

Office of the University Controller

Internal Controls Update

DFS Conversations

Financial Operations Team:

- Hei Hei Depew
- Tracy Marshall

Agenda



Internal Control Framework - Policy 3.26



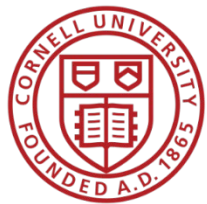
Unit Internal Control Plans (ICP), Timeline, Updates



Office of the University Controller (OUC) Plan to Ensure Proper Controls



Financial Operations Resources



Internal Control Framework

Cornell Internal Control Requirements



University Bylaws state that the University Controller is responsible for establishing and maintaining effective internal control procedures.



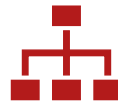
University Policy 3.26 – Financial Internal Controls requires all operating units develop their own internal control plans.



State University of New York requires an annual Internal Control Certification Form for the contract colleges, signed by the University President.



Internal controls are necessary to satisfy the university's annual external audit.



The University Audit Office also monitors the effectiveness of internal controls.

An 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.”*



Everyone in an organization plays a role in Internal Controls!

Why Are Internal Controls Important?

A strong internal control environment provides the following:

- Operational effectiveness and efficiency.
- Reliable financial reporting.
- Compliance with laws and regulations.
- Prevention or detection of fraud.
- Detection of human error.



17 PRINCIPLES OF THE COSO FRAMEWORK



Who Plays a Role in Internal Controls?

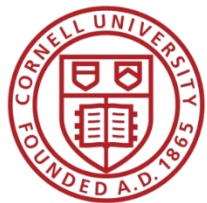
Control activities are performed at all colleges/units at Cornell; and throughout various levels.

The Board of Trustees established the tone at the top regarding the importance of internal control.

Management reinforces the expectations at the various levels of the organization. Control activities are performed at all levels of the entity.

Everyone has a role to play when it comes to internal controls!

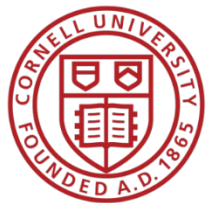




Unit Internal Control Plans

Internal Control Plan Timeline





Office of the University Controller (OUC) Plan to Ensure Proper Controls

OUC Plan to Ensure Proper Controls

Background

University Policy 3.26, Financial Internal Controls requires all operating units develop their own unit-specific financial internal control plans using guidelines provided by the Office of the University Controller (OUC). The OUC is responsible to work with units to develop and document unit-specific, customized control plans, including developing unit materiality levels and completing unit risk assessments.

Overall, units have been working toward compliance with Policy 3.26, and, while there are no university-wide findings that warrant major concern from Senior Leadership, the OUC has identified the Major Transaction Cycles where additional guidance could benefit units.



Procure to Pay: Q2
FY24



Account
Reconciliations and
Monitoring



Accounts
Receivable and
Billings

OUC Plan to Ensure Proper Controls

Desktop Narratives

- Detailed description of the process
- Key documents
- Step-by-step procedure
- Glossary of terms

Flow Charts

- Visual aid of the process
- Denotes stakeholders, roles and responsibilities
- Denotes minimum required controls

Minimum Required Controls Matrix

- Formal documentation of minimum required controls
- Description of risk and control
- Relevant policies

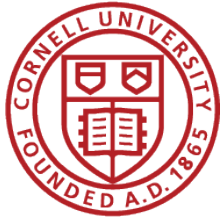
Financial Operations Resources



Contact: financialoperations@cornell.edu



Website: finance.cornell.edu/controller/internalcontrols



Questions