



SUNY Buffalo State

Internal Control Program Overview

January 29, 2015

www.buffalostate.edu

Internal Control

Let's start with a definition:

Internal control is a **process**, effected by an entity's **board of directors**, **management**, and other **personnel**, designed to provide **reasonable assurance** regarding the achievement of **objectives** relating to operations, reporting, and compliance.

Internal Control Program Mandate

NYS Internal Control Act of 1987

- Governmental Accountability, Audit and Internal Control Act (the Internal Control Act or the Act)
- Identifies internal control responsibilities of state agencies

Internal Control Program Mandate

NYS Internal Control Act of 1987

These responsibilities cover:

- Internal control
- Internal audit
- Independent audits of the executive chamber, division of the budget, the department of audit and control, and the division of law

Internal Control Program Mandate

§ 951. Internal control responsibilities.

1. The head of each state agency shall:

- a. establish and maintain for the agency **guidelines for a system of internal control** that are in accordance with this article and internal control standards;

Internal Control Program Mandate

§ 951. Internal control responsibilities.

1. The head of each state agency shall:
 - a. establish and maintain for the agency **guidelines for a system of internal control** that are in accordance with this article and internal control standards;
 - b. establish and maintain for the agency a system of internal control and **a program of internal control review...designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the ongoing internal control;**

Internal Control Program Mandate

§ 951. Internal control responsibilities, cont'd.

1. The head of each state agency shall:

- c. make available to each officer and employee of the agency **a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency shall be expected to comply.** Such statement shall emphasize the importance of effective internal control to the agency and the responsibility of each officer and employee for effective internal control;

Internal Control Program Mandate

§ 951. Internal control responsibilities, cont'd.

1. The head of each state agency shall:

- d. **designate an internal control officer**, who shall report to the head of the agency, to implement and review the internal control responsibilities established pursuant to this section;

Internal Control Program Mandate

§ 951. Internal control responsibilities, cont'd.

1. The head of each state agency shall:

- d. **designate an internal control officer**, who shall report to the head of the agency, to implement and review the internal control responsibilities established pursuant to this section;
- e. **implement education and training efforts to ensure that officers and employees within such agency have achieved adequate awareness and understanding of internal control standards** and, as appropriate, evaluation techniques; and

Internal Control Program Mandate

§ 951. Internal control responsibilities, cont'd.

1. The head of each state agency shall:

- f. periodically evaluate the need for an internal audit function.

Full text of the Internal Control Act is available:

http://www.osc.state.ny.us/agencies/ictf/docs/internal_control_act.pdf

Internal Control Program Mandate

Division of the Budget

- Budget Policy & Reporting Manual, B-350
<http://www.budget.ny.gov/guide/bprm/b/b350.html>

SUNY

- Internal Control Program, Policy No. 7500
http://www.suny.edu/sunypp/documents.cfm?doc_id=290
- Internal Control Program Guidelines, Procedure No. 7501
http://www.suny.edu/sunypp/documents.cfm?doc_id=289

Internal Control Components

There are five interrelated components to internal control:

