

# Code D: Business Administration

<b>POLICY TITLE AND CODE</b> <b>INTERNAL CONTROLS</b>	<b>DLA</b>
--	------------

## STATEMENT OF POLICY

Audits which monitor and evaluate the internal controls of the school division shall be utilized by Greater Saskatoon Catholic Schools.

## RATIONALE

Internal Controls are processes, procedures and policies put in place by an organization to assist in accomplishing the goals and objectives of the organization. They are documented, monitored and measured to ensure they are working effectively. Internal Controls prevent theft and fraud as well as assist in organizational effectiveness.

They are seen at all levels of the organization from a Governance level (Mission Statement) down to a transaction level (ensuring a payment is being made to an appropriate Vendor or a transaction is being recorded to an appropriate GL code and budget).

A detailed understanding of the Organization is obtained through documenting all systems, policies and processes at every level. Controls are identified, as well as any risks to the organization.

## DEFINITIONS

1. **“Audit”** – independent review of specified activities which is used to assist management in the assessment of whether the organization’s plans are carried out; policies and procedures are observed; and assets, liabilities, revenues, and expenses are properly accounted for and reported on a timely basis. The review usually consists of analysis, recommendations and comments regarding the activities audited.
2. **“Internal Control”** - a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations.
  - a. Control Environment - sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.

- b. Risk Assessment - the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed.
- c. Information and Communication - systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- d. Control Activities - the policies and procedures that help ensure management directives are carried out.
- e. Monitoring - processes used to assess the quality of internal control performance over time.

## **PROCEDURES/GUIDELINES**

1. An individual or team of staff will be designated with the ability to access and evaluate all school division records.
2. All staff, including Principals, Teachers, Office Coordinators, Superintendents, Coordinators and Managers, will be required to cooperate with the Internal Control Team and their requests. In addition Catholic School Advisory Committees and Student Council Representatives may be called upon to provide information and records.
3. Assessment of controls will also be performed through audits, which will include evaluation of a sample selection of data. The following will be evaluated during the audit:
  - a) Review and appraise the soundness, adequacy, and application of accounting, financial and other operating controls;
  - b) Review compliance with Board Policies, procedures, laws and regulations;
  - c) Evaluate the timeliness, reliability, and usefulness of the school's records and reports;
  - d) Ensure that Board assets are properly accounted for and safeguarded from loss;
  - e) Comment on the extent to which use of resources is being made efficiently and effectively;
  - f) Ensure the reliability and integrity of the information created by the School division; and,
  - g) Review accomplishment of established Board goals and objectives.
4. Any risks identified will be reported to the Superintendent of Administrative Services. Recommendations for corrective action will be made. Administrative services will determine whether controls will be modified or added to improve the reliability of the information created by the school system.
5. The internal control team will prepare a draft report for the Principal, Unit Superintendent, and Superintendent of Administrative Services. The draft report

will be informally discussed and will give the above parties the opportunity to identify any errors or omissions. The draft report will identify where procedures and controls are in place and are adequate and effective. Where such is not the case, the report will provide a description of any deficiency that exists.

6. Once the draft report has been considered a final report will be prepared and submitted to the Director of Education and shared with Executive Council.
7. If corrective measures are implemented by Administrative Services the internal control team will be responsible for follow-up review to determine the appropriate measures have been implemented and they are achieving the desired results. Where corrective measures have not been implemented it will be reported to the Superintendent of Administrative Services who will be responsible for determining the next step of action.
8. If a Principal or Unit Superintendent is in disagreement with the draft report, the Principal and/or Unit Superintendent will always have the opportunity to formally respond to any part of the report and its findings. Such responses generally referred to as “management responses” will be included in the body of the final report.

## **AUTHORITY**

- *The Education Act, 1995 Sections 277-282*
- Policy Governance Manual
- Public Sector Accounting Board

## **REFERENCES**

- Statement of Educational Commitment of Greater Saskatoon Catholic Schools:
- To practice stewardship with respect for all of God’s creation

## **DATE APPROVED**

October 31, 2011