

Ryan Farrell: Welcome to Learning Tuesday. I'm Ryan Farrell from the Research Foundation internal audit team, and we have a great show for you today. In fact, it's a gameshow we're calling *Who's Ready to Audit?* So feel free to play along and laugh with us as we learn a little bit about the audit process and how to get prepared for it.

Okay, it is time for all those Virgin Pulse challenges, corporate challenges, and get your steps in challenges to pay off, because we are playing a new RF favorite here. It is called "Smack the Buzzer: RF Edition."

So here are the rules of the game. All ten of you will be playing. I will give a category, then begin reading a list of items that might fit that category. A lot of what I say is gonna be wrong, but the second you hear something that might fit that category, the first person to smack the buzzer will earn two points for their team.

To make it a little bit more interesting for me and the viewers, you will have to bounce your way up to the buzzer. If you bounce up and get the wrong answer, we will deduct one point. You cannot answer in consecutive rounds. Sound easy? Is everybody ready to play?

Participants: [Whoops and applause]

Ryan Farrell: Yes? All right, let's begin. Your first category: It's a responsibility of internal audit per the RF internal audit charter.

Act with a lack of integrity and demonstrate poor ethics. Provide information periodically on milestones in our personal lives. Maintain an impartial, unbiased attitude.

Alexis, what is the answer?

Alexis Phillips: Maintain an impartial attitude and unbiased.

Ryan Farrell: That is correct, two points. Some other responsibilities: Develop a flexible audit plan. Develop and document a plan for each of our auditing engagements. And maintain a professional, competent audit staff, which I think we all can agree the RF has.

Okay, your next round. Next category: Things that you may do in preparation for an audit.

Begin making your vacation plans. Develop a list of ways to annoy

the auditors. Coordinate your staff's attire for the audit. Revise and alter documentation to ensure compliance. Destroy all prior audit reports.

Jeneeta O'Connor: I think this is it. *[Buzzer sounds]* I think it's revise and alter documentation so that it's compliant.

Ryan Farrell: That is incorrect.

Jeneeta O'Connor: Really?

Ryan Farrell: We never alter documentation at the RF. Not in preparation for an audit you don't. Immediate preservation hold on all compliance documents. We do not want them altered. All right, so deduct one point from this team.

What can you do in preparation for an audit? Well, you can review the audit notification letter, communicate the upcoming audit, understand the objectives and scope, acquaint yourself with the process or program under audit, review all prior audit reports, develop a protocol, and just have all personnel and documentation ready to go.

Will Bronner: Right. So you're not supposed to destroy or alter documents.

Ryan Farrell: Do not destroy or alter documentation.

Jeneeta O'Connor: You said "alter and revise."

Ryan Farrell: "Alter" is the keyword. You do not want to alter.

Jeneeta O'Connor: What if it was out of date and you want to get it up to date for the audit?

Ryan Farrell: You don't backdate anything. I'm happy you bounced up for that one. That was fun. Okay. Are you guys ready for the next round?

All right, next category: Current names of Research Foundation for SUNY policies.

Retirement Plans Investment Policy. Procurement Lobbying Act. Appearance of RF Representative at Unemployment Insurance Hearing Policy. Providing Employee Reference to Prospective Employers Policy. Establishing Policies and Procedures Policy. *[Buzzer sounds]* Matt.

Matt Mroz: Establishing Policies and Procedures Policy.

Ryan Farrell: That is correct. In fact, everything I read was a Research Foundation policy, all posted on our website. Yes. So if you ever wondered if we have a policy for that, we probably do. Matt, nice job. So we got two points for them?

All right, ready for the next category? All right: Steps in the audit process.

Issuance of engagement party invitations. Conduct DISC assessments. Hold an entrance exam. Send a draft beer to auditees. Perform a test of transgressions. Lead staff walkouts. Develop a risk assessment. *[Buzzer sounds]* Laurel.

Laurel McAdoo: Develop a risk assessment.

Ryan Farrell: Absolutely. Two points. Some other steps: issuance of a scope memo, hold an entrance meeting, campus control and process walkthroughs we do all the time, perform a test of transactions, confirm understanding of our observations, hold an exit meeting, and then formulate a draft report and final report of our observations.

Very good. Yes?

Laurel McAdoo: So that, what's it called, the entrance thing, it's not an exam.

Ryan Farrell: Entrance meeting or conference is what we call it. Kickoff meetings, a bunch of names. Not an exam, though.

All right, everybody ready for the next round? Jeneeta is not ready?

Laurel McAdoo: She's still scared.

Ryan Farrell: All right, next category: Process areas of focus during a sponsored programs audit.

Submarine monitoring. Segregation of cuties. Bus transfers. Cost shaming. Eligibility. *[Buzzer sounds]* Kerry.

Kerry Gilchrist: Eligibility.

Ryan Farrell: What is it?

Kerry Gilchrist: Eligibility.

Ryan Farrell: That is correct, eligibility absolutely with that. Other areas of focus: effort reporting, cost sharing, subrecipient monitoring, user access and segregation of duties, federal cost principles. We'll add in property control, conflicts of interest. We look at everything.

All right, everybody ready for the next round? All right, HR orientation materials to be provided to new employees.

An employee appointment calendar. Form I-95. Employee consignment approval forms. Code of Hammurabi. Notice of privacy practices. Employee work schedule. Matt.

Matt Miller: Work schedule.

Ryan Farrell: That is absolutely correct. Wage notification form, code of conduct, employee assignment form also required to be given to new employees. Very good. Got two points for that team? All right. You guys having fun?

Participant: Yes.

Ryan Farrell: Getting in exercise? All right. Jeneeta, how are you feeling back there? All right.

Next category: Requirements of a new invention disclosure. Identify the inventory. A public disparagement of the technology. Potential royalty income. Any public disclosure of the technology. You made it to the buzzer. Matt, you've gotta say the answer.

Matt Mroz: A public disclosure of the technology.

Ryan Farrell: That is correct. Other requirements: the title of the invention, description of the technology, and identify the inventors. Give credit where credit is due. All right, nice job. Two points.

Are you guys read for the next category? All right. Items to consider when evaluating a subrecipient's risk of noncompliance.