1. Control Environment

2. Communication

3. Risk Assessment

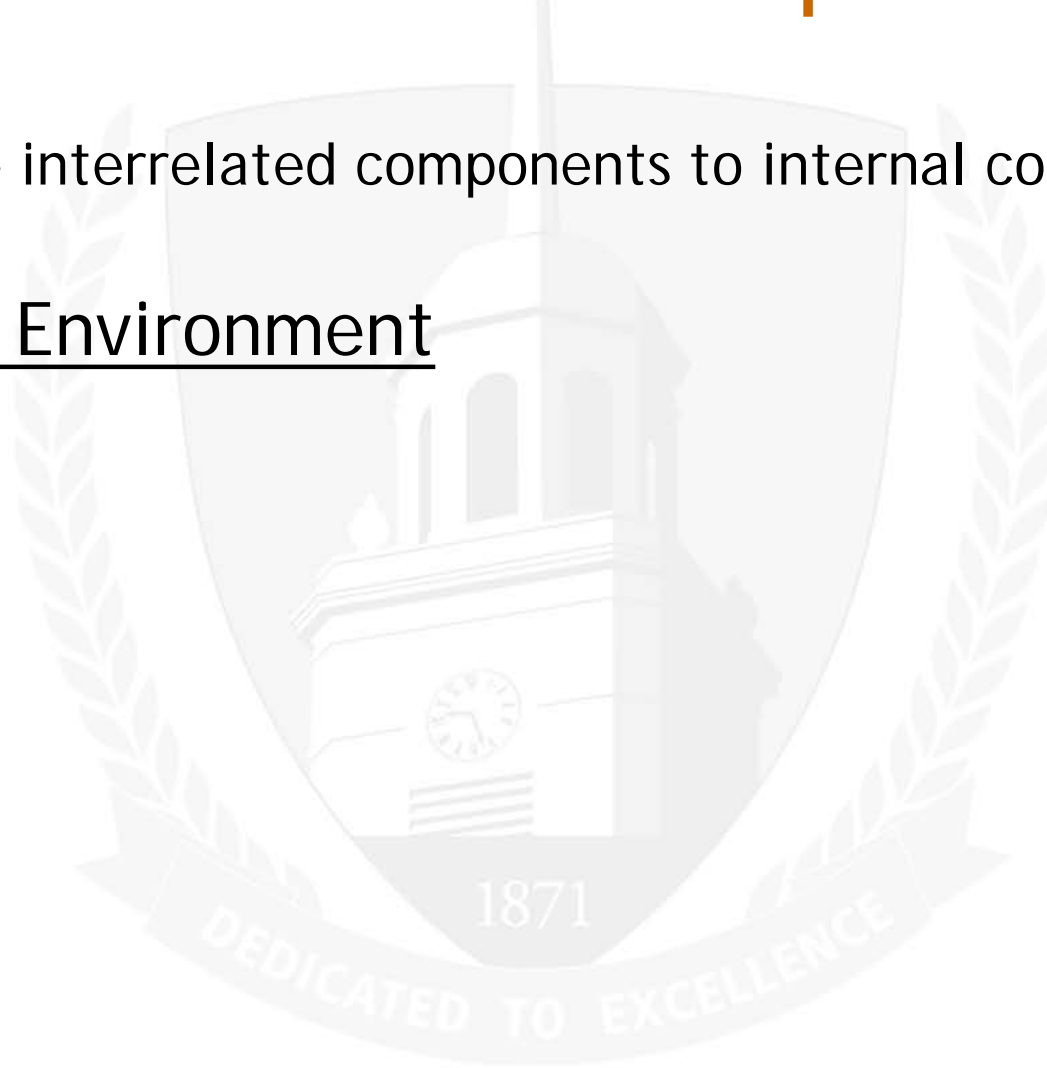
4. Control Activities

5. Monitoring

Internal Control Components

There are five interrelated components to internal control:

1. Control Environment



Internal Control Components

There are five interrelated components to internal control:

1. Control Environment: The attitude toward internal control as demonstrated by management and employees.

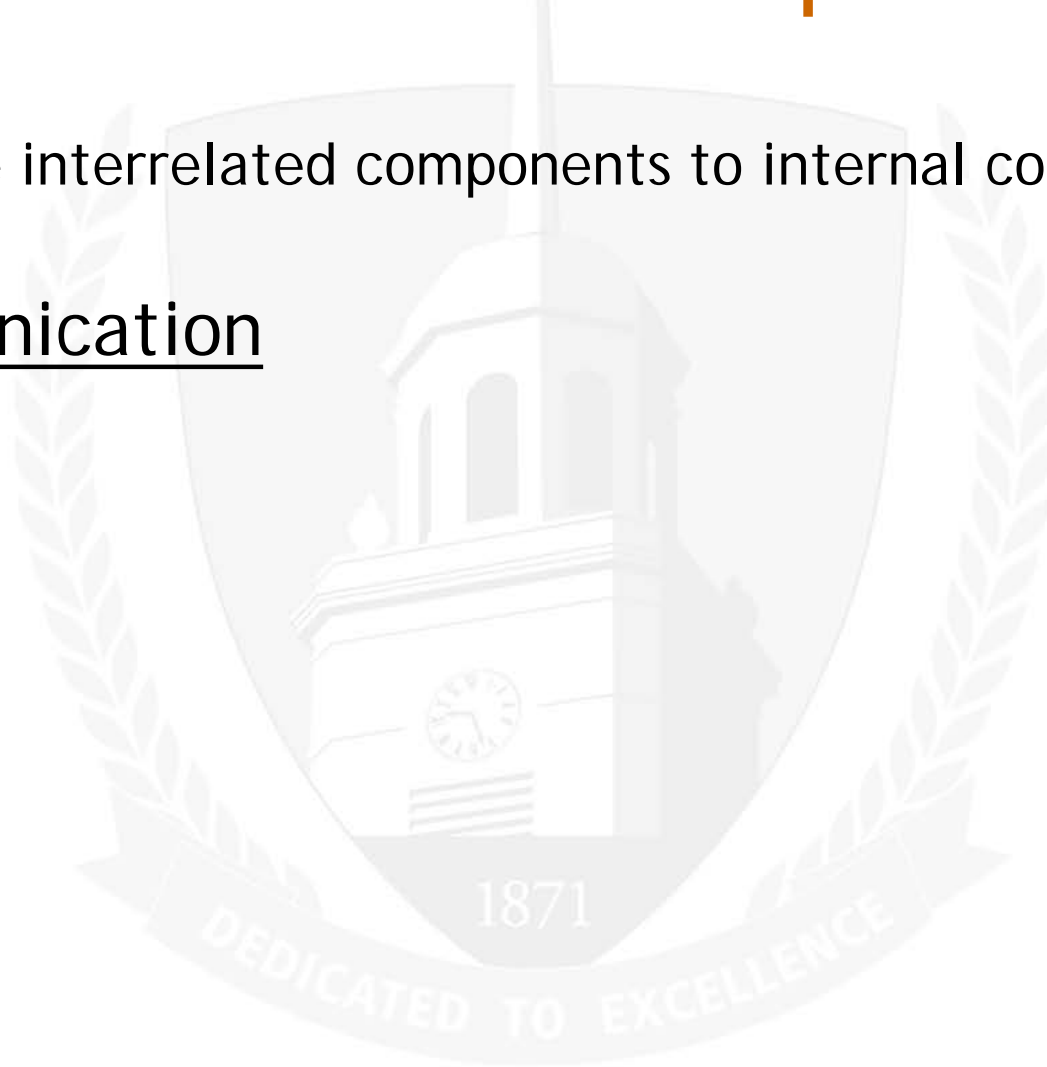
Elements:

Ethical values, management's operating style and philosophy, competency, supportive attitude, mission, and structure

Internal Control Components

There are five interrelated components to internal control:

2. Communication



Internal Control Components

There are five interrelated components to internal control:

2. Communication: The exchange of relevant and timely information which assists individuals in making decisions and carrying out their responsibilities in appropriate ways.

