



Internal Control Plan

I. Introduction

Internal controls are the processes Delta State University employs to ensure assets are safeguarded, to promote the accuracy and reliability of the university's accounting data and records, to ensure compliance with all state and federal laws and regulations, and to promote operational efficiency. The primary purpose of internal control is to ensure that the university's reporting systems and activities are conducted in accordance with accepted standards.

As evidenced by this plan, Delta State University (DSU) is committed to meeting its specific internal control goals and objectives by adhering to and establishing appropriate policies and procedures and creating an environment which effectively minimizes risk.

INTERNAL CONTROLS ARE DESIGNED TO ENSURE:

- *Compliance with state and federal laws and regulations.*

The Mississippi Code states that "each agency, through its governing board or executive head, is required to maintain continuous internal audit covering the activities of such agency affecting its revenue and expenditure, and an adequate internal system of preauditing claims, demands and accounts...to ensure that only valid claims, demands and accounts will be paid." It is the intent of DSU to comply with § 7-7-3(6) (d), Mississippi Code Annotated as amended.

OMB Circular A-133 requires governmental entities receiving federal funds to maintain internal control over federal programs that provide reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

- *Ethical behavior.*

DSU complies with the ethics code found in state law. "The Board of Trustees of State Institutions of Higher Learning, as well as all officers and employees of the Board, shall abide by the state ethics statutes, as set out in Miss. Code Ann. §25-4-101, et. seq. (1972), as amended."

- *Reliable financial reporting.*

The Sarbanes-Oxley Act (SOX) of 2002 requires that management of publicly traded companies monitor internal controls to ensure accurate and reliable financial reporting. The passage of SOX initiated an awareness of the need to reevaluate internal control processes within governmental entities.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) sets the accepted standards for internal control. COSO, as appointed by SOX, has the authority to sanction criminal charges in the event of fraudulent financial reporting.

- *Effective and efficient operations.*

Strong internal controls provide the university with opportunities to discover weaknesses in processes and procedures, thereby ensuring effective and efficient operations.

- *The detection of deficiencies which could affect audit opinions.*

The American Institute of Certified Public Accountants (AICPA) develops standards for audit and other services.

- The Statement on Auditing Standards (SAS) Number 115, *Communicating Internal Control-Related Matters Identified in an Audit*, provides guidance to external auditors regarding how they should communicate internal control-related matters identified in their audit of an organization's financial statements. This standard applies when DSU's financial statements are reviewed as related to internal controls.

II. Responsibility

The President is ultimately responsible and accountable for the implementation of internal control. This responsibility extends to faculty, staff and students. The following is an overview of those responsibilities:

- The President provides leadership and direction to senior administrators. Together with them, the President shapes the values, principles and major operating policies that form the foundation of the institution's internal control system.
- Vice presidents provide direction to department heads and directors responsible for major functional areas such as colleges, departments, auxiliary operations and support services. This responsibility includes an evaluation of objectives, risks and the associated internal controls.
- Deans and department heads have line responsibility for designing and implementing control systems at detailed levels. The deans and department heads administer institution-wide control policies and procedures. These responsibilities come with authority and accountability to the next higher level.
- The Internal Control Officer assesses issues related to internal control on a continuous cycle and is responsible for updating the annual plan. Other groups

play important roles, such as the comptroller, directors, department heads, and their staffs. These groups develop institution-wide budgets and financial plans. The Internal Auditor monitors, evaluates and audits the effectiveness of the controls, but is not responsible for establishing or maintaining them. Outside parties, such as external auditors, also provide information useful for evaluating and improving internal control.

Every organization has a purpose or goal to accomplish. DSU's goals are indicated in its mission statement. DSU's management provides leadership to ensure the university achieves its goals and objectives. In coordination with policies and procedures, internal controls assist in the achievement of management objectives.

III. Organization

The Internal Control Plan for DSU is directly aligned with its mission statement, goals and objectives.

A. Mission

As a regional Carnegie Master's I university located in Cleveland, Mississippi, Delta State University serves as an educational and cultural center for the Mississippi Delta, emphasizing service to the Northern Delta counties and its campus centers in Clarksdale and Greenville.

