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Minimizing Higher Ed Risks - Utilizing Internal Audit and Data Analytics

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We've all seen various colleges and universities in the news lately, and the news was not always positive. Higher education institutions face a varied and formidable army of risks, including operational, financial, regulatory and reputational.

Why Data Analytics?

Universities accumulate massive amounts of information, often from incongruent sources (databases, spreadsheets, ERP systems, etc.). Employee turnover and the constant entry of new students often leads to limited monitoring and data analysis.

Data analytics offers the ability to combine different data sources to evaluate data and form hypotheses to uncover potential fraud, abuse, financial losses, noncompliance and quality issues. A few types of analytics include grouping by transactions, duplication identification, and Benford's law queries. It is also important to note the importance of ensuring data integrity on the front end, so that data is accurate, relevant and consistent.

Example Uses

The uses of data analytics are endless. Below are just a few examples of how data analytics can be applied in the higher education sector.

Compliance

- Transactions outside a grant's effective dates

- Act 153 Employee Compliance

Financial Aid and Student Awards

- Excess financial aid

- Course withdrawals that would result in corresponding aid reduction

- Duplicate student awards or invalid addresses

Tuition Billing

- Missing refund check numbers

- Multiple address changes

- Compare refund payments to refund policy

Travel and Expense

- Noncompliance with policy

- Excessive expenditures

Purchasing and Procurement

- Duplicate payments between accounts payable and purchase cards

- Inappropriate or unusual charges

- Split charges to circumvent limits

Salaries and Payroll

- Payments to same bank account

- Excessive salary increases

- Comparing ledger amounts to check amounts

Why Internal Audit?

Internal Audit is trained and experienced to provide insights into data using their knowledge of operations, organizational structure and business processes. Also, Internal Audit has specific expertise in identifying, mitigating and managing risk. As a result, Internal Audit has a unique ability to compile and analyze data to provide valuable opportunities to maximize effectiveness and minimize risk.

Visit Schneider Downs Risk Advisory's Data Analytics webpage https://www.schneiderdowns.com/data-analytics.

References:

Internal Auditing in Higher Education Using Data Analytics to Uncover Fraud & Abuse. (n.d.). Retrieved from http://idea.caseware.com.

Menditto, S. and Wheeler, M. (2018, July/August). Data 411. *Business Officer*, 58-64.

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