

## Florida Agricultural & Mechanical University Internal Control Self-Assessment Tool FY 2020 - 2021





# Internal Controls Self-Assessment Tool

## OVERVIEW

FAMU, through the Board of Trustees and President Robinson, has implemented two policies<sup>1</sup> adopting the COSO<sup>2</sup> Internal Controls: Integrated Framework. Under these policies, the President and Senior Leadership Team are responsible for establishing and maintaining systems of internal administrative and accounting control. Internal controls are activities undertaken to increase the likelihood of achieving management objectives in three areas:

1. Efficiency and effectiveness of operations;
2. Reliability of financial/operational records and reports; and
3. Compliance with laws, rules, regulations, contracts, policies, and procedures.

Management across the University is responsible for establishing internal controls to keep their operations on course towards accomplishing goals, ensuring proper use of resources, achieving defined objectives, minimizing surprises and risks, and allowing the organization to successfully deal with change.

Some internal controls are established at the institutional level while others are established at the department level. To achieve success, management needs to be knowledgeable about, and support, internal administrative and accounting controls, and to implement practical and effective internal controls specific to the department utilizing a cost benefit approach (unless required by local, state or federal regulations).



The BOT policy requires that the President assess the effectiveness of the University’s system of internal controls and report annually to the Board of Trustees regarding the University’s internal controls, any identified weaknesses, and associated corrective actions. To assist President Robinson in making his assessment of internal controls and preparation of his annual assurance statement to the BOT we have developed the attached self-assessment checklist tool and timeline.

The checklist is provided as a tool to facilitate a self-assessment of internal controls by management of each operational department. The checklist is organized by the five interrelated components of internal control. Departmental Assessments will be rolled up into Division Assessments and finally a University-wide assessment.

<sup>1</sup> BOT Policy 2019-01 [Internal Controls and Enterprise Risk Management](#) and University Policy UP-01-02 also titled [Internal Controls and Enterprise Risk Management](#)

<sup>2</sup> COSO stands for the Committee on Sponsoring Organizations of the Treadway Commission. More information about COSO can be found at: <https://www.coso.org/Pages/default.aspx>





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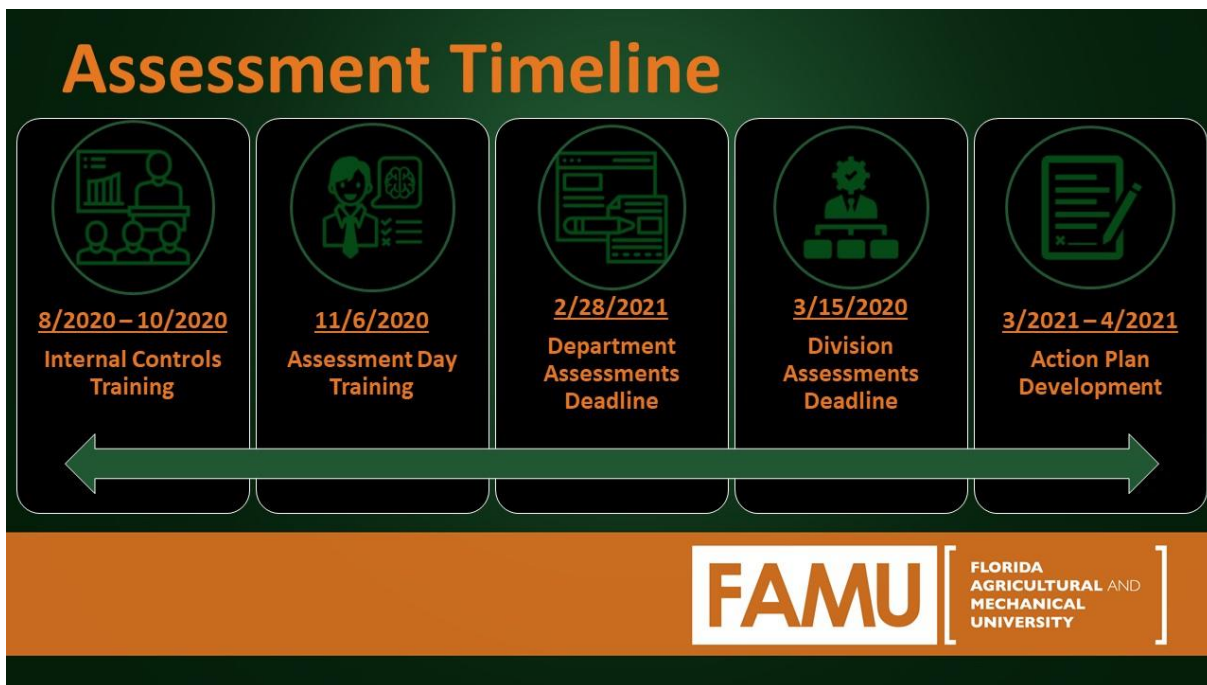
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## Assessment Timeline

