

# DFA Conversations – Internal Controls

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# Agenda

- Introduction
- Policy 3.26 – Financial Internal Controls
- Internal Control Committee
- FIN 203 – Internal Controls
- Unit-specific internal control plan example
- Annual Operating Unit Internal Control Certification

## Policy 3.26 – Financial Internal Controls

- Approved by EPRG on 11/5/19
- Requires all operating units to develop unit-specific financial internal control plans
- DFA to provide templates and training

# Internal Control Committee

- Cross-functional group with representatives from 14 different areas of the university
- Monitors reports and recommends updates to the university's internal control framework
- Supports operating units with implementation through reviewing and approving the tools and templates developed by DFA

# FIN 203 – Internal Controls

- New course in fall 2019
- Part of the redesigned DFA Accounting Certification Program
- Provides an overview of the COSO internal control framework
- Discusses Cornell's internal control framework and the role employees play

# Unit Specific Control Plans

- The University Business Service Center (UBSC) completed its internal control plan on 9/30/19:
  - Process maps and control narratives
  - Risk assessment tool
  - Executive summary and management's response plan
- The Division of Financial Affairs (DFA)'s consolidated control plan will be completed by 3/31/20.
- DFA's control plan will serve as a foundation for other operating units to prepare their control plans, beginning in 2020.

# Process Narratives

- Document the key elements of a process
  - Roles and responsibilities
  - Sources of information
  - Criticality
  - Frequency
  - System access

# Process Narratives

- Includes detailed procedures
- Identify key risks and controls
- Identify inefficiencies