The geographic location of the subrecipient's office. Your prior experience with the subrecipient on similar awards. A subrecipient's university school colors. Results of previous audit findings. Whether the subrecipient has new personnel or new or changed systems. The extent and results of any federal awarding agency's monitoring. Kerry. What's the answer, Kerry?

Kerry Gilchrist: The extent and results of a prior audit finding.

Ryan Farrell: That was the previous one, but that is a correct answer. So you missed a couple of them. Prior experience with the subrecipient on similar awards, that is a factor you can use. Results of previous audit findings. Whether the subrecipient has new personnel or changed system is definitely a risk factor, and the extent and results of any federal reviews of this program.

All right, great. So who got that point, you guys? Two points, all right. What is the score right now? Should we have deducted two points for Jeneeta's comment?

Okay, next category. Purchasing documentation should include:

An approved RF requiem. A reasonable basis for vendor seduction. Copies of all vendor cataracts. Suspenders and disembarkment forms. Competitive price solicitation or bidding.

Alexis Phillips: Go, Jan, go. Go, Jan, go.

Jan Eden: Competitive price whatever.

Ryan Farrell: Competitive price solicitation or bidding is absolutely correct. We've also got approved purchase authorization, copies of all vendor contracts and subcontracts, single source justification if it applies, and suspension and debarment verification. All right, you guys are all doing really well, except for you, Will.

All right, next category: Allowable expenses on federal programs under uniform guidance.

Alcoholic beverages. Alumni activity. Goods or services for personal use. Compensation for personal services. Entertainment costs with a programmatic purpose. Participant support costs. Student activity costs. Fringe benefits. [*Buzzer sounds*]

Matt Miller: Fringe benefits.

Ryan Farrell: Fringe benefits is absolutely an allowable cost. You guys missed a couple of them. Compensation for personal services, which is salary and wages; entertainment costs if it has a programmatic purpose; participant support costs, all are allowable.

That is the game. **Brian**, what is the final score? The green team

has nine, and the yellow team has eight. Oh, the green team wins. All right, nice try, guys. That is our game. Thank you very much for playing. I had a lot of fun doing it. I hope you guys had fun playing.

We're gonna take a short intermission while you watch this fun animation clip. But stay tuned because the best is yet to come as two teams battle it out in *Audit Feud* for their local charity.

Female: So you get the call saying you're going to be audited. What's next? This video will walk you through the steps to help you survive an audit and help you understand our audit process. Step one: Take your team out for a drink. Only kidding. Here's Cam to explain what you should really be doing.

Cam Medina: The first thing you and your team should do is review our scope memo to get an understanding of what we will be reviewing. If you have any questions, feel free to give us a call.

If your team hasn't gone through an audit, be sure to explain the purpose of the review and that we're internal auditors here to help identify control gaps. When they meet with us, they should be prepared to discuss their day-to-day functions.

First we'll contact your operations manager to let them know we are initiating an audit, following up with a scope memo that will outline the timeframe of our review. Next we'll visit the campus and hold an entrance conference to discuss the audit. At that time we'll also meet with each function to understand their processes and controls.

Once the interviews have concluded, we'll run a series of data reports and perform a risk assessment to determine how many samples we should select and if there's anything additional that should be reviewed. Before we arrive on the campus for fieldwork, we'll have provided most of the samples with a small portion being provided once we arrive onsite.

When we arrive on campus, we'll review your documentation and ask many questions to clarify our understanding. We'll test each transaction against various policies and regulations. Next we'll return to central office to continue wrapping up our review and follow up with you on any open items.

After fieldwork, we'll schedule an exit conference. This provides an opportunity for everyone to have a healthy conversation about

their opinions. During the exit conference, we will present our observations, and you will have an opportunity to present any additional documents or explanations to help us understand the transactions.

After the exit conference, we should all be in agreement on the observations that will be reported, and we will summarize these observations in a draft report issued to the campus. Once you have received the draft report, you will have an opportunity to ask any questions about the findings, and we will ask you to provide action plans to address the items in the report.

To conclude the audit, we'll provide a final report of our observations and the agreed corrective actions, which will be distributed to the campus and key central office staff.

Congratulations, you've survived your audit. Now begin working on your action plans, and we will be back to follow up after your implementation dates.

[Music plays]

Announcer: Ladies and gentlemen, please welcome your host, Stephanie Harvey.

Stephanie Harvey: Thank you, thank you. Love the orange, love the orange. Hey, everybody. Thank you all. Thank you, thank you, thank you for joining us today on this special edition of *Audit Feud*. Everybody, I'm your girl, Stephanie Harvey. We've got a good one for you today where our two teams are playing for a very special charity.

We've got the Mighty Clucks. Let's give it up for the Mighty Clucks.

[Applause]

And over on this side we've got Baby Got Bark.

[Applause]

As I mentioned, today each team is playing for a special charity to get a \$500.00 donation. Ryan, introduce your team and tell us the charity you're playing for.

Ryan Farrell: All right, we are the Mighty Clucks, and we are playing for Women for St. Jude's. With me today, I have Matt, who is our RF

sports fanatic; Jeneeta, our cheese connoisseur; we have an *Audit Feud* super fan in the studio, Regina; and the youngest member of our team and our audit expert, Brian.

Stephanie Harvey: All right, welcome, welcome. We can't wait to play the *Feud*. Now for Baby Got Back. Kerry, name your charity and introduce your team.

Kerry Gilchrist: Hey, Stephanie. Well, today we are playing for the Myles of Smyles Foundation, and in honor of our mascot, Rambo, we decided to give ourselves celebrity dog names.

I am Sarah Jessica Barker. This is Alexis, and Alexis is Drew Barkymore. Next we have Megan, and Megan is Jennifer Pawrence. Matt will be playing as Bark Wahlberg. And finally we have Will. Will be playing as William Shakespaw.

Stephanie Harvey: All right. Well, welcome. Kerry, Ryan, let's play *Audit Feud*.

[Applause]

Okay, so the top answers are on our board. Name something you do to prepare for an audit. *[Ringing sound]* Looks like the Cluckers buzzed in first. Ryan?

Ryan Farrell: How about review prior audit reports?

