Internal Control & Financial Integrity

Presentation to:

Management and Support Staff Academy

May 2022

Topics

- The Financial Integrity Mandate

- Financial Integrity – impact on the College's Financial Statements (G. Perry)

- The Corporate risk perspective (M. Laviolette)

- Financial Integrity – Once you see it, you always will

- The Financial Integrity Control Areas (G. Warner – Purchasing & Shipping/Receiving, D. Jans - Assets, J. Pede - Payments, P. Gardner - Cash)

- Workday – Data Integrity, Segregation of Duty (C. Ramsay)

- The Financial Integrity Policy – its purpose and scope

- Q and A

Message from the President

"(The) expansion of our Internal Control Framework will focus on financial integrity by improving awareness of corporate policies and directives, increasing access to training, and conducting cyclical audits. …(T)he developing Internal Control Framework will advance the ethical and equitable management of our public assets and financial transactions."

Claude Brulé, January 8th, 2021

Financial Integrity Policy – AD25

This policy applies to all College employees entrusted with recording, presenting, disclosing, documenting, representing and/or calculating financial information on behalf of Algonquin College.

It's purpose is to ensure the College, as a public entity, meets its obligations for accurate, timely, complete and transparent management of financial assets and transactions. It details the ethical obligations and financial responsibilities for all Employees.

The Internal Control Framework

Operational Risk Areas

Asset Management | Purchasing | Shipping Receiving | Payments | Cash Handling

Documentation

Policies & Directives

Training & Attestations

Record Retention

Compliance Reporting

Financial Integrity - the College's Financial Statements

ALGONQUIN COLLEGE

Board Governance Policy

BG I-01	Responsibilities of the Board of Governors		
Policy Category :	Board Process		
Date First Approved:	2012-12-10	Date Last Reviewed	2019-03-21
Board Meeting Number:	484	Mandatory Review Date	2024-03-21
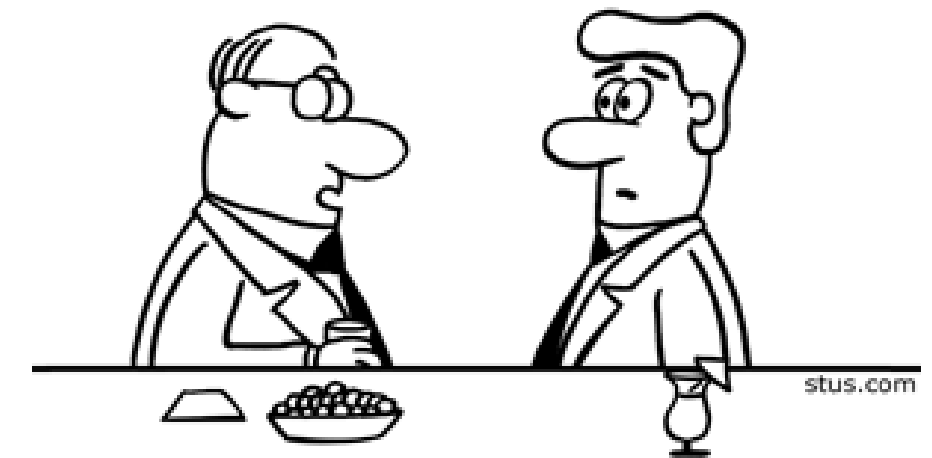
This "fiduciary" thingy really complicates pillaging a corporation.

stus.com

2.3. The Board should ensure that regular reports on the operational and financial situation of the College are completed, including reports on the progress the College is making towards meeting the strategic plan and on performance measures against benchmarks. The Board should also ensure that necessary and appropriate audit systems are in place (Appendix B p. 20).

Financial Integrity - the College's Financial Statements

Board Governance Policy

BG II -02	FINANCIAL MANAGEMENT		
Policy Type:	Board Directives		
Date First Approved:	2012-06-11	Date Last Reviewed	2018-03-28
Board Meeting Number:	474	Mandatory Review Date	2023-03-28

4. **Financial Controls**

   4.1 The President shall exercise care in accounting for and protecting the financial assets of the College. To this end, the President will incorporate internal controls in the financial systems used by the College.

"Good meeting. I totally agree with everything you didn't say."

Financial Integrity - the College's Financial Statements

- Communication, Collaboration and Training

  - tone from the top, office of internal control, messaging, transparency

- Establish Appropriate Oversight

  - internal controls, internal audits, reviews, segmented responsibilities

- Reliance on Technology

  - automation, processes, analytical review tools, reporting

- Professional Expertise

  - internal and external audit functions, training for staff

- Board Oversight and Involvement

  - audit and risk management committee, approvals of budget, statements and policies

Financial Integrity - the College's Financial Statements

Audit Engagement Letter:

- Role of Management and Those Charged with Governance

  - You acknowledge and understand that you have responsibility for:

    - The preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The audit of the financial statements does not relieve you of your responsibilities;

    - such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and…….

Financial Integrity - the College's Financial Statements

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature

Name (please print)

Position

Date

Financial Integrity - the College's Financial Statements

Corporate Finance Questions
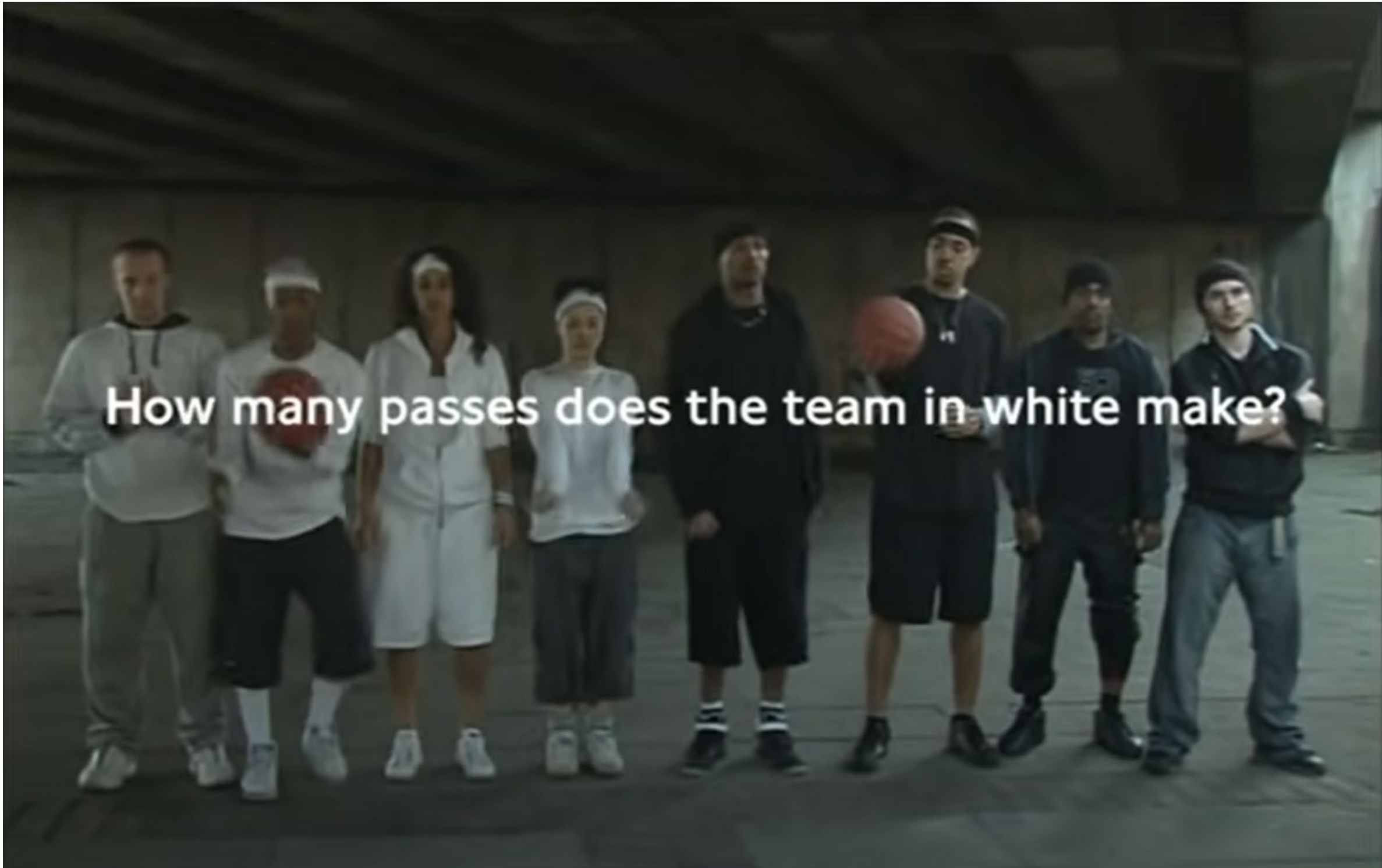
Once you see it…