It is our goal to provide the required assurance statement to the BOT at their June 4, 2021, meeting. To meet this schedule, we are asking each Department, College, and School to complete the attached checklist and submit it to their Vice President by February 28, 2021. Each Division will have until March 15, 2021, to review and submit these checklists along with a summary of noted strengths and opportunities (including corrective action plans as appropriate) to the Division of Audit. The Division of Audit will work with each Division to develop the President’s draft assurance statement and refine any action plans.

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## Self- Assessment Maturity Scale

The self-assessment checklist uses the following five-point scale based upon a process maturity ratings system.

Maturity Stage	Observable Process Characteristics			
	Procedures	Controls	Metrics	Improvement Mechanisms
1. Ad Hoc	No formal procedures exist.	Controls are non-existent or primarily in reaction to a "surprise."	There are not metrics or performance monitoring.	None
2. Repeatable	Some standard procedures exist, relies on "tribal knowledge <sup>3</sup> ."	Mostly detective controls are in place, minimal preventive controls, and highly manual.	Few performance metrics exist; thus, performance monitoring is inconsistent or informal.	Most likely in reaction to audits or service disruptions.
3. Defined	Procedures are well documented, but not kept current to reflect changing business needs.	Preventive and detective controls are employed, still reliant on manual activities.	Some metrics are used, but performance monitoring is still manual and/or infrequent.	Generally, occurs during periodic (e.g. annual) policy and procedures review.
4. Managed	Procedures and controls are well documented and kept current.	Preventive and detective controls are employed, with greater use of automation to reduce human error.	Many metrics are used with a blend of automated and manual performance monitoring.	Best practices and/or benchmarking are used to improve processes.
5. Optimized	Process and controls are continuously reviewed and improved.	Preventive and detective controls are highly automated to reduce human error and cost of operations.	Comprehensive, defined performance metrics exist, with extensive automated performance monitoring.	Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve processes.

<sup>3</sup> Tribal knowledge is any unwritten information that is not commonly known by others within an organization. This term is used most when referencing information that may need to be known by others in order to produce quality products or services. The information may be key to quality performance, but it may also be totally incorrect.



## Self- Assessment Checklist

The checklist follows the 5 **Components of Control** and is further broken down into the 17 **Principles of Control**. You are required to make your assessment at the **Principle** level. To assist in your assessment, we have provided more detailed information which supports each **Principle** – including points of focus, descriptions, and references. We encourage you to consider every point of focus to facilitate your assessment of the **Principles of Control**. A comment field is provided after each **Principle of Control** for you to provide information regarding strengths and opportunities. It is imperative that this information be provided in sufficient detail to facilitate review by your Vice President and the Division of Audit. Remember, this will be the data that informs the President’s assurance statement to the Board of Trustees.

The Division of Audit is available to provide advice and assistance as you go through this process.