Stephanie Harvey: Let's see if it's up there, review prior audit reports. Oh, it came in number two with self-review. Kerry?

Kerry Gilchrist: Prepare a scope memo.

Stephanie Harvey: Prepare a scope memo said no one ever. Is it up there? *[Buzzer sounds]* Okay, well, go back over there and work it out. Ryan?

Ryan Farrell: We're gonna play.

Stephanie Harvey: We're gonna play, all right. Matt, again, name something you do to prepare for an audit.

Matt Miller: Panic.

Stephanie Harvey: Oh, panic. Wow, I know that's what I would do. Let's see if it's up there, panic. All right, yes. Panic is up there. Still waiting for that number-one answer to come out.

Jeneeta, name something you do to prepare for an audit.

Jeneeta O'Connor: Delete files?

Stephanie Harvey: Oh, Jeneeta. *[Buzzer sounds]* That's very shady. Let's see if delete files is up there. *[Buzzer sounds]* Okay, it is not up there. Regina?

Regina Buschmann: I would say "say a prayer."

Stephanie Harvey: Ooh, okay. Say a prayer, is it up there? *[Bell rings]* Yes. Good job, Regina. Say a prayer.

All right, Brian, you guys are hanging in there. You've got one X.

Brian Gasparro: I got this.

Stephanie Harvey: You got this?

Brian Gasparro: I got this.

Stephanie Harvey: All right. Name something you do to prepare for an audit.

Brian Gasparro: Collect documentation and prepare.

Stephanie Harvey: Oh, collect documentation. Is it up there? *[Bell rings]* Yes, the number-one answer. Nicely done, nicely done.

All right, Ryan, back to you. You guys are doing well. Name something you do to prepare for an audit.

Ryan Farrell: How about notify everybody who is gonna be involved in the audit?

Stephanie Harvey: Okay, let's see if it's up there, notify everyone who is gonna be involved in the audit. *[Buzzer sounds]* Okay, now you've got two strikes on the board.

Matt, it's up to you. You can save your team or Baby Got Bark is gonna get an opportunity to steal all the points on the board. Name something you do to prepare for an audit.

Matt Miller: Consult with in-house counsel.

Stephanie Harvey: Oh, consult with legal counsel. Let's see, is it up there? *[Buzzer sounds]* Aw, that's three strikes for you guys.

Baby Got Bark, you guys have a chance to steal. Okay, that's enough consulting. You've had enough time.

Kerry Gilchrist: All right, we're gonna go with have a meeting.

Stephanie Harvey: Okay, for the steal, is "have a meeting" up there? *[Buzzer sounds]* Oh, all right. So that means our points go to the Mighty Clucks. Very good, very good. So the Mighty Clucks took that round. Right now the Mighty Clucks have 96, and Baby Got Bark, you've got a big doughnut.

Let's see what the fourth answer is. Number four. *[Bell rings]* Drink heavily, take a vacation. All right, very good.

All right, let's play round two. Matt, Alexis, come on up. Okay, are our players ready? All right, what is your first thought when you hear you are going to be audited? *[Ringing sound]* The Clucks.

Ryan Farrell: "Oh, crap."

Stephanie Harvey: "Oh, crap." Is it up there? *[Bell rings]* Yes, that is our number-one answer. Are you gonna pass or play? All right, you're gonna play.

Jeneeta, welcome back to the game. What is your first thought when you hear you're going to be audited?

Jeneeta O'Connor: "What did I do wrong?"

Stephanie Harvey: Oh, "What did I do wrong?" Is it up on the board? *[Bell rings]* Yes, panic, anxiety, and fear. Nice job, nice job, Jeneeta.

Regina, what is your first thought when you hear you're gonna be audited?

Regina Buschmann: "I need a vacation."

Stephanie Harvey: Ah, okay. "Time to go on vacation." Is it up there? *[Bell Rings]* Yes, it's up there. Nicely done. I know I'd go on a vacation if I was getting audited.

Brian, your team's doing well. What do you have to say for what's your first thought when you hear you're gonna be audited?

Brian Gasparro: "Where I should I manipulate the documents?"

- Stephanie Harvey:* Ooh, "Where should I manipulate the documents?" Is it on the board? *[Buzzer sounds]* Aw, no. Nice try, though. Nice try, that was a good answer. I thought that was a really good answer.
- Ryan, back to you, my friend. What is your first thought when you hear you are going to be audited?
- Ryan Farrell:* "Not again."
- Stephanie Harvey:* Oh, "Not again." Is it up there? *[Bell rings]* Yes, it is up there. Nicely done, nicely done.
- Matt, what is your first thought when you hear you're going to be audited?
- Matt Miller:* "Call a manager."
- Stephanie Harvey:* Okay, I don't know.
- Ryan Farrell:* I like it. I like it, Matt. Come on, we liked it.
- Stephanie Harvey:* Your team's supporting you, but they probably really shouldn't 'cause that was a really bad answer. But let's see if it's up there. "Call a manager." *[Buzzer sounds]* I wish I could say I was shocked, but I'm just not.
- All right, you've got two strikes on the board. Baby Got Bark, get ready to steal. Jeneeta, what is your first thought when you hear you are going to be audited?
- Jeneeta O'Connor:* "Why me?"
- Stephanie Harvey:* She said it in such a sad, sad way.
- Jeneeta O'Connor:* "Why me?"
- Stephanie Harvey:* "Why me?" *[Buzzer sounds]* Oh, well, nice try. Nice try, Mighty Clucks.
- All right, Baby Got Bark. You guys ready?
- Kerry Gilchrist:* We are.
- Stephanie Harvey:* All right, this is your chance to steal and get the points. What is your first thought when you hear you are going to be audited?

