The Bridge

A Joint University of California, Berkeley Publication of Audit and Advisory Services and the Office of Ethics, Risk, and Compliance Services

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Audit Cables

System Access for Separated and Reassigned Employees

While access to the campus' enterprise systems (such as the financial (BFS), human resources (HCM), payroll (PPS/OPTRS), and procurement systems (BearBuy)) are administered centrally, changes are initiated by requests from departmental managers.

As employees change roles on campus or separate from the University, access to enterprise systems should be promptly updated. Delays create an opportunity for unauthorized system access that may go undetected until after payments or other transactions have been processed or sensitive data released.

This risk is partially mitigated by quarterly SAS-115 systems access reviews performed by departments and through the automated termination of access to CalNet (the campus' primary identity management/system authentication tool) 90 days post–separation. A proactive step is to use an employee separation checklist, including system access termination.

Is Your Unit Vulnerable to Fraud?

Organizations around the world lose an estimated five percent of their annual revenues to fraud, according to a survey of fraud experts conducted by the Association of Certified Fraud Examiners (ACFE). Five percent of UC Berkeley's total revenue for FY2011 is $111,796,200. In the same year, the University's total expense for scholarships and fellowships was $110,067,000. Fraud cost includes reported and unreported incidents, investigation, and remediation.

What is fraud you ask? 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. Fraud may manifest as: padding an expense report, filing a false workers compensation claim, misrepresenting qualifications on an application, managing a personal business on University time, underreporting leave time, using someone else's identification to secure University services, purchasing supplies for personal use on University contracts with University funds, accepting gratuities from University vendors, falsifying research results, rigging a vendor bid, and over reporting hours worked, just to name a few.

Join us in acknowledging International Fraud Awareness Week, November 11-17, 2012 by taking time to mentally conduct a fraud checkup. In the course of your work at the University:

- What are the possible fraud schemes?
- Who are the likely perpetrators and what kind of access do they have?
- How could a fraudster successfully misappropriate resources, leverage a conflict of interest, or falsify information?
- How would you know if you were defrauded?
- What measures have been taken to prevent, deter, and detect fraud?

UC Berkeley's vulnerability to fraud is summed up by Donald Cressey's Fraud Triangle: incentive and pressure, opportunity, and rationalization. People may feel pressure to meet challenging targets or fill personal financial gaps. Organizational and process changes as well as expanded individual responsibility are factors that increase the opportunity for fraud. The sense that actions taken are for the good of the University, everyone else is doing it, there are no consequences, and I am due this are often used to rationalized fraud.

Most fraud goes undetected. Fraud is most often uncovered by an individual who observes something inappropriate and reports the occurrence to the University through the UC Whistleblower Hotline 800-403-4744. See something, say something, help us do something. Audit and Advisory Services has two certified fraud examiners ready to assist you in taking steps to prevent, deter, and detect fraud. Contact us at audit@berkeley.edu.

Risks Involving Minors

No doubt you heard about the terrible scandal at Penn State University, in which an assistant football coach was found molesting a child. The incident was reported to the head football coach and to the very top of Penn State's administration. But at the end of the day, nobody – not the coaching staff, top campus administrators, or police – took substantive action. As a result, the molester struck again and again. Now that the situation has come to light, Penn State faces tens of millions of dollars in lawsuits, fines, and reputational damage.

We do not want that to happen at the University of California, so we are taking steps to prevent it. Several offices are studying the extent of campus interactions with minors and figuring out how to address risks associated with those activities. Although preventing molestation is a key motivator, it is not the only risk we worry about. Here are just a few other nightmare scenarios we never want to happen:

Cal Day *Steve McConnell/UC Berkeley*

- We release a minor into the custody of an unauthorized adult
- A minor wanders away from one of our programs and can't be found
- A minor suffers an injury because the staff person in charge is inadequately trained
- Minors in our custody bully one another

Audit and Advisory Services (A&AS) is working on an audit of campus activities involving minors. The information A&AS collects will help Risk Services develop a comprehensive campus policy for activities involving minors, as well as a set of best practices departments should follow when working with minors. With guidance from the Office of General Counsel at the Office of the President and the Office of Legal Affairs on campus, Human Resources and Academic Personnel will identify positions classified as Mandatory Reporters under the Child Abuse and Neglect Reporting Act (CANRA) so those employees can be trained in their responsibilities. The overall goal is to significantly reduce our risks in this highly sensitive area by the spring of 2013.

