Internal Controls

A Timely and Timeless Subject at Georgia State

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Internal Controls

- Georgia State has strong record of emphasis
- Expectations from outside continue to grow
- Georgia State’s strong record also continues
- More work in the short term
- Fewer problems in the long term
- Everyone’s involved
Strong Record Continues

- Financial Statements – Comptroller facilitating
- P-Card – Business Services facilitating
- Hotline/employee malfeasance – University Auditing and Advisory Services facilitating
- Compliance: Research area, Gramm-Leach-Bliley Act, FERPA, HIPAA, etc. – Research and Legal Affairs facilitating
Fewer Problems – Internal Controls Help Assure That

- Assets are protected and conserved
- Records are accurate
- Operations are efficient and effective
- Laws/regulations are complied with
Everyone’s Involved

- Deans/Vice Presidents are ultimately responsible
- Administrative officers, chairs, directors, principal investigators, and others must know and do their parts
- What should you know and do?
Definition of internal control: “process effected by an entity’s board . . ., management, and others . . . to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.”

(Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013)
Internal Control – One of the Fundamental Concepts

“Effected by people – not merely about policy and procedure manuals, systems, and forms, but about people and the actions they take at every level of an organization to affect internal control compliance.”

(COSO, 2013)
Internal Control Framework

- Control Environment
- Risk Assessment
- Control Activities (next slide)
- Information & Communication
- Monitoring

(COSO)
Control Activities

- Segregation of duties
- Authorization and approvals
- Security of assets
- Verifications, reconciliations, review
- Policies and procedures (to deploy)

(COSO)
Internal Control Simplified

Simple definition of internal control: what we do to see that the things we want to happen will happen . . . and the things we don’t want to happen won’t happen.

(Vermont Department of Finance & Management)
Internal Controls Examples

- Unoccupied buildings, offices, labs locked
- Computer passwords changed periodically
- Cash and checks secured
- Authorizations obtained and documented
- Reconciliations/confirmations performed

(University of Utah Internal Audit)
Internal Controls Considerations

- Does this feel right? Would others think so?
- What do policies and regulations say?
- Is there a better right way to do this?
- Is the benefit worth the cost of the control?
- Required controls must be complied with.
- Controls protect the university and its people.

(University of Utah Internal Audit)
Balance Risk and Controls

Excessive Risks: Loss of assets, donors, or grants; noncompliance; more regulations; poor business decisions; public scandals

Excessive Controls: Increased bureaucracy, complexity, or cycle time; lost productivity; increase in non-value activities

(Texas Tech Office of Audit Services)