The university offers undergraduate, graduate and continuing education programs of study leading to baccalaureate and master's degrees in the Colleges of Arts and Sciences, Business, Education, and the School of Nursing, as well as a Doctorate in Education.

Emphasis is placed on excellence in instruction, followed by service and research, in the creation of a community of scholars. With special attention to small classes, a friendly environment, and a broad liberal arts foundation, the university encourages significant student-faculty interactions.

Delta State provides programs and services that promote intellectual, cultural, ethical, physical, and social development. Students from different cultural, socioeconomic, and ethnic backgrounds will develop the ability to respect and evaluate the thoughts of others; to develop, assess, and express their own thoughts effectively; and to use the techniques of research and performance associated with their disciplines.

B. Governance

- The Mississippi Board of Trustees of State Institutions of Higher Learning governs Delta State University. As stated in the Board of Trustees of State Institutions of Higher Learning's (IHL) mission statement, IHL is responsible

for the management and control of the universities and units that comprise the IHL system. The Board is responsible for effectively communicating the accomplishments, needs and values of the system of public universities to the people of Mississippi. By maintaining a comprehensive assessment, evaluation and planning process, the IHL Board and the IHL system facilitate effective program review, institutional resource allocation and utilization and system fiscal accountability. [Mississippi Constitution, Article VIII, Section 213-A and Mississippi Code, Sections 37-101-13 and 37-101-15 as amended].

- The Mississippi Department of Finance and Administration (DFA) is the primary agency in charge of state government's financial and administrative operations. DFA requires all state agencies, including the Institutions of Higher Learning, to conduct an annual risk assessment and prepare a plan of internal control.

C. Organization Structure

Delta State University's organizational structure illustrates the key areas of authority and responsibility. The organizational chart for Delta State University is maintained by the Office of the President and is communicated annually to the Delta State community.

IV. Internal Control Overview

A. Internal Control Components

The objectives of internal control are stated in SAS No. 115:

- Defines the terms deficiency in internal control, significant deficiency, and material weakness.
- Provides guidance on evaluation of the severity of deficiencies in internal control identified in an audit of financial statements.
- Requires the auditor to communicate, in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) sets the standards for internal control to be followed in the United States. For the university to operate and report financials properly, the objectives listed above define the five interrelated components crucial for the university's operations and administrative processes. The five components are:

- **Control environment's** core is the university's people. For the control environment to be successful, the university must operate with attributes such as integrity, ethical values and competence.

- **Risk assessment** is a process which reveals the university's vulnerabilities to risk. Risk affects the university's ability to survive, to maintain its positive image and to offer quality services. Risk assessment begins with the identification of the university's primary responsibilities and functions through the development of the university's mission statement and strategic plan. The university must identify risks affecting the accomplishment of the mission statement and goals set by executive management.
- **Control activities** are policies and procedures implemented to ensure actions necessary to achieve the university's objectives and to ensure risk responses are effectively communicated and occur at all levels and in all functions.
- **Information and communication** systems enable the university's employees to capture and exchange information (financial and nonfinancial) needed to conduct, manage and control its operations.
- **Monitoring** is an on-going process in which management periodically reviews or evaluates the design and operations of controls, the potential effect of related risks and takes the necessary actions for modification, if any.

V. Internal Control Component Implementation

A. Control Environment

PURPOSE: The control environment sets the tone of the organization, influencing the control consciousness of its people. It is the foundation of all other components of internal control providing discipline and structure. Control environment factors include: management's philosophy and operating style, integrity and ethical values, organizational structure, assignment of authority and responsibility, commitment to competence, and human resource development.

The control environment consists of the actions, policies, and procedures that reflect the overall attitudes of top management and directors of an entity about control and its importance to the entity. The goal of an effective control environment is to promote teamwork among competent, cost-conscious workers with integrity and shared organizational values and attitudes.

An organization's control environment has a significant effect on the following: how objectives are established, how risks are assessed, which control activities are implemented, how information is communicated, and how the monitoring system works. The university incorporates its control environment into its internal control plan by gathering and documenting evidence that supports the assumption that the university maintains a sound control environment.

