



Stony Brook **University**

INTERNAL CONTROL PROGRAM

Internal Control Awareness Training



- **The New York State Governmental Accountability, Audit and Internal Control Act of 1987 (Internal Control Act)** requires State agencies and other organizations to promote and practice strong internal controls and to provide accountability for their activities.



WHAT IS INTERNAL CONTROL?

Internal control is a process, effected by an entity's governing body, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to effective operations, reliable reporting, compliance with laws and regulations, and safeguarding assets.



THE ROLE OF INTERNAL CONTROL

- ✓ Helps the organization accomplish its mission;
- ✓ Reduces opportunities for fraud;
- ✓ Prevents loss of funds or other resources;
- ✓ Establishes standards of performance;
- ✓ Ensures compliance with laws, regulations, policies and procedures;
- ✓ Preserves integrity;
- ✓ Discourages bad publicity;
- ✓ Ensures public confidence, and
- ✓ Protects all employees.



**CONTROL ACTIVITIES
ARE AN ESSENTIAL COMPONENT
OF
INTERNAL CONTROL**

CONTROL ACTIVITIES are:

Actions established through **POLICIES** that set forth what is expected and **PROCEDURES** that set those policies into action.



OFFICE OF THE PROVOST **SABBATICAL LEAVE POLICY**

- **Purpose is to ensure coherent and uniform guidelines and procedures and to clarify state policies;**
- **Defines Sabbatical Leave as a leave for the purpose of encouraging faculty members to engage in scholarly development or other activities that will increase their scholarly achievement and their capacity for service to the University;**
- **Granted to eligible faculty on the understanding that the faculty member has an explicit obligation to return to his or her position at the University for a minimum of one year;**
- **If a faculty member fails to return from sabbatical to accept employment elsewhere, he or she will be expected to remit to the University any salary paid by the University during the leave period.**
- **At the conclusion of the sabbatical leave the faculty member must forward to the Provost, with the endorsement of their department Chair and Dean, a detailed report on professional activities and accomplishments during the period of the sabbatical leave.**
- **Further information can be found in the State University Policies and Procedures related to Sabbatical Leaves in Article XIII, Title E, of the Policies of the Board of Trustees of the State University of New York.**



OFFICE OF THE PROVOST
POLICIES ON FINAL EXAMINATIONS
AND
REPORTING OF GRADES

- Discuss criteria for exam scheduling;
- Address submission of final grades;
- Provide guidance on assigning special grades;
- Outline final exam and paper retention periods.



The US Department of
Health & Human Services
Office of Research Integrity Policies

- ORI Policy on Plagiarism
- ORI Responses to Issues Arising from Inquiries and Investigations
- ORI Guidelines for Institutions and Whistleblowers: Responding to Possible Retaliation against Whistleblowers in Extramural Research



POLICY RESOURCES

[SBU Faculty Policies](#)

[SBU Administrative Policies](#)

[SBU Research Policies](#)

[SUNY Policies](#)

[Office of Research Integrity](#)



Ethics In State Government

Public Officers Law §74

The Code of Ethics

The Code of Ethics is intended to prevent the use of individuals' official positions or authorities for the benefit of themselves or another.

The Code of Ethics addresses actual conflicts of interest as well as the appearance of such conflicts when performing official duties.

The Code of Ethics embodies the guiding principles of:

- ❖ Impartiality
- ❖ Confidentiality
- ❖ Stewardship of State Resources
- ❖ Integrity



Ethics In State Government

The General Rule: Public Officers Law §74(2)

New York State officers and employees ... shall not...

“have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his (or her) duties in the public interest.”

For more information on Ethics in State Government,
visit the website for the [NYS Joint Commission of Public Ethics](#)



Stony Brook *University*

INTERNAL CONTROL PROGRAM

FRAUD, WASTE AND ABUSE



Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

The Association of Certified Fraud Examiners (ACFE) defines *occupational fraud* as:

The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.



REPORT TO THE NATIONS
ON
OCCUPATIONAL FRAUD AND ABUSE
2014 GLOBAL STUDY

- Sponsored by the Association of Certified Fraud Examiners
- Based on the results of an online survey opened to 34,615 Certified Fraud Examiners (CFEs) from October 2013 to December 2013
- Respondents were asked to provide a detailed narrative of the single largest fraud case they had investigated



FRAUD SCHEMES IN GOVERNMENT AND IN EDUCATION

Scheme	Government and Public Administration (141 Fraud Cases Reviewed)	Education (80 Fraud Cases Reviewed)
Billing	19.1%	33.8%
Cash Larceny	10.6%	6.3%
Cash on Hand	12.1%	16.3%
Check Tampering	5.7%	10.0%
Corruption	36.2%	36.3%
Expense Reimbursements	12.8%	31.3%
Financial Statement Fraud	5.0%	10.0%
Non-Cash	17.7%	12.5%
Payroll	15.6%	16.3%
Register Disbursements	0.7%	5.0%
Skimming	11.3%	20.0%



Fraud and Internal Controls

- Participants of the survey used to compile the 2014 *Report to the Nations on Occupational Fraud and Abuse* were asked what they thought were the primary organizational weaknesses that contributed to the frauds they had investigated. The responses indicate that in nearly one-third of the cases the victim organization lacked the appropriate internal controls to prevent the fraud.



FRAUD PREVENTION CONTROLS

- ❖ Shred sensitive information;
- ❖ Password protect sensitive information;
- ❖ Never share passwords;
- ❖ Use key identifiers instead of the social security numbers;
- ❖ Safely and timely submit all cash collected to the Bursar;
- ❖ Verify time and attendance information before signing staff timesheets;
- ❖ Prior to placing signature authorization on any document, thorough review of supporting documentation and careful consideration of the appropriateness of the transaction.



“Waste” is a thoughtless or careless act, resulting in the expenditure, consumption, mismanagement, use, or squandering of institutional assets or resources to the detriment or potential detriment of the institution. Waste may also result from incurring unnecessary expenses due to inefficient or ineffective practices, systems, or controls. Waste does not necessarily involve fraud, or noncompliance with provisions of laws, regulations, contracts, or grant agreements.

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“Abuse” involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, or noncompliance with provisions of laws, regulations, contracts, or grant agreements.



WHY REPORT FRAUD, WASTE OR ABUSE?

- Ethical responsibility;
- Statutory and regulatory requirements;
- To deter others from committing fraud ;
- To stop instances of waste and abuse;
- To protect the integrity of the Title IV Programs;
- To avoid being part of a fraud scheme;
- To avoid administrative action;
- To avoid civil penalties;
- To avoid criminal prosecution.



**Each Of Us At Stony Brook University
Has A Fiduciary Responsibility
To Assist In Preventing
Fraud, Waste and Abuse**

Stony Brook University is committed to the responsible stewardship of its funds and other resources and encourages any University employee or other individual who is aware of or suspects acts of fraud, waste, abuse or other irregular activities to report such acts. These activities include improper transactions, such as suspected thefts, losses, misuse or inappropriate action involving funds, equipment, time, facilities, vehicles, supplies or other assets. The University does not tolerate fraudulent or other dishonest behavior and will take appropriate action upon receiving such reports.



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 and Management Advisory Services
291 Administration Building
Stony Brook, NY 11794-1308

Fax: 631-632-2981



And Now...A Message From Dr. 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

INTERNAL CONTROL PROGRAM

This Training Has Been Brought To You By:

Stony Brook University
Audit & Management Advisory Services
291 Administration

For More Information On Internal Controls:

[Stony Brook Internal Controls](#)