

Mississippi Valley State University
Office of Business and Finance



Internal Control Plan
November 2015

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Introduction

Mississippi Valley State University, a state supported institution of higher learning in the State of Mississippi, provides quality educational opportunities to the citizens of the region, state and beyond. The University's purpose, objectives and goals are outlined in its mission statement. The University's executive management provides the leadership to achieve the objectives and goals; safeguard assets, adhere to applicable laws and regulations and conduct its business by accepted norms of ethics, integrity and honesty. The Internal Control Plan of the University provides "reasonable assurance" that the institution will attain its financial and compliance goals.

Internal controls are the integration of the activities, plans, attitudes, policies and procedures of an organization to provide the reasonable assurances that:

- Mississippi Valley State University's assets are protected and safeguarded against loss
- Records are timely, reliable and accurate
- Operations are efficient and effective, and
- Policies, processes and procedures establish what should be done, how it should be done and by whom.

Mississippi Valley State University believes that the internal controls should be proactive, value adding and cost effective.

The plan that follows is divided into five sections:

Control Environment

This is the foundation for all other components of internal control and sets the tone of the organization. This section describes the mission, governance, the organizational structure, system wide code of conduct and the commitment of the top executives.

Risk Assessment

This component identifies, analyzes and manages the potential risks that could prevent management from achieving its objectives and goals and delivering on the institutions mission. This section lists various business and financial transaction cycles comprising of the overall accounting and financial system. Business and financial processes are systematically analyzed; strategies and procedure are developed and are continuously reviewed and revised.

Control Activities

This component represents the policies and procedures required to address the risks inherent to the university's business and financial cycles. These activities relate to proper initiation, authorization of transactions, security of assets and records and separation of duties.

Information and Communication

This section describes the major means by which information about the internal control environment is communicated throughout the university. Information provided to all parties should be appropriate in content, relevance, timeliness and be current and accessible. Communication usually takes place via policies and procedures manuals, handbooks, workshops, seminars and staff meetings.

Monitoring

This section describes the process the management follows in evaluating the internal control system to make sure that it functions properly and take any corrective actions to resolve weaknesses in a timely manner.

Control Environment

Mississippi Valley State University was created in 1950. It is one of the eight public universities under the jurisdiction of the Board of Trustees of State Institutions of Higher Learning. The Board has adopted as policy the State of Mississippi's Ethics Law (MS Code Ann., § 25-4-101(1)). This policy also addresses expectation regarding professional decorum and conflict of interest. The IHL Executive Office has established a set of policies and procedures in this regard. MVSU adheres to all of the above.

The executive leadership of MVSU has reinforced its commitment to the principles of integrity, honesty and adherence to the rule of law in all of its endeavors of the university.

The Office of the Business and Finance conducts and coordinates various training and workshops pertinent to policy, procedure and overall expectation of all its employees. MVSU also has on campus Office of the Internal Auditor in facilitating the implementation and monitoring of the internal control plan.

Mission

The Mississippi Institutions of Higher Learning (IHL System), under the governance of its Board of Trustees, will operate as a strong public university system with eight distinct, mission-driven universities, and will enhance the quality of life of Mississippians by effectively meeting their diverse educational needs. In doing so, the IHL system will be characterized by, and become nationally recognized for, its emphasis on student achievement and on preparing responsible citizens; its adherence to high academic standards and to quality in instruction, research, service and facilities; and its commitment to affordability, accessibility, and accountability.

Mississippi Valley State University, as a Carnegie Classified Master's University, provides comprehensive undergraduate and graduate programs in education, the arts and sciences, and professional studies. The University is driven by its commitment to excellence in teaching, learning, service, and research – a commitment resulting in a learner-centered environment that prepares critical thinkers, exceptional communicators, and service-oriented, engaged, and

productive citizens. MVSU is fundamentally committed to positively impacting the quality of life and creating extraordinary educational opportunities for the Mississippi Delta and beyond.