- Kerry Gilchrist:* "It's time to drink."
- Stephanie Harvey:* It's always a good time to drink. Let's see if it's up there. "It's time to drink." *[Buzzer sounds]* Oh, no.
- Kerry Gilchrist:* That would be my thing.
- Stephanie Harvey:* Oh, well. Oh, boy. So now that's another round that the Mighty Clucks won. They have 166 points. Baby Got Bark, you're still not on the board. But there's plenty of game left to play.
- Let's see, number six. *[Bell rings]* "Get my files in order." Number five. *[Bell rings]* "Bring it on." And number three. *[Bell rings]* "Time-consuming additional work."
- Okay, let's go into round three. Megan, Jeneeta, come on up. Let's play *Audit Feud*. All right, name a sponsored programs area most likely to have an audit finding.
- [Ringing sound]* All right, Baby Got Bark. Finance? Okay, finance. Is it up there? *[Buzzer sounds]* Oh, it's not up there. Jeneeta?
- Jeneeta O'Connor:* Payroll.
- Stephanie Harvey:* Payroll? *[Bell rings]* Oh, all right. Jeneeta, are you gonna pass or play?
- Male:* We're gonna play.
- Stephanie Harvey:* All right, they're gonna play. All right, Regina. Name a sponsored programs area most likely to have an audit finding.
- Regina Buschmann:* I can probably do most of these, but I'll say cost sharing.
- Stephanie Harvey:* All right, let's see. Is cost sharing up there? *[Bell rings]* Yes, cost sharing is up there. Nice job, nice job.
- Brian, name a sponsored programs area most likely to have an audit finding.
- Brian Gasparro:* I'm going to say vendor payments or OTPS.
- Stephanie Harvey:* All right, so we're gonna have to take your first answer of vendor payments. Is vendor payments up there? *[Bell rings]* Yes, it's up there.

Ryan, back to you. Name a sponsored programs area most likely to have an audit finding.

Ryan Farrell: I'm gonna say conflicts of interest.

Stephanie Harvey: Okay, conflicts of interest. Is that up there? *[Bell rings]* Oh, nice job, nice job.

All right, Matt. Name a sponsored programs area most likely to have an audit finding.

Matt Miller: Grants and contracts.

Stephanie Harvey: Okay, let's see. Grants and contracts, is it up there? *[Buzzer sounds]* Oh, you got your first wrong answer of the day. All right, Jeneeta, back to you. Can you name a sponsored programs area most likely to have an audit finding? Top answer is still on the board.

[Buzzer sounds] Okay, you took too long. Sorry about that. That gives you two strikes right there. *[Buzzer sounds]*

Baby Got Bark, get ready to steal. Regina?

Regina Buschmann: I would say cost transfers.

Stephanie Harvey: Okay. Let's see, is cost transfers on the board? *[Bell rings]* Nice save, nice save, Regina. You guys, still get ready to steal. There's still a lot of answers on the board.

Brian, name a sponsored programs area most likely to have an audit finding.

Brian Gasparro: I'm going to say new hires documentation.

Stephanie Harvey: Oh, okay, new hire. Let's see, is new hires up there? *[Buzzer sounds]* Oh, nice try. Nice try.

All right, Baby Got Bark.

Kerry Gilchrist: Property.

Stephanie Harvey: Property? All right, do you guys like that answer?

Will Bronner: I like that answer.

Stephanie Harvey: Yeah? All right. Let's see, is property up there? *[Bell rings]* Yay, they're on the board. All right, let's see the rest of the answers. Number eight. *[Bell rings]* Finance and tech reporting. And the number one answer? Segregation of duties. Oh, boy.

All right, that gives Baby Got Bark 69 points and the Mighty Clucks 166 points. We're gonna go into our final round of competition. Matt, Regina, come on up and let's play *Audit Feud*.

Okay. *[Laughs]* All right, if the decision was up to you, name a location where you would send an auditor to conduct – *[Ringing sound]* Oh, Matt?

Matt Mroz: *[Bleeped out]*

Stephanie Harvey: Another campus.

[Laughter]

Stephanie Harvey: All right, three seconds. *[Buzzer sounds]* Okay. Sorry, go on back over there. We're gonna hear from Baby Got Back. Nice to get over here and get a chance to talk to you fine people.

Is there a reason why you're not wearing orange, Will?

Will Bronner: I forgot this morning. I'm sorry. What do you want from me?

Stephanie Harvey: Not a whole lot, apparently. If the decision was up to you, name a location where you would send an auditor to conduct their review.

Will Bronner: A quiet conference room.

Stephanie Harvey: All right, a quiet conference room. Let's see if it's up there. *[Bell rings]* Oh, yes, number-one answer.

Will Bronner: That's how we do it.

Stephanie Harvey: Nicely done.

Will Bronner: That's how you do it.

Stephanie Harvey: All right, you do it, but you don't do it wearing orange.

Kerry. All right, if the decision was up to you, name a location where you would send an auditor to conduct their review.

Kerry Gilchrist: I'm gonna say another building.

Stephanie Harvey: Oh, okay. Let's see, is another building up there? *[Bell rings]*
Anywhere else, yes. Nice job, nice job.

All right, Alexis. If the decision was up to you, name a location where you would send an auditor to conduct their review.

Alexis Phillips: How about a creepy basement?

Stephanie Harvey: Okay, a creepy basement. I like that. Is it up there? *[Bell rings]*
Yes, yes. Good answer. Nicely done, nicely done.

Okay, Megan. If the decision were up to you, name a location where you would send an auditor to conduct their review.

Megan Jacomine: An outside auditing firm. *[Buzzer sounds]*

Stephanie Harvey: Okay, an outside auditing firm. *[Buzzer sounds]* No, not up there.

All right, Matt, you've gotta get this one for your team or else the Mighty Clucks get a chance to steal and win the game.

Matt Mroz: The roof.

Stephanie Harvey: *[Buzzer sounds]* Okay, is the roof up there? *[Buzzer sounds]* No.
All right, two X's.

Will, you gave us that great answer last time.

Will Bronner: I've got another one.

Stephanie Harvey: Are you gonna be able to save your team in this moment?

Will Bronner: Yes.

Stephanie Harvey: Okay. Mighty Clucks, get ready to play. If the decision was up to you, name a location where you would send an auditor to conduct their review.

Will Bronner: Hell.

Stephanie Harvey: Whoa, let's see is hell is up there. *[Bell rings]* Oh, it is up there.
Baby Got Bark is on fire.

All right, Kerry. Let's put you in the same position. You've got two X's. If you don't get this answer, Mighty Clucks have a chance to steal and potentially win the game. If the decision was up to you, name a location where you would send an auditor to conduct their review.

