Policy Title: Internal Control Policy	Effective Date: 2/22/2018
Policy Number: GEN-PO-1006	Date of Last Review: 2/1/2025
Oversight Department: Office of the President	Next Review Date: 2/1/2028

1. **PURPOSE**

   The *Internal Control Policy* for Radford University (University) provides for the implementation of a system of internal control for the University.

2. **APPLICABILITY**

   The *Internal Control Policy* applies to all University employees.

3. **DEFINITIONS**

   Business Affairs and Audit Committee: Per the Radford University Board of Visitors Board Manual, a standing committee of the Board of Visitors that supports the Board's responsibilities for the budget process, accountability, and general fiscal efficiency, the review and development of capital requests, as well as campus safety and security. The committee considers and makes recommendations to the Board on matters and policies that may include, but not limited to: budget, information technology, and capital outlay. This committee also oversees the internal audit function of the University, receives the annual financial audit report of the Auditor of Public Accounts, and performs studies of financial matters as directed by the Board.

   Division Head: President, Provost, or applicable Vice President.

   Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is an ongoing process, effected by the Board of Visitors, management, and other University employees designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring activities.

   Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

Significant Fiscal Process: A component or unit of financial operations that has been identified by the University as significant to the overall institution based on one or more of the following characteristics:

- Consumes a proportionally large share of University resources

- Has a high degree of public visibility

- Represents an area of concern and high risk to a mission-critical business process for University managers and stakeholders

- Has a significant effect on a general ledger account balance or the financial reporting process

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. POLICY

A. The University's Board of Visitors and the President are dedicated to maintaining an effective ethical culture through their commitment to competence, integrity, and ethical values as communicated in the Radford University *Code of Ethics*. This same commitment is an expectation for all University employees.

B. Accordingly, the University's Board of Visitors and the President recognize the need for, and the value of, a strong system of internal control, and are therefore committed to maintaining a strong system of internal control.

C. Failure to adhere to this policy and/or related University policies and procedures may be considered misconduct and will be evaluated based on the severity and/or frequency of the offense. Where appropriate, disciplinary action may be taken up to and including termination of employment.

5. PROCEDURES

A. **Implementing the System of Internal Control**

1. As head of the University, the President is ultimately responsible for ensuring the University establishes and maintains a strong system of internal control including meeting any requirements of the Commonwealth of Virginia.

2. Division heads are responsible for ensuring that management within their respective areas of responsibility implement and maintain a strong system of internal control.

3. All management is responsible for ensuring that employees are sufficiently informed of their internal control responsibilities and for monitoring the design and operating effectiveness of internal controls on an ongoing basis. All management is responsible for prompt corrective action on all internal control findings and recommendations made during internal or external reviews and/or audits.

4. All University employees must perform their duties and conduct University activities in accordance with proper internal control as prescribed in University policies, procedures, and memoranda.

B. **Reviewing the System of Internal Control**

1. **General**

    a. **Internal Audit** - The Office of Audit & Advisory Services, as the internal audit function for the University, is charged by the Board of Visitors (see *Internal Audit Charter*) with independently ascertaining that the internal control processes designed by management are adequate and functioning in an effective manner. The Office of Audit and Advisory Services is also responsible for reporting to management and the Business Affairs and Audit Committee of the Board of Visitors on the adequacy and effectiveness of the University's system of internal control including any ideas, counsel, and/or recommendations for improvement.

    b. **External Audit** - All levels of internal control may be subject to examination by external auditors, including the Auditor of Public Accounts.

2. **Financial Operations**

    a. As required by Commonwealth Accounting Policies and Procedures (CAPP) Manual, Section 10300, Internal Control Guidance, the President is responsible for having management document the University's assessment of internal control to include:

        i.   Strengths, weaknesses, and risks over the recording of financial transactions in the general ledger;

        ii. Compliance with the University's financial reporting requirements;

        iii. Compliance with laws and regulations; and

        iv. Stewardship over the University's assets.

    b. Annually, the Associate Vice President for Finance & University Controller will oversee an internal control assessment of significant fiscal processes, in accordance with the Comptroller of Virginia's Agency Risk Management and Internal Control Standards (ARMICS), to ensure internal controls are operating effectively and as intended. Documentation will be maintained to support the design, implementation, and operating effectiveness of the system of internal control for significant fiscal processes.

    c. The President, Chief Financial Officer & Vice President for Finance and Administration, and Associate Vice President for Finance & University Controller will annually certify to the Comptroller of Virginia and the Auditor of Public Accounts that the University has established, maintained, and evaluated its system of internal control for significant fiscal processes.

6. **EXCLUSIONS**

    None

7. **APPENDICES**

    None

8. REFERENCES

Code of Virginia, § 2.2-800, "Department of Accounts created; appointment of Comptroller; oath."

Code of Virginia, § 2.2-803, "Financial accounting and control."

Commonwealth of Virginia Accounting Policies and Procedures (CAPP) Manual, Topic 10305, "Internal Control Guidance"

Agency Risk Management and Internal Control Standards (ARMICS)

Internal Control – Integrated Framework (2013), Committee of Sponsoring Organizations of the Treadway Commission

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and the President's Cabinet.

10. APPROVAL AND REVISIONS

The *Internal Control Policy* replaces and expands upon the Policy Statement on Internal Control adopted by the Business Affairs Committee of the Board of Visitors on February 17, 1999. The newly developed *Internal Control Policy* was developed in the University Policy Template, and was submitted to and approved by the President's Cabinet at the meeting held on January 8, 2018. The policy was then submitted to and approved by the Radford University Board of Visitors at the meeting held on February 16, 2018. The President signed the new policy on February 22, 2018.

Reviewed February 1, 2022. Only minor revisions.

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For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.