

Inside this issue:

Cover	
Message to the University	1
Audit Services	1
Auditor Focus	
USB Flash Drives - Risks	2
Ethics Briefs	2
Guide for Expenses	
Meals	3
Internal Audit Directory	3



What Does IA Do?

The mission of Internal Audit is to provide, within the University, an independent appraisal function that measures and evaluates the efficiency and effectiveness of internal controls and operating activities.

Our objective is to assist the members of the University community in the proper discharge of their responsibilities by providing analysis, appraisals, recommendations, and pertinent information concerning the activities reviewed.

Office of Internal Audit
P.O. Box 641221
Pullman, WA 99164-1221
(509) 335-5336
ia.central@wsu.edu

Message to the University Community

Welcome to this first edition of the renewed *Auditor Insight*. You might be wondering why the internal auditors are publishing a newsletter.

Higher education is a complex, dynamic environment with ever-increasing demands for innovation, progress and value-added contributions to society through education, research and technology.

As these demands for improvement increase, the expectations for accountability and proper stewardship do not lessen—they only increase with many times more stakeholders and complex regulations.

To succeed in meeting both the demands and expectations of stakeholders, management must ensure business risks are continuously identified and managed efficiently and effectively.

The primary objective for the Office of Internal Audit is to “assist the members of the University community in the proper

discharge of their responsibilities.”

One way we provide this “Assistance” is through assurance activities; evaluations (audits) to determine whether internal controls put in place by management are effective and working as designed.

Assistance is also achieved through consulting activities that are, by nature, ongoing, concurrent and typically forward-looking, including:

- Review of policies and processes for appropriate controls;
- Training facilitation and education on controls and control environments (including effective governance, risk management, fraud risks and ethics); and,
- Providing informal guidance and advice on controls, processes and stewardship.

This and future newsletters are intended to provide information

on good business practices and internal controls. Each issue will contain:

- Advisories or tips on internal controls;
- Advisories and frequently asked questions on ethics;
- Information on audit activity, including results that may impact numerous units; and,
- Articles geared towards increasing awareness and understanding of operational and compliance issues.

This newsletter also provides a venue to increase awareness about Internal Audit with the hope that employees may utilize our services and resources to improve their controls and operations.

I hope that you find this newsletter useful. Current and past issues will continue to be available on our [website](#). Go Cougs!

Heather R. Lopez
Chief Audit Executive

Audit Services

Audit Activities

Internal Audit (IA) performs planned internal control, financial, and operational audits, as well as investigations of ethics, stewardship and compliance issues, and fraud.

Audit Liaison

IA serves as an audit liaison between University departments, external auditors, and the State Auditor’s Office (SAO).

University Ethics Advisor

IA serves as the coordinator between the University and the Washington State Executive Ethics Board (EEB) and provides ethics advice to university employees in the course of their official duties.

Departmental Reviews

IA performs formal management-requested reviews, including observation, discussion of processes, and advice for improvement. The reviews are consultative in nature, with scope and objective pre-negotiated.

Advisory Services

IA provides advisory and consulting services, including advice regarding operational procedures, best practices, or guidance on policy/procedure development. We also provide guidance on ethics and/or policy interpretation.

Training

IA provides training to the WSU community on internal controls, audit safeguards, and the Whistleblower act. Trainings may be by request or part of HRS Training Resources [scheduled sessions](#). ■

USB Flash Drives - Risks and Controls

It is presumed that each and every WSU employee is a Data User. Some of us may also be designated as a Data Custodian or an Information Owner. As a Data User, we are all responsible for protecting Institutional Data.

Protecting data means following the policies, procedures and guidelines established to help ensure the Confidentiality, Integrity and Availability (CIA) of data. See Executive Policies [8](#) and [37](#) for additional details.

All security incidents, real or suspected, involving Internal, Confidential or Regulated data **must** be reported to the WSU Chief Information Security Officer (CISO) or the Information Technology Services Security Operations Center (ITS SOC) at 509-335-0404.

Risks

WSU operates in a highly regulated environment. Violating any data security requirements of those regulations, e.g., PCI, FERPA, HIPAA, FISMA, GDPR and CCPA, exposes the University to a multitude of negative consequences in the le-

gal, financial, reputational and operational arenas.

Loss Vectors

Methods of compromise associated with USB flash drives fall into two general categories: Loss of CIA and Malicious Code.

A compromise of CIA can occur in several ways, including:

- Sharing the drive with someone when more than one data set exists and the other person is only authorized to use one of the data sets.
- Losing an unencrypted drive with Internal, Confidential or Regulated data stored on it.
- Losing a drive with no backup of the data stored on it.
- Someone accesses the drive and alters the data.

Malicious code (in the form of a virus, worm, Trojan, reconnaissance script, downloader, key logger, and numerous other malware code) can be introduced to

a flash drive during the manufacturing process or after you have acquired it. Malicious code is also a threat from any flash drive you find laying around, should you plug it into your computer.

Mitigating Controls

Mitigating controls are things that you can do to reduce the likelihood of a compromise or reduce the impact of a compromise. Below is a simple list of activities you should consider adopting as standard practices in your daily computing routine.

- Keep the drive stored in a secure location when not in use.
- Always scan a USB device with your up-to-date antivirus/antimalware software when you plug the device in.
- Disable AutoRun on removable drives.
- Utilize full disk encryption on flash drives.
- Do not mix personal and WSU data on the same device. ■

Ethics Briefs

State officials and employees of government **hold a public trust** that **obligates them**, in a special way, **to honesty and integrity** in fulfilling the responsibilities to which they are elected and appointed.

Washington State University is a state agency. All employees of WSU (including faculty, staff, administrators, part-time, full-time, temporary or permanent) are state employees.