Kerry Gilchrist: I'm gonna say somewhere luxurious to suck up to them because we want them happy.

Stephanie Harvey: Okay, you guys might want to get ready to steal over there. She said somewhere luxurious to suck up to the auditor. *[Buzzer sounds]* Oh, nice try, nice try.

All right, Mighty Clucks.

Ryan Farrell: All right.

Stephanie Harvey: For the win, if the decision was up to you, name a location where you would send an auditor to conduct their review.

Ryan Farrell: So the decision is not up to me, but it's up to the non-auditors here. A deserted island.

Stephanie Harvey: Okay, let's see. Did anybody say deserted island? *[Bell rings]* Yay, all right. Well done, well done, well done. Thank you for playing. Let's see number five. *[Bell rings]* Back to central office.

Oh, well, thank you so much for playing. It was great meeting you guys. You guys tried really hard. You just didn't bring it.

[Laughter]

All right, Mighty Clucks. I need two people to play Fast Money. All right, Matt and Ryan. We'll be back, and we'll play Fast Money with Matt and Ryan.

Okay, welcome back to *Family Feud*. We are gonna play Fast Money now with Ryan. Let's get 20 seconds on the clock. The clock will begin after I read the first question. Ryan, are you ready for Fast Money?

Ryan Farrell: I'm ready.

Stephanie Harvey: All right. Name a word that would best describe a typical auditor.

Ryan Farrell: Boring.

Stephanie Harvey: Identify a professional qualification that an auditor must possess.

Ryan Farrell: CPA.

Stephanie Harvey: Name something an auditor never leaves home without.

Ryan Farrell: Red pen.

Stephanie Harvey: If all auditors had the same first name, what would it be?

Ryan Farrell: Ryan.

Stephanie Harvey: Name an auditing accounting firm.

Ryan Farrell: KPMG.

Stephanie Harvey: All right, man, you've got it. You've got it. That's what I'm talking about.

All right, nice job. Nice job. Let's see how you did. All right, name a word that would best describe a typical auditor. You said "boring," and the point value is [bell rings] 14. All right, that's a good start. Good start.

Identify a professional qualification that an auditor might possess. You said "CPA." Survey says [bell rings] 72. That's it. That's what I'm talking about, yeah.

All right, name something an auditor never leaves home without. You said "red pen." Survey says [bell rings] 15. Can't win 'em all, can't win 'em all.

Ryan Farrell: I don't leave my home without a red pen.

Stephanie Harvey: Apparently you and 13 other people. Okay.

If all auditors had the same first name, what would it be? You said "Ryan." Survey says [bell rings] 17.

All right. Lastly, name an auditing accounting firm. You said "KPMG." Survey said [bell rings] 69 points. Yes, yes. That's what I'm talking about. Good job, good job.

All right, let's get your partner out here. Matt's gonna come on out. Ryan got 187 points that first round. This is exciting as we play

Audit Feud.

All right, Matt. Gotta tell you, your boy Ryan, he killed it. He got 187 points on the board. So you want the good news or the bad news?

Matt Miller: I'll take the bad news.

Stephanie Harvey: The bad news is you have the potential to be the worst player ever in *Audit Feud* if you don't pull this over the board.

Matt Miller: And the good news?

Stephanie Harvey: The good news is if you just get 13 points on the board, your charity, St. Jude's, is getting a donation for \$500.00. All right, you ready?

Matt Miller: Yeah, I'm ready.

Stephanie Harvey: Let's play the *Audit Feud*. This time it's gonna be a little bit harder, so we're gonna put 25 seconds on the board. You ready?

Matt Miller: I'm ready.

Stephanie Harvey: Okay, Matt. Name a word that would best describe a typical auditor.

Matt Miller: Conservative.

Stephanie Harvey: Identify a professional qualification that an auditor might possess.

Matt Miller: Pass.

Stephanie Harvey: Name something an auditor never leaves home without.

Matt Miller: Briefcase.

Stephanie Harvey: If all auditors had the same first name, what would it be?

Matt Miller: Ryan. [*Buzzer sounds*]

Stephanie Harvey: Name another one.

Matt Miller: Mike.

Stephanie Harvey: Name an auditing accounting firm.

Matt Miller: PwC.

Stephanie Harvey: Okay. And identify a professional qualification that an auditor might possess. *[Buzzer sounds]* Nothing?

Matt Miller: I got nothing. He got it already. He got it.

Stephanie Harvey: All right, good job. Nice run, nice run.

All right, let's see. You gave it a good run, Matt. Let's see how you did. Name a word that would best describe a typical auditor. You said "conservative." Survey says, *[bell rings]*, oh, zero points. Oh, Matt.

Matt Miller: All right, we got it. We got it.

Stephanie Harvey: All right, all right. Identify a professional qualification that an auditor might possess. You passed. You passed on that one. *[Bell rings]* Matt, I'm getting a little worried. I'm getting a little worried for you. You only needed just a few points. It's not looking too good for you, Matt.

All right, let's see how we do. Name something an auditor never leaves home without. You said their briefcase. Survey said *[bell rings]* seven.

Matt Miller: All right, all right.

Stephanie Harvey: Seven. I don't know. You guys over there sweating, Mighty Clucks? 'Cause I am.

All right, if all auditors had the same first name, what would it be? You said "Mike." Survey said *[bell rings]*, oh, another goose egg. Wow.

Matt Miller: I just want it to be a sweat. We got this.

Stephanie Harvey: Okay, I hope so, 'cause Ryan really did the heavy lifting. You're not really doing your part.

Matt Miller: We got it. We got it.

Stephanie Harvey: All right, it's gonna come down to the last question. Name an auditing accounting firm. You said "PwC." Survey said *[bell rings]* 13.

[Applause]

Congratulations. All right, that's awesome. Your team will make a donation for \$500.00 to St. Jude. Thank you, everyone, for joining us for a riveting game of *Audit Feud*, and we'll see you next week.

[Music plays]

That was fun. We hope you're having a good time. Stay tuned. We're gonna have another short animation video, and when we return, we've got more gameshow fun with *Who Wants to Be an Audit Billionaire?*

Male:

To create this presentation, we surveyed RF staff across the campuses and at central office to find out what areas they are most concerned with in an audit.

