

PIEDMONT VIRGINIA COMMUNITY COLLEGE

VII. FISCAL POLICIES AND PROCEDURES

VII – 3.0 PURCHASING INFORMATION

VII – 3.2 INTERNAL CONTROL POLICY

Policy #:	VII – 3.2
Effective:	
Revised:	10/14/04
Responsible Dept.:	Business Office

1. RESPONSIBILITIES

The President shall establish, maintain and evaluate internal control over all College assets and all financial activities. The Vice President for Finance and Administrative Services shall serve as the Internal Control Coordinator who has the overall responsibility for ensuring that this policy and the procedures herein are maintained and evaluated. The Internal Control Coordinator has the option of dividing the College into smaller functional or organizational units if doing so will lead to more manageable or assessable approaches. Piedmont Virginia Community College shall use a combination of the transaction cycle and organizational structure approach in establishing its internal control.

2. EVALUATION PROCESS

Risk Assessment:

A risk assessment shall be performed annually in order to assess the vulnerability of each assessable unit to key problem areas such as waste, loss, and unauthorized use or misappropriation of resources. The Internal Control Coordinator is responsible for identifying the major risks associated with each unit's activities and for assessing the procedures in place to mitigate identified risks. These assessment procedures may be delegated to unit managers if appropriate. The results of the risk assessment shall be reviewed by the Internal Control Coordinator and discussed with the President. If any weaknesses or risks are identified, the potential impact should be evaluated and subsequent actions developed, if necessary.

Internal Evaluation:

An intensive examination shall be made of any area where weaknesses or significant risks have been identified during the risk assessment. Specifically, each identified area shall be examined to determine if control techniques:

- Are being performed in accordance with documented policies and procedures
- Are being performed by knowledgeable personnel in well-defined, segregated duties within available college resources
- Are being performed with proper approval and are coordinated with College's missions and goals
- Are reducing material risk of waste, loss, unauthorized use of misappropriation of resources, and
- Are accomplishing objectives in an efficient and effective manner.

Questionnaires to assist in the examination of each (transaction cycle, organizational structure) can be found in the Vice President for Finance and Administrative Services office. Any high-risk

area identified during the risk assessment shall be examined immediately. However, all areas should be examined at least once during a biennium. The Commonwealth Accounting Policies and Procedures (CAPP) Manual should be consulted for further guidance and directions.

Corrective Action:

Corrective action to improve internal control shall be scheduled for those activities found deficient during the examination. Such actions may include training, updating policies and procedures, reassignment of duties or other appropriate actions. The cost of corrective action, identification of responsibility, and the implementation time for corrective action should be considered and analyzed.

Follow-up:

A follow-up analysis shall be conducted to determine if the corrective action taken to address an internal control weakness is effective.

3. INTERNAL CONTROL STATUS STATEMENT

The President shall provide the Chancellor with a statement regarding the status of the College's internal control program on an annual basis. The statement shall be included with the College's year-end financial statement.

4. RECORDS RETENTION

Internal control assessments, examinations and associated documentation should be maintained on file for five years.

5. REFERENCE

Authority for the procedures noted above is found in the CAPP Manual, Volume 1, Policies and Procedures, Section 10300, Internal Control Guidance, September 1998.