

Internal Controls – Questions for Assessment

Basic Financial Management

- As a business unit representative, I understand and accept my fiduciary responsibility for ensuring that business activities in my unit are conducted in a manner consistent with good internal control and in accordance with applicable Federal, State, and University requirements.
- Employees whose job duties require access to University information and systems adhere to the responsibilities for data protection and information security.
- Employees performing fiscal and administrative duties have access to, and refer to University reference materials, as appropriate. All supervisors and employees are aware of these resources and periodically review them for changes.
- No later than 30 calendar days after the end of the month, the business unit reconciles all Revenue Projects and Expenditure Projects assuring that approvers have both the necessary knowledge and responsibility for the project or award and that there are clear Separation of Duties (i.e., different individuals serve as Preparer and Approver for each project).
- Employees and managers know to immediately report any suspected fraudulent transactions to the University Police, Audit Department, and Office of Property & Liability Risk Management.
- Employees and managers know to immediately report any loss or occurrence that could be filed as an insurance claim to the Office of Property & Liability Risk Management.
- Business unit employees that execute contracts on behalf of and in the name of the University are appropriately authorized, are familiar with, and adhere institutional and state requirements.
- Employees know to immediately notify University Communications when they receive a request for University records or information from an outside source.
- Employees understand their obligation to report potential conflict of interest situations to the appropriate University office: Office of the Vice President for Research (research-related), Procurement and Supplier Diversity Services (procurement or contracting), University Human Resources or the Office of the Provost (hiring or supervision).
- Services and activities offered by the business unit are consistent with the mission of the University and do not unfairly compete with the private sector.
- Items carrying the University's trademarked logos which are produced and offered for sale by the business unit conform to the University's guidelines and restrictions.
- Managers, supervisors, and others responsible for oversight of data access and security understand and perform their responsibilities to authorize appropriate access privileges and to modify or revoke those privileges when an individual transfers to another job within the University, terminates from the University, or no longer needs these privileges to perform their job duties.

- Employees understand their responsibilities regarding the prevention, detection, and mitigation of identity theft including their obligation to report suspicious activity to the Office of Financial Operations or the Audit Department.

Financial Management: Handling of Cash

- The business unit follows appropriate internal controls and cash handling procedures for all cash receipts (currency and checks), including but not limited to the proper separation of duties; immediate receipting of cash receipts and restrictive endorsement of checks; physical and electronic safeguarding with access limited to individuals with cashiering responsibilities; and performing timely deposits.
- All payment card processes (which includes acceptance of credit, debit, purchase, or virtual cards) used by the business unit to accept payments have been approved by University Payment Card Services and, when payments are processed or collected by an external vendor or third-party organization (excluding EPay@UVA or Slate), the business unit has confirmed PCI compliance by the organization and submitted proof to University Payment Card Services within the past 12 months.

Financial Management: Internal Billings

- If the business unit engages in a revenue generating activity, the activity has been approved by the appropriate Dean or Vice President; is operating on a cost-recovery basis; uses rates approved by the oversight official delegated that authority by the Executive Vice President and Chief Operating Officer; maintains appropriate documentation of provided services; and bills at least monthly.
- All delinquent accounts are referred to Student Financial Services or Accounts Receivable, as appropriate, for collections efforts.
- When a sale is subject to Virginia sales tax, the business unit collects and reports these taxes to Financial Reporting and Operations monthly, which files and remits sales tax on behalf of the University.

Financial Management: Petty Cash

- All petty cash, checking, and change funds have been approved and established by Treasury Management.
- Petty change funds (cash drawers) are verified at the end of the day by two different people.
- Petty cash funds (cash and checking accounts) are stored in a secure physical location with access limited to only the minimum necessary number of authorized employees.

Financial Management: Procurement

- All expenditures of University funds are appropriately documented; reviewed and determined to be reasonable, necessary, directly related to the goals and mission of the University; and in compliance with University policies and procedures as well as applicable state and federal laws.
- Separation of Duties, or another compensating control, is maintained for all financial transactions such that the same person approving the purchase does not also process the receipt.
- Receiving information is recorded in the University's system, in a timely manner, for purchases of goods and/or services valued at \$10,000 or greater.

- All purchases using University Travel and Expense Cards are supported (by the upload of receipts), allocated, and reconciled in the system.
- Supervisors and/or authorizers review the spending limits, single purchase and monthly, of each University Travel and Expense Card holder at least annually and submit any necessary change requests to the Card Administrator in Procurement and Supplier Diversity Services.
- All vendor refunds and other credits associated with a previous disbursement by the University are deposited as expenditure credits to the same project that was charged for the original purchases/expense.
- Long distance phone bills are reviewed monthly by the owner of the Forced Authorization Code (FAC), and approved by their supervisor, to identify and resolve erroneous long-distance charges.

Financial Management: Gifts

- Employees know to promptly notify the University Advancement office, or other approved gift-processing area, within 24 hours of receiving a gift to the business unit. This includes non-cash gifts, such as stocks, securities or works of art.

