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UNIVERSITY

# Internal Controls

What Are They  
And  
Why Should I Care?



# Examples of Everyday Internal Controls



## Personal Controls

- Lock home & vehicles
- Keep passwords & pin numbers secure
- Keep credit card numbers, checks & cash secure
- Review bills before paying them & reconcile bank statements



## University Controls

- Lock offices, desks, & cabinets
- Keep passwords confidential
- Keep funds received secure prior to deposit
- Reconcile department revenues & expenditures to financial month end reports to ensure all revenues & expenditures are appropriate & revenues were deposited



# Ensure Internal Controls Are in Place to Minimize Risk

- Protect assets and information
- Ensure records are accurate
- Promote efficiency of operations
- Encourage adherence to laws, regulations, policies and procedures
- Reduce the opportunity for fraudulent activities



# Three Concepts that Supervisors Must Understand

- The supervisor is responsible for internal controls in their area
- The supervisor's attitude significantly impacts their employees attitude (Tone at the Top)
- The supervisor designs the internal control system in their area



# Supervisors Attitude (Tone at the Top)

- It is important to understand that your attitude will set the standard that will impact the actions of your employees
- According to a Fraud Magazine article by Suzanne Mahadeo tone at the top “can help prevent fraud in their organizations by promoting a positive work environment and conveying the message of corporate responsibility and accountability.”



# Performing a Risk Assessment

## Ask Yourself:

- What university data / assets need to be protected?
- What are the risks associated with the university data or assets in your department?
- What procedures or processes could be implemented to reduce the risks to the university data or assets in your department?



# “Access” Controls

Ensure Employees within your Department have Appropriate Access for their Job Duties

- Banner & Other System Access
- Physical Access (keys)
- Electronic “Prox” Access
- Access to Safes (Combinations)
- Ensure Duties are Segregated
- Ensure ALL Access is Removed when Employees Leave the University or Your Department



# “Process” Controls

- Have a Departmental Policies & Procedures Manual
- Use Checklists
- Have Backup Procedures



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# Monitoring Methods

## Review Departmental Reports

- Reconcile Indexes
- Reconcile and approve P-card statements
- Perform Process Reviews
- Obtain Feedback



**"You gave away 60 billion toys and didn't get one receipt?!"**



# Key Access Control: Segregation of Duties

What does segregation of duties mean?

- Job responsibilities for key processes should be separated so one person is not responsible for completing all aspects of a task.
- Segregation of duties is important so an employee is not in a position to perpetrate and conceal errors or fraud.
- Duties that should be separated for key processes are:
  - Custody of assets
  - Authorization or approval of related transactions affecting those assets
  - Recording or reporting of related transactions
- For example, one person should not receive funds, make the deposit and reconcile the funds received to the departmental account statement.



Having good internal controls / processes in place could prevent the following type of situation from happening to you.





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