Mandated Responsibility for Operating with Financial Integrity

Ministry - Strategic Mandate Agreement

"The **College** remains **accountable** to the Ministry with respect to **effective and efficient use of provincial government resources** and student resources [...] to maximize the value and impact of investments made in the postsecondary education system"

Responsibilities of the Board of Governors Policy - BG I-01

"(the College will) **Ensure** that **appropriate practices are implemented to identify and manage institutional risk including** appropriate **monitoring and reporting**"

Board of Governors Financial Management Directive - BG II-02

"...**the President will incorporate internal controls in the financial systems** used by the College"

Internal Control Policy – AD23

"**the Vice President Finance & Administration ensures the effective implementation** of the **Internal Control policy through** the development, implementation, **monitoring of procedures** and plans"

Enterprise Risk Management Policy – AD20

"...(the College will) **maintain**ing an ERM **framework that is** [...] **responsive to a changing risk profile and** which **brings value** to management decision making **and demonstrates management accountability**."

Major Capital Projects - Budget Principle

"...(any) **material increases** to the budget **cannot be incurred without approval** from the Board of Governors. **A material change is deemed to be 15%** of the total expenditures of the project or $1,000,000, whichever is less"

Strategic Investment Priorities (SIP) - Budget Principle

"SIP **projects**/programs and initiatives **must achieve the stated outcomes** and/or success measures **that were presented with the funding request** to President's Council."

The Framework – Main Risk Areas

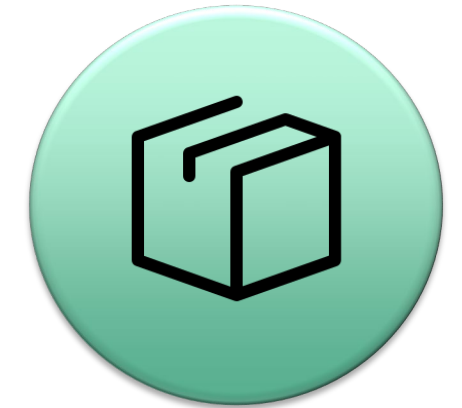| Asset Management	Purchasing	Shipping Receiving	Payments	Cash Handling
includes access, valuation, disposal, and discounting of assets	includes requisitioning, contracting, and approvals	includes security of goods in transit and record keeping	includes credit cards, invoices, vouching, coding, and approvals	includes security, verifications, and deposit procedures

Asset Management

What is an Asset?

Any item that is purchased, donated or constructed by the College that has an estimated useful life expectancy of more than one year.

What is a Capital Asset?

A Capital Asset is an asset with an initial cost of $5,000 or more, with a useful life of more than one (1) year.

Asset Management
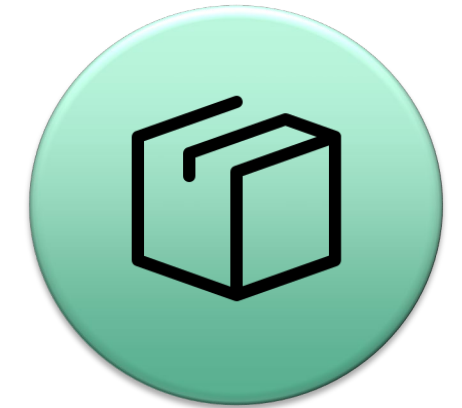
includes access, valuation, disposal, and discounting of assets

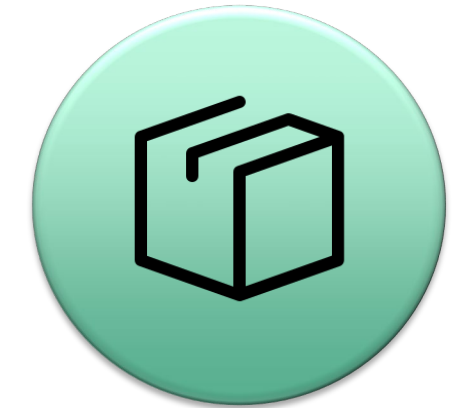# Asset Management

From the President's January 14th, 2021 Letter to Employees:

" …Algonquin College is fortunate to be entrusted by the Ministry of Colleges and Universities with an education mandate supported by valuable public assets. It is all of us, the College's employees, who are responsible for the stewardship of those assets…"

Asset Management

includes access, valuation, disposal, and discounting of assets

Asset Management

Notes to the consolidated financial statements, March 31, 2020

Capital assets

	Cost	Accumulated amortization	2020 Net book value
	$	$	$
Land	5,370,626	-	5,370,626
Buildings	365,398,526	124,240,914	241,157,612
Assets under development	1,946,357	-	1,946,357
Site improvements	50,564,053	22,633,161	27,930,892
Parking lots	926,213	858,773	67,440
Computers and equipment	39,674,750	32,956,288	6,718,462
Automotive equipment	364,511	260,999	103,512
Software	14,115,847	1,947,701	12,168,146
Works of Art	63,500	-	63,500
	478,424,383	182,897,836	295,526,547

Asset Management

includes access, valuation, disposal, and discounting of assets
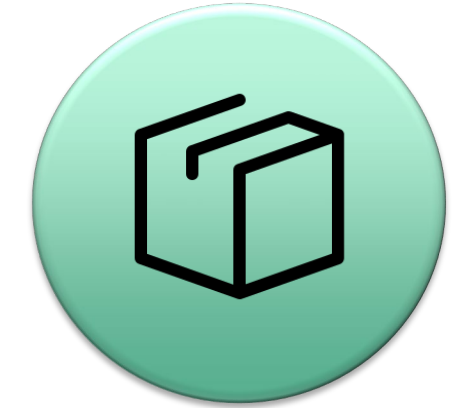
Asset Management

$295,526,547

Asset Management

includes access, valuation, disposal, and discounting of assets

Capital Assets held by the College, on behalf of the public

Asset Management

Asset Management

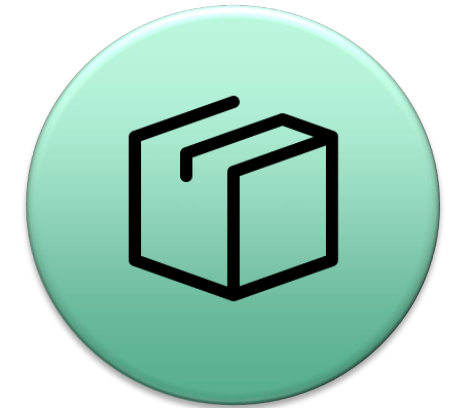includes access, valuation, disposal, and discounting of assets

Asset Management

Asset Life Cycle at the College:

- Identify the need for the asset

- Acquire / Procure
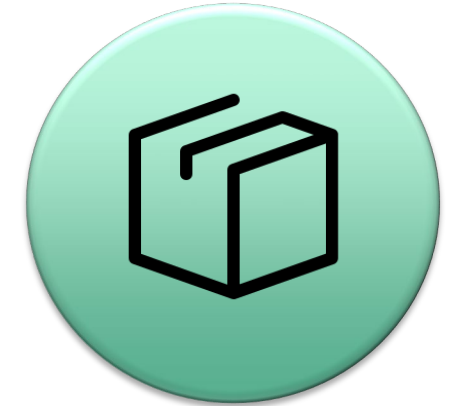
- Asset Value

- Maintain

- Disposal

Asset Management

includes access, valuation, disposal, and discounting of assets

Asset Management

Identify the need for the asset:

- Reason to purchase must be:
    - justified
    - substantiated
    - supportable and supported
- The purchase expense must be included in the cost centre's budget

Asset Management

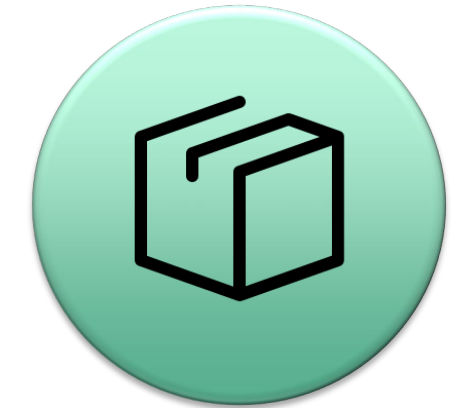includes access, valuation, disposal, and discounting of assets