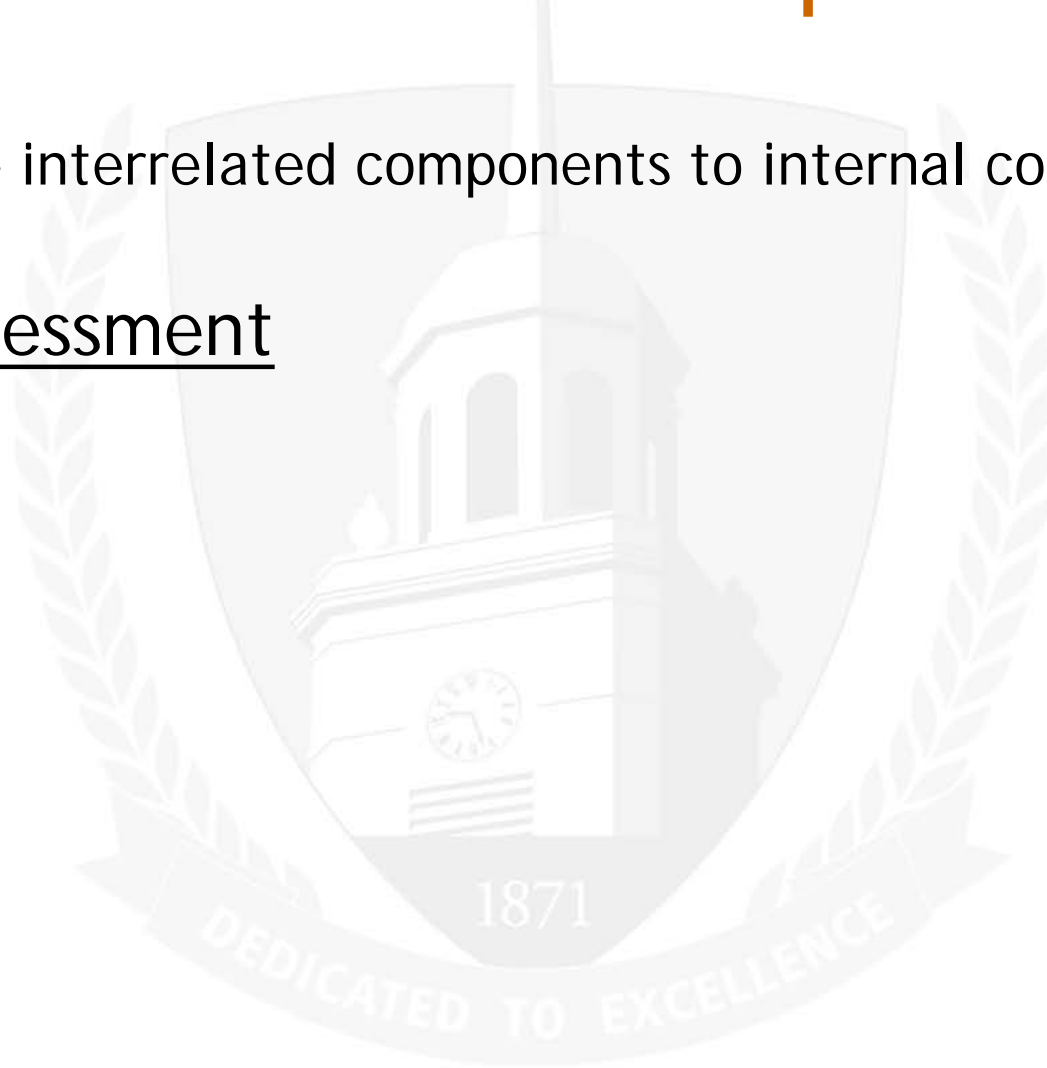
Elements:

Timeliness, adequate (not excessive) detail, clear expectations and evaluation measures

Internal Control Components

There are five interrelated components to internal control:

3. Risk Assessment



Internal Control Components

There are five interrelated components to internal control:

3. Risk Assessment: Identifying, evaluating, and determining how to manage risks which threaten the accomplishment of objectives.

Assessing the risk:

What obstacles prevent attaining objective?

What could go wrong / is the worst that could happen?