<b>Control Environment</b>					
<b>Principles of Control</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization demonstrates a commitment to integrity and ethical values.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					





Risk Assessment					
Principles of Control	1	2	3	4	5
The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization considers the potential for fraud in assessing risks to the achievement of objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization identifies and assesses changes that could significantly impact the system of internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					

Control Activities					
Principles of Control	1	2	3	4	5
The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization selects and develops general control activities over technology to support the achievement of objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization deploys control activities through policies that establish what is expected and procedures that put policies into place.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					

Information & Communications					
Principles of Control	1	2	3	4	5





The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					
The organization communicates with external parties regarding matters affecting the functioning of internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>					

Monitoring Activities							
Principles of Control			1	2	3	4	5
The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>							
The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS:</b>							

Department Name: \_\_\_\_\_ Date: \_\_\_\_\_

Completed By:

\_\_\_\_\_  
Name(s)

\_\_\_\_\_  
Title(s)



The following pages provide each **Component of Control** and **Principle of Control** with additional **Points of Focus**, descriptions, and references to aid in your assessment. This detail should inform your review and help you identify areas of strength and opportunities for improvement which can be included in the comments section of your assessment.

## Control Environment: Principles & Points of Focus

**Principle 1: The organization demonstrates a commitment to integrity and ethical values.**

**Point of Focus: Sets the Tone at the Top**

- **Integrity:** Department management sets a good example and regularly communicates high expectations regarding integrity and ethical values.

**Point of Focus: Establishes Standards of Conduct**

- [1.019 University Code of Conduct](#)
- **Code of Conduct:** Department management understands the University's policies governing relationships with sponsors, suppliers, creditors, regulators, the community, and the public at large.
- **Acceptable business practices:** Department management (faculty and supervisory staff) understand the University's policies covering matters such as legitimate use of University resources.
- **Conflicts of Interest:** Department management understands the University's policies regarding potential conflicts of interest.

**Point of Focus: Evaluates Adherence to Standards of Conduct**

- **Adherence to Standards:** Management or the appropriate office evaluated adherence to the established standards of conduct.

**Point of Focus: Addresses Deviations in a Timely Manner**

- **Inappropriate Behavior:** Inappropriate behavior is consistently reprimanded in a timely and direct manner, regardless of the individual's position or status.

**Principle 2: The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.**

**Point of Focus: Board of Trustees establishes oversight responsibilities**

- **BOT Policies:** <http://www.famu.edu/index.cfm?BOT&PoliciesandResolutions>



- **BOT Operating Procedures:** <http://www.famu.edu/BOT/3-9-18%20BOT%20Operating%20Procedures.pdf>
- **BOG Regulation: University Board of Trustees Powers and Duties:** [https://www.flbog.edu/wp-content/uploads/1\\_001-PowersandDuties.pdf](https://www.flbog.edu/wp-content/uploads/1_001-PowersandDuties.pdf)

**Point of Focus: Board of Trustees member apply relevant expertise**

**Point of Focus: The Board of Trustees operates independently**

**Point of Focus: The Board of Trustees provides oversight for the system of internal control.**

- **BOT Policy 2019-01 Internal Controls and Enterprise Risk Management**

**Principle 3: Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.**

**Point of Focus: Considers all structures of the entity**

- **Complexity of the Organizational Structure:** Complexity of the structure is commensurate with the organization. Lines of reporting are clear and documentation is up-to-date.

**Point of Focus: Establishes reporting lines**

- **Organization Charts:** Documentation exists and is up to date.

**Point of Focus: Defines, assigns, and limits authorities and responsibilities**

- **Size of the Management Group:** Size is commensurate with the complexity of the department and its growth.
- **Delegation of authority and assignment of responsibility for operating and financial functions:** Delegation of authority and assignment of responsibility is clearly defined. Individuals are held accountable for results.
- **Authority Limit:** Authority limits are clearly defined in writing and communicated as appropriate.
- **Delegation of Signature Authority:** Appropriate limits have been placed on each delegation of signature authority. Management reviews and updates signature records as turnover occurs.
- **Knowledge and Expertise:** Key personnel are knowledgeable and experienced. Management does not delegate authority to inexperienced individuals.