Asset Management

Acquire – Procure

- Comply to Procurement policies and procedures

- Must self-identify on requisition

- Use correct Spend Category on the Workday Requisition

Examples:

VEHICLE
SOFTWARE PURCHASES <$5K
SOFTWARE PURCHASES >$5K

BUILDING AND SITE IMPROVE
ACAD EQUIP >$5K NOT IT
ACAD EQUIP <$5K NOT IT
ACAD IT EQUIP <$5K
ADMIN EQUIP <$5K NOT IT
ACAD IT EQUIP > $5K

ADMIN EQUIP >$5K NOT IT
ADMIN IT EQUIP <$5K
ADMIN IT EQUIP >$5K
COMPUTER HARDWARE PURCHAS
COMPUTER SOFTWARE PURCHASE
COMPUTERWARE PURCHASES

Asset Management

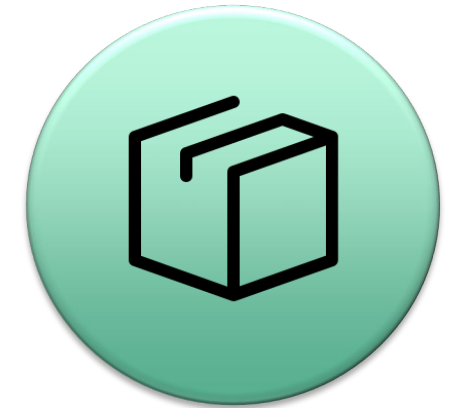includes access, valuation, disposal, and discounting of assets

Asset Management

Asset Value

- Valuation is per item, not bundled items

- Purchase cost + Non-recoverable HST in Canadian $$

Asset Management

includes access, valuation, disposal, and discounting of assets

Asset Management

Two Asset Value Examples:

1. Purchase cost of: $4,000.00 CDN
    Non-recoverable HST of 3.41%: $ 136.40 CDN
An asset, but **not** a Capital Asset: $4,136.40 CDN

2. Purchase cost of: $4,000.00 US

   Currency Conversion (@ $0.70): $5,714.29 CDN

   Identify as a Capital Asset

Non-recoverable HST of 3.41%: $ 194.86 CDN

Capital Asset Value: $5,909.14 CDN

Asset Management

Asset Value

Capital Asset Depreciation

Capital Asset Value of: $5,909.14 CDN

Example: Depreciated over 5 years

5 Year Depreciation of Capital Asset:

	Original Cost	Opening Book Value	Depreciation Expense	Net Book Value at Year End
Year 1	$5,909.14	$5,909.14	$1,181.83	$4,727.31
Year 2		$4,727.31	$1,181.83	$3,545.48
Year 3		$3,545.48	$1,181.83	$2,363.66
Year 4		$2,363.66	$1,181.83	$1,181.83
Year 5		$1,181.83	$1,181.83	$0.00

Asset Management

Maintain

- Cost centre manager responsible for safe-keeping on behalf of College

- Oversight by Equipment Coordinator

- Kept in proper working condition

- Must remain on College property (exception: mobile tech devices)

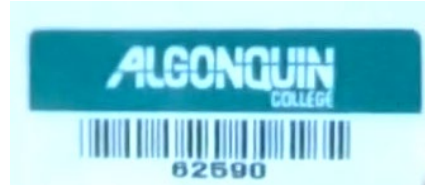- Cannot be borrowed by employees

Asset Management

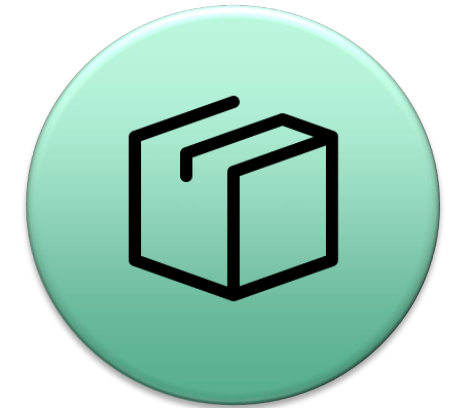includes access, valuation, disposal, and discounting of assets

Asset Management

Maintain

- Capital Asset green sticker affixed Sample: **ALGONQUIN** COLLEGE 82590

- Missing /lost /stolen assets must be reported to Capital Assets Coordinator

- Capital Asset inventory counted every 2 years by Equipment Coordinator

- Exception: food, alcohol, retail store, paper, & spa inventory counts are annual

Asset Management

includes access, valuation, disposal, and discounting of assets
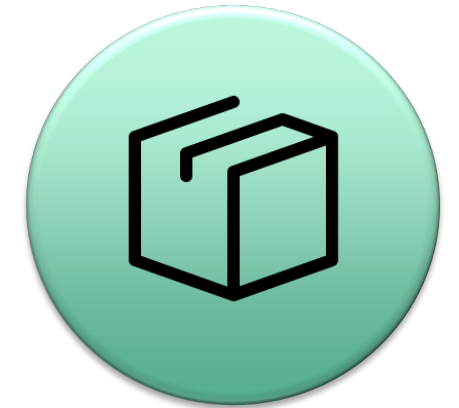
Asset Management

Disposal

Reminder: Assets are owned by the College, not the Cost Centre Manager

Disposal is coordinated by the Financial Services Capital Assets Coordinator

- Must be transparent, free of bias, optimize the remaining useful life via sale or donation, or appropriate disposal

Asset Management

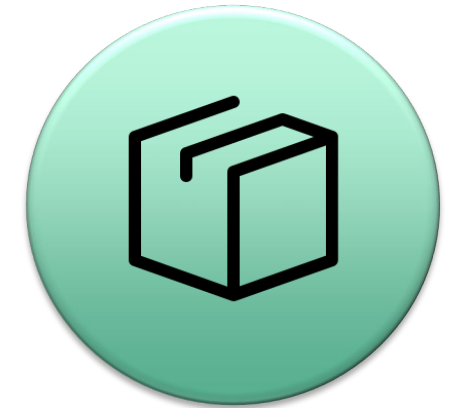includes access, valuation, disposal, and discounting of assets

Asset Management

Disposal - continued

Disposal coordinated by the Financial Services Capital Assets Coordinator

- Timely disposal

- Departments cannot dispose of their own capital assets

- Cost centre managers must retrieve & safe-keep mobile devices (laptops, cell phones) & other College-paid assets from departing employees

Asset Management

includes access, valuation, disposal, and discounting of assets
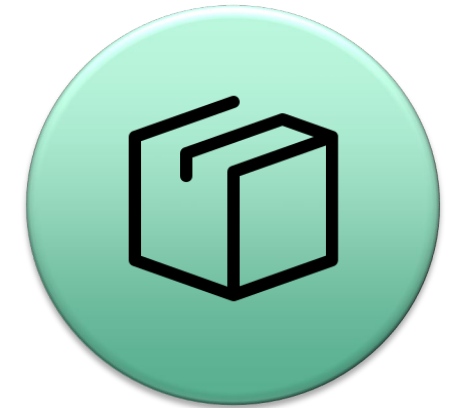
Asset Management

Reference Library:

[FP-002-Asset-Management-Policy](#)
[FP-001-Computer-Software-Capitalization-Policy](#)

[Budget-Principle-2.17-Disposal-of-Surplus-Assets](#)

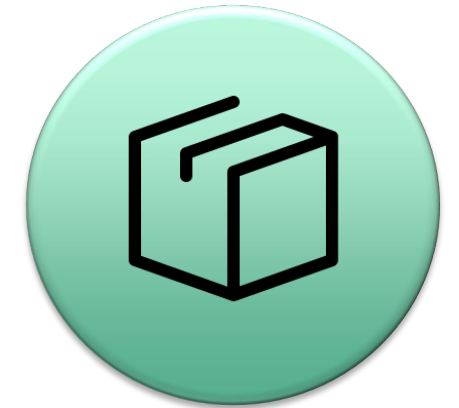[AD21 Safe-to-speak-up](#)

[AD19 Fraud prevention](#)

Asset Management

includes access, valuation, disposal, and discounting of assets

Asset Management

Contact Names:

Capital Assets Coordinator: Shaniecia Stobbs

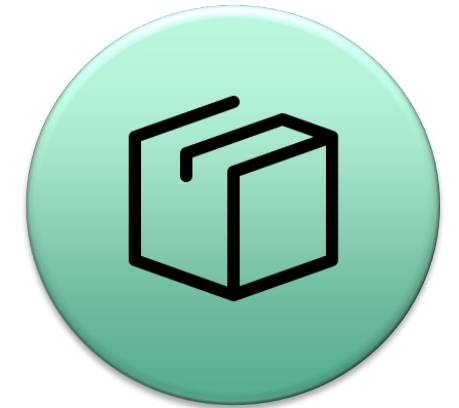Manager of Financial Services: Doreen Jans

Asset Management

includes access, valuation, disposal, and discounting of assets

Last thought:
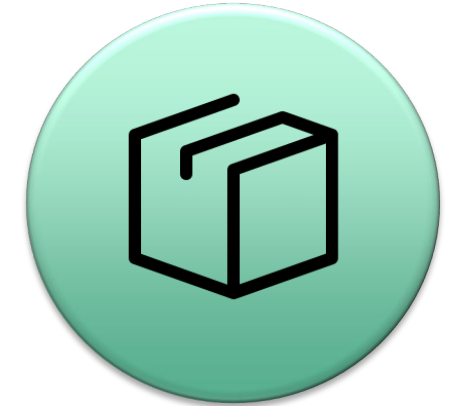
How would you protect your own stack of gold coins?