Does your unit work with minors in any way? If so, and if you have not already been contacted by A&AS or Risk Services, let us know! You will help us get a handle on the extent of campus involvement with minors, and you will also get an opportunity to participate in development of the policy and best practices your department will have to follow. Please reach out to Desmond Hamilton in A&AS at dhamilton@berkeley.edu and Andy Goldblatt in Risk Services at omandias@berkeley.edu.

In the Spotlight

Audit and Advisory Services Hosting a “Wonderland Pajama Jam” Donation Drive

Help Brighten the Holidays for Bay Area Teen-Aged Foster Children...

By donating new pajamas to keep them warm this winter!

Audit and Advisory Services is proud to host a donation drive to benefit Bay Area foster children through the Foster A Dream organization. Our goal is to collect 200 pairs of pajamas. As part of this effort, we extend an invitation to any unit on campus who would like to partner with us to ***JAM*** as many pairs of new/unused pajamas for teen-agers into collection boxes by sponsoring a satellite collection site. The team who collects the most pairs of pajamas will be treated to a cookies and cocoa social provided by Audit and Advisory Services! The collection drive ends December 11th so if you are interested in participating, please contact Cheryl Olson ASAP at 642-8292 or colson@berkeley.edu.

If you are not part of a team participating in the drive but would still like to donate, you can drop your donation off at the Audit and Advisory Services offices located in 611 University Hall. All donations will be delivered to the Foster A Dream offices for distribution at their 8th Annual Wonderland event with an anticipated 1,000 foster children in attendance. For more information regarding Foster A Dream, please visit their web site at: http://www.fosteradream.org..

Foster a Dream™

Together…We make the difference!

Who to Contact When You Need Advice

There are a number of central units on campus available to provide (and enthusiastic about providing!) departments with consultative services related to your business processes—free of charge! However, you may not be familiar with the range of services provided, nor who to call for the needs you may have. If this sounds like you, then keep reading! While there is overlap in the services that all of the groups described below provide, this article seeks to clarify the primary focus of each service offering.

Audit and Advisory Services (A&AS) – ***A focus on evaluating how well management's governance, risk, and control processes support the achievement of objectives and mitigation risks.*** **Contact information: http://audit.berkeley.edu; 642-8292; or audit@berkeley.edu**

In addition to the "audit" in their name, A&AS also provides "advisory" services. These services sometime take the form of engagements specifically requested by management, but there are many different uses for the A&AS team's skills . Examples of the types of services provided include: process mapping, benchmarking, focus groups, surveys, and data analysis. Regardless of the particular form the service may take, all of their offerings are designed to assist management in assessing how well existing procedures and controls support the achievement of desired objectives and minimize related risks. They are experts in gathering and analyzing information, identifying risks and controls, and are knowledgeable about (or can quickly understand) a wide range of business processes and compliance requirements.

Office of Ethics, Risk, and Compliance Services (OERCS) – ***A focus on understanding and responding to the risks facing management*** **. Contact information: http://riskservices.berkeley.edu; 643-3812; or hgude@berkeley.edu**

One of the service lines within OERCS is Enterprise Risk Services (ERS). ERS' goal is to systematically build on and improve UC Berkeley's enterprise risk management capabilities, enabling senior management to focus on the right risks at the right time, and ensuring risk intelligence is available to respond to risks as they emerge. ERS partners with campus units to help ensure that programs are in place to address emerging risks, that relevant risks are being considered by management in its undertakings, and that management has the resources to identify and assess what bearing these risks have on operations. ERS practitioners assist management in this effort through providing guidance and tools related to the campus' framework for enterprise risk management.

Transformation Support Services (TSS) – ***A focus on implementing change and ensuring optimal organizational design.*** **Contact information: Barbara Broque at 642-9419 or tss@berkeley.edu**

TSS is a new service offering on campus chartered under Operational Excellence as an optional service to assist campus managers in helping ensure the successful implementation and integration of the various OE projects affecting their units. The TSS unit is situated in the Center for Organizational & Workforce Effectiveness (COrWE) and comprises a team of experts in organizational development, human resources, change management, and project management who are well equipped to provide feedback to managers regarding how the unit's strategy, structure, processes, and people might be adapted to optimally respond to the changes brought about by OE. Services offered by TSS include: a toolkit to enable units to understand and prepare for the OE-driven changes that will affect their unit, individually tailored consulting engagements to identify and address specific concerns or objectives, and acting as service brokers to connect units to the appropriate value-added services offered by others on campus as needed.

Our offices work together to assist you! If you still are not sure which office to contact, please feel free to get in touch with any one of us and we'll happily refer you to the appropriate provider.

Announcements

Risk Services Has a New Web Site!

On November 1, Risk Services went live with its new web site. You can find the new site at http://riskservices@berkeley.edu.