Financial Management: Tax

- All contracts are submitted to the appropriate University signature authority for final review, negotiation, and execution on behalf of the University.
- If an activity will generate or is generating revenue from outside of the University (non-UVA sources), the activity has been reviewed for tax purposes by the Director of Financial Operations.
- Virginia Sales Tax has been paid on goods purchased by the University only when: goods are purchased for non-University use, whether or not University funds are used; employee purchases of meals or lodging, except when made with a University purchase order in accordance with Virginia Tax Bulletin 16-3; and the purchase of tangible personal property to be sold through vending machines.
- Payments made by a method other than a payment (T&E) card to persons, partnerships, and Limited Liability Companies (LLCs) for services performed in excess of prescribed limits for any calendar year have been assigned the appropriate expenditure type in the University's system and reported to Procurement and Supplier Diversity Services for possible issuance of an IRS Form 1099-MISC. Payments may also include honoraria, payments for human subjects, gifts, and royalty payments.
- All new management contract, leases, and revenue generating activities are reviewed for potential tax consequences to debt issued by or for the University.
- If a revenue generating activity is transacted only by invoice, without a contract, the invoice includes the following statement: "The services invoiced hereunder are subject to the University's standard terms and conditions. The terms may not be varied, modified or amended by any subsequent purchase order, invoice, statement or terms and conditions or other document or instrument unless the parties execute a separate written document to include such provisions."

Financial Management: Sponsored Programs

- Employees responsible for managing or supporting sponsored programs are able to provide assurance that awards are proposed and managed in compliance with sponsor requirements.

- Employees responsible for allocating, reviewing, and certifying effort reports understand their roles in the process and in supporting adherence to sponsor-imposed salary caps and/or restrictions.
- Employees responsible for financial management and/or oversight of sponsored programs appropriately document and assure compliance with contractually obligated cost sharing or matching.
- Employees responsible for financial management and/or oversight of sponsored programs provide reasonable assurance that sponsored funds are expended for allowable activities that solely and directly support the sponsored program, are consistently applied, and comply with applicable cost principles, sponsor guidelines and University policies.
- Employees involved in proposal development and/or financial management of sponsored programs provide reasonable assurance that the appropriate On or Off Grounds Facilities and Administrative (Indirect Cost) Rate is applied.
- Employees responsible for financial management and/or oversight of sponsored programs understand how to properly address project deficits.
- Employees responsible for the fiscal administration of sponsored programs understand when and how to properly process cost transfers and labor distribution adjustments.
- Employees and management responsible for proposing and managing sponsored funds, have appropriate knowledge of sub recipient monitoring requirements and ensure that every sub award is clearly identified in the proposal budget (as applicable), established in the financial system, and managed on an ongoing basis following federal requirements in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 (Uniform Guidance)

Financial Management: Asset Management

- Business unit resources (personnel, space, and equipment both on and off grounds) are used solely to promote the University's primary mission.
- Business unit leadership and employees are aware of their responsibility to notify the Fixed Assets Accounting Group within Financial Reporting and Operations when equipment assets are obtained without using a purchase order (e.g., equipment loans or transfers from another institution); are permanently transferred within the University; are transferred to another institution; or are disposed of or retired.
- The business unit uses Purchase Orders, not Travel and Expense (T&E) cards, to procure equipment assets and employees responsible for such transactions understand and use the appropriate expenditure types (i.e., capital equipment threshold is \$5000 per item and should be designated using an "Eq Capital_" expenditure type in the system).
- Business unit employees, including principal investigators, understand that the Office of Sponsored Programs and/or sponsor review and approval may be required before equipment assets acquired to support a sponsored program may be transferred to another institution.
- The business unit has established and documented internal control procedures over equipment assets (i.e., tagged assets) and these procedures are followed by employees responsible for the use, maintenance, inventory, and safeguarding of equipment assets to prevent unauthorized access or theft.

Decorative Art

- Items of fine and decorative arts owned or housed in the business unit are accepted and managed in accordance with University requirements including, but not limited to, the provision of proper care/conservation and maintenance of a current inventory of the items and their location (building, floor, and room).

Personnel Management

- Employees are aware of and adhere to University policies on earning and using leave.
- Employees are aware of and adhere to University policy governing hours of work, overtime hours, Fair Labor Standards Act, time reporting, and compensatory leave for non-exempt employees.

Security and Records Management

- Employees are aware that all University records must be retained and/or destroyed in accordance with Federal and State regulations and University policy and are aware that the University Records Management Office provides services to assist offices with compliance with these regulations and policies.
- The business unit uses approved methods to dispose of electronic devices, electronic media, and software to assure protection of University data.
- The business unit completes the process outlines in the Information Security Risk Management Standard and Information Security Risk Management Procedures at least annually, when there are significant changes to unit IT resources, or when there are significant changes to the risk environment.
- Employees take reasonable care to eliminate security vulnerabilities for University information technology resources and promptly reporting actual or suspected information security incidents to appropriate University officials as directed on the Report an Information Security Incident web page.
- Employees understand that for the protection of University information:
 - They must strictly limit the circumstances under which highly sensitive data are stored on their electronic devices and electronic media
 - They must determine if they have highly sensitive data on their electronic device(s) and electronic media, and if so, ensure compliance with the requirements of the policy and the data protection standards
 - That failure to comply with requirements of the policy or data protection standard will result in disciplinary action up to and including termination.
- Employees understand that University data they create, receive, maintain, and/or transmit must be protected in accordance with the applicable data protection standard(s) and are familiar with the consulting and other services provided by Information Security.
- All faculty and staff assigned to duties and responsibilities related to maintaining student education records are familiar with, adhere to and comply with the provisions in the Family Educational Rights and Privacy Act (FERPA), have completed the required training, and are familiar with the resource related to FERPA found on the University Registrar's website.

Data Collection

- Consider any Organizations that collect money on behalf of, and remit revenue to, the business unit.

- Consider if other organizations or third-party vendors, such as Pay-Pal, are used to collect money on behalf of, and remit revenue to, the business unit.
- Consider any accounts the business unit has with University-Affiliated Organizations.