Today’s Goals

- Understand Internal Audit’s mission and responsibility
- Control Activities
- Travel regulations
- Common travel findings
- Ethics
- Hotline
Mission Statement

“To assist University units in effectively discharging their duties while ensuring proper control over University assets.”
Internal Audit at MSU

Charter

- Establishes purpose, authority, and scope
- Identifies the importance of independence
- Provides for full access to records
- Prohibits making operational decisions
The Roles of Internal Audit & Management

University Management

• **Develops** and **enforces** effective internal controls.

• **Responsible** for **monitoring** compliance with federal, state, or applicable laws.

• **Responsible** for **setting** policies and procedures.

• **RESPONSIBLE FOR MAKING MANAGEMENT DECISIONS.**

Internal Audit

• **Evaluates** and **provides** reasonable assurance that internal controls are functioning as intended.

• **Evaluates compliance** with federal, state, or other applicable laws.

• **Evaluates compliance** with MSU internal policy

• **CANNOT MAKE MANAGEMENT DECISIONS.**
What is Internal Control?

Internal control is a **PROCESS** of specific policies and procedures designed to provide **reasonable assurance** that organization’s **objectives** will be met

- Provide **reliable financial reporting**
- Promote **effective and efficient operations**
- Helps ensure **compliance** with policy
- **Protect** university assets
MANAGE RISK!!!!
The policies and procedures that help ensure that actions identified as necessary to manage risks are carried out properly and in a timely manner:

- Know what your risk is (traveler safety, volume of travel etc.)
- Plan, get organized, be consistent
- Plan for encountering unusual conditions and the steps to address these issues timely
- Control activities should be value added and cost-effective.

PLAN AHEAD!
Internal Control Activities

Control Activities:
- Pre-trip Authorization
- Educating Travelers
- Conference-related travel supported by conference agenda
- Reconciling support to travel expense worksheets
- Travel Expense Reports should be submitted within 30 days of the return date of the trip.
- Traveler must approve the eDoc
- Per diem rate must be used
- ASK QUESTIONS!
Purpose of Travel Rules

• To ensure travel is for support of a specific program of instruction, research or public service, or more general programs of professional improvement or University operations.

• To ensure fiscal responsibility of the traveler

• To help keep MSU travelers safe

• To ensure travel costs paid with federal funds are in compliance
Travel Regulations

Requirements: Governed by Section 70 of the Manual of Business Procedures.

Required Documentation:
- Pre-trip Authorization
- Travel Expense Report
- Supporting receipts
- BUSINESS PURPOSE!

Resources:
- Section 70: Travel Regulations
- ex70a: Reimbursement Chart
- TRAVEL OFFICE!
Common Travel Audit Findings

- Travel authorization is not completed
- Tell the whole story!!!!!! - Lack of documentation or business explanations
- No conference agenda attached – why is this critical??????
- Per Diems – calculation and consistency
Common Travel Audit Findings

- Entertainment expenses – list of attendees and affiliation
- Alcohol included on entertainment dinner
- Hotel or flight costs are excessive without explanation
Travel Expense Reimbursement Reminders and Review Techniques

Verify and review for the following:

• Expenditures are supported by a receipt (see reimbursement chart in manual for guidance)

• All reimbursements are for a business purpose

• Business meals claimed are not also claimed under a per diem reimbursement or are not included in the conference registration fee

• Travel was accomplished through the most direct route.
Verify and review for the following:

- Airfare was purchased at a reasonable rate.
- Proper lodging and per diem rates were used.
- Transportation costs were for business purposes only.
- Gasoline, repairs, and towing were not reimbursed.
- ASK QUESTIONS IF YOU DON’T KNOW!
Dr. O’Rourke (MSU employee) is going on an international trip to a conference in New Zealand. He sends you an email indicating he is heading to New Zealand, the business purpose, dates of travel and also an email string with the chair’s approval. Is this an appropriate travel authorization?

Would your opinion change if he was traveling to Denver, Colorado for a conference?
Dr. Gulliver is an MSU employee and travels frequently within the U.S. You are reviewing her travel information and you notice she flew first class for all legs of her flight and the flight was booked 2 days before the trip. What do you do?

A. Call 911 and the Police immediately.
B. Request reimbursement from her immediately.
C. Ask if you can go on the trip with her next time.
D. Inquire to determine if the business purpose is reasonable and document if adequate. Obtain any other necessary approvals.