The top concern was segregation in duties and user access followed by cost transfers and property control. Segregation of duties issues occur when one person has the ability to complete a process in the business system without the involvement of another person, for example, giving one individual the ability to generate and approve a PO and also process invoices.

Common issues include an employee having access that is not _____ with their normal job duties, proper reviews or mitigating controls are not in place, and access not being removed for terminated employees.

Users should have the least possible access necessary for them to accomplish their job duties. Whenever possible, there should be more than one individual involved in a transaction.

If user access cannot be segregated because of limited staff, compensating controls should be put in place to prevent inappropriate transactions from occurring, for example, having another individual review transactions that have been input into the system.

Female:

Another area of concern was cost transfers. This is when an expense is charged to one award and is subsequently removed and charged to another. When spending a sponsor's money, we should ensure that the transaction is adequately supported.

A common finding related to cost transfers is that the justification

for the transfer is not strong enough. The justification should include a description of why the charge was posted incorrectly and a justification for why it was applied to a new award after it was initially charged.

Most importantly, we should ensure that the purchase or salary being charged truly benefits the award. Transfers based on the availability of funding are not allowable.

The charge needs to be reasonable, allowable, and allocable based on the terms of the award, and an adequate justification must be documented at the time of the transfer.

Another top concern among those surveyed was property control. This includes the process related to receiving the asset, entering property into RAMI, reconciling RAMI to the business system, and ensuring that the asset is appropriately tagged and recorded.

With assets spread all across the campus and research labs and sometimes at remote locations, it can be difficult to maintain an adequate inventory. Common issues that we encounter include a regular inventory not being conducted or the inventory count not being well documented.

In many cases, when an asset is not located in the inventory, there is not adequate follow-up to either locate the item or report it missing. Additionally, we often note that the details of the asset, such as the location and condition, are not adequately recorded in RAMI.

When you purchase an asset, be sure to enter it into RAMI timely including from the RF property reconciliation report. This ensures our system is up to date. All assets should be tracked in RAMI. If a separate system is maintained, it must be reconciled to RAMI.

A full inventory should be conducted at least every two years. Your review should include a check on the physical details of the asset, including its location and condition.

If during the review you notice that something is not accurate, for instance, you can't locate the asset, you should follow up with the appropriate department staff, update RAMI, and follow your campus procedures for reporting missing or stolen property prior to removing it from the property report.

- Regis Wilbin:* Hello, ladies and gentlemen. Welcome to *Who Wants to Be a Billionaire?* I'm your host, Regis Wilbin. Today one lucky audience member will get a chance to win \$1 billion by answering progressively harder questions for progressively more money.
- To pick today's studio audience member, whoever answer the following question correctly and the fastest will get a chance to play for that \$1 billion.
- The initial question is: Put the following procedures in order according to their sequence in the audit process.
- A. Issue draft report. B. Conduct fieldwork. C. Issue engagement letter. D. Hold exit meeting. We'll give you a minute.
- [Music plays]*
- And the correct responses are in order: C. Issue engagement letter. B. Conduct fieldwork. D. Hold exit meeting. A. Issue draft report.
- And the quickest was Stephanie. Stephanie, come on down for a chance to win \$1 billion.
- [Applause]*
- Stephanie, congratulations and welcome to *Who Wants to Be a Billionaire?* Where are you from today?
- Stephanie Slominski:* Thanks, Regis. I'm from Albany.
- Regis Wilbin:* Albany, New York. Great. Who do you have here with you today?
- Stephanie Slominski:* I brought a couple of friends from work. Let's see, we've got Megan from AP, Matt from contracts and grants, Alexis from compliance, and I think Brian's over there. He's one of my coworkers in audit.
- Regis Wilbin:* Great. So we all know how the game is played. I did want to let you know that you do have three lifelines today. You can poll the audience, you can phone a friend, or we can cut the answers in half with a 50:50.
- So are you ready to get started?
- Stephanie Slominski:* Yes, sir. Thank you.

Regis Wilbin: All right, let's start with the \$200.00 question. Which of the following is not a section found on an RF internal scope memo?

A. Scope. B. Approach. C. Output. D. Input.

Stephanie Slominski: Okay, let me try and think this through. All right, it's a scope memo, so we know the scope is there. Definitely gonna describe the approach and detail the output. I'm gonna go with: D. Input.

Regis Wilbin: Final answer?

Stephanie Slominski: That's my final answer.

Regis Wilbin: Let's see, D, final answer. Correct.

[Applause]

All right, moving on.

The \$400.00 question. Typical steps for an auditor during the audit process would include all of the following except:

A. Schedule an entrance meeting. B. Prepare a document request list or PBC lists. C. Develop policy for the campus. D. Conduct fieldwork.

Stephanie Slominski: All right, I should know this. All right, scheduling an entrance meeting is definitely there. We have to let the auditee know what to expect, how long we're gonna be there. B is there because they have to know what to give us. I know we definitely wouldn't develop a policy for them and then audit it, so I'm gonna go with C.

Regis Wilbin: Final answer on C?

Stephanie Slominski: That is my final answer.

Regis Wilbin: You sure about that?

Stephanie Slominski: Yes, sir.

Regis Wilbin: All right, let's see C. Correct. Moving right along.

[Applause]

The \$600.00 question. Failure to comply with RF policy, federal

regulations, or sponsor terms and conditions could result in what of the following?

A. Cost disallowances. B. Reputational harm to the institution. C. Loss of future program funding. D. All of the above.

Stephanie Slominski: Oh, that's an easy one. Any of those things can happen if the RF doesn't comply with regulations, so I'm gonna go with all of the above, D.

Regis Wilbin: Hey, we throw a cupcake in every once in a while. D, final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: All right, let's see D. Beautiful. Moving right along.

[Applause]

The \$1,000.00 question. What below documents the procedures that are applied and the conclusion reached in an audit agreement?

A. Work papers. B. Management representation letter. C. Auditor's report. D. Audit guide.

Stephanie Slominski: I should have paid more attention.

Regis Wilbin: That's a tough one.

Stephanie Slominski: All right, so I can rule out B and C because I know those are the detailed outputs that detail the result of the audit.