MANAGEMENT'S PHILOSOPHY: Management philosophy is the set of shared beliefs and attitudes characterizing how the university handles everything it does,

from developing and implementing strategy to day-to-day activities. This philosophy reflects the university's values, influencing its culture and operating style, and affects how well fiscal programs can implement, maintain, and enforce control.

Management philosophy appears in policy statements, oral and written communications, and decision-making. Management reinforces the philosophy more with everyday actions than with its words.

INTEGRITY AND ETHICAL VALUES: The university's implementation of strategy and objectives evolve from management's preferences, value judgments, and styles. Management's commitment to ethics influences these preferences and judgments, which translate into behavioral expectations. Effectiveness of control activities cannot rise above the integrity and ethical values of the people who create, lead, and monitor university programs. To protect the university's reputation, standards of behavior must exceed mere compliance with law. Top universities reflect a belief that good ethics is good government.

ORGANIZATIONAL STRUCTURE: The university's organizational structure provides the structure to plan, execute, control and monitor activities. A sound organizational structure defines key areas of authority and responsibility, while illustrating reporting lines.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY: Assignment of authority and responsibility involves the degree to which individuals and teams are authorized and encouraged to initiate, to accomplish objectives and solve problems. It includes establishing reporting relationships, establishing authorization procedures, issuing policies assigning appropriate personnel to each program and allocating resources to perform each job. A critical challenge is delegating to the extent required to achieve objectives, ensuring decision making is based on sound practices for risk identification and assessment. Another challenge is ensuring employees understand the university's objectives and how their jobs contribute to meeting those objectives.

COMMITMENT TO COMPETENCE: Competence reflects the knowledge, skills and abilities needed to meet objectives.

HUMAN RESOURCE DEVELOPMENT: Human resource practices for hiring, orientation, training, evaluating, counseling, promoting, compensating and remediation send messages to employees about expectations for integrity, ethical behavior and competence.

Integrity and Ethical Values

As a higher educational institution, integrity and ethical behavior are essential elements of the control environment. The Delta State University's Policy Manual depicts ethics-related policies. DSU's executive management supports and adheres to strong internal control, as evidenced through its actions and daily operations.

DELTA STATE UNIVERSITY - STATEMENT OF ETHICS

Delta State University is a community of individuals – faculty, staff, and students – that recognizes the institution’s mission and is dedicated to its fulfillment. To that end, each member of the community pledges his/her best effort. Integrity, civility, accountability, and a commitment to excellence govern behavior. Compliance with applicable laws, regulations, and policies is expected and accepted as the standard for the community.

Management’s Philosophy

As stewards of public funds and the education of our citizens, it is the responsibility of Delta State University to ensure that we are as efficient and effective as possible within the confines of existing laws, policies and procedures. The promotion of student success is the university’s primary goal.

- The university has a vision and mission statement.
- Executive management, through its action, signifies strong support of and encourages proper internal controls.
- The university has an internal audit function.
- Written policies and procedures empower directors and managers to make decisions ensuring proper internal controls are in place.

Assignment of Authority and Responsibility

Delta State University’s authority and responsibility is assigned by the Board of Trustees to the President. The assignment of this authority and responsibility ensures the daily operating practices and procedures sufficiently minimize the possibility of operational failure, overspending or other actions inconsistent with policy or in violation of the law.

- The university maintains a current organizational chart (updated annually).
- The university has an established budgetary process and delineation of responsibility.
- The university maintains appropriate segregation of duties.

Human Resource Development

Management is committed to ensuring all employees possess the required professional and technical competence to perform their jobs at an appropriate level.

- The university creates and maintains formal job descriptions for all employees.

- The university conducts a wide variety of training sessions providing professional development throughout the year.
- Faculty and staff attend professional development opportunities outside of the university.