Asset Management

includes access, valuation, disposal, and discounting of assets

Asset Management

QUESTIONS

Asset
Management

includes access,
valuation, disposal,
and discounting of
assets

Purchasing

Broader Public Sector (BPS) 2012

- Colleges
- Universities
- Hospitals
- School Boards
- Other publicly funded organizations

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Broader Public Sector (BPS) Procurement Directives

- Accountability
- Transparency
- Value for Money
- Quality Service Delivery
- Process Standardization

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Procurement Thresholds for Goods, Services and Construction

Value	Procurement Method	Requirement
< $2,500*	PCard	No quote
>$2,500- <$25,000*	Online purchase requisition	One (1) written quote**
>$25,000 - <$100,000*	Invitational Competitive Procurement	Three (3) written quotes**
>$100,000*	Open Competitive Procurement	Public Tender Process**

Purchasing

includes requisitioning, contracting, and approvals

Purchasing Goods, Services and Construction continued…

*All amounts are before taxes and include the aggregate TOTAL amount of the anticipated spend. For clarity, and as an example, if the anticipated spend is $50,000 per year, but the contract is for a three-year period, this would require an Open Competitive Procurement since the total spend, and the College's commitment would be over the $100,000 threshold.

**This does not limit Procurement's ability (at our sole discretion) to hold an Open Competitive Procurement event should the item or service be complicated or potentially contentious.

Purchasing

includes requisitioning, contracting, and approvals

Purchasing   Procurement Methods

1. **Requisition & purchase order**

   •Should be used for all purchases of $2,500 or more

   •May not be used to reimburse employees

   •All capital equipment purchases (individual items over $5k CDN) must use this method

Purchasing

includes requisitioning, contracting, and approvals

Purchasing Procurement Methods

2. **Pcard (Purchasing Card – Bank of Montreal – BMO One Card)**
   - Most small $ purchases of a **non-recurring** nature
   - $2,500 limit per transaction (shipping/taxes/customs included)
   - Purchases of capital equipment not permitted
   - Includes insurance for lost baggage, missed flights, delayed flights
   - Details are available on the Procurement website
   - Purchases of College Standard items not permitted

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Procurement Methods

- College Standard items (as examples)
  - Computers (and other computing devices
  - Office supplies
  - Cell phones
  - Printers
  - Scanners
  - Desks and chairs
  - Etc.

*Contact Procurement for guidance if there are any questions.

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Sole/Single Sourcing

Certain goods or services may only be available from one source (i.e. sole/single source supplier). In these cases, a competitive bidding process may not be possible.

The Broader Public Sector Guidelines allow for such exceptions and in these instances a Limited Tendering Form (LTF) must be completed.

This process is to be used on an exception-only basis.

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Financial Approvals
Not to be confused with Signing Authority

Purchasing

includes requisitioning, contracting, and approvals

- College administrative staff, who hold a supervisory position, are the only staff who have authorization to approve invoices, and purchase requisitions for payment subject to the following limits:

Managers, Chairs, Directors and Deans	Up to $25,000
Vice-Presidents, President	Within Budget

- These approvals are handled automatically through Workday when purchasing requisitions are processed.

Purchasing   Contract/Agreement Signatures Signing Authority

All major agreements and contracts that bind the College require a signature. The actual signature approval should not be confused with the Financial Approvals covered in the previous slide.

A new signing authority policy was recently approved by the College's Board of Governors. A roll-out strategy for the policy is being developed by Finance, Procurement, and Internal Controls. Details of the roll-out will be communicated within the next few weeks.

Purchasing

includes requisitioning, contracting, and approvals

Purchasing

Purchasing Questions

Purchasing

includes
requisitioning,
contracting, and
approvals

Shipping and Receiving

What is "Three-Way Match"?
***Segregation of Duty**

A payment verification technique that, through a set of three controls, ensures only authorized purchases are paid.

Considered to be best practice in operational accounting and procurement.

These controls minimize losses due to fraud or carelessness.

Shipping
Receiving

includes security of goods in transit and record keeping

Shipping and Receiving

3 WAY MATCH

1

REQUISITIONER
Creates a requisition

MANAGER
Approves the RX as per the assigned limit

PROCUREMENT
Raises a PO and sends it to supplier

SUPPLIER
Receives the PO and ships goods or provides the service to the college

2

SHIPPING AND RECEIVING
Receives the goods, records the goods from the **packing slip**

SUPPLIER
Sends invoice to Accounts Payable

3

ACCOUNTS PAYABLE
Pays invoice based on the PO receipt

Shipping
Receiving

includes security of goods in transit and record keeping

Shipping and Receiving

Key Points

- When goods are delivered directly to the end user (not through Central Shipping and Receiving):
  - Proper documentation (packing slip – Always provided) must be signed and sent back to Central Shipping
  - User department (Requisitioner) responsible to provide the signed packing slip to Central Shipping

Shipping
Receiving

includes security of goods in transit and record keeping

Shipping and Receiving

Shipping and Receiving Questions

Shipping
Receiving

includes security of goods in transit and record keeping

Payments

A. Expense Claims – Policy AD12 Travel, Meals & Hospitality

B. Coding Mastercard Transactions in Workday

C. Approving Invoices - Checklist

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments: Reimbursement of Expenses Key Principles

AD12: Travel, Meals & Hospitality Key Principles

1. Accountability

2. Transparency

3. Value for Money

4. Fairness

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

1. Accountability

All travel and expense claims submitted by employees, or expenses incurred by the College must be the result of **College business activity**.

- The **business purpose** of an expense claim item should be documented clearly enough for a third party outsider to be able to identify

- When paying meals for more than one individual, always document the names of all participants

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

1. Accountability – Key sections from AD12

2.1 Employees must *obtain approval* from the appropriate authority *before incurring any expenses* on College business.

4.4 A **Spend Authorization** must be completed and approved for travel costs exceeding **$200** before tax.

2.3 Employees seeking reimbursement for expenses must provide **itemized receipts** for all items being claimed.

Section 5 – Non-Reimbursable Expenses

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

2. Transparency

All rules and policies surrounding travel, meals and hospitality and employee reimbursement for these expenses *are available to employees and the public* on the College web site.

- The full policy is available here:

https://www.algonquincollege.com/policies/files/2018/09/AD12.pdf

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

3. Value for Money

College funds must be used **prudent**ly and safeguarded. All expenses incurred must be in support of the College's objectives, must be **economical** with due regard for health and safety, and must have appropriate **approvals before** being spent.

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

3. Value for Money – Key sections from AD12

2.2 All travel arrangements must be made through the College's *preferred travel agency*

2.9 Under no circumstances shall contractors and consultants be reimbursed for hospitality, incidental or food expenses.

4.3 Whenever possible, travel and accommodation will be arranged for the day of the meeting/appointment. All associated costs incurred, while on College business, will be of the *most economical means* available.

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

4. Fairness

Legitimate and authorized expenses incurred by *employees* while on College business *will be reimbursed*. An employee should not incur a financial loss as a result of providing authorized College business.

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Key Principles

4. Fairness – Key sections from AD12

2.7 To ensure the timely recording of expenses, Algonquin College reserves the right to reject reimbursement claims that are more than 6 months old.

