

Alfred University

Internal Control Program

Presented to Alfred University, March 2017

Vision, Mission and Values

A well defined mission provides direction and stability to an organization:

Vision

Alfred University will be an innovative leader in the delivery of academic excellence and enduring educational value, preparing all students for success in their studies and throughout life.

Mission

The mission of Alfred University is to provide excellent quality and enduring value through academic and co-curricular programming that is both intellectually challenging and practically relevant. We are culturally diverse and student-centered, and aim to serve an ever changing student population. We seek students with the aspiration and dedication to do well for themselves and for their greater communities. Thus, we prepare our students with the knowledge, skills and life-habits that will enable them to succeed, and to live lives of continuous personal growth and service to others. These outcomes are achieved through a commitment, by the entire AU community, to teaching and research, the pursuit of scientific and technical expertise, artistic creativity, and humanistic learning.

Values

At Alfred University we value:

- A learning environment that promotes open exchange of ideas, critical thinking, global awareness, technological literacy, intellectual honesty, and community involvement;
- A work environment that promotes open communication, recognition of achievement, and the development of personal potential;
- Research and scholarship that advance the frontiers of knowledge, contribute to graduate and undergraduate teaching, and demonstrate creativity in all fields of endeavor;
- Diversity in people and cultures, ideas and scholarship;
- A campus that is safe, attractive, and promotes health and wellness;
- A caring community that respects each individual, fosters intellectual curiosity and growth, promotes and models good citizenship, and encourages enlightened leadership.

What are Internal Controls

Definition: Internal Controls are the integration of the activities, plans, attitudes, policies and efforts of the people of an organization which, working together, provide a reasonable assurance that the organization will achieve its mission.

Purpose:

- To promote orderly, economical, efficient and effective operations and to produce quality products and services consistent with the organization's mission.
- To safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- To ensure adherence to laws, regulations, contracts and management directives.
- To develop and maintain reliable financial and management data and to accurately present that data in timely reports.
- Accomplishment of the campus' mission, pulling together all the goals and objectives throughout the campus.

Importance of Internal Controls

Internal controls enable the University to:

- Achieve goals
- Carry out management directives
- Reduce unpleasant surprises
- Enhance the reliability of information
- Promote effectiveness and efficiency of operations
- Safeguard assets
- Comply with rules and regulations

Types of Internal Control

There are two types of internal controls:

Preventive Controls are intended to prevent or deter unwanted acts.

- Segregation of duties
- Proper authorizations
- Adequate documentation
- Physical security over assets

Detective Controls are intended to detect unwanted acts that have already occurred.

