When the average person thinks of internal audit, a series of questions usually follows. Some of the typical questions are:

- Who are they and what do they do?
- Should I know? Are they important?
- Should I be worried that they are coming to see me?
- What did I do wrong?

No. More than likely, you did not necessarily do anything wrong. However, you are part of a business operation, which includes both for-profit and non-profit entities. To optimize success these entities should have a designated internal auditing function.

Internal Audit. Often the sound of these two words brings more foreboding rather than happy feel good thoughts such as lying on the beach on a sunny day. I once heard a speaker ask a group of internal auditors, how would you explain what you do to the average 5th grader?

Good question. I can’t recall the exact answer, but I will provide my own definition. Internal auditing is a process that reviews how a business and its various functions are performing. The official formal Institute of Internal Auditing definition is:

Internal auditing is an independent and 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 and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal auditing answers such questions as:

- Are we as a business entity operating effectively?
- Can we do it better? How can we improve the quality of service and operations?
- Are we operating efficiently? Are there further opportunities for cost savings?
- Are we operating within the governing policies and laws and limiting our various risks?

Unfortunately, internal auditor requests often seem to place additional burdens and time-consuming requests on management and personnel. Sometimes we have even been called “a necessary evil.” This is even more poignant in such an era of increasing budget constraints with limited personnel resources.

Contrary to popular belief, we are here to “help.” Internal auditing is an essential component of any business and its continued success. It is essentially the employed watch dogs for the best interest of the entity when everyone else is maintaining operations and getting the work done.

Mission Statement

“Our mission is to provide FGCU with constructive feedback that encourages continuous quality improvement. We function as an objective resource to provide timely and relevant audit, review and consulting services that will assist the University community in the effective discharge of their responsibilities.”
Question: What exactly is segregation of duties?

Answer: Segregation of duties is the concept that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action.

A great example was given by R.A. Botha and J.H.P. Eloff of IBM which stated “Separation of duty, as a security principle, has as its primary objective the prevention of fraud and errors. This objective is achieved by disseminating the tasks and associated privileges for a specific business process among multiple users. This principle is demonstrated in the traditional example of separation of duty found in the requirement of two signatures on a cheque.”

INQUIRING MINDS

Frauds are detected by several different methods such as internal audit, external audit, police, internal controls, tips, or even by accident. What percentage of frauds are detected by a tip?

A) 58%
B) 46%
C) 35%
D) 29%

A winner with the correct response will be drawn randomly and shall receive a $10.00 Starbucks Gift Card. Please send your answers to Deborah McEwan at dmcewan@fgcu.edu.

Check out these Resource Links

FGCU Regulations and Policies
http://www.fgcu.edu/generalcounsel/regulations.asp
http://www.fgcu.edu/generalcounsel/policies.asp

Finance and Accounting Policies and Procedures

Human Resources
http://www.fgcu.edu/HR/Eehandbook.html
http://www.fgcu.edu/HR/policies.html

“I’ve always believed the greater danger is not setting the bar too high, but too low...” Peter Scott