Among other improvements, the new site explains our dual mission of providing both traditional risk management and enterprise risk management services. If you don't know the difference between traditional and enterprise risk, exploring the web site is a great way to find out! It's also a great way to find out what services our office provides.

The new site features "Element of Uncertainty," a blog by campus risk manager Andy Goldblatt. In his idealistic youth, Andy wanted to become a serious writer – tweed jacket and all. The blog allows him to combine his avocation and his vocation, and he promises to keep things interesting.

New Bridging the Gap Sessions Now Open For Registration

Audit and Advisory Services is pleased to announce the following sessions of the "Bridging the Gap" information sharing series are now available for registration:

- November 21, 2012: Institutional Data as an Organizational Asset — Understanding the University Through Cal Answers (10:30am-12:00pm)
- January 9, 2013: Operational Excellence: What We Have Accomplished and What is Ahead
- February 13, 2013: Berkeley Staff Opportunities and Career Paths
- April 10, 2013: Social Media in the University
- June 12, 2013: Research Roundtable

Unless otherwise noted, all sessions will be held in 150 University Hall from 3:00-4:30pm. Space is limited to please register using the UC Learning Center available through the Blu portal. For complete details on these sessions, please visit our web page: http://audit.berkeley.edu/resources/bridging-the-gap. "Bridging the Gap" sessions bring together faculty and staff with University thought leadership to discuss emerging and hot button issues, to foster an open exchange, as well as to inform decision-makers.

Compliance Briefing: UC Ethical Values and Conduct

It is time to complete the annual Compliance Briefing: UC Ethical Values and Conduct. This briefing is designed to raise continued awareness of the University of California Statement of Ethical Values and Standards of Ethical Conduct, and to convey University employment obligations with respect to ethical and compliant behavior. The purpose is not to teach University policy or ethics but to familiarize UC employees with important ethics and compliance information, issues and resources.

Completion of the briefing is due by December 31, 2012 and estimated to take 20-30 minutes. You can access the training through the UC Learning Center. Log onto BLU - https://blu.berkeley.edu and select UC Learning Center. In the To Do Information Box – Highlight the Compliance Briefing. Click on the START button to launch the course .

We appreciate your participation in this briefing and encourage your feedback. If you have any questions regarding this requirement for you to take this course or any other non-technical feedback, please email: ComplianceBriefings@ucop.edu.

Current Audits

Project Name	Preliminary Objective	Auditor-in-Charge
BearBuy	Assess post implementation BearBuy performance against defined goals and mitigation of identified risks via employed control activities.	Tanaiia Hall
Delegation of Authority and Signature Authorization	Evaluate the University's policies and procedures for delegating authority to empower to make decisions and to take action on behalf of the University. Typical examples of activities that may rely on delegated authority can range from signing contracts that commit the University to significant expenditure to approving leave or petty cash payments.	Robert Asato
Identity and Access Management	Provide independent assessment of identity and access management effectiveness and related policies, procedures, and governance activities.	Chad Edwards
Online Education Programs	Review governance, risk, and control activities supporting the deployment of online education programs to assure that goals are met, risks are identified, and risk mitigation strategies are effective.	Jennifer Jones
Privacy	Assess principles, policies, and practices in place to safeguard the ability of an individual to exercise control over the collection, use, and dissemination of personally identifiable information (PII), including name, address, date and place of birth, Social Security Number, biometric identifiers (e.g., photo, fingerprint).	Chad Edwards
Travel and Entertainment (system)	Determine that the university policies over travel and entertainment are current and meet all federal and state requirements and that local implementing procedures are in compliance with the appropriate UC policies.	Robert Asato
Youth on Campus	Appraise the University's governance, risk, and control activities related to the engagement of youth on campus and in campus sponsored activities. Particularly giving consideration to risks in the areas of background checks, supervision, training and awareness, marketing, reporting, licensing, non-UC facility use, and emergency response.	Desmond Hamilton

Contact Information

Audit and Advisory Services
611 University Hall MC 1170
Berkeley, CA 94720-1170
Phone: 510-642-8292
E-mail: audit@berkeley.edu
http://audit.berkeley.edu

Reporting Improper Governmental Activity

UC Whistleblower Website:
http://ucwhistleblower.ucop.edu/welcome.html

Universitywide Independent Hotline:
(800) 403-4744 or
http://universityofcalifornia.edu/hotline

Ethics, Risk and Compliance Services
671 University Hall
Berkeley, CA 94720-1120
Phone: 510-642-5141
Fax: 510-643-5050
Email: risk@berkeley.edu
http://riskservices.berkeley.edu