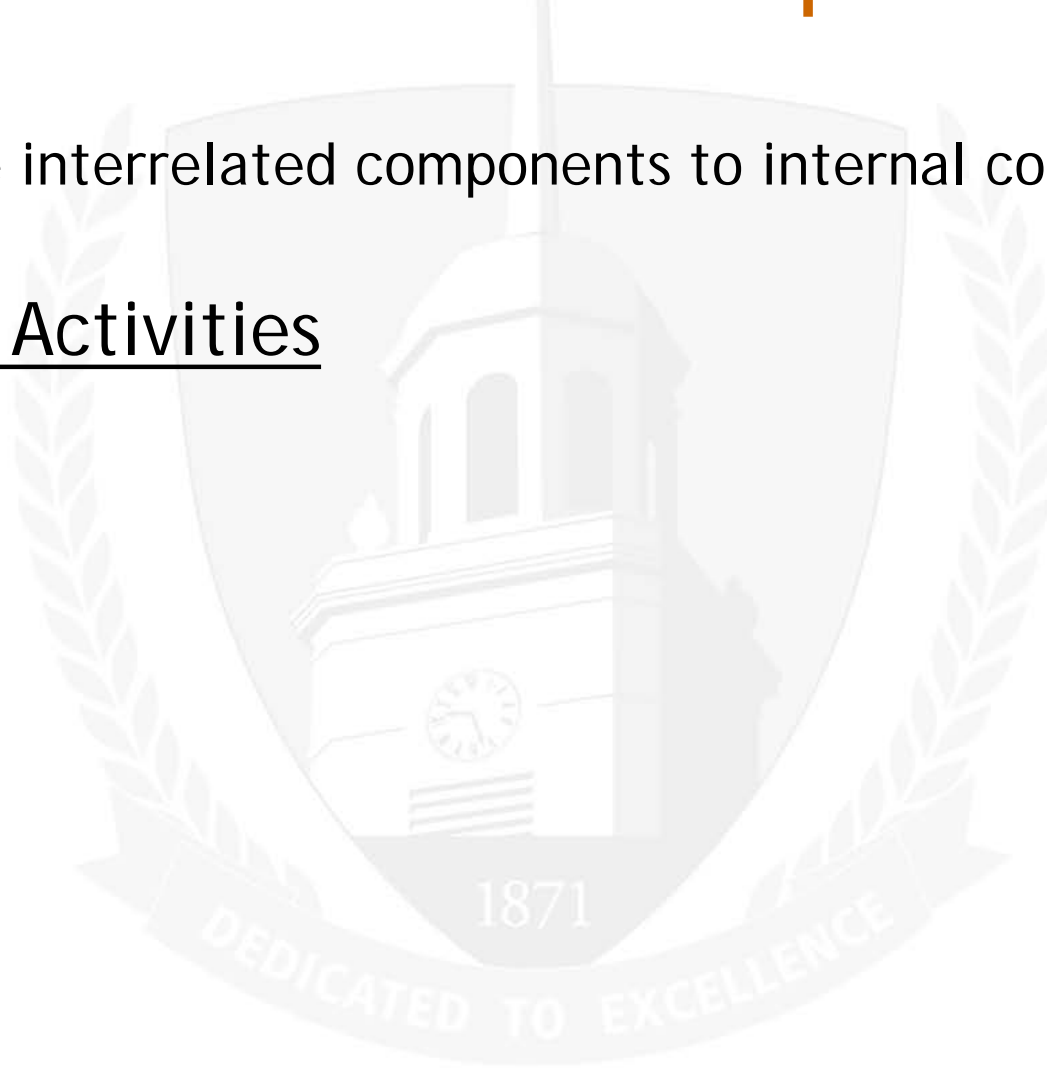
Have there been changes to: goals, processes, legislation

What keeps you awake at night?

Internal Control Components

There are five interrelated components to internal control:

4. Control Activities



Internal Control Components

There are five interrelated components to internal control:

4. Control Activities: The processes and tools that help prevent or reduce the risks that threaten to impede accomplishment of the organization's objectives and mission.