B. Risk Assessment and Control Activities

PURPOSE: Risk affects the university's ability to survive, to maintain its positive image, and to offer quality services, faculty and staff. Every university faces a variety of risks from external and internal sources that must be assessed. Risk analysis involves a careful, rational process of estimating the significance of a risk, assessing the likelihood of its occurrence, and considering what actions and controls are necessary to manage it. Risk analysis also involves estimating the cost to the university if an unexpected risk actually occurs. That analysis is based on the university's assumptions about the risk and the costs associated with reducing it. Sometimes an actual risk may appear to require one set of actions, but the perceived risk, coupled with media reaction to that risk, requires another more expensive set of actions.

Risk assessment begins with the identification of the agency's primary responsibilities and functions through the development of the university's mission statement and strategic plan. In order to communicate the university's mission statement and goals, risks must be identified both externally and internally.

External influences that contribute to risk include:

- Economic conditions
- Social conditions
- Political conditions
- External regulation
- Natural events
- Supply sources
- Technology changes

Internal influences that contribute to risk include:

- Changes in personnel duties (such as retention of key management personnel)
- Availability of funds for new initiatives or continuation of key programs
- Employee relations (such as compensation and benefit programs)
- Information systems (such as adequate backup systems)
- Data processing (such as disclosure of data, data integrity, and error, fraud or misuse of data)
- Cash management activities
- Asset protection and preservation

In risk assessment, management considers the mix of potential events relevant to the university and its activities in the context of the university's risk profile, which includes size, operational complexity and regulatory restraints. Many events are routine, recurring and already addressed in the university's programs and operating budgets. Management must assess the risk of unexpected potential events and any expected events that could have a significant impact. Risk assessment is a continuous and repetitive interplay of actions occurring throughout the university.

Management should assess the positive and negative impacts of potential events. The assessment should be based on the odds that a given event will occur and on the measurement of the effect of the event in both quantitative and qualitative terms. This is known as likelihood and impact, respectively. Often, likelihood and impact estimates are based upon past events, offering some objectivity.

Risks should be assessed on both an inherent and residual basis. Inherent risk occurs when management takes no action to reduce either the likelihood or impact of an event. Management assesses inherent risk and then decides how it will respond. Residual risk is the risk that remains after management's risk response.

Response to risk is divided into four categories:

- Avoiding Risk – ending those activities giving rise to risk
- Reducing Risk – implementing everyday management decisions including setting control activities (e.g., implementing routine mechanical maintenance or requiring routine backups of system data)
- Sharing Risk – transferring a portion of likelihood or impact to another party (e.g., acquiring insurance or outsourcing an activity)
- Accepting Risk – deciding to accept a risk because cost to avoid or mitigate may exceed potential threat or cost of risk.

Once risks are identified, management considers their significance, the likelihood of their occurrence and how they should be managed. Management may initiate plans, programs or actions to address specific risks. When identifying risks, management should take into account relevant interactions within the agency as well as with outside organizations. Risks in different activities may be within their respective managers' acceptable risk levels but, taken together, may exceed the agency-wide acceptable risk level. In such cases, additional or different responses are needed to bring risk within the university's acceptable risk level.

The university's risk assessment process regarding financial objectives should consider the events and circumstances that may occur and adversely affect its ability to record, process, summarize and report financial information. Management should also consider previous findings (e.g., auditor identified, internal management reviews or noncompliance with laws and regulations) when identifying risks. Management

should also identify and react to dramatic changes possibly having a persuasive effect on the university, such as:

- Changed operating environment
- Significant shifts in the workforce
- New or redesigned information systems
- New personnel
- New services, products, activities or acquisitions
- Organizational restructuring or reductions
- Decentralized operations
- New technology
- Rapid growth

Ranking risk factors should be applied to each operation and transaction cycle to identify those with the greatest risk. Risk is defined as the level of vulnerability to fraud, abuse, mismanagement, and reduction or failure for continuance of operations. Factors considered include magnitude of funds involved, potential impact of ineffective operation, sources of input, degree of automation, known problems and prior audits. The university should document the results of this analysis in its internal control plan. An explanation of how the internal control process is organized to address these risks should also be documented.

Management of these risks via the internal control structure should provide reasonable assurance that financial processing functions work and provide results as intended.