**Principle 4: The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.**

**Point of Focus: Establishes policies and practices**





- **Policies and Procedures:** Department management establishes and maintains appropriate policies and procedures.

**Point of Focus: Evaluates competence and addresses shortcomings**

- **Employee Competence:** Department management is aware of competency levels, and is involved in training and increased supervision when competency is low.
- **Supervision Policies:** Personnel are adequately supervised. They have a regular resource for resolving problems.
- **Evaluation of Personnel:** An organized evaluation process exists.

**Points of Focus: Attracts, develops, and retains individuals**

- **Knowledge and Skills:** Department management (faculty and supervisory staff) understand the knowledge and skills required to accomplish tasks.
- **Selection of Personnel:** A careful hiring process is in place. The Human Resources department is involved in identifying potential employees based on job requirements.
- **Training:** On-the-job and other training programs have defined objectives. They are effective and important.
- **Methods to Compensate Personnel:** Compensation decisions are based on a formal process with meaningful involvement of more than one level of management. The effect of performance evaluations on compensation decisions is defined and communicated.
- **Staffing of Critical Functions: Critical functions are adequately staffed, with reasonable workloads.**
- **Turnover. Particularly turnover in financially responsible positions:** Low turnover. Management understands root causes of turnover.
- **Stability of the Management Group:** Low or target turnover.

**Point of Focus: Plans and prepares succession planning**

- **Succession Planning:** Department management employs a strategy for passing on leadership roles to an employee or group of employees to ensure operations continue to run smoothly after key people move on to new opportunities, retire, or pass away.

**Principle 5: The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.**

**Point of Focus: Enforces accountability through structures, authorities, and responsibilities**

- **Organization Chart:** Management maintains and updates the organization for the department to ensure management structure and authorities are clear and followed.



- **Job Descriptions:** Responsibilities are clearly defined in writing and communicated as appropriate.

**Point of Focus: Establishes performance measures, incentives, and rewards for ongoing relevance**

- **Goals and Performance Measures:** Management works with each employee to establish position responsibilities and goals as part of the evaluation process.

**Point of Focus: Considers excessive pressures**

- **Considers excessive pressures:** Management and the board of directors evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities, develop performance measures and evaluate performance.

**Point of Focus: Evaluates performance and rewards or disciplines individuals**

- **Rewards and Discipline:** Management and the board of directors evaluate performance of internal control responsibilities, including adherence to standards of conduct and expected levels of competence and provide rewards or exercise disciplinary action as appropriate.



## Risk Assessment: Principles & Points of Focus

**Principle 6: The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.**

### **Point of Focus: Operations Objectives: Reflects management’s choices**

- **Unit-wide Objectives:** A formal mission or value statement is established and communicated throughout the department.
- **Critical Success Factors:** Factors that are critical to achievement of department-wide objectives are identified. Resources are appropriately allocated between critical success factors and objectives of lesser importance.
- **Approach to Decision Making:** Decision-making processes are deliberate and consistent. Decisions are made after careful consideration of relevant facts. Policies and procedures are in place to ensure appropriate levels of management are involved.
- **Employee Involvement:** Employees at all levels are represented in establishing the objectives.
- **Long and Short-range Planning:** Long and short-range plans are developed and are written. Changes in direction are made only after sufficient study is performed.
- **Strategic Planning for Information Systems:** Planning for future needs is done well in advance of expected needs and considers various scenarios.

### **Point of Focus: Operations Objectives: Considers tolerance for risk**

- **Risk Tolerance:** Department management considers the relative importance of objectives and aligns risk tolerances with risk appetite.
- **Measurement of Objectives:** Department-wide and activity level objectives include measurement criteria and are periodically evaluated.

