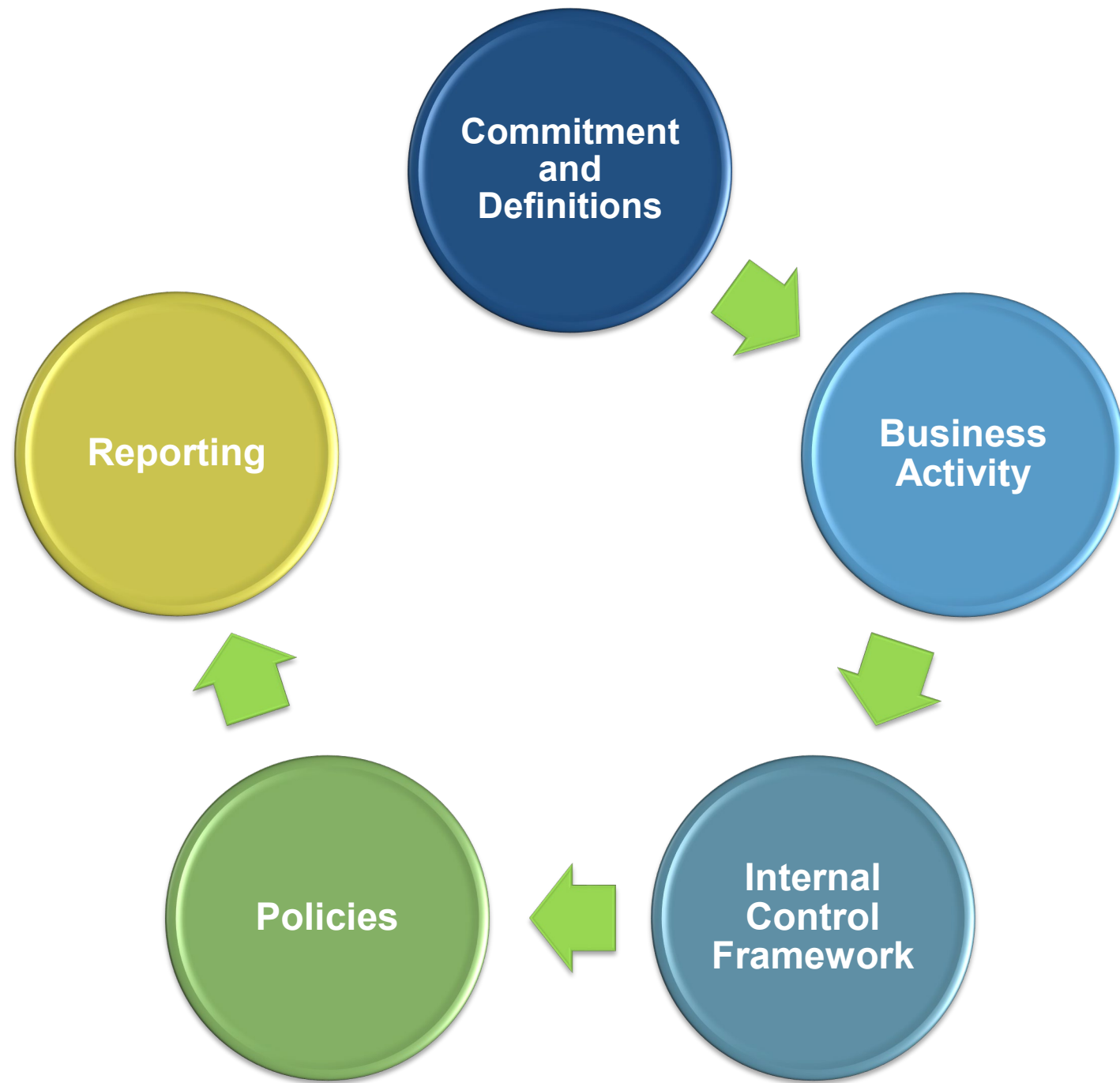


Internal Control over Financial Reporting

The Corporate Policy Framework

Agenda



- 1 The need for Policies and Procedures
- 2 Policies that support College Business Activities
- 3 The IC Operational Risk Areas
- 4 10 Policies that should assist your Financial Decision making
- 5 How to Identify and Report Questionable Activities

The College's commitment to financial transparency, and accuracy

College and University Strategic Mandate Agreement (SMA) – Ministry Objectives
"increasing trust and accountability through transparency and improved performance outcomes"

Board of Governors – Bylaw 1
"...the Treasurer shall...Keep full and accurate accounts of all receipts and disbursements of the Corporation in proper books of account"

Responsibilities of the Board of Governors - Policy BG I-01
"the Board shall establish governance structures to enable the achievement of expected institutional outcomes with clear lines of communication and internal accountability"

Board of Governors Policy Financial Management – Policy BG II-02
"(College) Assets shall be protected, adequately maintained, and not placed unnecessarily at risk."

	Internal Control	Internal Audit
Definition	Internal Control is the policies and procedures implemented by management to control business activities	Internal Audit is an audit program, conducted by a professional, that reviews previous business activities and financial reporting
What is it?	A system	An event
Verification	Work is verified against established policies and procedures	Work activities are verified for accuracy and validity
Time of checking	Observation of operations is done as the work is being performed	The event is done after day-to-day work is completed
Objective	To determine the effectiveness of existing policies and procedures to prevent future errors and fraud	To detect error and potentially fraud that has already occurred

Operate in the public's interest



Internal control over Financial Report is not a separate system or activity from College business activity – it is the policies and procedures that management implements to ensure that business activity and financial reporting has integrity and can withstand public scrutiny.