The Internal Control Officer used the State of Mississippi's Department of Finance and Administration's questionnaires to conduct the university's first formal risk assessment in 2010. Other risk assessment activities include:

- An assessment of natural risks was provided as part of the development of the Delta State Disaster Resistant plan.
- The President's Cabinet and Academic Council meetings are held weekly to collaborate on university initiatives and address any potential risks.
- The university has an emergency response manual and weather and text messaging alert mechanisms.
- The entity-wide risk assessment plan will be monitored throughout the year. Executive management will be periodically updated on these reviews and will address any issues noted.

To provide reasonable assurance to meet control activity objectives, management implemented procedures to ensure risk level is appropriate. Internal controls combine both preventative and detective controls to mitigate risks.

The following is a list of some, but not all of the preventative control activities that take place at Delta State University.

Approvals and Authorizations

- DSU's President and the Vice-President of Finance and Administration have been designated with authority to commit the university to contractual obligations.
- All purchase orders are approved by the Accounts Payable and Procurement Manager.
- All requisitions require a minimum of two signatures before submission to the Office of Purchasing.

Segregation of Duties

- Student Business Services is responsible for cash receipts. Cash disbursements are handled by Accounts Payable.
- All invoices must be approved by either the department head or senior management in Finance and Administration.
- All journal entries are inputted by the Department of Accounting with final approval by the Comptroller.
- Title IV funds and scholarships due to students are disbursed by the Office of Student Financial Assistance. Requests of excess financial aid (refund checks) to students are issued by Student Business Services. The refund checks are processed by the Department of Accounting.
- Personnel time records are inputted by designated staff in each department and approved by department heads and vice presidents before authorization by the Human Resource Department and Accounts Payable.

Verifications

- Access to the university's enterprise resource planning system, SCT Banner, is controlled by security roles. Access is granted to appropriate employees based on job duties assigned. Security is controlled and assigned by the Office of Information Technology and the Comptroller. Terminated employees are inactivated as soon as notified.

The following is a list of some, but not all of the detective control activities that take place at Delta State University.

Security of Assets

- Annual inventories are conducted.

- An automated card system controls access to residential buildings and key administrative buildings.
- Assets are reasonably protected by locked doors and labs are monitored by departmental personnel. Facilities Management equipment is secured in locked cages, shops and gated facility.
- All equipment purchases are evaluated by the Office of Procurement to determine if assets meet the thresholds for tagging and are entered into the fixed asset system.

Security of Institutional Technology

- The Office of Information Technology, Facilities Management, Student Business Services and Campus Police have established physical and logical controls to prevent unauthorized access. Detection of unauthorized access is limited to more sensitive areas where restricted access exists and is controlled by passwords, key or ID card access. Some areas are monitored by physical surveillance.

C. Information and Communication

PURPOSE: The information and communication process entails identifying, capturing, and communicating relevant financial and non-financial information in a form and timeframe that enables employees to carry out their responsibilities. Successful communication occurs up, down, and across the university. This process is effective if all personnel receive a clear message from top management that internal control responsibilities must be taken seriously.

The entire university needs information to handle risks, provide services, and achieve objectives. Quantitative and qualitative information comes from many internal and external sources. Information enables change management, strategy, identifying events, analyzing risks, selecting risk responses, and performing other management activities. Pertinent information is critical to managing the university and to effective management of the internal control system. However, information has no value without communication.

MAJOR OBJECTIVE

Both financial and non-financial information is current, accurate, and appropriate in content and made available in a timely basis at all faculty, staff and student levels to permit the university to achieve its objectives.

INTERNAL COMMUNICATION: Clear internal communication conveys the university's code of ethics, internal control philosophy and approach, and delegation of authority. Communication about processes and procedures should include clear links to the university's mission and culture and should effectively convey the importance and relevance of internal control and the roles each person plays to support it.

Front-line employees, providing direct, daily public service, are often in the best position to identify new problems. Communication channels should ensure that front-line and other personnel could communicate information across divisions and processes, as well as to their managers.

Communication breakdowns occur when employees are discouraged from or unable to provide important information to others. To avoid breakdowns, personnel must believe managers and university administration truly want to know about problems and resolve them. In most instances, established university reporting lines are the appropriate channels for communication. A backup mechanism provides alternate communication lines when normal channels do not work. One such alternate channel is the State Auditor's website to report "Fraud, Waste or Abuse".