Is there a situation where this would be okay?
“Business ethics is not merely an extension of an individual’s own personal ethics. Many people believe that if a company hires good people with strong ethical values, then it will be a “good citizen” organization. An individual’s personal values and moral philosophies are only one factor in the ethical decision-making process.”

An ethical dilemma means you’re not sure what the right thing to do is in a given situation.

Let’s look at a situation...
The Department Chair directed you to purchase an airline ticket via direct bill. The trip was cancelled which left an unused direct bill ticket. You discover the Chair used this unused direct bill ticket for a personal trip.
Ethical Dilemma #1

What should you do?

1. Ignore the direct bill ticket in order to avoid an uncomfortable situation.
2. Contact the travel office to discuss.
3. Discuss with the department head.
What is the Right Thing to do?

Ask yourself three relatively simple questions:

• Is it legal and in compliance with MSU policy?
• Is it fair, honest, responsible, and respectful of individuals?
• Would it pass the newspaper test?

If the answer to all three questions is yes, you’re probably OK.
IT’S YOUR CALL

If you have a concern about misconduct, don’t keep it to yourself. Discuss it with a supervisor, or contact the misconduct hotline online or by phone. Anonymous reports can be made 24 hours a day, seven days a week.

Report misconduct related to:
- Athletics
- Conflicts of interest
- Discrimination/harassment
- Employment
- Fiscal
- Medical/HIPAA
- Privacy
- Research
- Retaliation
- Safety
Or any other compliance issues that do not fit into these categories

The Misconduct Hotline is not for reporting emergencies. If you need immediate assistance, please dial 9-1-1.

Misconduct Hotline
1-800-763-0764
misconduct.msu.edu

*Descriptions of misconduct types are provided at misconduct.msu.edu.
*The MSU Misconduct Hotline is a tool for the MSU community and others to raise concerns regarding misconduct. The university contracts with a private company, The Network Inc., to provide this reporting service.
Methods of Reporting Misconduct

- **MSU Misconduct Hotline**
  - Call Center or on-line reporting (outsourced)
    - External company with experience managing university hotlines
      - Routes (only responsibility) incident reports to Internal Audit
  - Concerns reported include:
    - Conflict of Interest
    - Fiscal
    - Medical/HIPAA
    - Privacy
    - Research
    - Safety
    - Any Other Compliance Issue

- Management lines – your supervisor, their supervisor
- Direct contact with Internal Audit
- Local Options for Reporting

**Key links:**
- IA website: [www.msu.edu/unit/intaudit/](http://www.msu.edu/unit/intaudit/)
- Misconduct guidelines: [http://misconduct.msu.edu/](http://misconduct.msu.edu/)
Methods of Reporting Misconduct

Local Options - If you suspect misconduct or a violation of University policy has occurred, you can also contact one of the offices listed below to make your concern known to MSU:

- **Fiscal Misconduct**
  - **Office of the Controller** – (517) 355-5020

- **Conflicts of Interest**
  - Faculty Conflicts: [Faculty Conflict of Interest](#) - (517) 884-8045
  - Staff conflicts: [Human Resources](#) – (517) 353-5510

- **Employment**
  - [Human Resources](#) – (517) 353-5510

- **Medical and HIPAA**
  - MSU Health Team – (517) 353-3000

- **Research**
  - Research misconduct: [Research Integrity Officer](#) – (517) 432-6698

- **Safety**
  - [Environmental Health & Safety](#) – (517) 353-0153
  - [Infrastructure Planning and Facilities](#) – (517) 432-0211

- **Athletics**
  - [Office of Compliance Services](#) – (517) 432-5510

- **Discrimination/harassment**
  - [Office for Inclusion and Intercultural Initiatives](#) – (517) 353-3922

- **Privacy**
  - Student information: [FERPA](#): Office of the Registrar - (517) 355-3300
  - Employee information: [Human Resources](#) – (517) 353-5510

- **Retaliation**
  - Employment issues: [Human Resources](#) – (517) 353-5510
  - Discrimination/harassment: [Office for Inclusion and Intercultural Initiatives](#) – (517) 353-3922

- **Student Issues**
  - If you have concerns involving a student, you may contact the Office of the University Ombudsperson to confidentially discuss your reporting options. The University Ombudsperson is a confidential, informal, neutral, and independent resource for faculty, staff, and students to discuss all student-related concerns. [Office of the Ombudsperson](#) – (517) 353-8830

- **Other**
  - [Office of the President](#) – (517) 355-6560
  - [Office of the Provost](#) – (517) 355-6550
  - [Office of Executive Vice President for Administrative Services](#) – (517) 355-5014
Questions