4.2 The College will pay legitimate travel expenses of persons travelling on College business such as registration, accommodation, meals, transportation, and reasonable incidental expenses, etc

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments

Coding Mastercard Transactions in Workday

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Coding Mastercard Transactions in Workday

- Expectation that all transactions be coded by 5 business days after the month end

Billing Month	Billing Date	Approval Deadline
May	May 31, 2022	Jun 7, 2022
June	June 30, 2022	Jul 8, 2022
July	July 29, 2022	Aug 5, 2022

https://www.algonquincollege.com/finance/files/2021/11/2022-Mastercard-Reporting-Deadlines.pdf

All un-coded transactions are coded to the VP Cost Center at year end.

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments

Approving an Invoice

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Checklist for Invoice Approvers (1/3)

❑ Planning – Did we plan ahead? Major expenditures should be discussed with the Procurement team well in advance.

❑ Pre-approval – Have I clearly communicated to my team expectations about which purchase by $ amount or nature should be pre-approved by me and how (written or verbal)?

❑ Pre-approval – Was I aware of this purchase, and if not, should I have been (see first point)?

❑ Process – Is there evidence that the proper procurement procedure was followed (e.g. legitimate PO# is clearly indicated on the invoice for expense > $2,500)? Workday POs are formatted PO-000000xxxx. Authorized supplier?

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Checklist for Invoice Approval (2/3)

❑ Process – Was the invoice sent directly to Accounts Payable? Suppliers should be directed to send all invoices to accountspayable@algonquincollege.com or to Accounts Payable Room C550 for regular mail!

❑ Addressee – Is this invoice addressed to Algonquin College? If no, request new invoice.

❑ Accuracy – Are we being charged only for the goods or services that were ordered? Are prices correct?

❑ Timeliness – Is the invoice recent? Try to understand underlying causes for delays and try to eliminate.

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments – Checklist for invoice approval (3/3)

❑ Purpose – Is the business purpose of the purchase clearly documented on the PO, invoice or supporting documentation?

❑ Reasonableness – If I had to pay for this purchase myself, would I consider I had received good value for money?

❑ Cost Sharing – If an expense is to be split with another department, did I make them aware of the expense in advance?

❑ Coding – Have the charges been allocated to the correct cost center(s) and expense accounts?

Payments

includes credit cards, invoices, vouching, coding, and approvals

Payments

Payments Questions

Payments

includes credit cards, invoices, vouching, coding, and approvals

How Workday Supports the Internal Controls Framework and Financial Integrity
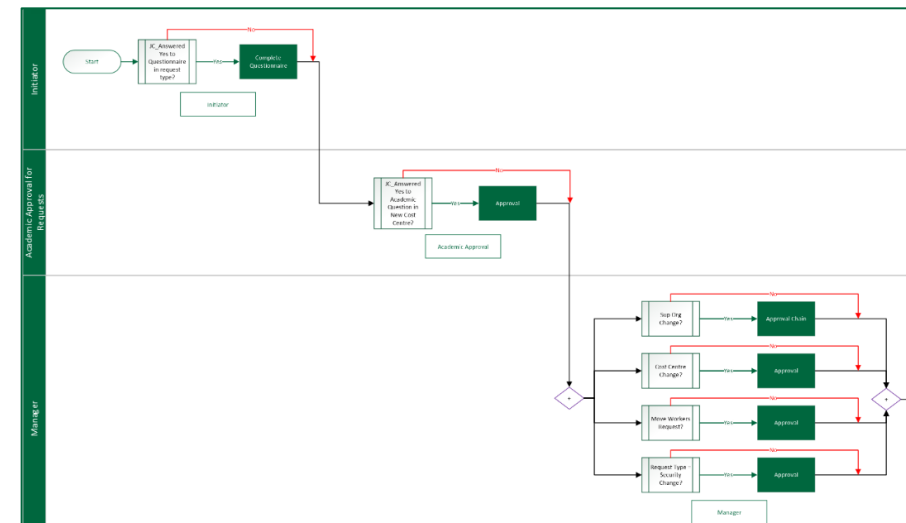
- Security Roles

  - What they are and why they matter

  - When and how to request changes

- Business Processes

  - Record Keeping - steps and who took an action are viewable

  - Repository for supporting documentation – attachments can be mandatory

- Delegation Function

Workday

Why can't I….?

Why does it….?

WHY? 🤔

Legislative Requirements

College Policies and Directives

Job Descriptions

Workday Security and Business Processes in Action

What is Security in Workday?

Security in Workday determines what information a user can see and what actions they can take

The purpose of applying security correctly is to ensure that the right people have access to the right data and the right actions to perform their job.

No more, no less.

Why does Workday Security matter to you?

Your Business Processes – routed to the right person, right away

If employees have incorrect security assignments, requests and approvals in Workday can get misrouted or stuck.

This results in delays and inconveniences to you and your team members.

Increased Accountability

Managers are responsible and accountable for ensuring their employees have appropriate access to tools to do their job.

We all need to know and understand our own and our team members' security access in Workday.

During the annual Workday Security Role Audits, Managers are asked to validate their team members' security assignments.

You know what action to take when changes occur

Over time, employees change jobs, and jobs themselves evolve at the College. Reporting and cost center structures change.

You need to know how to request security be assigned or removed as these changes occur.
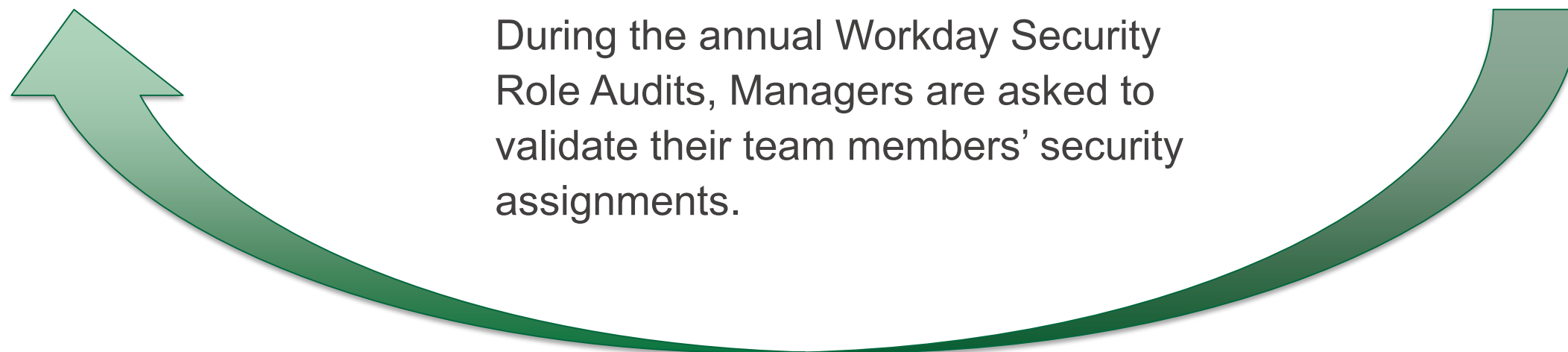
Security in Workday is complex!

Security in Workday is achieved by assigning (and removing) roles

Employee-As Self: the first and most often the only role an employee is assigned.

- Access and change your own personal information

- Perform self-service tasks: enter hours worked, request vacation, submit expense claim, access pay slips….

P1234
◉ Ottawa Campus
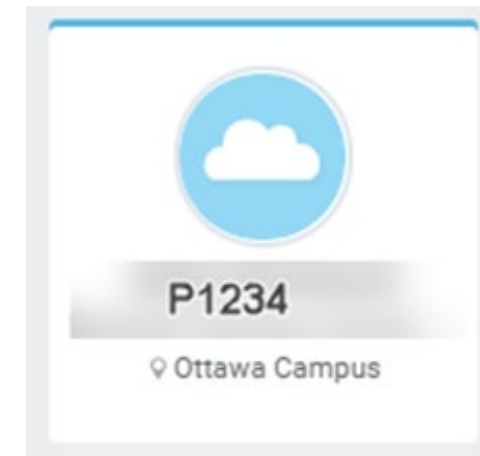
Manager: Owner of a Supervisory Organization

- Administrative employee

- Accountable for approvals

Sup. Org Name

Manager Name
◉ Ottawa Campus
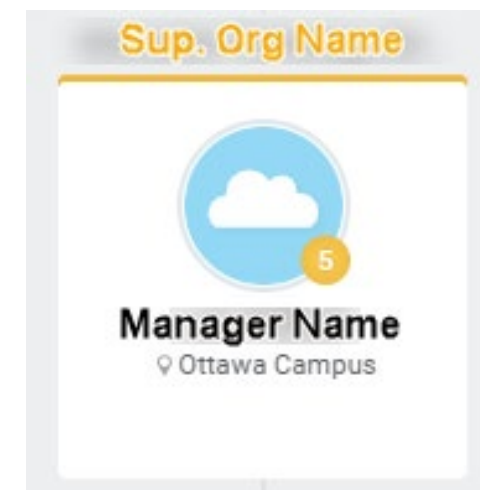
Security in Workday

