Internal Control
2015 Training

Employee Internal Control Training is required under the New York State Internal Control Act.

What do we mean by "internal control"?

CONTROLS are the things we do or what we use to make sure things **happen the way we want them to happen**.

BUT also, **CONTROLS** make sure **things we don't want to happen will not happen!**
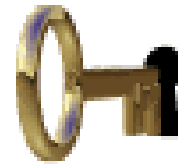
You probably use

CONTROLS

every day in much of
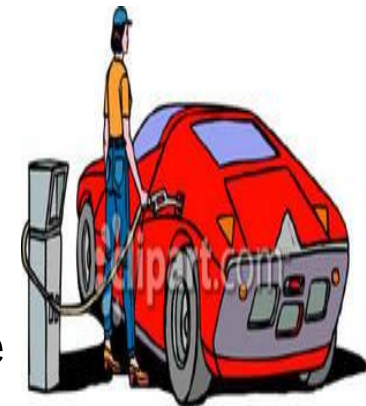
what you do !

Things We Do Every Day

- **You Lock Your Front Door**
  To keep trespassers out

- **You stop at stop signs**
  To avoid accidents

- **You check your car's gas gauge**
  To monitor how much gas you have

In business, these actions are called

Internal Controls

➢ **Internal Controls are used to ensure that our operations work and that we accomplish what we want;**

➢ **Internal Controls are managed and used by people inside the organization;**

➢ **Internal Controls are built into business activities.**

Examples of Internal Control Activities in the Workplace

❖ **Policies and procedures**
   Actions established through POLICIES that tell us what is expected and PROCEDURES that put those policies into action.

❖ **Segregation of duties**
   Work activities are divided among staff so that no one person has control over the entire activity.

❖ **Monitoring activity**
   To identify when something doesn't seem right.

❖ **Proper approvals and authorizations**
   So that only official transactions are processed.

❖ **Employee Training**
   So that employees maintain the skills needed perform their jobs.

❖ **Passwords**
   Protect vital and sensitive information

10 Suggestions for Strong
Internal Control and Successful Operations

1) Set a strong example for the expectation of ethical behavior, compliance with regulations and policies, and a respectful work environment;

2) Never sign anything you don't understand;

3) Don't let anyone sign your name;

4) If something doesn't make sense, ask questions until you feel confident you understand;

5) Consider the risks associated with your department and ensure sufficient oversight is provided;

6) Keep offices and labs locked to protect property, data and other resources;

7) Ensure University assets are used only for University business;

8) All expenditures should have a clear business purpose, should be approved by someone other than the requestor and should be supported by adequate documentation;

9) Written departmental procedures provide guidance to employees and ensure consistent practices;

10) Be familiar with University policies.

WHY WE NEED STRONG INTERNAL CONTROL

- To reduce careless mistakes and avoid risky transactions;

- To increase staff efficiency;

- To foster accountability for responsibilities under an employee's control;

- **Internal Control is the number one deterrent to internal fraud and embezzlement.**

EXAMPLES OF FRAUD IN THE WORKPLACE

- <u>Stealing State Time</u>: Not reporting time off on a timesheet;

- <u>Theft of State Assets</u>: Taking University money, property or information without permission;

- <u>Abusing State Assets</u>: Using University assets for personal reasons.

Each of Us at Stony Brook University

has a Responsibility to Assist in

Preventing Fraud

WHY REPORT FRAUD?

- Ethical responsibility

- To deter others from committing fraud and abuse

- To avoid being part of a fraud scheme

- To avoid administrative action

- To avoid civil penalties

- To avoid criminal prosecution

- **It's the right thing to do**

How to report fraud, waste or abuse

Individuals with concerns regarding known or suspected acts of fraud, waste or abuse may report their concerns through Stony Brook's Fraud hotline or by regular mail or fax:

Fraud Hotline: http://www.stonybrook.edu/fraud

Regular Mail: Audit & Management Advisory Services
                        291 Administration Building
                        Stony Brook, NY 11794-1308

Fax: 631-632-2981

And now … A Message from President Stanley

Dear Employee:

From its beginnings a little more than a half-century ago, Stony Brook University has been characterized by innovation and progress. It is transforming the lives of students studying to earn valuable degrees, researchers making groundbreaking discoveries and a dedicated workforce contributing to the University's success. As we continue on this dramatic trajectory of growth, I'd like to make you aware of the importance of internal controls in ensuring efficient and effective operations, while simultaneously safeguarding the University's assets against loss due to waste, abuse, mismanagement, error and fraud. A strong internal control system is a means of monitoring University efforts to uphold competent and ethical business practices.

Employee participation and compliance are fundamental to any effective internal control system. For it to be successful, we all must remain committed to achieving the University's goals and objectives. This can be accomplished by maintaining a positive work environment, fulfilling responsibilities while meeting applicable performance standards, and following laws and regulations, as well as organizational and departmental policies and procedures that support operations and address areas of risk.

I encourage you to become familiar with Stony Brook University's Internal Control Program, Strategic Vision and five-part Mission, all of which can be found on the University's website. With your support and understanding, we can work together to ensure that Stony Brook's Internal Control System continues to safeguard University assets, improve our processes and procedures, and help us thrive and grow for years to come.

Sincerely,

Samuel L. Stanley Jr., MD
President

Stony Brook University

THIS TRAINING HAS BEEN BROUGHT TO YOU BY:

STONY BROOK UNIVERSITY

AUDIT & MANAGEMENT ADVISORY SERVICES