



# Internal Control

Policy: CO002  
 Responsible Executive: Controller  
 Responsible Office: Controller's  
 Office  
 Approved by:  
 Effective: 03/24/2011  
 Last Revised: 07/01/2017

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## Policy

### General Internal Control Policy

#### Purpose:

To communicate the University's objectives and to establish standards for the design and operation of the University's system of internal control.

The reliability which the University can place upon its financial records is dependent upon the effectiveness of the procedures and controls which are adopted to ensure that the results of transaction processing are reflected accurately, consistently and completely in those records. Controls must also ensure that assets are not exposed to unauthorized access and use. Management has the responsibility to establish and maintain an adequate system of internal control and to furnish to the Trustees of the University, governmental agencies, University creditors and other constituencies reliable financial information on a timely basis. An adequate system of internal control is necessary for management to discharge these responsibilities.

#### Policy:

The University Controller, as Chief Accounting Officer, has the fiduciary responsibility for the accounting records of the University and the ultimate responsibility for the adequacy and effectiveness of the overall system of internal control. In order to meet these responsibilities within the University's decentralized operating environment, the responsibility for a variety of controls must be delegated to the various operating entities of the University. Therefore, the schools, service and resource centers, central administrative departments, auxiliary enterprises, subsidiaries and the clinical practices of the University are required to:

1. Construct and maintain books, records and accounts which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets for their respective operating units.
2. Establish and maintain a system of administrative control which promotes operational efficiency and effectiveness, and ensures adherence to university policies and procedures. These controls include, but are not limited to, budgets, schedules, job assignment and monitoring sheets, policy and procedure manuals, organization charts, job descriptions, employee training programs and various quality controls.
3. Establish and maintain an adequate system of internal accounting control sufficient to provide reasonable assurance that:
  - Transactions are executed in accordance with University management's general or specific authorization;
  - Transactions are recorded as necessary (a) to permit the preparation of financial statements in conformity with generally accepted accounting principles and the University's financial and accounting policies, and (b) to maintain accountability for University assets;
  - Access to assets is permitted only in accordance with management's general or specific authorization; and
  - The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

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**Review and Evaluation of Internal Controls**Purpose:

To clarify responsibility for internal control oversight.

Policy:

The Office of Hopkins Internal Audits (OHIA) has the responsibility to review and measure the effectiveness of the controls established within the framework of this policy as they relate to the University's accounting, financial and operating systems. OHIA accomplishes this by conducting audits in accordance with an audit plan that is approved annually by the Audit Committee of the Board of Trustees. The purposes of these reviews are to:

1. Ascertain the reliability and integrity of accounting, financial and operating information and the means of generating and reporting that information.
2. Ensure that systems comply with University policies, objectives, standards and procedures, and with federal, state and local laws and regulations.
3. Evaluate computer-based systems in production, in development or undergoing change and evaluate the systems development process and computer operations.
4. Evaluate the adequacy of methods used to safeguard University assets.

OHIA assists management by furnishing impartial, independent analyses, appraisals, recommendations and pertinent comments in written reports to the dean, vice president or the person responsible for the entity under review, as well as the Controller, and other senior officials.