

# UNIVERSITY OF NORTH ALABAMA INTERNAL CONTROL POLICY

## Background

The Bylaws of the Board of Trustees for the University of North Alabama direct the President to establish financial, budgetary, audit, and business procedures for the efficient and effective management of the University. The Board of Trustees recognizes the need for, and the value of, a strong system of internal controls.

## Purpose

This policy describes the general guidelines for establishing and maintaining internal control procedures for departments and other University activities.

## Policy

Internal controls include organizational plans and procedures that are designed to:

- Safeguard assets;
- Verify the accuracy and reliability of accounting data and other management information;
- Promote operational efficiency; and
- Ensure adherence to prescribed policies and compliance with federal and state regulations.

Administrators are responsible for conducting their business activities in a manner consistent with good internal control procedures. Individuals responsible for administering UniversitysA0.004T0 - 16TD(ou

## **Review and Evaluation of Internal Controls**

The Vice President for Business and Financial Affairs (VPBFA) is responsible for the promulgation of policies and procedures directed toward the establishment of good internal controls (as approved by the President of the University).

The Finance, Facilities, and Personnel Committee of the Board of Trustees (as is described as a standing committee in Board Bylaws Article IV – Committees, Section 2) shall function as the University’s Internal Audit Committee to review and measure the effectiveness of the controls established within the framework of this policy. As noted in Bylaws Article IV, committee members and its chairperson shall be appointed by the President Pro Tempore of the Board. This committee shall review the internal control report annually and report to the Board of Trustees on activity for the preceding fiscal year, and shall take such other actions as it deems necessary to insure compliance with the Internal Control Policy and Procedures.

## **Notification of Suspected Financial Irregularities and Control Weaknesses**

The President of the University is to be notified immediately of any material financial irregularities, suspected fraud or embezzlement, or major flaws detected in any/all internal control procedures.

Any observed weaknesses in internal control should be brought to the attention of the VPBFA.









## **4. Cash Disbursements**

With the exception of petty cash reimbursements, all cash disbursements will be made by check or electronic payment. All cash disbursements require prior approval by the Controller for Accounting Services or the VPBFA.

The Controller for Accounting Services, or designee, must examine the invoices supporting each check.

Blank checks may not be pre-signed.

Checks are restricted from being made payable to "Cash".

Check signers are restricted from approving their own reimbursement requests.

A file copy is maintained for each check disbursed; the copy is to be attached to the paid invoice.

## **B. Accounts Receivables**

### **1. Reconciliation of Accounts Receivable**

All accounts receivable activity for the University should be channeled through the Controller for Accounting Services office. The Controller for Accounting Services office will ensure that:

Accounts receivable subsidiaries are balanced to the general ledger on a monthly basis.

Daily payments are posted and detailed by payment listings.

Detailed documentation is maintained for adjustments made to receivable accounts, and adjustments are restricted to staff not processing payments.

Accountability and aging of accounts receivable are accurate to aid in preparation of the annual financial report.

Accounts are invoiced on a timely basis, whether the receivables are due from private entities, the federal government, state agencies, or students.

#### **1.1 Delinquent Accounts Receivable**

When internal collection efforts have failed, delinquent accounts receivable will be referred to a contracted collection agency as approved by the VPBFA. The Controller for Accounting Services or VPBFA must approve the write-off of any outstanding accounts receivable. Documentation of past collection efforts must be provided before write-off will be approved. The Alabama Attorney General's office must approve the write-offs of all receivables.

## **C. Exceptions**

Any exceptions to these procedures must be approved in writing by the Vice President for Business and Financial Affairs.