### **Points of Focus: Operations Objectives: Includes operations and financial performance goals**

- **Emphasis on meeting budget and other financial and operating goals:** Realistic budgets are established and results are actively monitored. Corrective action is taken as necessary.
- **Activity-level Objectives:** Realistic objectives are established for all key activities including operations, financial reporting and compliance considerations.

### **Point of Focus: Operations Objectives: Forms a basis for committing resources**

- **Resources:** Management provides the resources needed for employees to carry out their duties.

### **Point of Focus: External Financial Reporting Objectives: Complies with applicable accounting standards**





- **Approach to Financial Accountability:** Management’s approach shows concern and appreciation for accurate and timely reporting. Budgeting and other financial estimates are generally conservative.

**Point of Focus: External Financial Reporting Objectives: Considers materiality**

**Point of Focus: External Financial Reporting Objectives: Reflect entity activities**

**Point of Focus: External Non-Financial Reporting Objectives: Complies with externally established standards and frameworks**

**Point of Focus: External Non-Financial Reporting Objectives: Considers the required level of precision**

**Point of Focus: External Non-Financial Reporting Objectives: Reflects entity activities**

**Point of Focus: Internal Reporting Objectives: Reflects management’s choices**

- **Budgeting System:** Detailed budgets are developed by area of responsibility following prescribed procedures and realistic expectations. Plans and budgets support achievement of department-wide action steps.

**Point of Focus: Internal Reporting Objectives: Considers the required level of precision**

**Point of Focus: Internal Reporting Objectives: Reflects entity activities**

**Point of Focus: Compliance Objectives: Reflects external laws and regulations**

- **Laws and Regulations:** There is active concern and effort to ensure compliance with the letter and intent of laws and regulations.

**Point of Focus: Compliance Objectives: Considers tolerances for risk**

**Principle 7: The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.**

**Point of Focus: Includes entity, subsidiary, division, operating unit, and functional levels**

**Point of Focus: Analyzes internal and external factors**

- **Identification and Consideration of Internal Risk Factors:** A process exists to identify and consider the implications of internal risk factors (new personnel, new information systems,



changes in management responsibilities, new or changed educational or research programs, etc.) on department-wide objectives and plans.

- **Identification and Consideration of External Risk Factors:** A process exists to identify and consider the implications of external risk factors (economic changes, changing sponsor, student and community needs or expectations, new or changed legislation or regulations, technological developments, etc.) on department-wide objectives and plans.

**Point of Focus: Involves appropriate levels of management**

- **Commitment to Change:** Management promotes continuous improvement and solicits input and feedback on the implications of significant change.
- **Support of Change:** Management is willing to commit resources to achieve positive change.
- **Routine Change:** Mechanisms exist to identify, prioritize, and react to routine events (i.e., turnover) that affect achievement of unit-wide objectives or action steps.
- **Economic Change:** Mechanisms exist to identify and react to economic changes.
- **Regulatory Change:** Mechanisms exist to identify and react to regulatory changes (maintain membership in associations that monitor laws and regulations, participate in University forums, etc.).
- **Technological Change:** Mechanisms exist to identify and react to technological changes and changes in the functional requirements of the unit.

**Point of Focus: Estimates significance of risks identified**

- **Prioritization of Risk:** The likelihood of occurrence and potential impact (monetary and otherwise) have been evaluated. Risks have been categorized as tolerable or requiring action.
- **Approach to Studying Risks:** In-depth, cost / benefit studies are performed before committing significant unit resources.
- **Consultation with External Advisors:** External advisors are consulted as needed to supplement internal expertise.

**Point of Focus: Determines how to respond to risks**

- **Process for Monitoring Risks:** A risk management program is in place to monitor and help mitigate exposures.

**Principle 8: The organization considers the potential for fraud in assessing risks to the achievement of objectives.**

**Point of Focus: Considers various types of fraud**

- **Fraud** means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in



financial statements to deceive users of financial statements, theft of an entity’s assets, bribery, or the use of one’s position for personal enrichment through the deliberate misuse or misapplication of an organization’s resources. Fraud generally means an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, or intentional concealment or the omission of material facts.