Regis Wilbin: All right, so you've got it down to two.

Stephanie Slominski: I want to say the audit guide is the thing that we use as a kind of how-to when we're out in the field. I'm gonna go with work papers, A.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Final answer. Let's see A. Work papers. Correct.

[Applause]

You're doing a great job so far. Would you like to stop at \$1,000.00 or do you want to keep going and try to get that \$1 billion?

Stephanie Slominski: No, I'm gonna go for it, all the marbles.

Regis Wilbin: All right, the \$2,000.00 question. What procedure selects less than 100 percent of the population for the purpose of evaluating some characteristics of the population?

A. Audit sampling. B. Risk assessment. C. Assurance services. D. Compliance testing.

Stephanie Slominski: Oh, this is an easy one, too. Is it weird that I like audit sampling?

Regis Wilbin: Yes, it is weird that you like audit sampling.

Stephanie Slominski: And all the different ways that you can pick samples. It's basically a way that we can determine where the process breakdowns might be without looking at every transaction. So I'm gonna go with: A. Audit sampling.

Regis Wilbin: You sound awfully confident in that.

Stephanie Slominski: I am.

Regis Wilbin: Final answer?

Stephanie Slominski: Absolutely.

Regis Wilbin: Let's see A, final answer. Correct.

[Applause]

Wow, you're doing pretty good here, Stephanie.

Next up, \$4,000.00 question. This pertains to techniques of protecting computers, networks, programs, and data from unauthorized access or attacks, and has been the fastest-growing risk in recent years.

A. Internet protection. B. Cybersecurity. C. Firewall security. D. Cyberbullying.

Stephanie Slominski: Oh, okay, IT is not my thing. I'm really confused about the definitions of cybersecurity and firewall security, so I think I want to use a lifeline. Can I poll the audience?

Regis Wilbin: Yes, we can poll the audience. Audience, please pull out your phones and take the poll to see which answer you think is correct. We'll give them a few seconds here.

[Music plays]

Looks like the audience said B. Cybersecurity with 60 percent. C. Firewall security was 30 percent. Do you want to go with the audience or do you want to roll the dice on your own?

Stephanie Slominski: No, I think I'm pretty secure with B, with the audience answer.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Let's see, B. Cybersecurity, final answer. Correct.

[Applause]

Excellent job, audience. Thank you very much for your participation here today.

Next up the \$8,000.00 question. An RF business system user who has access to AP, accounts payable, admin and campus supplier update, allowing them to create a vendor and process an invoice for payment has:

A. A conflict of interest. B. A segregation of duties issue. C. No issue. D. An eligibility issue.

Stephanie Slominski: Hm, all right, so we can definitely rule out C, 'cause this is an issue. It sounds like there's too much control in one process. A person could create a vendor and process a fake name for a vendor.

Regis Wilbin: You don't want to do that.

Stephanie Slominski: No. And also create a payment. So that would be a good way to commit fraud. It's definitely not an eligibility issue. Conflict of interest is a little bit different, definitely different than that. I'm gonna go with: B. Segregation of duties. Final answer, sir.

Regis Wilbin: Final answer, all right. B. Segregation of duties is correct.

[Applause]

You're doing an excellent job so far.

Stephanie Slominski: Thanks.

Regis Wilbin: Next up, \$16,000.00 question. A segregation of duties issue, when unavoidable, could be permissible if:

A. Mitigating controls are in place. B. Employee signs the code of conduct. C. Employee is trustworthy. D. Any of the above.

Stephanie Slominski: Oh, that's cute. So we all want to trust our employees, but trust is definitely not part of a good system of internal control. So we're gonna rule out C. That also rules out D.

Regis Wilbin: All right, down to two.

Stephanie Slominski: The code of conduct is a good start, but I don't think it's really what we're looking for with this question. I'm gonna go with A. That is my final answer.

Regis Wilbin: Mitigating controls are in place is correct. Congratulations.

[Applause]

\$32,000.00. Would you like to keep moving forward?

Stephanie Slominski: No, I'm gonna go for everything.

Regis Wilbin: All right, we're gonna go for it all. I think this is an easy one. A new hire must receive, complete, and/or sign all of the following except:

A. I-9 form. B. Appointment letter. C. Non-compete agreements. D. Notice and acknowledgment of pay rate. That's a good human resource question we got here.

Stephanie Slominski: Yeah, and I haven't really been working here this long. I should remember this. Okay, I definitely did the I-9 because I remember them hounding me about the time. It's gotta be done within a couple of days.

I know I received an appointment letter. The acknowledgment of

pay rate is definitely a regulation. So I'm gonna go with: C. Non-compete agreement. I did not sign one of those. That's my final answer.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Let's see. C. Non-compete agreement, that is correct.

[Applause]

Congratulations.

Stephanie Slominski: Thank you.

Regis Wilbin: We're gonna keep it going 'cause I know you want that \$1 billion.

Stephanie Slominski: Yes, I do.

Regis Wilbin: The \$64,000.00 question. According to the RF cost sharing policy, campuses should document, monitor, and report cost sharing:

A. When award is closed. B. When award is established. C. Throughout the life of the award. D. Only upon request of an auditor. We got some snickering in the audience on that one.

Stephanie Slominski: I guess we can rule out D, although I'm not sure everybody would agree with that. I guess the keyword in the question is "monitor," because it's an ongoing thing. It's more than just a snapshot. You can't monitor something just in the beginning or at the end. It's an ongoing process. So I'm gonna go with: C. Throughout the life of the award.

Regis Wilbin: That was a pretty good thought process there. Is that your final answer?

Stephanie Slominski: Yes, sir. Thank you.

Regis Wilbin: All right, correct. Congratulations.

[Applause]

Moving right along. We're up to six figures now, \$125,000.00. Ready for this one?

A vendor payment must include all of the following except:

A. Sales tax. B. Approval of the PI or OM or designee. C. An invoice or receipt of expenditure. D. Documentation for business purpose.

Stephanie Slominski: This is a tough one. I struggle with vendor payments. Sales tax is a tricky one. So let me go through the rest of them. We definitely need approval. It should be signed and dated. Got to have an invoice, there's no question about that.

