

**A presentation by**  
**Queen's University**  
**Financial Services**

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# Internal Audit

## Maintaining a Strong Control Environment

### Part 2 – Roles within the Control Environment

# Agenda



**An overview** of the key players within the Control Environment and how they interact with each other including:

- Elements of an Internal Control Environment,
- Internal Control Environment at Queen's,
- Roles and Responsibilities.

# Elements of an Internal Control Environment



**The Control Environment** encompasses a variety of components that, when working together establish the internal control system.

**It provides** an effective basis by which the university's operations are directed and controlled.

# Elements of an Internal Control Environment (Cont'd)



## It includes:

- the integrity, ethical values and competence of staff,
- management's philosophy and operating style,
- the way management assigns authority and responsibility,
- direction provided by the Board,
- organizational structure,
- policy and procedures,
- codes of conduct,
- definition of responsibilities,
- training, recruitment and payroll.

# The Control Environment at Queen's



**Everyone** in an organization has responsibility for internal control. Each element of the control environment needs to work effectively to ensure the department's (and so the university's overall) objectives are achieved.

**All staff** must understand their own role in the internal control system, as well as how individual activities relate to the work of others.

# Roles and Responsibilities



- Board of Trustees
- Management
- Support Services
- Internal Audit
- Your Role



# Board of Trustees



**The Board of Trustees** is one of three governing bodies of the university, along with the Senate and the University Council.

**The Board of Trustees** is responsible for the overall operations of the university by setting the 'tone at the top' for the internal control environment at the university. As such, they are responsible for the overall effectiveness of the systems of internal controls.

# Board of Trustees (Cont'd)



**The Board** needs to have a thorough knowledge of the entity's activities and working environment, and commit the time necessary to fulfill their oversight responsibilities.

**A strong, active Board**, particularly when coupled with effective upward communications channels and capable financial, legal, risk management and internal audit functions, is the most effective method of governance.

# Management



**Management is accountable** to the Board and is responsible for the development and maintenance of internal control policies and procedures to achieve assigned goals in an efficient, effective and economic manner.

# Management (Cont'd)



**Objectives of controls** established by management are:

- integrity of financial and operating information and reporting,
- compliance with policies, plans, procedures, laws, and regulations,
- safeguarding of assets,
- ensuring resources are employed economically and efficiently.

**Central support services** (such as ITS, Finance, HR) play a key part in an internal control environment.

**These services**, through design and dissemination of standardised controls and policies, also provide guidance and clarity by:

- creating and applying policies and procedures,
- standardizing information and services,
- verifying controls, (e.g. through review & authorization),
- reporting of performance to management.

## **Internal Audit** is responsible for:

- evaluating the adequacy and effectiveness of the university's internal controls,
- making recommendations where control improvements are needed,
- contributing to the effectiveness of the control environment.

**Internal Audit** is not responsible for establishing or maintaining controls.

# Internal Audit



**Internal Audit** reports directly to the Audit and Risk Committee of the Board of Trustees and therefore provides an independent monitoring role.

# Your Role



**Internal control** is the responsibility of everyone in an organization and therefore is part of everyone's job.

**Staff** should know their individual responsibilities, priorities and how their performance will be measured and evaluated. In addition, people need a sense of understanding of the organization's missions, specific goals, policies and practices.

**All employees** should make management aware of operational deficiencies, noncompliance with policies and codes of conduct, or actual or suspected illegal actions.



# Control Environment Responsibilities Summarized



**Roles** with regard to internal control vary depending upon the level of responsibility and the nature of involvement by the individual.

**At Queen's**, the Board fulfills this duty by providing leadership and direction to senior managers and reviewing the way they're controlling the business.

**Management**, in turn, assigns responsibility for establishment of more specific internal control policies and procedures to personnel responsible for specific functions / tasks.

**Staff** are responsible for making themselves aware of controls and adhering to them in day to day work.

# How You Can Contribute



**All staff and faculty** should consider how their control responsibilities are being conducted with regards to the control environment at Queen's, and discuss with more senior personnel ideas for strengthening control.

# How may we help you today?



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