**Point of Focus: Assesses incentive and pressures**

- **Pressures:** Pressure in this case is another way of saying motivation. What is it in one’s life that drives one to commit fraud? Pressure sometimes involves personal situations that create a demand for more money; such situations might include vices like drug use or gambling or merely life events like a spouse losing a job. At other times, pressure arises from problems on the job; unrealistic performance targets may provide the motive to perpetrate fraud.

**Point of Focus: Assesses opportunities**

- **Opportunity:** If one is talking about theft, there must be something to steal and a way to steal it. Anything of value is something to steal. Any weakness in a system—for example, lack of oversight—is a way to steal. Of the three elements of the Fraud Triangle, opportunity is often hard to spot, but fairly easy to control through organizational or procedural changes.

**Point of Focus: Assesses attitudes and rationalizations**

- **Rationalization:** There are two aspects to rationalization - One, the fraudster must conclude that the gain to be realized from a fraudulent activity outweighs the possibility for detection. Two, the fraudster needs to justify the fraud. Justification can be related to job dissatisfaction or perceived entitlement, or a current intent to make the victim whole sometime in the future, or saving one’s family, possessions or status. Rationalization is discernible by observation of the fraudster's comments or attitudes.

**Principle 9: The organization identifies and assesses changes that could significantly impact the system of internal control.**

**Point of Focus: Assesses changes in the external environment**

**Point of Focus: Assesses changes in the business model**

**Point of Focus: Assesses changes in leadership**





## Control Activities: Principles & Points of Focus

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**Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.**

**Point of Focus: Integrates with risk assessment**

**Point of Focus: Considers entity-specific factors**

**Point of Focus: Determines relevant business processes**

**Point of Focus: Evaluates a mix of control activity types**

**Point of Focus: Considers at what level activities are applied**

**Point of Focus: Addresses segregation of duties**

**Principle 11: The organization selects and develops general control activities over technology to support the achievement of objectives.**

**Point of Focus: Determines dependency between the use of technology in business process and technology general controls**

**Point of Focus: Establishes relevant technology infrastructure control activities**

- **Local Information Systems and LANS:** System operations are documented; software is appropriately acquired and maintained; access to the system, programs and data is controlled; the system is maintained in a secure environment; applications are appropriately developed and maintained.
- **Application Controls:** The department controls its computer applications by diligent and timely response to edit lists, rejected transactions and other control and balancing reports. Controls ensure a high level of data integrity including completeness, accuracy, and validity of all information in the system.
- **Back Up:** Key data and programs on LANs or desktop computers are appropriately backed up and maintained. Off-site storage is adequate considering possible risks of loss.

**Point of Focus: Establishes relevant security management process control activities**



**Point of Focus: Establishes relevant technology acquisition, development and maintenance process control activities**

**Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into place.**

**Point of Focus: Establishes policies and procedures to support deployment of management's directives**

- **University Policies and Procedures:** Department employees are aware of University policy and procedures that apply to the department.
- **Department Policies and Procedures:** The department has documented its own policies and procedures if applicable. They are well understood by department employees.
- **Current University Policies and Procedures:** Policies and procedures are current and in alignment with BOT, BOG, Statutory, and other Legal requirements.
- **Current Department Policies and Procedures:** Policies and procedures are current and in alignment with BOT, BOG, Statutory, and other Legal requirements.