College-wide roles

- Timekeeper (HR- related tasks)

- Accounts Payable Analyst

- Accounts Receivable Analyst

- Business Asset Tracking Specialist

- Customer Invoice Initiator

- Field Accountant

- Cost Center Financial Analyst

- Expense Officer

- Cost Center Manager – approval of transactions < $25,000 for assigned cost center

- Dean/Director/Exec Director – approval of transactions < $100,000 for assigned cost center

- VP/ Senior VP – approval of transactions greater than $100,000 for assigned cost center

Security in Workday

Almost 100 Security Roles specifically for Finance, Payroll, Human Resources and ITS (Workday Support) employees

- Buyer
- Cash Analyst
- Controller
- Accounts Receivable Analyst
- Accounts Receivable Specialist
- Receiver
- Settlement Administrator
- Costing Administrator

- Payroll Auditor
- Payroll Partner
- HR Partner
- Compensation Partner
- Recruiter
- Compensation Administrator
- …..

Important to ensure that all roles are assigned in a way that maintains segregation of duty and avoids potential conflict of interest.

Security in Workday

Role-Based Security Roles

Most security roles are of the type "role-based". This means that they are assigned to a position.

When employees change jobs, these assignments stay with the position.

However, if a new position is created that has functions related to these roles, a request to add security roles must be submitted.

New temporary position created to backfill employee on temporary assignment. Need to **request** security roles be added to T9876 and possibly **removed** from P1234

New employee to the position will **inherit** role-based security roles

+ temp assignment
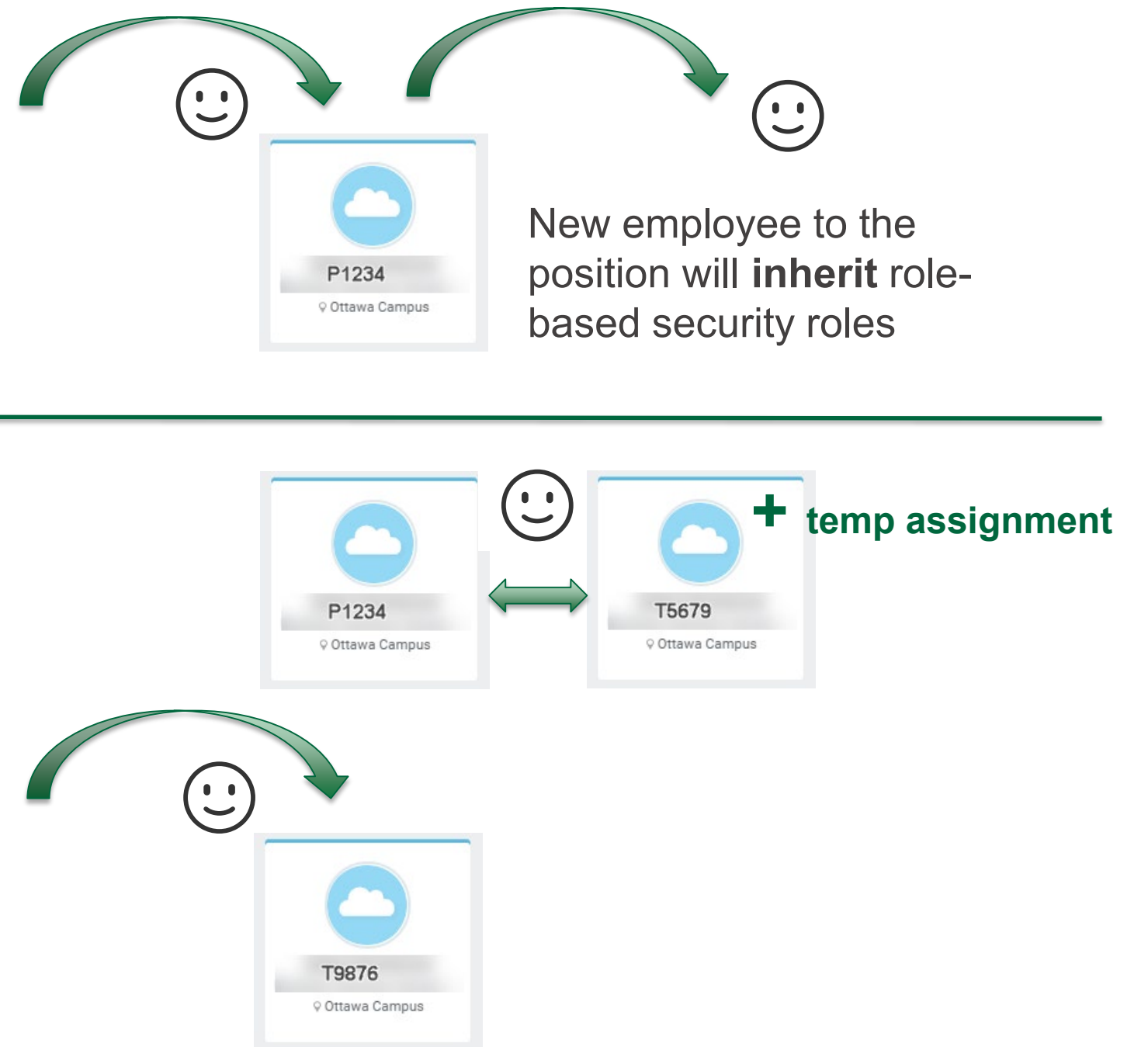
Role-Based security is constrained to a scope

The constraints on Role-Based security roles in Workday determine the breadth within which the user can see information or perform their role

Some HR-related roles are constrained by a Supervisory Organization

A Supervisory Organization is a team of employees that reports to a common manager. (*Does not include the manager.)

Roles can be assigned to a Supervisory Organization to allow a worker access to employees within that team.

Some Finance-related roles are constrained by Cost Center

Cost Centers are groupings of costs that are allocated to the same area (for accounting purposes).

Roles can be assigned to a Cost Center to allow a worker access to costs within that cost center.

Some roles are constrained by a Company

A Company is a legal entity in Workday. We only have one company: Algonquin College.

Roles assigned to the company grant access across the College

*Timekeeper (Unconstrained): Requirement for Confidentiality and Non-Disclosure Agreement

Requests…when you're thinking about assigning security…

1) **Who.** Who on your team needs a security role to see information or take action in Workday

2) **Which Role.** What is the right role to grant them, so they have the access they need, and only the access they need.

3) **For Which Scope.** What is the right organization to grant this security role, so they can take action for the correct part of the College

If a required role is not assigned:

Supervisory Organizations and Cost Centers are both contained within Hierarchies.

Security assigned at a top hierarchy level will "inherit" down to subordinate hierarchy levels, until the point where Workday has alternate instructions.

Requests

A Request needs to be submitted any time you want to:

- Create or make a change to a Supervisory Organization

- Create or make a change to a Cost Center

- Add or **remove** Security Roles
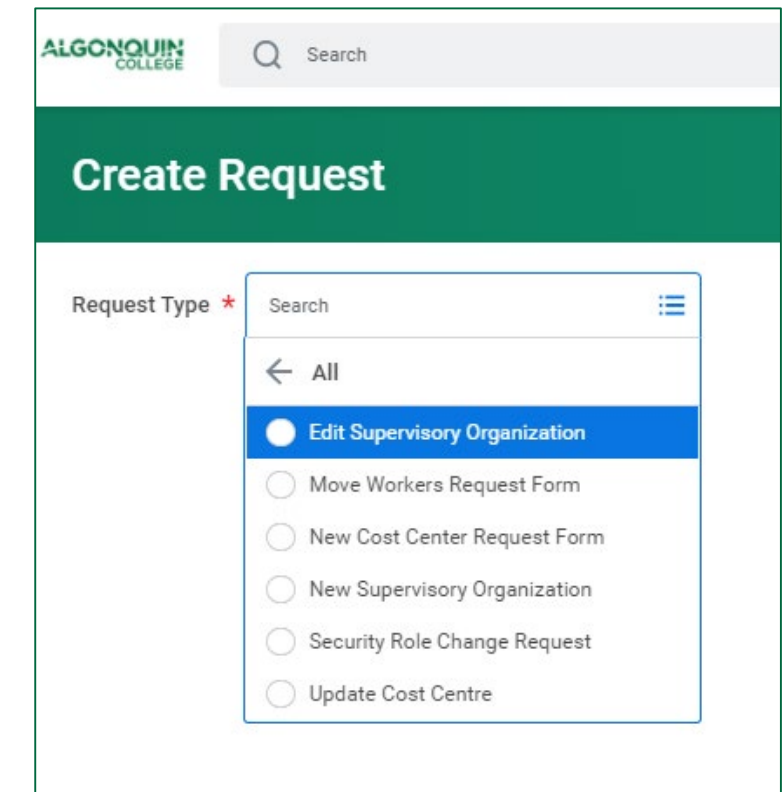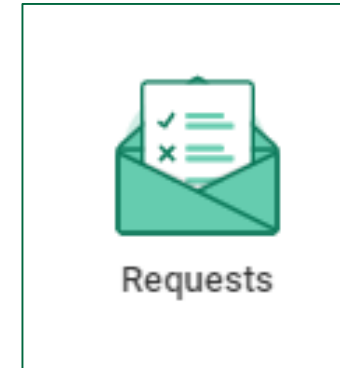
All Requests go through an approval process: first to the Manager of the person who initiated the request, then to relevant Finance, Human Resources and ITS (Workday Support) employees.

