

AD 23**Internal Control**

Classification:	Administration
Responsible Authority:	Chief Financial Officer
Executive Sponsor:	Vice President, Finance & Administration
Approval Authority:	Algonquin College Executive Team
Date First Approved:	2018-03-14
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PURPOSE

The purpose of this policy is to describe the roles and responsibilities of the College's employees for instituting a system of internal controls that will provide reasonable assurance as to the effectiveness and efficiency of the College's operations, the reliability of College financial reporting and compliance with governing laws, statutes and regulations.

This policy is enacted to provide the public with confidence that the College management will employ prudent stewardship over public funding and entrusted resources, and that they will institute a judicious system of operational controls that are efficient and effective.

SCOPE

This policy applies to all College employees entrusted with administrative authority, access to publicly funded resources, and disclosure of financial information.

DEFINITIONS

Word/Term	Definition
Internal Control	A management system designed to provide accountability and assurance that operational processes are effective and efficient at producing reliable transactions and information, complete and free from deception or fraud, that comply with governing regulations, and that maximize the utility of publicly entrusted assets.
Internal Control Framework	An ethical hierarchy of policies, directives, and control procedures designed to provide reasonable assurance that the College safeguards valuable resources against material loss due to waste, abuse, mismanagement, errors, and fraud.
Internal Control over Financial Reporting	The policies and control procedures put in place to increase the likelihood that employees will conduct accurate transactions and create reliable financial records that can withstand audit scrutiny. The objective is to reduce financial statement risk and provide reasonable assurance that financial statements are detailed, fair, reliable, and in accordance with generally accepted accounting principles.

POLICY

This policy is developed in support of the Board of Governor Policy BG I-01 (Responsibilities of the Board of Governors) which states that “The Board should ensure that appropriate practices are implemented to identify and manage institutional risk including appropriate monitoring and reporting”. Further, it supports the Board of Governor Policy BG II-02 (Financial Management) which states that “...the President will incorporate internal controls in the financial systems used by the College” and “(College) Assets shall be protected, adequately maintained, and not placed unnecessarily at risk.”

In combination with other corporate policies (see below in “Related Policies”), directives, segregation of duty and transactional controls, the Internal Control Policy seeks to codify the need for effective and efficient use of provincial government resources with the objective of maximizing the impact of investments made in the Ontario’s postsecondary education system.

PROCEDURE

	Action	Responsibility
1.	Ensure College management monitors compliance with guidelines and statutes applicable to the College.	President
1.1	Ensure the establishment, maintenance, monitoring and review of the College's process of internal control.	President
1.2	Annually prepares a presentation acknowledging: <ul style="list-style-type: none"> • the responsibility of management for ensuring the maintenance of the effectiveness of the College's process of internal control; • the conduct of an annual risk assessment of the process of internal control to determine those events or actions which could adversely affect the achievement of the College's objectives; and • the establishment and completion of action plans designed to remedy weaknesses in the process of internal control. 	President
1.3	Annually report on the results of the assessment on internal control and action plans taken in response to identified weaknesses.	President
2.	Ensure the President is advised when significant breaches of this policy or when material financial discrepancies are identified.	Vice President Finance & Administration
2.1	Provides guidance to the administrative management team on the implementation of the Internal Control Framework and execution of associated plans.	Vice President Finance & Administration

3.	<p>Pursue Internal Control over Financial Reporting through:</p> <ul style="list-style-type: none"> • continuous development and implementation of relevant directives and procedures; and, • continuous monitoring and reporting on compliance with established policies, procedures, directives, and governing regulations. 	Chief Financial Officer
3.1	Provide College-wide leadership on the implementation and communication of this policy and the need for effective operational internal controls.	Chief Financial Officer
4.	Emphasize and support the importance and need to maintain effective internal controls to their Administrative Managers and within their respective areas of responsibility.	Algonquin College Executive Team
4.1	Respond swiftly to potential breaches of internal controls, especially those that could indicate fraud, may indicate financial information or College compliance with regulatory authorities has been compromised. In these situations, the Vice President Finance & Administration should be notified immediately.	Algonquin College Executive Team
5.	Ensure awareness and implementation of corporate policies and procedures through training and documented standard operating procedures at department and unit levels.	All Administrative Managers
5.1	Ensure effective monitoring and accurate reporting of operations. This includes ensuring financial reporting from their unit(s) is transparent and free from material misstatements.	All Administrative Managers
6.	Familiarize themselves with this and other corporate policies that impact the performance of their work. Seek out and attend training that is developed to improve corporate policy awareness and skills training developed to improve the efficiency and effectiveness of operations.	All Employees
6.1	Conduct their work duties in accordance with the College's policies, procedures, and governing legislations.	All Employees
6.2	Communicate to their immediate supervisor (or through the www.integritycounts.ca/org/algonquincollege website) situations they believe might be in breach of the College's values, the code of conduct policy (HR18), other corporate policies, or might violate the College's regulatory requirements.	All Employees
7.	Review and investigate that the internal and external policies and procedures that guide and govern the College's business activities are implemented such that they provide reasonable assurance that the use of valuable human and financial resources are efficient and effective, and safeguarded against material loss due to waste, abuse, mismanagement, errors, and fraud.	Senior Manager Internal Control

SUPPORTING DOCUMENTATION

None

RELATED POLICIES

AD05: Perquisites
AD 12 Travel, Meals and Hospitality
AD 15 Employee Acceptance of Gifts
AD 19 Fraud Prevention
AD 21 Whistle-Blowing
AD26 Delegation of Approval Authority
HR 12 Conflict of Interest
HR 18 Employee Code of Conduct

RELATED MATERIALS

[Internal Control Webpage](#)

Ontario Ministry of Finance's Broader Public Sector Procurement Directive:
<https://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/English/BPSSC-Sec>

Board Governance [Policy](#) – Board Process: [BG I-01 Responsibilities of the Board of Governors](#)

Board Governance [Policy](#) – Financial Management: [BG II-02 Financial Management](#)

[Terms of Reference – Audit and Risk Management Committee of the Board of Governors](#)

Finance Budget Principles:
<http://www.algonquincollege.com/finance/resources/guidelines-policies-procedures/budget-principles- 2/>

Purchasing Policy & Procedures Manual:
<https://www.algonquincollege.com/purchasing/policies-and-procedures/>