A. PURPOSE

The purpose of this policy is to assign responsibility for compliance with requirements set forth in laws, regulations, University policies and procedures, and standards for internal controls, including as well as those found in commonly accepted business practices.

B. AUTHORITY

Code of Virginia Section 23.1-1301, as amended, grants authority to the Board of Visitors to make rules and policies concerning the institution. Section 6.01(a)(6) of the Board of Visitors Bylaws grants authority to the President to implement the policies and procedures of the Board relating to University operations.

Commonwealth Accounting Policies and Procedures (CAPP), Section 10305

Agency Risk Management and Internal Control Standards (ARMICS), a directive issued by the State Comptroller, mandates the use of internal control standards and “best practices” that directly support the Commonwealth’s vision and long term objectives. This directive requires the implementation and annual assessment of agency internal control systems in order to provide reasonable assurance of the integrity of fiscal processes related to the submission of the transactions to the Commonwealth’s general ledger, submission of financial statement directive materials, compliance with laws and regulations, and stewardship over the Commonwealth’s assets.

C. DEFINITIONS

Accounting Controls – The controls surrounding the activities concerned with authorizing, processing, recording, and reporting transactions.

Administrative Controls – The broad controls surrounding all activities carried out by University employees to accomplish their objectives (e.g., planning, organizing, monitoring productivity, and maintaining quality control).

Internal Controls – A process, affected by an entity’s board of visitors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. The structure, policies, and procedures used to
ensure that management accomplishes its objectives and meets its responsibilities. Internal controls include plans and procedures designed to (1) safeguard assets, (2) verify the accuracy and reliability of accounting data and other management information, (3) promote operational efficiency, and (3) ensure adherence to prescribed policies and procedures.

D. SCOPE

This policy applies to all employees and employees of affiliated organizations who are paid through the University. Employees include all staff, administrators, faculty, full- or part-time, and classified or non-classified persons who are paid by the University. Affiliated organizations are separate entities that exist for the benefit of the University through an operating agreement and include the Foundations, the Community Development Corporation, and the Alumni Association.

E. POLICY STATEMENT

Old Dominion University is committed to maintaining a strong system of internal controls and will have adequate administrative controls and accounting controls in place over all operations and transactions. The overall purpose of internal control is to help an organization achieve its mission and accomplish certain goals and objectives. An effective internal control system helps an organization to:

- Promote orderly, economical, efficient and effective operations.
- Produce quality products and services consistent with the organization’s mission.
- Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- Promote adherence to statutes, regulations, bulletins and procedures.
- Develop and maintain reliable financial and management data, and accurately report that data in a timely manner.

Internal controls are the responsibility of all employees of the University department; generally an employee’s position will determine the extent of their involvement. However, the greatest amount of responsibility rests with academic unit heads and administrative Department heads.

F. PROCEDURES

Vice Presidents are responsible for ensuring that adequate internal controls are maintain in their respective divisions.

Financial internal accounting controls are based on both Commonwealth Accounting Policies and Procedures (CAPP) and industry practice. University-wide awareness and interpretation of CAPP and industry practice shall be the responsibility of the Director of Finance and Accounting Operations. Questions regarding adequate internal controls may be directed to the Director of Finance and Accounting Operations for research and response.

The controls on other administrative processes that have a significant financial impact and non-financial internal controls are the responsibility of the appropriate vice president.

Academic unit heads and administrative Department heads are responsible for establishing, documenting, and monitoring internal controls to ensure that they exist and are operating effectively.
The Assistant Vice President for Finance/University Controller recommends internal control policy, develops and publishes procedures, evaluates internal controls annually to determine operating effectiveness, and issues a statement concerning internal controls to accompany the University’s submission of its financial statements to the Department of Accounts. The Assistant Vice President for Finance/University Controller also documents the agency’s assessment of internal controls in compliance with ARMICS and the related comptroller’s directive.

When internal controls are identified as not being adequate, appropriate action will be undertaken by the administration to address these deficiencies. The President has the ultimate responsibility of ensuring that internal control deficiencies are addressed. Any observed weaknesses in internal control must be brought to the attention of the Office of Finance/University Controller immediately.

The University Internal Auditor will independently evaluate the internal control environment and periodically verify management’s actions with relation to establishing, documenting, and monitoring of these internal controls.

G. RETENTION

Applicable records must be retained and then destroyed in compliance with the Commonwealth’s Records Retention and Disposition Schedules.

H. RESPONSIBLE OFFICER

Assistant Vice President for Finance/University Controller
Associate Vice President for Financial Services

I. RELATED INFORMATION

University Policy 1003 – University Responsibility for Compliance
University Policy 3002 – Authority of Internal Audit Department
N/A