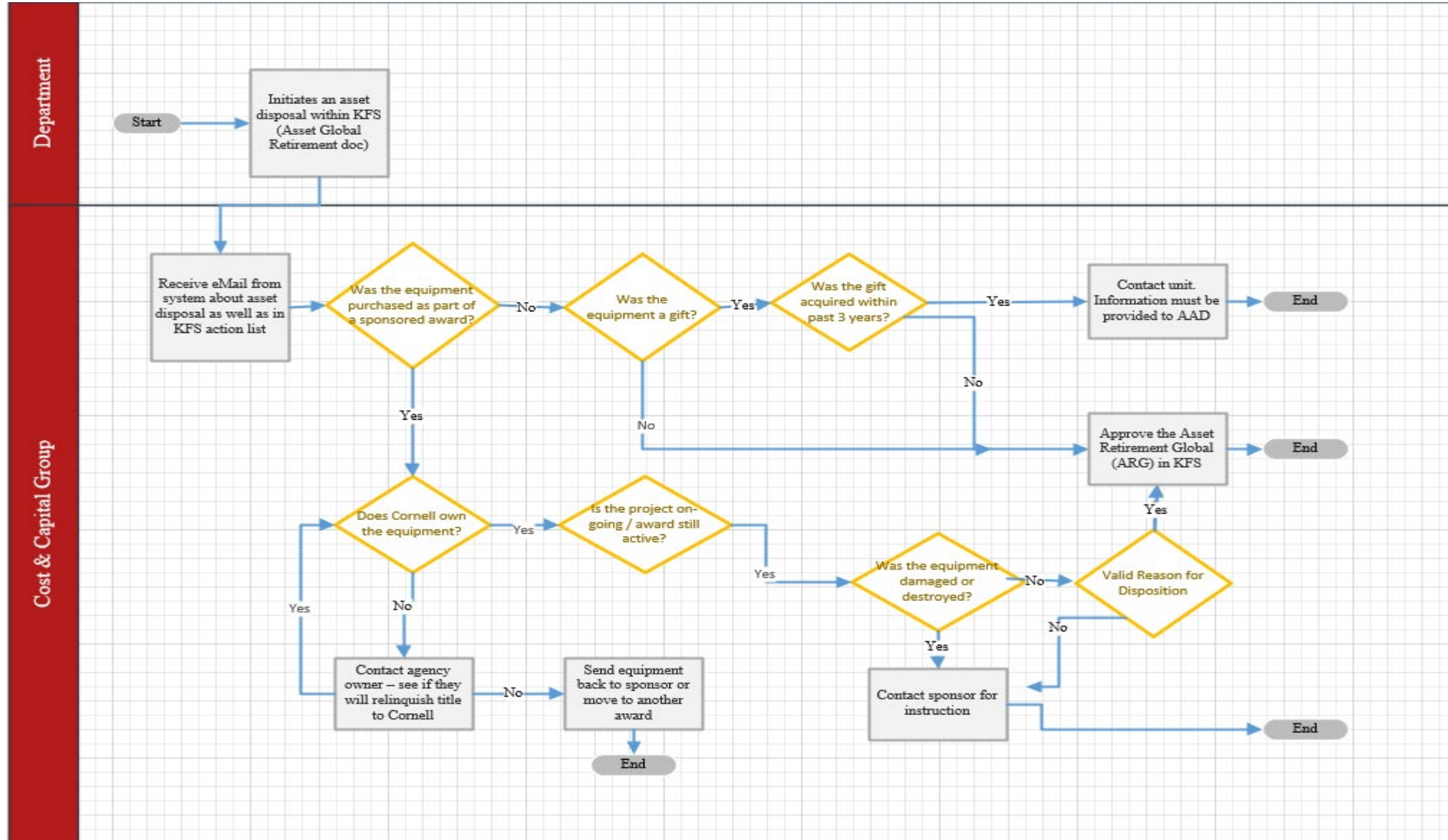


# Example Narrative – UBSC Cash Disbursements

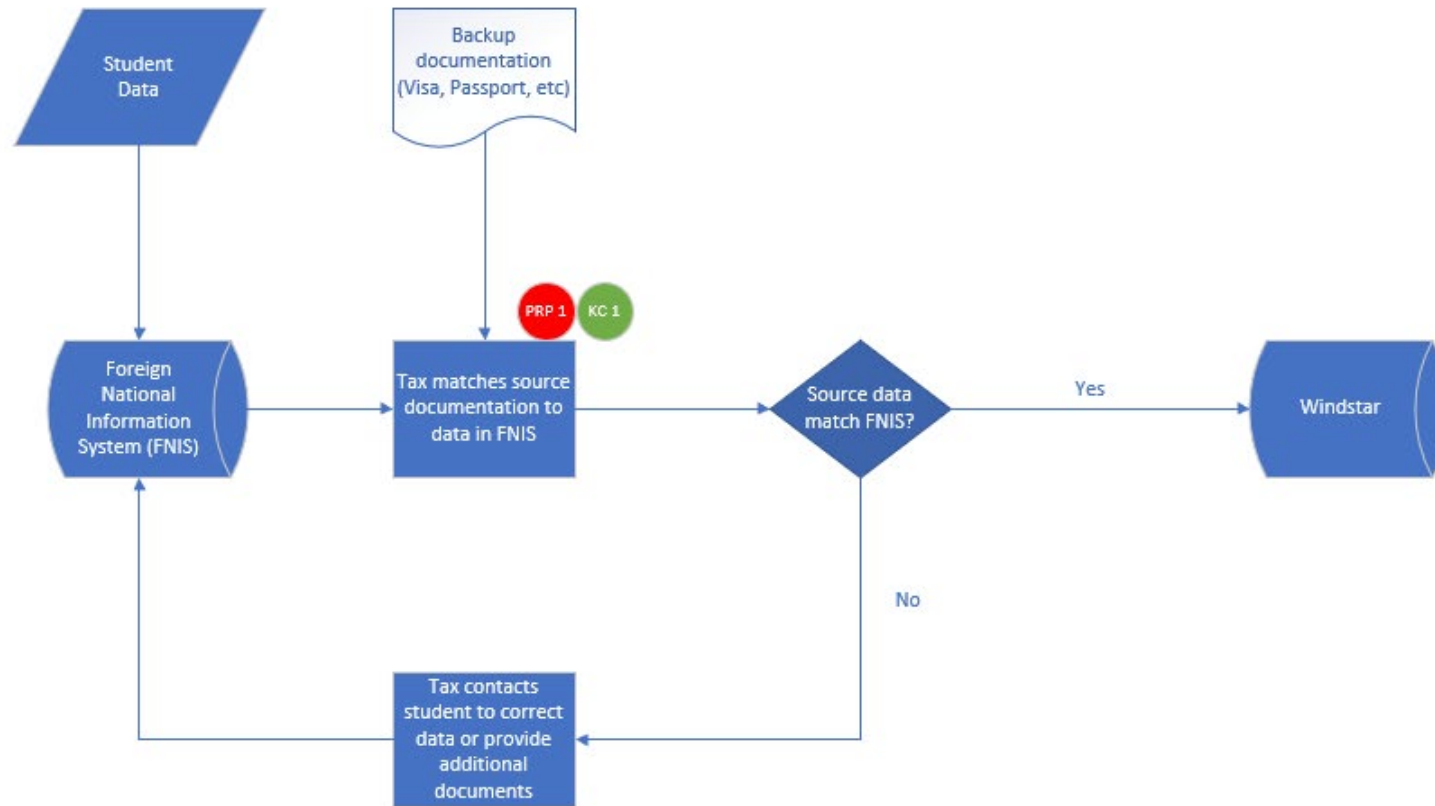
# Process Maps

- Provides a visual of a process from start to finish
- Identifies systems and responsibilities
- Visualize risk points and controls