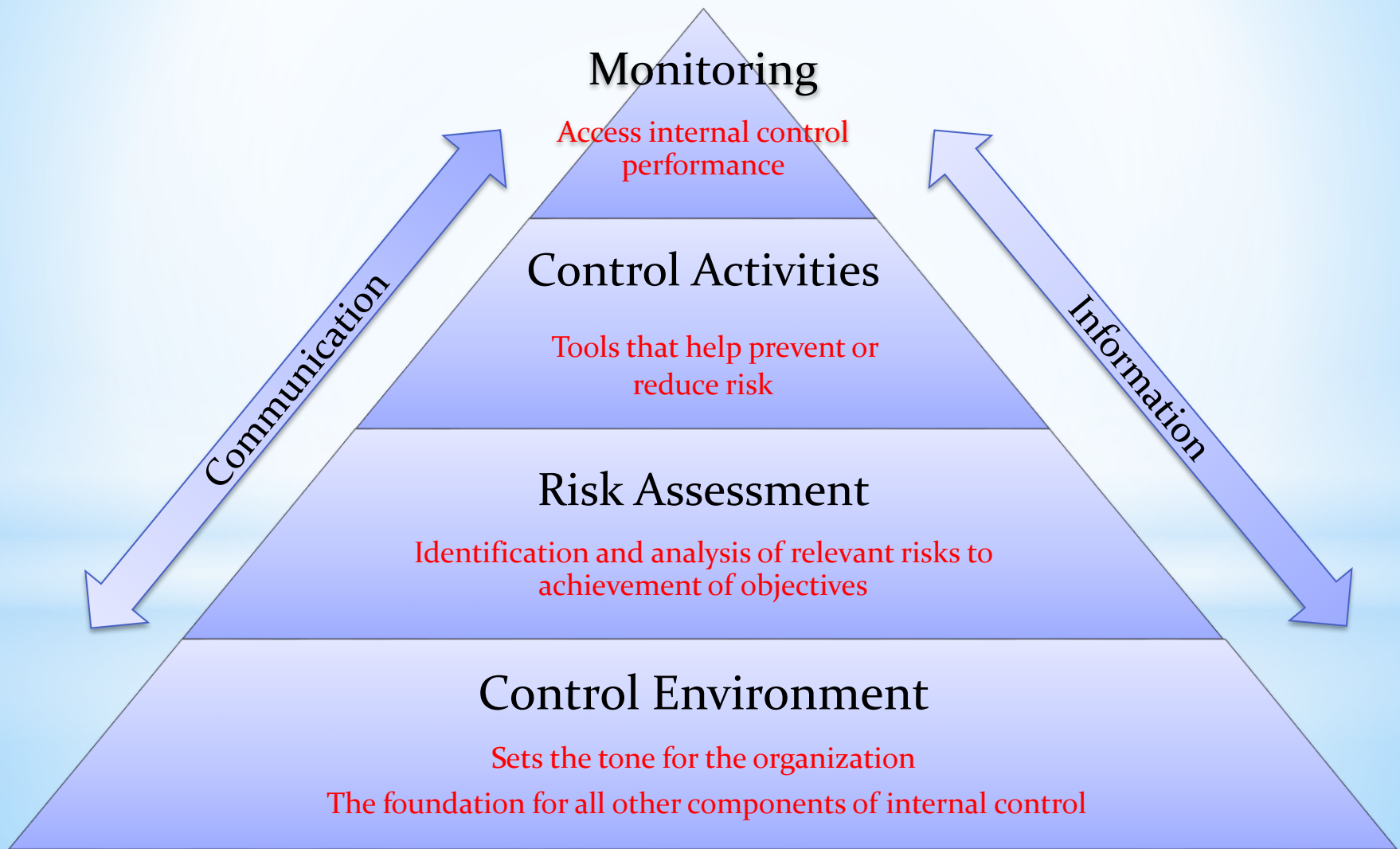
- Supervisory review
- Reports that identify the occurrence of specific transactions or events
- Routine spot checking
- Variance analysis
- Physical inventories
- Audits

Key Control Activities

Key Controls are those significant controls within our business processes, which if operating correctly will both ensure and give assurance that the University is achieving its key business objective.

- **Authorization:** Transactions are appropriately authorized by management
- **Accuracy:** Transactions are properly calculated
- **Valuation:** Appropriate measurement and recognition principles are applied
- **Completeness:** All valid transactions are recorded
- **Classification:** Transactions are properly classified
- **Existence:** Recorded transactions actually occurred and were recorded only once
- **Timeliness:** Transactions are recorded in the correct period
- **Safeguard assets:** Assets are secured from theft, damage and unauthorized access or usage
- **Segregation of duties:** Appropriate segregation between the authorization of transactions, the recording of transactions, and the maintenance of assets.

Internal Control System



Organizational Roles

- Every employee of the University has a role in the system of internal control.
- Individual roles in the system of internal control vary greatly throughout any organization.
- Typically, an individual's position in the organization determines the extent of that person's involvement in internal control.
- While everyone at the University has a responsibility for ensuring the system of internal control is effective, the greatest amount of responsibility rests with management.
- Management must ensure that the individuals performing the work have the skills and capacity for their position.
- Management must also provide employees with appropriate supervision, monitoring, and training so that the University can carry out its mission.

Employee Responsibilities

- Fulfilling the duties and responsibilities established in one's job description
- Meeting applicable performance standards
- Attending education and training programs to increase awareness and understanding
- Taking reasonable steps to safeguard assets against waste, loss, unauthorized use and misappropriation
- Reporting breakdowns in internal control systems to your supervisor.
- Refraining from the use of your official position to secure unwarranted privileges.

Conclusion

The people of an organization, functioning as a team, set the limits for how good an organization will be.

Internal controls are those elements of our day-to-day work activities that help ensure success.

Questions??

Contact Internal Control Office within the Business Office

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