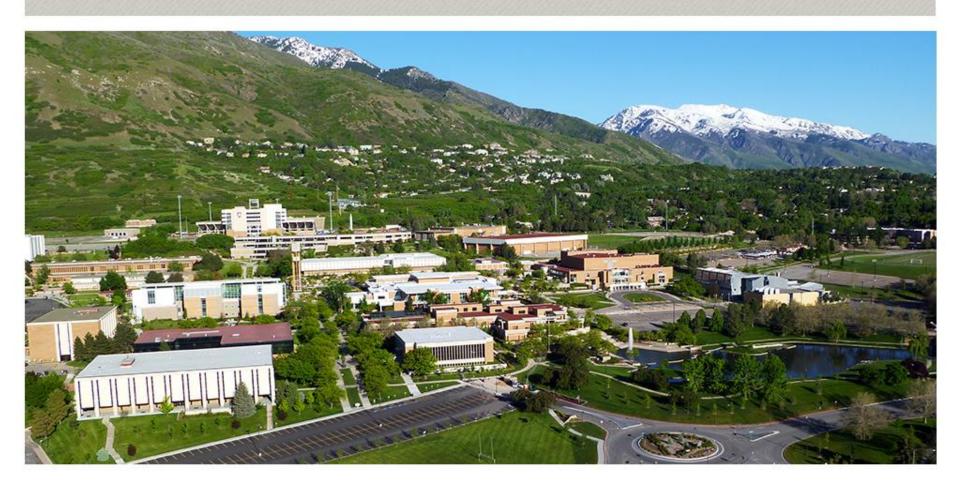


Internal Controls

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**



Monitoring Methods

Review Departmental Reports

- Reconcile Indexes
- Reconcile and approve Pcard 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.



Internal Audit is Located in the Miller Administration Building Room 214

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