EXTERNAL COMMUNICATION: Open external communication channels allow citizens, clients, and suppliers to provide valuable input on quality and design. This enables the university to address evolving needs, demands, and preferences. Management should appropriately convert such input into continuous improvements in operations, reporting, and compliance.

COMMUNICATION CHANNELS: The university communicates through its mission statement, Code of Ethics, internet sites, policy manuals, accounting and financial reporting manuals, memos, e-mails, and posted notices. In addition, communication flows orally and through the actions of management. Whether in large groups, smaller meetings, or one-on-one sessions, vocal tone and body language form part of the message. Management style sends a powerful message. Managers should remember that actions speak louder than words.

INFORMATION SYSTEMS: The design of information systems is fundamental to internal control. Technology enables management to monitor processes to ensure goals and objectives are accomplished. Therefore, information systems are an integral part of the internal control program. Care should be taken in the design of systems so that detailed and reliable data are captured on a timely basis thus strengthening the internal control environment.

The information system relevant to the university's financial reporting objectives consists of the methods and records established to identify, assemble, analyze, classify, record and report entity transactions and to maintain accountability for the related assets and liabilities. The quality of system generated financial information affects management's ability to make appropriate decisions in managing and controlling the university's activities.

Communication involves employee's understanding of how their activities in the financial reporting information system relate to the work of others. Employees must recognize and report exceptions to an appropriate higher level within the entity.

Information systems may capture economic data, the transactions between the university and its constituents, citizen complaints and legislative initiatives. Information systems typically provide on-going monitoring functions and response to special needs. An information system may be formal, such as the university's database or informal, such as conversations with faculty, staff, students, legislators, suppliers and attendance and professional seminars.

The internal control aspect of managing an information system rests with having the procedures in place to ensure the consistency and accuracy of data and to ensure a way of integrating changing conditions. An effective system identifies and captures needed data, allowing employees to process the data and report to management in a useful format and in a timely manner.

An effective internal control system depends on the university's information system and the way university administration and other managers communicate. The university's information system and management's communication style also affect the entity's ability to meet its operational objectives.

The quality of an information system affects management's capacity to make sound decisions in directing both operations and control activities. Control activities involve designing an information system that can satisfactorily answer the following questions:

- Is the needed information available?
- Is it timely?
- Is the data correct?
- Is the information easily accessible to the appropriate people?
- Is the information secure against inappropriate access?

Information and communication is the means by which risks, policies and procedures are shared with members of the university. Information systems produce reports containing operational, financial and compliance related information that make it possible to run and control the university.

The following is a list of some, but not all, of the reports and other information used to maintain operational controls.

Management Reports

- Operating reports: personnel, inventory, and billing
- Student reports: tuition, fees, accounts receivable, and financial aid
- Exception reports
- Incident reports (Police Department)

A comprehensive monitoring plan that pulls together all related action items is found in the strategic plan. The monitoring plan includes metrics for assessment against

goals and historical trends and data for forecasting and projection. Area of reporting and accountability is clearly defined.

Financial Reports

Financial reporting consists of methods and records established to identify, capture, and exchange information in a form and time frame that enables the staff to carry out their responsibilities effectively, and to maintain accountability for the related assets and liabilities. SCT Banner, the DSU's financial reporting system, produces reports containing operational, financial and compliance related information that supports DSU's internal controls.

- Revenue and expenditure reports
- Transaction reports including general ledger detail
- Year-to-date summaries and variance to budgets
- Project accounting reports
- Budget and forecast reports

Other Information

- DSU's online Policy Manual includes personnel policies, employee responsibilities, ethics and possible disciplinary action to take when standards are violated. The policy manual is on-line at www.deltastate.edu.
- DSU's home web page and text messaging are primary sources providing emergency communications to the campus.
- Annual financial report and year-end summary
- Vendor reports
- Payroll reports
- Effective 2011, DSU will be evaluating and addressing emergency protocol to ensure continuity of functions in the event of an emergency or disaster. Staffing and system access from remote locations will be evaluated and plans will be put in place to address basic business functions with staff. Policies and procedures will be documented and posted for reference by the university community.