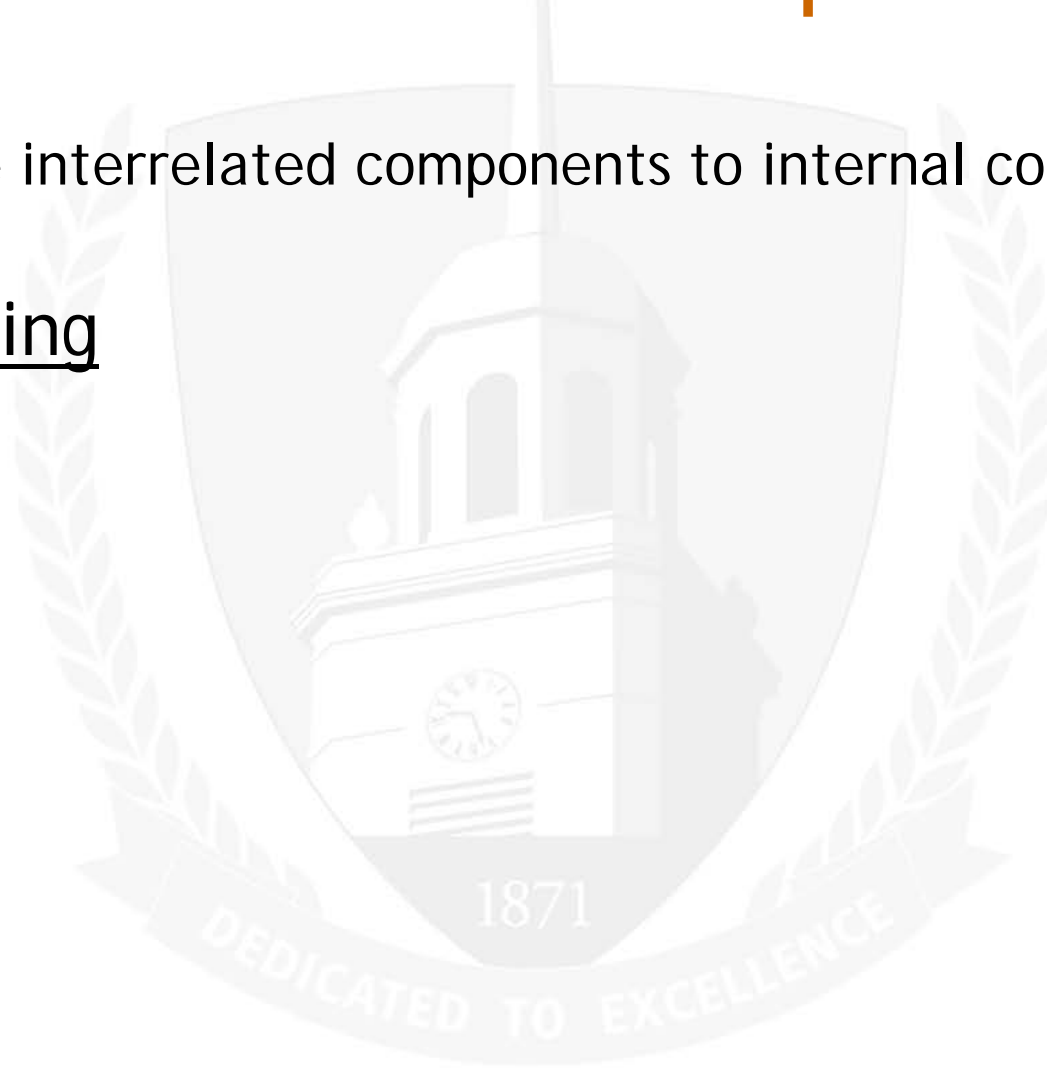
Examples:

Documentation, approval and authorization, separation of duties, safeguarding assets, reporting

Internal Control Components

There are five interrelated components to internal control:

5. Monitoring



Internal Control Components

There are five interrelated components to internal control:

5. Monitoring: Review of the organization's activities and transactions to assess performance over time and determine whether controls are effective.

Major areas for monitoring:

Control Activities, mission, control environment, communication, risks and opportunities, results

Internal Control Program

Buffalo State's Annual Communications

- President's "Tone at the Top"
- Internal Control Summary and Certification

Both documents are available: <http://internalcontrol.buffalostate.edu/>

Internal Control Program

Program Focus

- State Funded Programs - to date
- The Research Foundation for SUNY
- The Buffalo State College Foundation

Internal Control Program

At Buffalo State

- Executive Leadership
 - President's Cabinet
- Internal Control Steering Committee
 - Senior Management & Administrators

Internal Control Program

At Buffalo State

- Internal Control Working Committee
- *Lisa Krieger, Rebecca Schenk, James Thor*

Internal Control Program

At Buffalo State

- Campus-engaged Auditors
 - Tronconi, Segarra and Associates

Internal Control Program

At Buffalo State

- Campus-engaged Auditors
 - Tronconi, Segarra and Associates
 - Annual cost \$28,000 per year

Internal Control Program

Audits

- Selection Process
 - SUNY High Risk Areas
 - Office of the State Comptroller (OSC)
 - Risk Assessments
 - External reviews
 - Communications identifying possible weaknesses or non-compliance

Internal Control Program

Audits

- SUNY High Risk Areas
 - Financial Aid
 - Revenue and Cash Management
 - Property Control
 - Personnel and Payroll
 - Procurement
 - Disaster Planning and Recovery
 - Computer Operations
 - General Control Environment

Internal Control Program

Audits

- 2014-15 Campus-Engaged Audits
 - OSC Advisory 28 - Controls over the Payment Process (Accounts Payable, Purchasing)
 - Computer Operations
 - General Control Environment

Internal Control Program

Audits

- External Audits
 - Financial Aid Single Audit
 - Others as notified



Discussion