Internal Audit representatives include: Director of Internal Audit, and the Senior Auditor.

3. Schedule Request

IAD will request documentation from management prior to beginning fieldwork. Such items include: organizational charts, financial information, policy and procedure manuals, promotional literature, contracts, grant documents, etc.

4. Fieldwork

This stage is what is typically thought of as the audit work. During this stage, Internal Audit will generally be physically located at the auditee's location.

Through meetings with management and other personnel, we will understand and document the control environment and internal controls over revenue and expenditures, budget and inventory processes, information system and other areas as appropriate. We select samples of transactions to test controls identified through the process mentioned above to ensure they are functioning adequately and to look for areas of efficiency. We discuss all observations with departmental management before fieldwork is completed.

5. Draft Report

After completing fieldwork and discussing observations with management, we will develop a draft report. Copies of the draft report will be distributed to management prior to the exit conference.

6. Exit Conference

Comments regarding the audit and observations noted in the draft report will be discussed at this meeting. Attendees are typically those who also attended the entrance conference.

7. Final Draft

After the exit conference the final draft is issued to management. We ask management to write responses to recommendations made in the report. Ultimate responsibility for management responses lies with the campus CFO.

8. Final Report Issued

A final report, including management responses, is presented to the SCSU BOT for review and approval.

9. Feedback

Part of our audit process includes feedback from our auditees. We want and encourage feedback with attributed or anonymous measure. We recognize your recommendations can help improve us.