

Definition for Algonquin College’s Internal Control Framework

Algonquin College’s Internal Control Framework is an ethical hierarchy of equitable activities and assurances that improve our operational efficiency while respecting our values of caring, learning, integrity and respect.

The Internal Controls goals include:

- Compliance with Ministry and College Policies and Directives
- Developing protocols for College entrepreneurial activities
- Facilitating the integrity and efficiency in business operations
- Ensuring ease of access to information and training

IC Framework in Practice

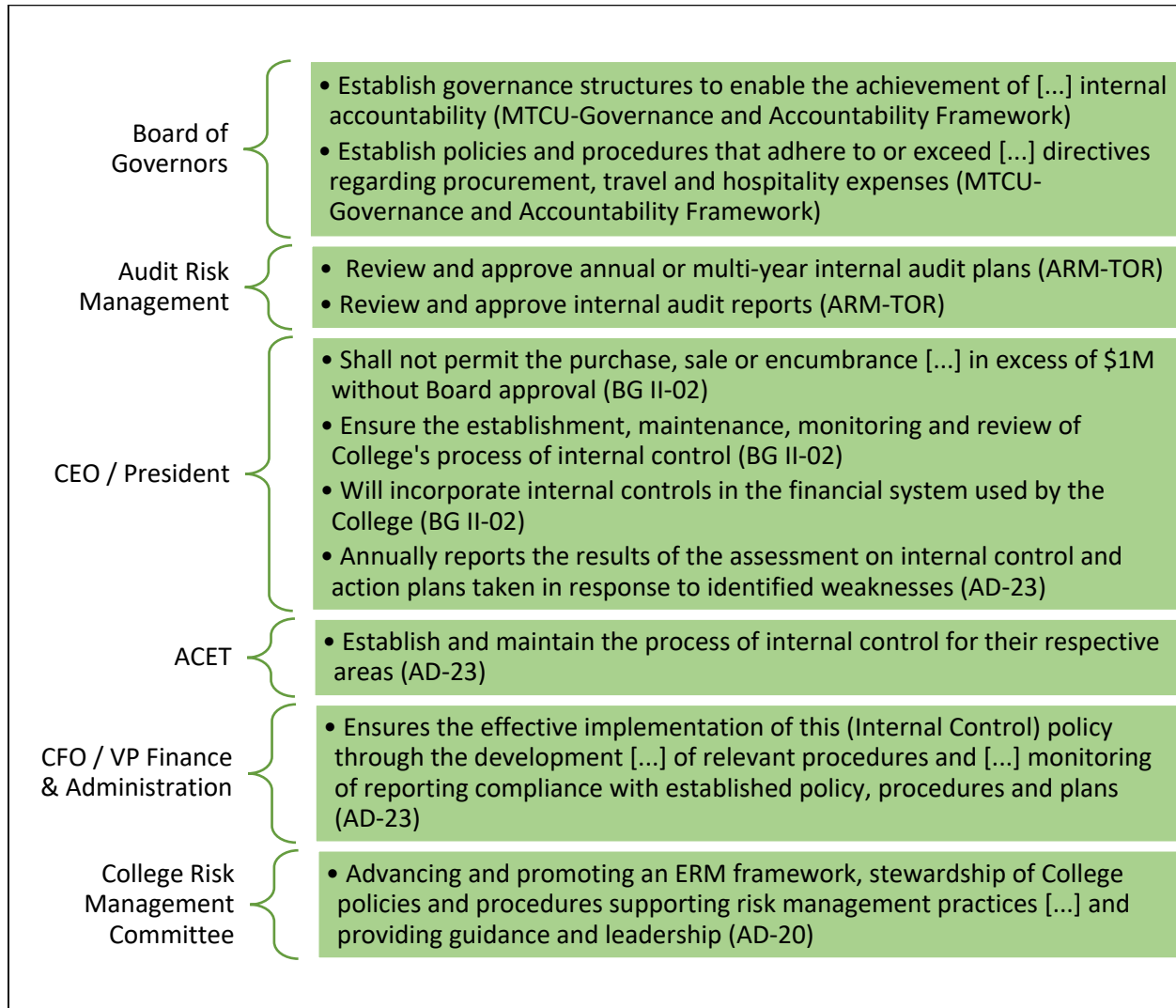
The goal of the Algonquin’s Internal Control (IC) Framework is to provide the College’s Leadership Team with reasonable assurance that business operations are being conducted ethically and equitably. With the support of the College’s Audit and Risk Management Committee (a standing committee of the Board of Governors), the IC Framework strives to increase the reliability of financial reports and improve the College’s long-term financial sustainability.

The IC Framework focuses on the following Risk Areas:

- Asset Management - including access, replacement, and disposal
- Purchasing - including requisitioning, approvals, and vendor selection
- Shipping and Receiving - including the security of goods, movement, and record keeping
- Payments - including document vouching, approvals, and electronic payments
- Cash Handling - including transaction security, deposits, and reconciliations



Hierarchy of Accountability



Algonquin's library¹ of bylaws, policies, and directives includes:

- Disposal of Surplus Assets and Asset management
- Perquisites, travel, meals, and hospitality
- Acceptance of gifts and Fraud prevention
- Payment Card Industry Data Security Standards
- Employee Code of Conduct and Acceptable Use of Computer Networks and Accounts
- Conflict of Interest, Internal Control
- Responsible Financial Management and Use of Corporate Credit Cards
- Contract Management and Approval

¹ <https://www.algonquincollege.com/finance/resources/guidelines-policies-procedures/budget-principles-2/>

Acts, Directives, and Policies

The Broader Public Sector Accountability Act² requires that Public Sector agencies such as Algonquin College promotes and practices effective, economical, and efficient business operations with integrity. The Accountability Act endorses the strengthening of efficient business operations through internal controls and management accountability.

The Algonquin Corporate Policy AD 23 - Internal Control - states that “the Vice President Finance & Administration ensures the effective implementation of the Internal Control policy through,

- the development and implementation of relevant procedures and plans; and
- monitoring and reporting compliance with the established policy, procedures and plans”.

² <https://www.ontario.ca/laws/statute/10b25#BK18>

The Requirement for Monitoring Operations

Strategic Mandate Agreement

"The College remains accountable to the Ministry with respect to effective and efficient use of provincial government resources and student resources [...] to maximize the value and impact of investments made in the postsecondary education system"

Responsibilities of the Board of Governors Policy

"Ensure that appropriate practices are implemented to identify and manage institutional risk including **appropriate monitoring and reporting**"

Board of Governors Policy Financial Management

"...the President will incorporate **internal controls** in the financial systems used by the College"

Internal Control Policy

"the Vice President Finance & Administration ensures the effective implementation of the **Internal Control** policy through the development, implementation, monitoring of procedures and plans"

Major Capital Projects Budget Principle

"...**material increases to the budget cannot be incurred without approval** from the Board of Governors. A material change is deemed to be 15% of the total expenditures of the project or \$1,000,000, whichever is less"

Strategic Investment Priorities (SIP) Budget Principle

"**SIP projects/programs and initiatives must achieve the stated outcomes** and/or success measures that were presented with the funding request to President's Council."

Enterprise Risk Management Policy

"...maintaining an ERM framework that is [...] responsive to a changing risk profile and which brings value to management decision making and **demonstrates management accountability.**"