Effective communication must occur in a broader sense, flowing down, across and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system and have a means of communicating significant information upstream. There also needs to be effective communication with external parties such as students, suppliers, regulators and the public.

The following is a list of some, but not all of the communication media within the organization:

Downward in the Organization

- The President addresses the university community during the convocation ceremony.
- The President's Cabinet distributes policies and procedures to managers and directors as they are updated.
- Vice-Presidents and deans conduct weekly staff meetings.
- Performance reviews are conducted on an annual basis.

Across the Organization

- The DSU Website contains policies and procedures and other information to assist staff.
- Broad email announcements are used regularly for communications.
- The Human Resource Department conducts informational meetings at the beginning of each semester.

Upward in the Organization

- Directors and department heads are encouraged to interact frequently with Vice Presidents and Deans.
- The President and the President's Cabinet maintain an open door policy.
- The Deans, Chairs and Directors meet on a regular basis.
- Academic Council meets regularly.
- President's Cabinet meets weekly.

D. Monitoring

Monitoring is a process that assesses the quality of the internal control structure's performance over time. It involves assessment by appropriate personnel of the design and operation of controls and taking necessary actions. Monitoring takes place on an ongoing basis as well as through periodic reviews or evaluations.

Monitoring is built into normal, recurring operating activities, is performed on a real-time basis, reacts dynamically to changing conditions, and is ingrained throughout the university. Monitoring often stems from regular management activities, which might involve analysis, comparison of information from multiple sources, and dealing with unexpected occurrences. Management monitors through functions such as internal audits, the budget process, and performance evaluations. The monitoring process also includes an analysis of whether exceptions are reported and resolved quickly.

By focusing on relationships, inconsistencies, or other relevant observations, managers perform monitoring to determine if there are any deficiencies requiring

corrective action within their area of responsibility. They should identify issues and follow up with others to determine what action is necessary, if any.

A deficiency may signify a weakness, whether the weakness is perceived, potential, or real. Deficiencies provide management an opportunity to strengthen the internal control system. The way senior management responds to these reported breakdowns affects the success of the system as a whole. University management and employees should be encouraged to identify deficiencies in internal control, as this reflects positively on the university's commitment to recognizing and addressing management problems.

The Internal Control Officer has the critical role of overseeing an enterprise-wide approach to risk management.

- Once a year, the internal control plan is reviewed and a determination made as to the areas to amend. Separate quarterly evaluations will be reviewed on an assessment of risks and the effectiveness of ongoing monitoring procedures. Follow up procedures are then established to control deficiencies and ensure controls are working as intended.
- DSU's internal financial control systems and procedures are tested and reviewed annually by an independent auditing/public accounting firm as part of its annual independent financial audit of IHL in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS).
- Physical assets are examined periodically and counts are compared with data recorded in the inventory system. The State Auditor's Office performs audits of the university's physical assets.
- The IHL Board reviews and monitors audit findings, if any, and assesses the adequacy and progress of corrective plans.
- The Internal Control Officer will collaborate with the Internal Auditor to identify and rectify internal control deficiencies, if any.

Management's Roles and Responsibilities

The Internal Control Officer, as assigned by the Vice-President of Finance and Administration, is responsible for the oversight and coordination of the written documentation of internal controls. The Vice-President is responsible for the objectives of effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. The President's Cabinet is the method by which management applies the internal control standards to meet each of the internal control objectives. The President's Cabinet assesses and maintains

internal control effectiveness through policies and procedures. The President and the Vice-President of Finance and Administration are ultimately responsible for internal control.

Other Personnel's Roles and Responsibilities

Internal controls are the responsibility of every employee in this organization and therefore are an explicit part of job descriptions. In addition, all personnel are responsible for communicating to upper management material problems in operations and other policy violations and/ or illegal actions. The Internal Auditor conducts independent judgment audits of DSU's departments and programs for compliance with applicable laws, policies and procedures, tests internal controls, and makes recommendations to improve business processes.