

A collage of four images: a wide view of a green lawn and trees, a modern building with a glass facade, a classical archway, and a statue of a man in a blue robe.

**UNIVERSITY OF ILLINOIS**

AT URBANA-CHAMPAIGN



**2013 BUSINESS LEADERSHIP CONFERENCE**

# Focusing Your Internal Control Efforts

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Session 2

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*Destination Success*

# Workshop Presenters

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# Please ...

- Turn off cell phones.
- Avoid side conversations.
- Please ask questions as we go along.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

# Workshop Objectives

- Learn about:
  - The most common internal control weaknesses.
  - Emerging internal control issues as identified in the most recent internal audits.
- Be able to apply a risk assessment methodology on current internal control activities within your unit.

# Components of Internal Controls

- **Control Environment**
- **Control Activities**
- **Risk Assessment**
- **Monitoring**
- **Information and Communication**

\* Operations \* Financial \* Compliance \*

# Most Common Control Weaknesses

- Segregation of duties
- Reconciliations
  - Completeness
  - Adequacy
  - Appropriate and competent staff
- Lack of management review / approval
- Adequate documentation supporting transactions and/or decisions
- Conflicts of Interest are not adequately identified and/or addressed
- Improperly documented or used delegations
- Self supporting activities not appropriately managed

# Emerging Internal Control Issues

- Grants
  - Proper expenditures
  - Effort monitoring
  - Terminating appointments
  - Matching commitments
- Information Technology
  - Social Media
  - Governance
  - HR
  - Security
- Publicly disclosed or accreditation information
- Scholarships and admissions
  - Decisions
  - Committees
- P-Cards/T-Cards/I-buy
  - Un-reconciled
  - Validation and inventory of purchases
  - Segregation of duties
- Academic Hourly

# What is Risk Assessment?

- Identification of risk factors
  - External factors
  - Internal factors
- Risk Analysis
  - Estimating the significance of the risk.
  - Estimating the likelihood of occurrence.
- Assessing options for controls
  - Differing types of controls
  - Resource availability
  - Cost / Benefit



# Types of Controls

- **Preventative** – Stops something from happening.
- **Detective** – Finds out what happened, alerts you as it happens or shortly after.
- **Corrective** – Follow detective controls, recovery from consequences of an error or unexpected event.
- **Directive** – Tells people what should happen.

# Risk Assessment

- Case Study Example
- Roles within a unit
  - Business Manager
  - Accountant I
  - Administrative Assistant

# Workshop Summary

- Provided ways to be able to assess internal controls against:
  - The most common internal control weaknesses.
  - Emerging internal control issues as identified in the most recent internal audits.
- Presented an overview of the components of Internal Controls.
- Demonstrated a Risk Assessment Methodology Case Study

Questions / Concerns?