And we need documentation of business purpose so that we can really tie it out to the award that it's being charged to, and we know that we can identify it with the work that's being done on that award. Since we're an exempt organization, we don't pay sales tax. That should not be included. I'm gonna go with A.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Stephanie, you know a lot about this stuff. I'm not even gonna say congratulations anymore. We're just gonna move right along to the \$250,000.00 question, all right?

[Applause]

Stephanie Slominski: Yes, sir.

Regis Wilbin: A set of procedures to recover and protect a business IT infrastructure in the event of a disaster.

A. Disaster relief plan. B. Disaster retention plan. C. Disaster recovery plan. D. Disaster remediation plan.

Stephanie Slominski: Oh, great, another IT question. A lot of disaster going on here.

Regis Wilbin: Gotta be ready for it.

Stephanie Slominski: Yeah, and they all sound the same. I understand what this is. It's definitely something that's set up so that if there's an earthquake that destroys the building, there's something – generally it's offsite – where everything is stored, some kind of way to get back all our data in the case of something that's unexpected.

I'm gonna go out on a limb and guess: C. Disaster recovery plan.

Regis Wilbin: Sure about that one?

Stephanie Slominski: Yes.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Let's see, C. Disaster recovery plan. Correct, congratulations.

[Applause]

That is a quarter of a million dollars. That's a lot of money. Would you like to stop or do you want to keep going and try for the half million here?

Stephanie Slominski: Keep going.

Regis Wilbin: All right, for half a million dollars; that's \$500,000.00. A campus should perform an inventory at least:

A. Annually. B. Biennially. C. Biannually. D. Semiannually.

Stephanie Slominski: All right. So I know this, but I get confused with these terms. I know it's not annually. Can I use a lifeline?

Regis Wilbin: Certainly. Would you like to phone a friend or would you like to do 50:50?

Stephanie Slominski: 50:50.

Regis Wilbin: All right, let's see. We're gonna cut two of 'em out. All right, we've got B. Biennially or C. Biannually. That was not the lifeline you were looking for.

Stephanie Slominski: That does not help at all. Okay, so let me try to work this through.

Regis Wilbin: What is "biannual"?

Stephanie Slominski: Biannually is twice a year, and that's not what I'm looking for. I know the inventory has to be done every two years. I'm gonna go with B: Biennially.

Regis Wilbin: So you picked the one that I have trouble saying. B. Biennially. Is that your final answer?

Stephanie Slominski: Yes, it is.

Regis Wilbin: Let's see, B. Biennially. Correct.

[Applause]

That lifeline's working out for you. All right, we're at seven figures here. You want to keep that \$500,000.00 or you want to move on to try to go for the \$1 million?

Stephanie Slominski: Oh, I'm gonna keep going. I'm going the whole way.

Regis Wilbin: All right. What are you gonna do? You're gonna to go to Hawaii?

Stephanie Slominski: I do want to go to Hawaii.

Regis Wilbin: Oh, nice. All right, for \$1 million. An employee who reports fraud that he or she has been made aware of will be:

A. Protected from retaliation. B. Fired for disloyalty. C. Rewarded with a promotion. D. Well, snitches get stitches.

Stephanie Slominski: That's funny. Okay, so snitches get stitches, I hope that people don't really believe this. Okay, so I know it's not fired for disloyalty. I know it's not D. I'm gonna go with protected because – yeah, protected from retaliation.

Regis Wilbin: Final answer?

Stephanie Slominski: Yes, sir.

Regis Wilbin: Employees will certainly be protected from retaliation. That is correct.

[Applause]

Stephanie, you're one question away from \$1 billion. You could probably buy an island off Hawaii for \$1 billion. I'm assuming you're gonna want to go for it here?

Stephanie Slominski: I do, all the way.

Regis Wilbin: All right. Final question for \$1 billion. If an RF employee discovers fraud, he or she should report that fraud immediately to:

A. Their supervisor or campus OM. B. The ethics hot line at 800-670-7225. C. The internal audit department, and you could e-mail them. D. Any of the above.

Stephanie Slominski: Can I call a friend?

Regis Wilbin: Certainly. That's your final lifeline, but you've only got one question left, so you might as well.

Stephanie Slominski: I want to call Jeneeta.

Regis Wilbin: You want to call Jeneeta. Can the operator please get Jeneeta on the line?

Jeneeta O'Connor: [Phone rings] Hello, this is Jeneeta.

Regis Wilbin: Hi, Jeneeta. This is Regis Wilbin with *Who Wants to Be a Billionaire?* I have your friend Stephanie here that would like to ask you a question.

Jeneeta O'Connor: Sure.

Stephanie Slominski: Oh, hi, Jeneeta. I don't really need your help. I just wanted to let you know that I'm about to win \$1 billion. The answer is: D. Any of the above. A person that discovers fraud can do any of these things. They can contact their supervisor, call the ethics hot line, or contact the internal audit department any way they want to.

Regis Wilbin: Stephanie, congratulations. You just won \$1 billion.

[Applause]

Stephanie Slominski: Yay, thank you.

[Music plays]

Female: The RF's office of internal audit provides several key services to the Research Foundation. Our primary function is performing grant activity audits.

We review sponsored programs activity to assess compliance with RF policies, sponsor regulations, and applicable laws. Our goal is to determine if there are any areas that need improvement and provide any appropriate recommendations to improve compliance.

Internal audit also assists campus locations in managing external or

sponsor auditors who may be reviewing our programs, such as during the annual single audit.

If you are contacted by an external auditor, please reach out to internal audit. We can compile any documents available centrally, and also meet with the auditors to help them understand how the RF works and to try to limit any potential audit findings.

In conjunction with the office of compliance services, we also assist in following up on RF hot line tips and complaints. To report a compliance or ethics issue, contact the RF hot line.

Contact internal audit by phone at 518-434-7018 or by e-mail at internal.audit@rfsuny.org.

Laurel McAdoo: We hope you had fun on this very special audit learning Tuesday.

Ryan Farrell: Yes, thank you for joining us. I hope you learned a little bit about the audit process and what we do. If you have any questions, please contact the internal audit department. We're here to help you out.

[Music plays]

[End of Audio]