Vision

Mississippi Valley State University aspires to become the educational crown jewel of the Mississippi Delta, and in so doing, the institution will attract students of diverse backgrounds as a result of its innovative academic programs; commitment to developing entrepreneurs; and globalized focus intertwined throughout the academic curricula and support services. In its quest for distinctiveness, uniqueness, innovation, and longevity, the University will become the public square of the Mississippi Delta, responsible for engaging an ever-expanding group of collaborators focused on identifying and implementing solutions to the problems that have plagued the delta region for generations. As a result, Mississippi Valley State University will serve as the catalyst for an enhanced quality of life and increased educational opportunities for the citizens of a revitalized Mississippi Delta.

Valley's Core Values

As an institution of higher learning within the Mississippi Delta, Mississippi Valley State University believes it exists to meet the needs of all of its stakeholders and to create a positive impact throughout the region. In order to achieve its mission and move towards realization of its vision, MVSU is driven by seven values that act as an internal compass responsible for ensuring unity of effort, dedication to a common direction, and commitment to fulfilling its calling.

Service

Service is at the core of the University's charter, is the impetus behind our creed, and compels us to embrace the responsibility of caring for and proactively meeting the needs of our students, our community, our region, and beyond.

Learning

Learning impels us to ensure that our students receive a world-class education, our institution engages itself in a continuous cycle of knowledge attainment and implementation, and that best practices developed from emerging knowledge drives our decision-making and direction setting.

Excellence

Excellence obliges us to reject mediocrity and instead consistently pursue high quality in regards to our programs, services, faculty and staff, initiatives, and outreach.

Integrity

Integrity impresses upon us that as a steward of public funding and trust, we must operate as persons and an institution of high character guided by a commitment to honor, transparency, fairness, and honesty.

Distinctiveness

Distinctiveness reflects our charge to ensure that we provide relevant and contextually appropriate academic programming, deliver services that meet the emerging needs of our stakeholders, and continually assess and take advantage of potential opportunities.

Engagement

Engagement commits us to reach out and connect to current, former, and future students, establish our University as a true public square, integrate our University into the life of communities throughout the region, and partner with individuals, groups, and companies within the Mississippi Delta and beyond.

Respect

Respect encourages us to move beyond tolerance towards acceptance of the differences that make us human, to embrace the concept that all peoples have inherent worth and are deserving of dignity, and to act with civility, kindness, and compassion to our students, faculty, staff, and the greater community of the Mississippi Delta.

Governance and Organizational Structure of MVSU

The Board of Trustees of the IHL system is responsible for managing and controlling Mississippi's eight institutions of higher learning in accordance with the constitution and to see the IHL System mission is accomplished. To do so, the Board will operate a coordinated system of higher education, establish prudent governance policies, employ capable chief executives, and require legal, fiscal and programmatic accountability. The Board annually reports to the Legislature and the citizenry on the needs and accomplishments of the IHL System.

The Board of Trustees appoints the commissioner, who acts as the chief executive officer of the system. Also, the Board appoints Institutional Executive Officers, also known as President or Chancellor, of each of the eight universities. These Institutional Executive Officers (IEO) are charged with the administration of the universities.

The Office of the Business and Finance is assigned the responsibility to oversee and coordinate the MVSU's Internal Control Plan. The Assistant Vice President for Business and Finance has been designated the Internal Control Officer and is responsible for implementation of this program. In the absence of an Assistant Vice President for Business and Finance, the Vice President for Business and Finance/CFO, the Director of Accounting and Budget or her designee will assume the role of Internal Control Officer.

Each employee is expected to adhere to established internal controls and applicable policies and procedures in performing their official duties.

Risk Assessment

MVSU conducted a comprehensive review of its key business and financial transactions in order to identify potential areas of risk. Questionnaires pertaining to the following were completed by management:

1. Ethics
2. Management's Philosophy
3. Organizational Structure
4. Management's Commitment to Professional and Technical Competence
5. Assignment of Authority and Responsibility
6. Human Resources Standards
7. Risk Assessment
8. Risk Response
9. System Risk Assessment
10. Control Activities Applicable to All Fiscal Processes
11. Control Activities Applicable to Accounting Administration
12. Control Activities Applicable to any General Ledger
13. Segregation of Duties
14. Agency-wide Security Management Program
15. Access Control
16. Application Software Development and Change Control
17. System Software Control
18. Service Continuity
19. Journal Entries
20. Fixed Assets-Assets Additions, Renovations and Repairs
21. Appropriations, Allotments and Transfers
22. Cash Receipts-Deposits
23. Accounts Receivables
24. Purchasing
25. Cash Disbursements
26. Information Questionnaire
27. Communication Questionnaire
28. Monitoring Questionnaire

