INTERNAL CONTROLS

Organizational structure, policies and procedures, and practices that assure the organization's goals and objectives will be achieved and in compliance with federal, state, and university laws, rules and regulations.

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Components of Internal Controls

- Control Environment: culture & structure
- Risk Assessment: identify & analyze
- Control Activities: policy & procedure
- Information & Communication: internal & external
- Monitoring: upper-level & ongoing

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Internal Controls: Nitty Gritty Checklist

- Are staff who are responsible been properly trained and familiar with rules/regs on expenditures?
- Are staff empowered to carry out duties/responsibilities to achieve control objectives?
- Is there separation of duties?
- Is there account reconciliation and review by upper management?
- Are direct charges Necessary, Reasonable, Allowable and Allocable?
- How is review of contract conditions (terms, restrictions) conducted?

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Internal Controls at UF

- Control Environment--changes to accounting system:
  - requiring CRIS/REEport values on all research capacity fund transactions
  - CAS restrictions (prevent unallowable expenditures)
  - Cost-sharing tracking

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Internal Controls: Reality Check

Poor internal controls may result in increased bureaucracy, reduced productivity, increased complexity, increased time to process transactions, and increased non-value activities.

Or worse: theft, false information, poor cost recovery

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OR WORSE!