For assistance: User Guide on the Workday Support website

workdaysupport@algonquincollege.com
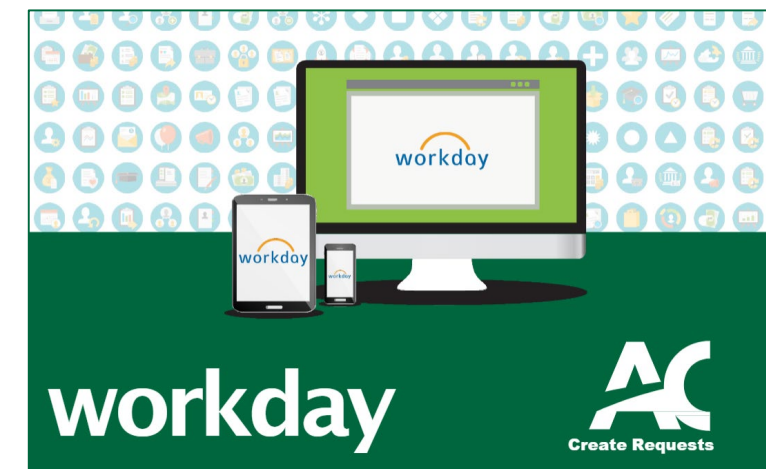
Delegation Function

When you are away…..

- Create a "delegation" so that processes and approvals don't get stuck. Applies to people with Manager and Expense Officer roles

- Type "delegations" in the search bar > My Delegations > Manage Delegations

- Start date/ End date, your delegate (make sure they know) and what you are delegating

- Some tasks **cannot** be delegated. Your delegate will need to contact Workday Support for assistance. Most common example: Terms and Conditions of Employment / Offer Letters for Manager's signature

- AD26: Delegation of Approval Authority (Sept 2021) sets the framework for how to use this function: when to delegate, how long for and to whom.

For assistance: Manage Delegations User Guide (updated Jan 2022) on the Workday Support website; email: workdaysupport@algonquincollege.com
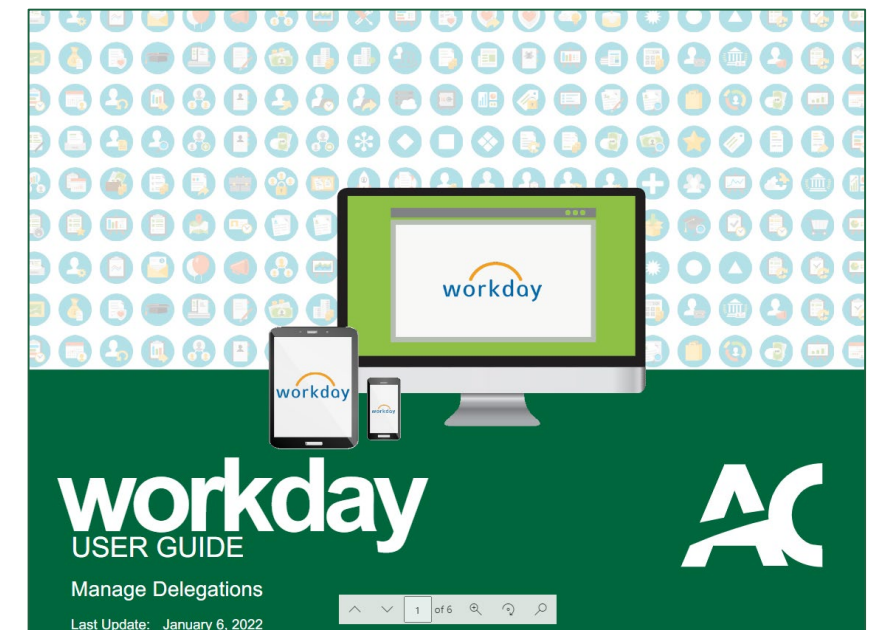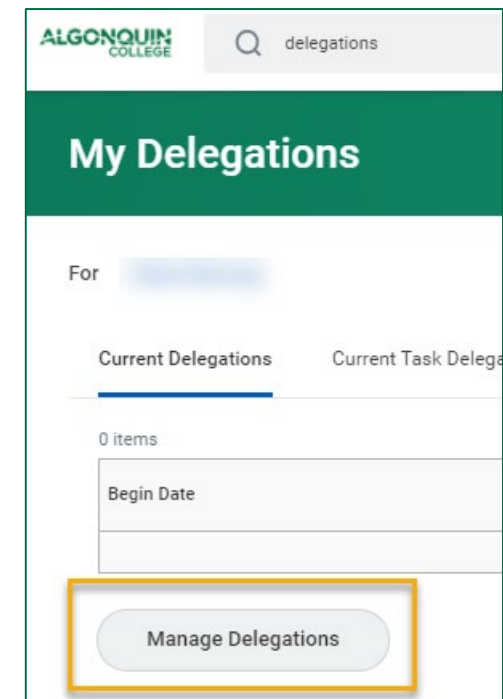
Workday Support – Help is Always Available!

- www.algonquincollege.com/workday
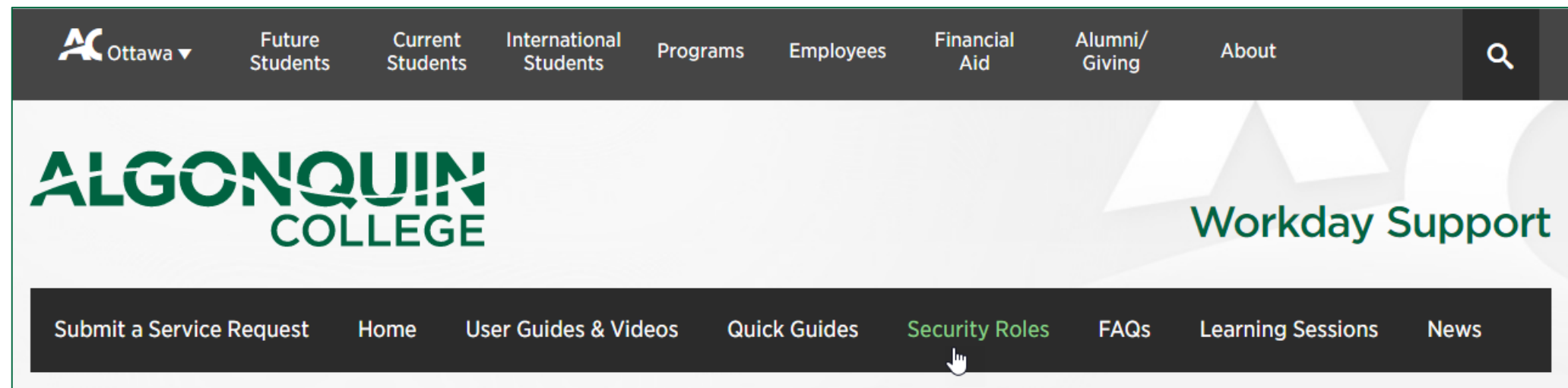
- workdaysupport@algonquincollege.com

Cash Handling

Main concerns are:

1. Do we identify who has cash control throughout its journey

2. What POS system is being used to record revenue transactions

3. Is cash storage and transportation secure (with operating rules)

4. Is there adequate monitoring in place

5. Is there periodic "four-eye" verification from outside of the department

Cash Handling

includes security, verifications, and deposit procedures

Cash Handling

Best Practices

- Limits those who are responsible for Cash handling

- Never share cash drawers or allow

- Conduct frequent "Four-Eye" verification audits

- Management intervention required for all voids and discounts

- Strict rules around allowing Accounts Payables (only Management)

- Maintain excellent documentation

- Third party review

Cash
Handling

includes security, verifications, and deposit procedures

Cash Handling

Recommendations found in a typical Cash Audit

- Occurrence of sharing cash drawers. Recommend Cash Administrator updates their Cash Handling Standard Operating Procedure Manual.