What is Internal Control over Financial Reporting?

Policies and procedures that provide reasonable assurance of the effectiveness and efficiency of the College's business activities such that we safeguard our valuable financial resources against material loss due to waste, abuse, mismanagement, errors, and fraud.



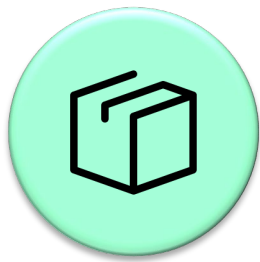




Corporate Policies – the right balance



We need to:

- Gain control but not to the point that business activity and entrepreneurship becomes impossible – we need to seek solutions to business risk
- Increase organizational understanding of operating with integrity
- Maintain control through the purchasing cycle - initiation, reconciliation, settlement
- Continuously improve the reliability – decrease errors and the potential for fraud
- Ensure practices that protect and preserve the security of data and information

The Framework focuses on the Operational Risk Activities

- Asset Management 
 - Asset Management: access, valuation, replacement, and disposal
- Purchasing 
 - Purchasing: requisitioning, approvals, and vendor selection
- Shipping & Receiving 
 - Inventory Handling: security, movement, and record keeping
- Payments 
 - Payments: document vouching, approvals, and electronic payments
- Cash Handling 
 - Cash Handling: transaction security, deposits, and reconciliations

Internal Control over Financial Reporting



10 Corporate Policies that make up the Control Environment

- Perquisites
- Travel Meals and Hospitality
- Employee, Acceptance of Gifts
- Fraud Prevention
- Internal Control
- Financial Integrity
- Delegation of Approval Authority
- Conflict of Interest
- Employee Code of Conduct
- Respectful Workplace

AD05 - Perquisites

A benefit not generally available to College employees.

Claims that are not allowed:

- Club memberships
- Season tickets
- Clothing allowances
- Private health clinics
- Professional advisory services

AD12 - Travel Meals and Hospitality

Hospitality must support College business and be authorized.

These are non-reimbursable:

- Items for Personal use
- Fines incurred due to violations
- Hotel room movie & bar services
- Travel companion costs
- Political fundraising involvement

AD15 – Employee Acceptance of Gifts

Avoid actual or the appearance of Conflict of Interest.

Gifts are not allowed:

- Gifts with material intrinsic value
- Multiple social/sports tickets/year
- Non-College related conferences
- Frequent Supplier Hospitality
- Supplier gifts during tendering

AD19 – Fraud Prevention

Identification, reporting, and investigation of potential Fraud.

Activities considered Fraud:

- Altering banking documents
- Misappropriation of College resources
- IT activity for deceitful purposes
- Falsified reimbursement claims
- Improper goods/services purchases

AD23 – Internal Control

Effectiveness and efficiency of operations and safeguarding assets.

The Control Environment:

- Need for Policies/governance compliance
- Incorporate process controls
- Conduct an annual risk assessment
- Identify/investigate control weaknesses
- Ensure policy awareness and training

AD25 – Financial Integrity

Guidelines for recording and disclosing financial information.

Employee responsibilities:

- Identify/avoid perceived Conflict-Interest
- Produce accurate/understandable info
- Comply with Policies/regulations
- Not withhold material information
- Report non-compliant activity

AD26 – Delegation of Approval Authority

Guidelines for Delegating Administrator approval authority.

Allowable delegation:

- For a period 30 days or less
- Only to an Administrative Manager
- Only after informing their Manager
- Delegate must have appropriate knowledge
- Delegate must understand limitations

HR12 – Conflict of Interest

Conflict of Interest avoidance for College employees.

Employee conduct:

- Preserve College integrity/reputation
- Transparent and accountable activities
- No personal financial interests
- Disclose perceived conflicts & recuse
- No acceptance of material gifts

HR18 – Employee Code of Conduct

For Employees and persons in a College service relationship.

Conduct expectations:

- High ethical standards/judgement
- Seek guidance when unsure
- Be aware and comply with Policies
- Support a respectful/inclusive enviro
- Act with transparency/impartiality

HR22 – Respectful Workplace

For Employees, students, contractors, and volunteers.

Conduct expectations:

- No sexual harassment or discrimination
- Ensure positive work environment
- Participate in prevention training
- Promptly report incidents
- Act in objective and sensitive manner

Everyday Good Practices

- Secure valuable assets (cash, equipment, sensitive documentation and information)
- Lock office doors when not in use
- Set your computer screensaver to require re-authentication at least every 10 minutes of non-use and lock it when you leave it
- Don't share your User ID and passwords
- Save files under network or shared folder (U or Z drive) not your local hard drive (C)
- Don't store Personally Identifiable Information (PII) on mobile devices such as USB memory keys, laptops, and mobile phones
- Don't send sensitive information electronically (personal information, student/supplier information, and credit card information)

What is Questionable Activity?

- If you observe or suspect fraud, theft, misappropriation or destruction of assets, or activities that might negatively impact College funding, grants, facilities, equipment, or information.
- If you believe there is intentional withholding of financial or human resource related information that could impact the decisions of College Management.
- If you observe or suspect falsification of College records.

What do you do?

Report questionable activity to your manager, or Security Services, or Internal Control, or the CFO, or anonymously to... <https://www.integritycounts.ca/org/alconquincollege>

Internal Control

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Questions and Discussions

Internal Control Framework



Internal Control – Training Suite

