



Maintenance of Adequate Internal Controls

Policy Type: Administrative
Responsible Office: University Controller’s Office
Initial Policy Approved: 08/01/1987
Current Revision Approved: 07/31/2015

Policy Statement and Purpose

Virginia Commonwealth University is committed to maintaining a strong system of internal controls. Agency Risk Management and Internal Control Standards (ARMICS), a directive issued by the State Comptroller, mandates the use of internal control standards and "best practices" that directly support the Commonwealth's vision and long term objectives. This directive requires the implementation and annual assessment of agency internal control systems in order to provide reasonable assurance of the integrity of fiscal processes related to the submission of the transactions to the Commonwealth's general ledger, submission of financial statement directive materials, compliance with laws and regulations, and stewardship over the Commonwealth's assets.

The two types of internal controls that this policy addresses are accounting controls and administrative controls. Accounting controls are the controls surrounding the activities concerned with authorizing, processing, recording, and reporting transactions (which operate within the broader control environment of administrative controls). Administrative controls are the broad controls surrounding all activities carried out by officials to accomplish their objectives (e.g., planning, organization, productivity monitoring and improvement, and quality control). When internal controls are identified as not being adequate, appropriate action will be undertaken by the administration to address these deficiencies. The President has the ultimate responsibility of ensuring that internal control deficiencies are addressed. Any observed weaknesses in internal control must be brought to the attention of the University Controller’s Office immediately.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Who Should Know This Policy

This policy applies to all Virginia Commonwealth University faculty, staff, and students who have authorized use of University financial resources. All individuals must perform their duties in accordance with proper internal controls as established by management.

Definitions

Internal Control

Management procedures designed to ensure safeguarding of assets, reliable financial reporting, effective and efficient operations, and compliance with university policy and applicable state and federal laws.

Contacts

The University Controller’s Office officially interprets this policy. The University Controller’s Office is responsible for obtaining approval for any revisions as required by the policy *Creating and Maintaining Policies and Procedures* through the appropriate governance structures. Please direct policy questions to The University Controller’s Office.

Policy Specifics and Procedures

1. Enterprise Risk Management (ERM) process for identifying agency-level risks
2. Transaction Level Testing
3. Central Unit & Departmental Certification
4. VCU Certification to the Virginia Department of Accounts

Forms

1. ARMICS Risk Assessment <http://www.controller.vcu.edu/uco/armicsrisk.htm>

Related Documents

1. University Controller’s Office ARMICS Information
<http://www.controller.vcu.edu/uco/armics.htm>
2. Department of Accounts Internal Control TOPIC 10305

Revision History

This policy supersedes the following archived policies:

Initially Approved, August 1, 1987, *Maintenance of Adequate Internal Controls Policy*

Approved Revision, July 31, 2015, *Maintenance of Adequate Internal Controls*

FAQs

There are no FAQs associated with this policy and procedures.