Policy

Department of Finance

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Internal Control

Policy

The Finance Department shall develop and administer internal control standards and procedures that are to be an integral part of the financial and business processes of the University. The internal control system shall safeguard University assets.

Background

Internal controls include checks and balances that ensure compliance with applicable regulations. The internal control system intends to safeguard University assets, promotes operational efficiency and effectiveness, improves the accuracy and reliability of financial data, ensures adherence to University standards and procedures, and protects University personnel.

Internal controls are intended to be a way of doing business, which is much more than just a check of how the University conducts business. Internal controls are dependent on qualified, skilled, and trained personnel that operate with high integrity, at both a personal and University level.

Procedure

1. Finance shall develop and administer a system of internal control standards and procedures.
2. Finance and Internal Audit Department shall facilitate internal control training to faculty, staff, and leadership.

Responsibilities

1. The Chief Financial Officer (CFO) is responsible for internal controls.
2. The CFO reports to the Finance Committee of the Board of Trustees (BOT) on the programs related to financial systems.
3. The University auditor reviews internal controls regularly and reports directly to the Audit and Compliance Committee of the BOT.

References

Board of Trustees
Administration
Internal Audit

02-00-01
Standard

Finance: Internal Control

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Sound Practice

Standard

The University shall maintain an appropriate system of checks and balances. There shall be multiple reviews and approvals for transacting University business. This is based on the concept of separation of duties. Practices shall enhance the integrity of authorizations, recordings, and custody. Sound practices include a continuous review or internal check of routine transactions. The division of duties and responsibilities provides a check and balance so that no single person has complete control over all aspects of a particular financial transaction.

There are regular reviews of ledgers, records, documents, and summary reports. The reviews are to inform multiple vested parties with information in order to ensure the appropriateness and accuracy of transactions.

Background

Procedure

1. Multiple approvals are required for all transactions.
2. There is a separation of duties and responsibilities. There shall be a minimum of two signatures required to initiate all requests, e.g., Check Request (CR), Purchase Requisition (PR), and Personnel Action Form (PAF). There shall be a minimum of two additional signatures required to approve ALL transactions resulting in fiscal commitment, risk, obligation or payment.
3. Monthly reports are distributed to departments and appropriate persons detailing all financial transactions by account.
4. Reviews are conducted regularly by Finance personnel.
5. Monthly reports are submitted to leadership, and the Board.
6. Training and workshops are provided by Finance.

Responsibilities

1. The Audit and Compliance Committee monitors the Charles Drew University’s system of internal control.
2. The Chief Financial Officer is responsible for finance and accounting standards and procedures.
3. Employees are responsible for being informed, and for personal integrity in their conduct of business.

References

Administration

02-01-01
Standard

Finance: Internal Control

Effective Date: August 13, 2010

Previous Date: May 1, 2002

Re: Authorization

Standard

The University shall maintain a system of checks and balances to the authorization process for the conduct of University business.

Background

The safeguarding of University assets is dependent on a system of multiple independent and objective reviews and approvals. Transacting business requires a minimum of two program or department approvals. In addition to this programmatic verification, administrative and financial approvals are required in all areas that fall within the respective areas of responsibilities. Administrative approvals include technology (Information Systems), photocopy, facilities, security, communication, and other central services. Human Resources approve all personnel actions, benefits, and other employee related matters. The University auditor, or designee, reviews and is responsible for all risk-related matters. Finance approves the availability of funds, and matches funds to approved budgets. Purchase Department processes all purchase orders, ensuring the engagement of appropriate bid processes. Legal matters are reviewed by Administration.

Procedure

Responsibilities

1. The requestors are responsible for the appropriateness of the request.
2. Administration oversees all administrative related approvals.
3. Finance reviews budget availability.
4. Research reviews research related and sponsored programs transactions and systems periodically.

References

Administration

02-02-01
Standard

Finance: Internal Control

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Risk

Standard

The University, through leadership and systems, shall appropriately protect the University (and all appropriate parties) from risk. There shall be a reasonable program for identifying, assessing, and mitigating risk.