**Point of Focus: Establishes responsibility and accountability for executing policies and procedures**

- **Objective Performance Reviews by department Management of Major Initiatives:** Reviews are made of actual performance compared to objectives and previous periods for all major initiatives. Management analyzes and follows up as needed.
- **Financial Performance Review by Department Management:** Reviews are made of actual performance versus budgets, forecasts, and performance in prior periods for all major initiatives. Management analyzes and follows up as needed.
- **Direct Functional or Activity Management by Department Management:** Performance reviews are made of specific functions or activities, focusing on compliance, financial or operational issues.
- **Performance Indicators:** Unexpected operating results or unusual trends are investigated.
- **Financial Transactions, Timekeeping Records, and Reconciliations:** Financial transactions, timekeeping and reconciliations are completed timely. Management performs a diligent review and approval by signature and date or electronically.
- **Sponsored Project Account Management:** Sponsored project accounts are reviewed and reconciled. PIs certify the expenditures timely. Department management monitors the portfolio of sponsored accounts for compliance and fiscal responsibility.
- **Use of Restricted Funds (Gifts):** Restrictions on use are well documented, and are understood by employees who administer the funds. Usage is monitored by management, accounts are reconciled.



- **Information Processing:** Controls exist to monitor the accuracy and completeness of information as well as authorization of transactions.
- **Physical Controls:** Equipment, supplies, inventory, cash and other assets are physically secured and periodically counted and compared to the amounts shown on control records. (if applicable)
- **Training and Guidance for Asset Custodians:** Adequate guidance and training are provided to personnel responsible for cash or similar assets.
- **Separation of Duties:** Financial duties are divided among different people (responsibilities for authorizing transactions, recording them and handling the asset are separated).
- **Record Retention:** Unit employees understand which records they are responsible to maintain and the required retention period. Records are appropriately filed.
- **Disaster Response Plan:** A disaster response and recovery plan has been developed and is understood by key personnel.
- **Exceptions to Policy:** Exceptions to policy are infrequent. When they occur, they must be approved and well documented.

**Point of Focus: Performs in a timely manner**

- **Getting the Job Done:** Management is concerned with and exerts effort to get the job done right the first time.

**Point of Focus: Takes corrective action**

- **Senior Management (University or College) Reviews:** Senior management monitors the department's performance against objectives and budget.

**Point of Focus: Performs using competent personnel**

**Point of Focus: Reassesses policies and procedures**



## Information and Communications: Principles & Points of Focus

**Principle 13: The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.**

**Point of Focus: Identifies information requirements**

**Point of Focus: Captures internal and external sources of data**

**Point of Focus: Processes relevant data into information**

**Point of Focus: Maintains quality throughout processing**

**Point of Focus: Considers costs and benefits**

- **Management Reporting System:** An executive information system exists. Information and reports are provided timely. Report detail is appropriate for the level of management. Data is summarized to facilitate decision making.
- **Management of Information Security:** Information is evaluated and classified based on level of integrity, confidentiality and availability. Individuals with access to information are trained to understand their responsibilities related to the information.

**Principle 14: The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.**

**Point of Focus: Communicates internal control information**

- **Communication:** Department management engages in open disclosure of financial or business issues with appropriate University personnel.

**Point of Focus: Communicates with the board of directors**

**Point of Focus: Provides separate communication lines**

**Point of Focus: Selects relevant method of communication**

- **Trust:** Management promotes and fosters trust between employees, supervisors and others within the Department.
- **Policy Enforcement and Discipline:** Employees who violate an important policy are disciplined. Management's communications and actions are consistent with policies.





- **Recommendations for Improvement:** Employees are encouraged to provide recommendations for improvement. Ideas are recognized and rewarded.
- **Formal Communications:** Formal methods are used to communicate unit policies and procedures (e.g., manuals, training programs, written codes of conduct, and acceptable business practices).
- **Informal Communications:** Employees are kept informed of important matters (downward communication) and are able to communicate problems to persons with authority (upward communication). There is effective functional coordination within the department (lateral communication).

**Principle 15: The organization communicates with external parties regarding matters affecting the functioning of internal control.**

**Point of Focus: Communicates with external parties**

- **Relevant External Information:** Department members receive relevant information regarding legislation, regulatory developments, economic changes or other external factors that affect the department.
- **External Communications:** Standards and expectations are communicated to key outside groups or individuals (e.g., vendors, consultants, donors, sponsors, subcontractors, sub-recipients).

