



ARMICS - INTERNAL CONTROLS

Policy Title: ARMICS- Internal Controls

Policy Type: Administrative

Policy Number: Administrative Policy # 41-11 (2014)

Approved: 08/18/2014

Responsible Office: Controller/Financial Services Office

Responsible Executive: Vice President for Finance and Administration

Applies to: University Community

POLICY STATEMENT

The University will design internal controls to comply with the letter and the spirit of the state comptroller's guidelines and to provide reasonable assurance that the goals and objectives of the University will be achieved.

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DEFINITIONS

Agency Risk Management and Internal Control Standards (ARMICS): guidelines implemented for the University's internal control program. ARMICS provides guidance for establishing and assessing the University's internal control in order to more effectively manage risk and maintain accountability. The ARMICS requires the University to document, evaluate, and test University-level controls across the five components of internal controls:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication

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5. Monitoring

Internal controls are procedures designed to provide reasonable, but not absolute, assurance in the following areas:

1. Effectiveness and efficiency of operations,
2. Reliability and completeness of financial reporting and information,
3. Compliance with applicable state, university and departmental laws, regulations and policies, and
4. Protection of assets.

Internal control procedures include the following actions:

1. Appropriate authorization and approval,
2. Documented review of data for accuracy, completeness, validity and reasonableness,
3. Appropriate supervision,
4. Physical security of assets,
5. Written policies and procedures,
6. Documentation of processes,
7. Appropriate segregation of duties,
8. Information security, including approval of access to information, and
9. Appropriate assignment of duties, responsibilities, and authorities.

CONTACT(S)

The Controller/Financial Services Office officially interprets this policy. The Vice President for Finance and Administration is responsible for obtaining approval for any revisions as required by BOV Policy # 01 (2014) *Creating and Maintaining Policies* <https://www.nsu.edu/policy/bov-01.aspx> through the appropriate governance structures. Questions regarding this policy should be directed to the Controller/Financial Services Office.

STAKEHOLDER(S)

All University employees (faculty, staff).

INTERNAL CONTROL POLICY CONTENTS

The purpose of this policy is to provide guidelines for the execution of internal controls in accordance with state requirements at Norfolk State University. The responsibility for implementing internal control standards begins with the President and extends to everyone at the University. The President hold leadership responsibility for helping to design, implement, maintain the University's internal control program that encompasses all the University fiscal programs and related activities. The Vice President of Finance and Administration shares this leadership role.

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- A. Internal Control Assessment:** The assessment of internal control and documentation must be conducted in accordance with ARMICS. Annually, the Assistant Vice President/University Controller's office will review, test and document University level and transaction level controls applicable to significant fiscal processes. Corrective action plans will be developed, if necessary, and submitted to Department of Accounts with annual ARMICS certification. Management's assessments of its internal control are subject to audit and review by the Internal Auditor as well as external auditors.
- B. Internal Auditor:** The Internal Auditor holds essential responsibilities for assessing, testing, and reporting on internal control. Although internal auditors can provide valuable consultative services with regard to control design, function, and assessment, they cannot relieve management of its responsibility. The University may use the internal auditor's analysis of internal control in its assessment of internal controls; however, the internal auditor's work cannot be substituted for management's independent analysis and documentation of agency internal control. The results of audits or reviews conducted by the Internal Auditor will be provided to management and the Board of Visitors.
- C. Department Responsibility:** Department heads are responsible for implementing and maintaining internal controls for their areas, and for seeking the assistance of the Vice President of Finance and Administration, the University Controller or ARMICS Coordinator when needed.

Failure to follow internal control policies and procedures will result in sanctions that are commensurate with the severity and/or frequency of the offense and may include termination of employment.

PUBLICATION

This policy shall be widely published or distributed to the University community and included in the online University Policy Library.

1. Communicate the policy in writing, electronic or otherwise, to the University community within 14 days of approval;
2. Submit the policy for inclusion in the online Policy Library within 14 days of approval;
3. Post the policy on the appropriate website; and
4. Educate and train all stakeholders and appropriate audiences on the policy's content, as necessary. Failure to meet the publication requirements does not invalidate this policy.

REVIEW SCHEDULE

List the following:

- Next Scheduled Review: 05/22/2021

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- Approval by, date: President, 08/18/2014
- Revision History: 08/18/2014; 08/18/2015; 07/19/2016; 06/26/2017; 05/22/2018
- Supersedes: None – New Policy

RELATED DOCUMENTS

1. Internal Control Guidance: Internal Control; Commonwealth Accounting Policy and Procedures (CAPP) Manual Section 10000; Topic 10305

http://www.doa.virginia.gov/reference/CAPP/CAPP_Topics/10305.pdf

FORMS

There are no forms associated with this policy and procedures.