Background

Risk assessment is continuous. There is potential risk in all areas of the University, including revenue impacts, liability, asset shrinkage, and other. Finance shall work with Administration in the determination of and response to risk.

Risk management includes a program of insurance administered by administration, designee, and/or Internal Audit.

Procedure

1. Risks are identified in a number of ways, and communicated to the appropriate administrator.
2. Risks are discussed by senior leadership. Responses are developed, approved, and implemented.
3. Administration, or designee, conducts a program of insurance reviews annually.
4. Risks are discussed with the Board.
5. There should be an annual report to the Board and leadership on risks.
6. Risk management includes a program of insurance administered by the Risk Manager, University Auditor, or designee.

Responsibilities

1. Administration, University Auditor, or designee, is responsible for risk management insurances.

References

Administration
Board of Trustees
Audit and Compliance Committee

02-03-01
Standard

Finance: Internal Control

Effective Date: August 13, 2010

Previous Date: May 1, 2002

Re: Employee Responsibility

Standard

The University shall provide employees with a work environment that promotes integrity and that supports staff development. Employees must conduct University business with skill and integrity. Employees are responsible to the University for high levels of performance and high standards of ethical behavior.

Background

Employees must be skilled and capable of performing the functions of their positions efficiently and effectively. Supervisors, managers, and administrators must work to the best interests of the University. Employees are responsible for knowing the procedures, rules, and regulations applicable to their specific work situations. Employees are responsible for obtaining skills and training necessary to remain current in the performance of their jobs.

Procedure

Responsibilities

1. Employees are responsible for being skilled, trained, informed, and for personal integrity in their conduct of business.

References

Administration

Human Resources
Standard

Finance: Internal Control

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Financial Policies, Standards, and Procedures

Standard

The University shall maintain an appropriate system for the development, approval, and implementation of financial policies, standards, and procedures.

Background

Policies, standards, and procedures are necessary for the safeguarding of University assets. The University, in the effective and efficient conduct of business, shall have consistent application of policies, clear authorities for the approval of transactions, and effective and efficient procedures.

Procedure

1. The Chief Financial Officer (CFO) shall recommend finance and accounting University policy to the Finance Committee of the Board, who shall approve University’s financial policies on behalf of the Board of Trustees.
2. The CFO shall approve finance and accounting standards and procedures.
3. The CFO shall approve policies applicable to divisions, programs, and departments.
4. Finance shall distribute the information to the appropriate departments and personnel.
5. Finance shall be available for support and guidance in areas of education, training, and implementation.

Responsibilities

1. Finance Committee of the Board will approve finance and accounting policies.
2. Finance will be responsible for communication and training.
3. Administrators, principal investigators, managers, and supervisors are responsible for adherence to standards and procedures.

References

Finance
Administration
Board of Trustees
Finance Committee

02-05-01
Standard

Finance: Internal Control

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Financial Information Access and Security

Standard

The University shall maintain security for all University financial information. All financial information relating to the University is confidential to all parties external to the University, except information required by regulation. Information that is communicated to outside parties must be approved in advance by the responsible authority. Information will be provided in all instances that are required as a result to the University’s nonprofit status. Information will be provided to external parties as required by the funding sources or other agreements.

Background

Financial information is sensitive and confidential. In order to safeguard the University, information sharing shall be kept at a minimum. Persons working with financial information are required to keep the information confidential. Information that is distributed within the University is considered confidential, and should only be used for the conduct of official University business. Information that is provided to an external party shall be reviewed by a finance manager for accuracy and appropriateness. Information that is distributed from other areas of the University to external parties should be approved by an appropriate manager or administrator.

Procedure

1. Financial information must be reviewed and approved by a finance manager before the information is communicated.
2. Information that is communicated to external parties must be approved by the appropriate manager or administrator.

Responsibilities

1. Finance and Administration will develop and approve the information standard.

References

Finance
Administration
Re: Whistle Blower

Standard

The University has a whistle blower policy as part of the system of internal controls. The policy is administered through Administration and Human Resources.