



Policy Title	Monitoring Internal Controls of Financial Transactions Policy
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Responsible Office	Assistant Vice President for Financial Management
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## 1. Policy Purpose Statement

The purpose of this policy is to strengthen the accountability and organizational structure for monitoring internal controls of financial transactions at Kennesaw State University (KSU or the University).

## 2. Background

This policy originated to ensure accountability and organizational structure for monitoring internal controls of financial transactions at KSU.

The Board of Regents (BOR) of the University System of Georgia (USG) delegates primary financial and fiduciary responsibility to a university's president, who is responsible for establishing a sound internal control environment.

A sound internal control environment requires that only authorized personnel and/or their formal designees approve financial transactions at the University. The University relies on these internal control measures to ensure that:

- only legitimate and appropriate transactions are executed and recorded;
- transactions are executed as intended and in accordance with University policy

- and relevant financial, legal, and contractual requirements;
- errors are detected prior to execution.

### 3. Scope (Who is Affected)

This policy affects all KSU employees and organizational units that produce data or transactions that reside in the University's financial systems and records.

### 4. Exclusions or Exceptions

There are no exclusions or exceptions.

### 5. Definitions and Acronyms

**Financial transactions:** For the purpose of this policy, financial transactions include but are not limited to:

- a. Budget transactions
  - 1) Budget amendments.
  - 2) Budget overrides.
  - 3) Budget maintenance.
- b. Finance and Accounting Transactions
  - 1) Banking transactions.
  - 2) Journal entries.
  - 3) Payment requests.
  - 4) Payment transactions (vouchers).
  - 5) Travel authorizations.
  - 6) Travel bookings.
  - 7) Travel expense reports.
  - 8) Vendor Invoices.
- c. Purchasing transactions
  - 1) Purchasing contracts, transactions, and records.
  - 2) Purchase orders.
  - 3) Purchase requisitions.
  - 4) Purchase receiving records.

**Internal control:** A process designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of reporting, effectiveness, and efficiency of operations, and compliance with applicable laws and regulations.

### 6. Policy

The University president delegates accountability for monitoring internal controls of financial transactions to the KSU chief business officer (CBO). The KSU CBO further delegates responsibility for management of monitoring internal controls of financial transactions to the associate vice president for Operations (AVPO). The KSU AVPO

further delegates responsibility for management of monitoring internal controls of financial transactions to the assistant vice president for Financial Management (AVPFM)

### Procedure

- a. Reporting to the AVPFM, the Office of Budget and Planning (OBP) director is responsible for monitoring internal controls of budget transactions.
- b. Reporting to the AVPFM, the Office of Finance and Accounting (OFA) controller/director is responsible for monitoring internal controls of finance and accounting transactions.
- c. Reporting to the AVPFM, The Office of Procurement and Contracting (OPC) director is responsible for monitoring internal controls of purchasing transactions.
- d. The OBP, OFA, and OPC directors are responsible for establishing and documenting monitoring procedures for their respective areas.
- e. Monitoring procedures must include maintaining monitoring logs that document the:
  - 1) areas and processes monitored;
  - 2) monitoring frequency (monthly, quarterly, or annually);
  - 3) monitoring methodology or process; and
  - 4) corrective actions implemented when control deficiencies are identified.
- f. The OBP, OFA, and OPC directors are required to submit updated monitoring logs on a quarterly basis to the AVPFM and the AVPO for review.

## **7. Associated Policies/Regulation**

- a. [BOR Policy Manual 2.5 Presidential Authority and Responsibilities](#)
- b. [BOR Policy Manual, 7.0 Finance and Business](#)
- c. [BOR Policy Manual, 7.1.2 Accounting and Reporting](#)
- d. [BOR Policy Manual, 7.15 Risk Management Policy](#)
- e. [BOR Policy Manual, 7.16 Compliance Policy](#)
- f. [BOR Policy Manual, 7.2 USG Budget](#)
- g. [BOR Policy Manual, 7.7 Purchasing](#)
- h. [BOR Policy Manual, 7.9 Contracts](#)

## **8. Procedures Associated with this Policy**

- a. [USG Business Procedures Manual, 1.0: Accounting Principles and Definitions](#)
- b. [USG Business Procedures Manual, 6.1 Controls, Documentation, and Assembly of Documents](#)

## **9. Forms Associated with this Policy**

- a. [KSU Policy Departure Request Form](#)

## **10. Violations**

Individuals in violation of this policy are subject to a range of sanctions, including but not limited to disciplinary action, dismissal from the University, and/or legal action.

## **11. Review Schedule**

The Monitoring Internal Controls of Financial Transactions Policy is reviewed annually by the assistant vice president for Financial Management or his/her designee.