- Recommend that a signed/dated employee log is available to ensure all Cash Handling employees have received Cash Balancing/handling training

Cash Handling

includes security, verifications, and deposit procedures

Cash Handling

- Recommend the cash over/short log is reviewed and signed/dated by the Controller monthly (minimum). Over/short log should detail the date, employee name, and aggregated amount of over/short for the period (on an absolute basis). Recommend the Controller review the over/short corrective action protocol.

- Recommend all cashier voids be required to include the reason for the void.

Cash Handling

includes security, verifications, and deposit procedures

Cash Handling

Sample Summary Audit Recommendations

It is recommended that the Cash Administrator maintains an audit presence, including:

- Impromptu cash storage (safe) audits (bi-weekly)

- Review and sign-off of all cash over/under logs (bi-weekly),

- Review that all cash handlers have received training and have signed their agreement to the department's cash access/conduct protocols (quarterly)

- Engage a third party to conduct a verifying count of all cash on hand (quarterly)

Cash Handling

includes security, verifications, and deposit procedures

Cash Handling

Questions and Discussions

Cash Handling

includes security, verifications, and deposit procedures

The Financial Integrity Policy (AD-26)

It codifies the need to:

- Provide accurate, timely, and understandable financial disclosures

- Act in good faith with no withholding of facts

- Preserve Corporate Intelligence through preservation of records

- Report actual or perceived fraudulent, illegal or unethical behaviours

- Pursue the continuous improvement in financial operations

- Ensure adequate opportunity for training & PD that will improve the understanding of GAAP, and that upholds College Financial Integrity

The Financial Integrity Policy aligns with HR-12 and HR-18.

The 10 Financial Integrity Policy Principles

1. Avoid perceived conflict of interest

2. Provide accurate and understandable budgets and projections

3. Comply with regulations set by government

4. Be aware of and comply with Corporate Policies, Bylaws and Directives

5. Act in good faith without misrepresenting or withholding material facts

6. Preserve corporate intelligence concerning operations and business endeavours

7. Report any actual or perceived non-compliance with the policy

8. Continuously improve operational systems and processes

9. Be an example of ethical behaviour

10. Ensure employees obtain training sufficient to understand GAAP

Financial Integrity Policy captures four basic GAAP Principles

- All material information is disclosed

- No material information that would affect decision making is hidden

- Expenses are recorded in the period that corresponding revenue is earned.

- Expenses and losses are recognized but anticipated gains and losses are not.

The Internal Control - Financial Integrity relationship

- Internal Control focuses on obtaining positive assurance (through review) that business operations are operating efficiently, ethically, equitably, and according to our Bylaws, Policies, and Directives.

- Operating with Financial Integrity improves the predictive ability of our budgets, reports, and Financial Statements – it positively impacts the ability of the College to achieve long-term financial sustainability.

Message from the President

"For those of you on the Algonquin College Leadership Team who may have strong corporate knowledge of the College's internal control requirements, I invite you to share information with those in need of guidance. Conversely, in situations and on issues where you require internal control guidance, I call upon you to seek it out – our departments of Finance and Risk Management are ready to help."
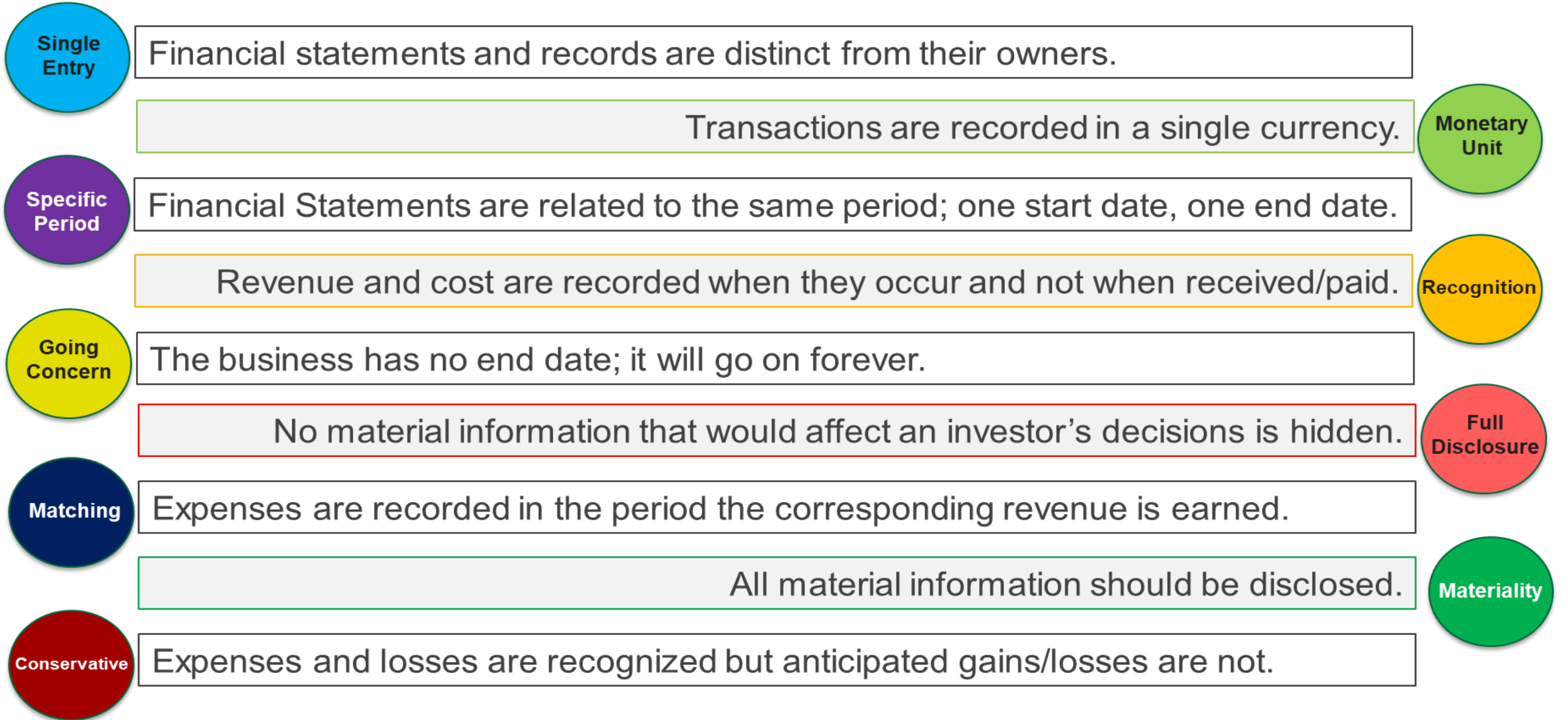
Claude Brulé, January 8th, 2021

Questions and Discussions

Generally Accepted Accounting Principles

Single Entry — Financial statements and records are distinct from their owners.

Transactions are recorded in a single currency. — **Monetary Unit**

Specific Period — Financial Statements are related to the same period; one start date, one end date.

Revenue and cost are recorded when they occur and not when received/paid. — **Recognition**

Going Concern — The business has no end date; it will go on forever.

No material information that would affect an investor's decisions is hidden. — **Full Disclosure**

Matching — Expenses are recorded in the period the corresponding revenue is earned.

All material information should be disclosed. — **Materiality**

Conservative — Expenses and losses are recognized but anticipated gains/losses are not.

Safeguarding Public Resources

The College employees are responsible for safeguarding the College's resources.

This includes being aware of and complying with internal control policies and external directives. The Internal Control (IC) Framework is created to assist College employees in carrying out these compliance requirements.

Our 2017-2020 MCU Strategic Mandate Agreement states:

"The College remains accountable to the Ministry for effective and efficient use of provincial government resources and student resources covered by policy directives of the Ministry, or decisions impacting upon these, to maximize the value and impact of investments made in the postsecondary education system."