**Point of Focus: Enables Inbound Communications**

**Point of Focus: Communicates with the board of directors**

**Point of Focus: Provides separate communication lines**

**Point of Focus: Selects relevant method of communication**

- **Communications with Evaluators:** Information is openly shared with outside evaluators.



## Monitoring Activities: Principles & Points of Focus

**Principle 16: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.**

**Point of Focus: Considers a mix of ongoing and separate evaluations**

**Point of Focus: Considers rate of change**

**Point of Focus: Establishes baseline understanding**

**Point of Focus: Uses knowledgeable personnel**

**Point of Focus: Integrates with business processes**

**Point of Focus: Adjusts scope and frequency**

**Point of Focus: Objectively evaluates**

- **Effectiveness of Key Control Activities:** Management routinely spot-checks transactions, records and reconciliations to ensure expectations are met.
- **Management Supervision of Financial and Timekeeping Activities:** Knowledge of University financial and timekeeping policies are known by those with those responsibilities in the department.
- **Management Supervision of New Systems Development:** Policies are defined for developing new systems or changes to existing systems (cost/benefit analysis, team composition, user specifications, documentation, acceptance testing, and user approval).
- **Budget Analysis:** Budgets are compared to actual results and deviations are followed up on a timely basis. Adequate consideration is given to commitments.
- **Industry and Professional Associations:** Data is used to compare the unit's performance with peers or industry standards.
- **Sponsors, Students, Suppliers, Creditors, and Other Third Parties:** Root causes of inquiries or complaints are investigated and considered for internal control implications.
- **Changes in Conditions (e.g., economic, regulatory, technological, or competitive):** Changes are anticipated and routinely integrated into ongoing long- and short-range planning.
- **Monitoring of Control Environment:** Management periodically assesses employee attitudes, reviews the effectiveness of the organization structure, and evaluates the appropriateness of policies and procedures.



- **Evaluation of Risk Assessment Process:** Management periodically evaluates the effectiveness of its risk assessment process.
- **Assessment of Design and Effectiveness of Internal Controls:** Internal controls are subject to a formal and continuous internal assessment process.
- **Evaluation of Information and Communications Systems:** Management periodically evaluates the accuracy, timeliness and relevance of its information and communication systems. Management questions information on management reports that appears unusual or inconsistent.

**Principle 17: The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.**

**Point of Focus: Assesses results**

**Point of Focus: Communicates deficiencies**

**Point of Focus: Monitors corrective action**

- **Regulatory Authorities:** Reports from regulatory bodies are considered for their internal control implications.
- **External Auditors:** Information provided by external auditors about control-related matters are considered and acted on.
- **Management Follow-up of Violations of Policies:** Timely corrective action is taken.
- **External and Internal Audit Reports:** Audit report issues are considered and immediately acted upon at appropriate levels.



## Appendix A: Internal Controls Resources

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Division of Audit website: <https://www.famu.edu/index.cfm?AuditandCompliance&InternalControls>

- [Section 1010.01, Florida Statutes](#) requires State Universities to establish and maintain internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.
- [BOT Internal Controls and Enterprise Risk Management Policy](#)
- [University Internal Controls and Enterprise Risk Management Policy](#)
- [FAMU University Policies \(Office of The General Counsel\)](#)
- [University Regulations](#)
- [FAMU ITS Forms and Policies](#)
- [FAMU HR Forms](#)
- [FAMU BOT Policies](#)
- [Committee on Sponsoring Organizations for the Treadway Commission \(COSO\) Internal Controls Framework Website](#)
- [COSO Internal Controls Framework - Executive Summary](#)
- [COSO Internal Controls - Integrated Framework Principles Poster](#)
- [FAMU Internal Controls Training - PowerPoint Presentation](#)
- [Consideration of Fraud in A Financial Statement Audit - Au316](#)
- [ACFE Annual Global Fraud Report](#)
- [GAO Green Book Internal Control Systems](#)





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