As state employees, we are all held to the standards of the Washington Ethics in Public Service Laws ([RCW 42.52](#)). These laws define the minimum standards for ethical conduct in the conduct of official business.

The Executive Ethics Board ([EEB](#)) is

charged with interpreting and enforcing these standards. WSU's Chief Audit Executive is the Ethics Advisor for WSU.

Paramount to the **public trust** is the principle that **public office**, whether elected or appointed, **may not be used for: personal gain or private advantage**.

"Public office" includes resources made available to state employees and officials to perform the functions of their job—email (wsu.edu), phone, computer, internet, vehicle, equipment, facilities, data, people, time, etc.

An employee's position cannot be used as an influence to gain personal favor or privilege and state resources cannot be used for personal purposes.

While state ethics law does allow for some personal use of state resources, that use must be de minimis: brief, infrequent and little or no cost to the state.

De minimis does not apply to some uses (meaning no use is allowed): any use for personal financial gain; promoting outside organization; and, campaign or lobby activities.

Compliance with ethics law is an individual responsibility of all state employees. Employees can violate the ethics law unintentionally and still subject to fines and penalties.

Employees are encouraged to contact the Ethics Advisor for questions and guidance related to state ethics. ■

Ask Your Auditor

If you have a control or ethics question that has been bothering you, it is a good bet someone else on campus is wondering the same thing. We invite you to send your questions to ia.central@wsu.edu and we may feature it in the next or future issues of *Auditor Insight*. ■

Guide for Expenses: Meals

University employees may receive a subsistence allowance or reimbursement for meal expenses incurred under three circumstances: travel status, business meetings or entertainment.

Meal Claims in Travel Status

When employees are in official travel status (away from regular work place) and meet the three-hour rule, they may claim subsistence allowance in the form of per diem or by actual receipt. In neither event may the employee receive more than the stated per diem amount. If a meal is provided (e.g., lunch as part of conference registration or paid for by others), employees cannot claim per diem.

If an employee is with other travelers or employees and one pays for the meal of another, the employee paying for the meal may submit the actual receipt and is entitled to reimbursement up to per diem for each employee meal paid for.

In the TEV's "Travel Details" section, each traveler must note the name(s) of other travelers present and who paid. This ensures travelers do not receive per diem for meals that were provided and reimbursement amount is capped at allowable per diem rates.

Example: employee in travel status in Phoenix; dinner per diem is \$25. If employee dines at location that results in \$42 dinner bill, employee still only receives the \$25 dinner per diem.

Example: employee at conference in Phoenix; dinner is not included with registration and per diem is \$25. If employee dines one night with two coworkers and picks up the tab for all, the employee may submit the receipt with reimbursement capped at \$75 (\$25 x 3 employees), and make note of the other travelers in Travel Details. The other travelers may not claim per diem given their meals were provided; this should also be noted in Travel Details on their TEVS.

Meals With Meetings

Under certain conditions, employees may include meals with business meetings. The meeting must be held away from the workplace. This section is usually applicable to retreats and formal training. These are non-travel related expenses and should be processed via an Invoice Voucher, UNLESS the employee is in travel-status when the meeting occurs—then process via TEV with adequate explanation in Travel Details.

Events and Business Entertainment Expense

There are occasions when employees, in their official capacity, may need to expend funds for things such as travel, meals and other expenses on behalf of non-employees. The expenses supporting transactions for non-employees while engaged in official business may be considered entertainment expenses. Examples include dining with student groups, recruit candidates, donors, reviewers or others to conduct or support official business of the University.

No policy provides that meals with more than one employee, in travel status or not, may be treated as other than a business meeting or official training (i.e., meals in meetings between more than one employee and no other official participant is not an entertainment expense). Further, while the policies don't explicitly define when entertainment expenses are allowable, there is sufficient information in the current policies to develop an understanding of intent.

If the expense occurs while an employee is in official travel status, the claim is processed via TEV. If the expense occurs while an employee is not in travel status, the claim is processed via invoice voucher.

Example: employee travels to Phoenix for a two-day conference, has dinner with two coworkers on the first night (registration did not cover any meals) at \$50 per plate, and has dinner with one

Contact Information:

P.O. Box 641221
Pullman, WA 99164-1221
Phone: 335-5336 • Fax: 335-5241

Chief Audit Executive

Heather Lopez, CIA, CFE
335-2001 • hlopez@wsu.edu

Auditors

Lenka Perkins, Audit Manager, CIA, CFE
335-6798 • lperkins@wsu.edu

Kevin Ulstad, Sr. IT Auditor, CISA, CRISC
358-7580 • kevin.ulstad@wsu.edu

Jaya Sivakumar, Auditor, CPA, CIA, CFE
335-9839 • j.sivakumar@wsu.edu

Aaron Alonzo, Auditor
335-2002 • aaron.alonzo@wsu.edu

Jason Croyle, Auditor
335-8201 • jmcroyle@wsu.edu

Administrative Assistant

Pamela Temte
335-5336 • pamela.temte@wsu.edu

coworker and two donors the second night. Dinner with two coworkers is capped at the \$25 per diem per employee (recommend employee not pay for the coworkers' unless they cover, otherwise cannot submit to reimburse for the \$75 over per diem cap and details of pay arrangements should be noted in each traveler's TEV Travel Details); dinner with coworker and donors – employee may claim whole of receipt, but only up to per diem for each employee charged against University monies, rest against appropriate 17A funds, and note arrangement in Travel Details, coworker cannot claim per diem.

Source:

University policies in effect at March 25, 2019: BPPMs 95.20, 95.06, 95.19, 70.31, 70.33. ■