# Example Process Map – Asset Disposal



# Example Process Map – DFA Foreign National Onboarding

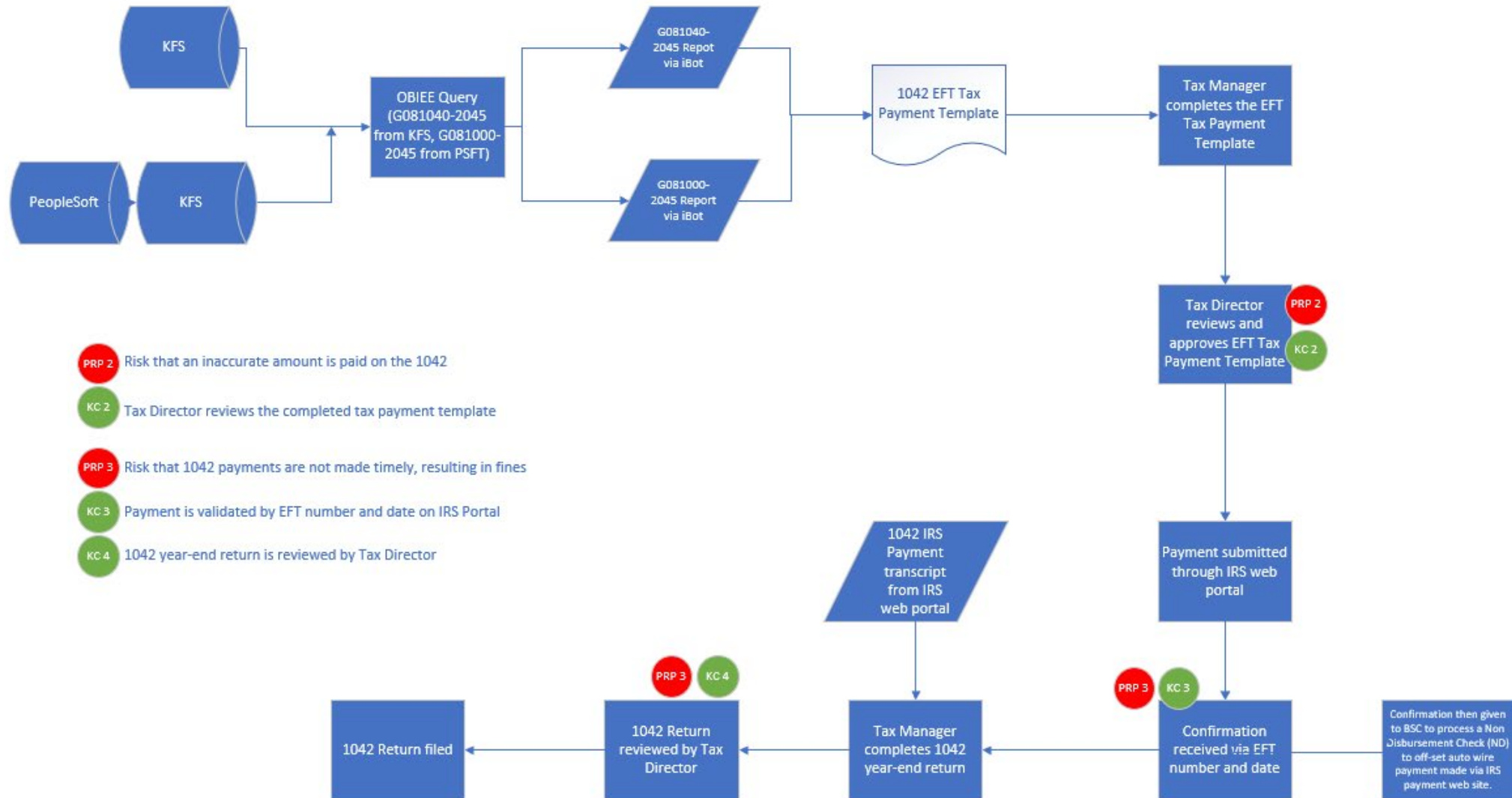


PRP 1 Risk that students enter inaccurate/incomplete onboarding data, resulting in the University paying an incorrect amount of FICA/withholding



KC 1 Tax Manager matches source documents to information provided in FNIS

# Example Process Map – DFA 1042 Payment Processing



# Risk Assessment

- Assess “what can go wrong” in a process
- Evaluate inherent risk of each identified risk
- Evaluate existing controls which address identified risks, and note where gaps exist

# Risk Assessment

- Allows the unit to focus resources on high risk areas
- Unit can identify inefficiencies where resources are allocated to low risk areas

# Example Risk Assessment - UBSC



# Executive Summary and Management Response

- Summary focuses on the higher risk areas identified during risk assessment
- Management states corrective actions to take related to identified weakness or inefficiencies

# Example – UBSC Summary and Response Plan

# Operating Unit Internal Control Certification

- Required annually from each unit to support the university's financial statement audit
- Includes attestations over the following areas:
  - Completeness and accuracy over financial reporting
  - Effective internal controls
  - Changes in activities
  - Commitments/Contingencies/Disclosures

# Example – FY19 OUICC Template