Why are we doing this?

Risks Change More Frequently than Once a Year

So Our Audit Plan Should Change More Frequently Too

Up-to-date risk information helps Audit and helps Management
A systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking

www.dictionary.com

PHASE I – ASSESS OPPORTUNITY

Opportunity

Fraud

Pressure

Rationalization
**PHASE I – ASSESS OPPORTUNITY**

- Defines the method by which the offense could occur
- Position of trust is used for the advantage of the fraudster
- Low perceived risk of getting caught

**PHASE I – MEASURES OF OPPORTUNITY**

- Volume and amounts of: Pcard and Travel Purchases
  - Not just absolute $\$, but % relative to other spend
  - Number of Fund Sources
  - Method of purchases
PHASE II – ASSESS RATIONALIZATION

- People explain themselves why their actions might be acceptable (hint: it’s not)
- “Borrowing” only - intent to pay it back
- “I’m underpaid anyway, so it’s ok for me to take this”
- “I haven’t had an adequate pay increase”
- “It’s owed to me – I’m entitled”

PHASE II – MEASURES OF RATIONALIZATION

Examples:
- Hotline Call Volume, Keywords
- Employee Climate Surveys
  - Key Factor
- Employee turnover
PHASE III – ASSESS PRESSURE

- Begins with person trying to solve financial need
- Unable to pay bills
- Addictions
- Desire for higher social status

PHASE III – MEASURES OF PRESSURE

Examples:

- Grant spending patterns
- Types, timing of grant spending
- Salary market analysis
DATA-DRIVEN RISK ASSESSMENT USING ANALYTICS

Why data driven?
What are we looking at?
What are the fraud risk factors of Opportunity?
How did we decide what to look at?

FACTORS OF OPPORTUNITY

Budget Risk – Budget per Person
Total unit spend/ total organization budget

Inherent Risk – Source of Funds and Cost Transfers
**OPPORTUNITY RISK MEASURES**

Cost transfers transactions and numbers

Controllable risk by unit

Value of cost transfers/ total value of transactions
Total # of cost transfers/ # of total transactions

**OPPORTUNITY RISK MEASURES**

High risk transaction types

Controllable by the unit

Purchasing Cards and Travel

# and value of these transactions/ # vs. value of total transactions
SERVICE PARTNERSHIP WITH:

Software from

TABLEAU – LOTS OF USE CASES AT GEORGIA TECH

Currently being used by others on campus

Office of Institutional Research and Planning

Office of Sponsored Research

Office of Grants and Contracts
How to get this out to management?

Internal Website

Interpret results

BENEFITS TO MANAGEMENT

Visual presentation of data – easy to read analysis with drill-to detail

Availability for quick decision making

Frequent risk assessment by Audit and Management
OUR NEXT STEPS

Complete initial audit reviews of high- and low-risk units

Compare audit results to risk assessment scores

Refine model and risk weightings, as needed

Add new risk measures**

Consider with Control-Self Assessment data

WRAP UP