The American University in Cairo
Policies and Procedures

Policy: Internal Control
Policy Number: FPP-ACCT-003
Date Issued: In Progress Effective Date: September 1\textsuperscript{st}, 2004
Date Revised: September 1\textsuperscript{st}, 2004
Responsible Official: Controller
Approved By: VP Finance

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Definitions

General
Individuals responsible for administering University funds are expected to:

1. Ensure that University, School, Department, Unit, and Sponsor policies and procedures are available to and understood by those carrying out financial transactions.
2. Comply with University, Federal, Egyptian, Sponsor, and Donor terms, conditions and restrictions on the use of funds.
3. Grant or delegate financial authority carefully, with consideration for proper segregation of duties.
4. Ensure that appropriate reviews and monitoring take place, including a monthly review of transactions for reasonableness and necessity, and conduct a periodic review of operating reports and performance indicators.
5. Explain to individuals that they will be accountable for their actions when viewing institutional records or processing transactions.
6. Communicate financial information properly and in a timely manner, and grant access to financial information only for appropriate business uses.
7. Protect assets, including data, equipment, supplies, inventory, and cash from unauthorized access or theft.
8. Set a tone within the organization for ethical conduct and integrity.

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

Policy Statement
Department and Unit heads are responsible for conducting their business activities in a manner consistent with good internal control. Internal controls include organizational plans, policies, and procedures which are designed to:

b. Safeguard assets

c. Verify the accuracy and reliability of accounting data and other management information

d. Promote operational efficiency

e. Ensure adherence to prescribed policies and compliance with Federal and Egyptian laws & regulations.

Authorization
The University Controller is responsible for the identification of internal control areas, and for the dissemination of policies and procedures directed toward the establishment of good internal control. The University’s internal auditors, in their periodic reviews of departments and Units, will review the system of internal control and make recommendations for improvements. Each Area Head shall approve the policies and procedures necessary for the overall effective internal control system of the University.
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Policy Guidelines

1. Responsibility to Safeguard Assets

Assets include all property of the University. Examples of assets are buildings, equipment, inventory, accounts receivable, cash (including checks), as well as, information.

Extreme care must be exercised in safeguarding cash and items easily convertible to cash, such as accounts receivable. Appropriate physical safeguards must be employed to protect all assets. Cash must be secured in a locked facility (an appropriate safe is strongly recommended) and insurance coverage for the personnel involved and facilities such as the safe.

Appropriate procedural safeguards must be in place to protect cash and cash convertible items. The employee who receives and deposits payment on account must not also have the responsibility of recording payments in the accounts receivable records. Also, budget center managers can not approve payment or reimbursements to themselves; instead, they should secure higher authorization when the payment is in their name.

Any observed weaknesses in internal control should be brought to the attention of the University Controller immediately.

Responsibility to Verify the Accuracy and Reliability of Financial Data

The University’s financial system maintains a comprehensive record of all financial transactions. Access to information about the status of individual projects, awards, tasks, and transactions is available through queries, pre-defined reports and custom reports to authorized personnel only.

It is the responsibility of departments and Units to process all transactions in a timely manner and to verify, promptly, the accuracy of all transactions posted to their accounts. This will require, at least, a monthly review and approval of all transactions recorded in a given account. Any errors should be reported immediately to the Controller.

The reliability of information retrieved from the financial system is dependent on the timely recording of all transactions. Manual Warrants, Travel Requisition, Perdiem Accounting Form, Journal Vouchers, Internal Charges billings by Auxiliaries or and support service, Receipts, Personnel/payroll actions, and any other financial transactions must be immediately entered into the financial system or forwarded promptly to the appropriate Section in the Controller’s Office for processing.

Budget Center Managers are expected to be familiar with financial policies and procedures and serve as the primary resource for inquiries on that group of projects or accounts.

Responsibility to Safeguard Personal Information

In addition to the University Privacy Policy, all employees should ensure the security and confidentiality of personal records such as names, addresses, phone numbers, bank and credit card account numbers, income and credit histories, and Social Security numbers.

Responsibility to Promote Operational Efficiency Through Organization and

? The University is committed to achieving a high level of efficiency and effectiveness in the use of personnel and other resources.

? The achievement of an acceptable level of operational efficiency is dependent on a proper organizational plan and sufficient training of
### Training

employees.

? Organizational plans must be designed to segregate duties so that no one employee controls all phases of a transaction.

? New employees must be trained adequately for their responsibilities to ensure efficiency and accuracy.

? Human Resources are responsible for the development and delivery of broad training programs and for specific training in Integrated System responsibilities. Specific job training and assignment of job responsibilities are the responsibility of the department or activity head.

### Adherence to University Policies and Procedures

The University's policies and procedures are a primary means of establishing internal controls. In addition to conforming to certain Federal and Domestic regulations, these controls allow the University to fulfill the dictates of prudent management.

All individuals who deal with financial and administrative matters must be familiar with and adhere to these policies and procedures.

### Monitoring of Internal Controls by the Audit Department

The University's Internal Audit Department (IA) is an integral part of the internal controls system. IA will monitor and evaluate internal controls as part of its annual audit plan. Weaknesses in internal controls will be commented on by the Audit Department in its reports.

The appropriate department or activity head must make a written response to the IA findings of inadequate internal controls and take prompt corrective action as recommended.

### Documenting Departmental Business Operations

Departments should exert reasonable efforts to document their unique business operations with internal policies and procedures. Such departmental policies/procedures not only document current operating practices, but also enhance management's communication to employees, help produce consistency of effort during periods of turnover, and provide a training aid for new employees.

### Maintenance of Internal Controls

In an effort to maintain an effective system of internal controls, University Administration has instituted the following measures:

1. Internal Audit's program of ongoing reviews throughout the year.
2. At least annually, review with the Audit Committee of The Board of Trustees the internal audit reports and both the external auditors' management comments and the progress reports to resolve those comments.
3. Published this policy to raise the internal control awareness for all University personnel.

### Other Internal Control Components

The University Catalogue includes many student's academic, administration, and financial policies and procedures.

The Faculty Handbook
The Personnel Policies and Procedure Handbook
Faculty PPP
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Budget Manual
Purchasing Manual
University Network Security Policy
Privacy Policy
Academic Integrity Policy