The following factors are considered as contributing to potential risks:

External

Legal and Regulatory

Political

Public Perception

Catastrophic Loss because of Natural Phenomena

Internal

Compliance-system regulations, state and federal government regulations

Budgeting and Planning

Reporting-Financial, Regulatory

Segregation of Duties

The following are the major transaction cycles pertinent to MVSU operations:

- Revenue Cycle
- Disbursement Cycle
- Property Control Cycle
- Budget Management Cycle
- Financial Reporting Cycle

There are several sub cycles within each major transaction cycle.

Control Activities

The Mississippi Valley State University has documented its internal control procedures for its business and financial transactions. Additional controls are exercised by IHL system. The university makes every attempt to comply with internal as well as external controls. Each accountant receives a copy of pertinent information and a detailed description of procedures tailored around his/her job duties as a desk copy. The documentation for internal control procedures is found in:

- Office of Business and Finance Policies and Procedures Manual,
- MVSU Personnel Policies and Procedures Manual,
- Fiscal Policies and Procedures Manual,
- Restricted Account Procedure Manual, and
- Procurement Manual.

The following manuals, financial reports, and audit reports can be found at the website addresses below:

- The MVSU Personnel Policies and Procedures Manual - http://www.mvsu.edu/images/admin/spotedit/attach/186/MVSU_Personnel_Handbook.pdf.
- The Fiscal Policies and Procedures Manual - http://www.mvsu.edu/office_of_the_president/vice_pres_fiscal/policy.php
- The Procurement Manual - http://www.mvsu.edu/images/admin/spotedit/attach/432/Procurement_Manuel.pdf
- Financial reports, and audit reports - http://www.mvsu.edu/office_of_the_president/vice_pres_fiscal/budget.php

Information and Communication

Information and communication are essential to affecting control.

The university has various Information Systems which routinely produce a variety of operational, financial and compliance related reports. These reports are classified as formal and informal. There are formal and informal channels of communication. These reports and other related information is utilized to manage and control the overall organization.

Formal faculty/staff meetings are routinely held to provide information to employees and in turn, gather input and feedback in the management of the university.

Business and Finance Division routinely communicates to its employees a commitment to honesty and ethics in conducting its business. Employees are encouraged to bring forward any transaction that appears questionable or outside the boundaries of approved policy and procedure or applicable law.

Most of the communication with employees is through emails, MVSU News, a variety of policy and procedure manuals, handbooks, memoranda, and formal or informal meetings.

Monitoring

Monitoring allows the management of the university the ability to evaluate the quality of internal controls over time. This element is essential in determining the effectiveness of the plan.

The MVSU will include the following monitoring activities:

- Ongoing monitoring built-in through independent reconciliations, staff feedback, rotating staff, supervisory review, and management review of reports.
- Follow up on irregularities and deficiencies to determine cause.
- Internal quality control reviews performed as needed, but at least annually.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls as required.
- Internal audit routinely tests for compliance with Federal, State, and IHL system requirements.
- Management reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action.

The university is subject to external annual audit of its financial statements, internal controls and compliance with OMB Circular -133.

The Office of Business and Finance, through the Assistant Vice President for Business and Finance/Controller, conducts an annual review of the Internal Control Plan. In the absence of an AVP the Vice President for Business and Finance or his designee will assume this role. The Assistant Vice President for Business and Finance will document the review of the Internal Control Plan (i.e., subsequent policies, internal control procedures, flow charts, organizational charts). Upon completion, the Assistant Vice President for Business and Finance will recommend revisions or corrections, additions and/or deletions of the Internal Control Plan to the Vice President for Business and Finance/CFO.

The Vice President for Business and Finance/CFO will incorporate any necessary changes into the appropriate policies, procedures, and ensure accountability is incorporated into the appropriate policies and procedures manual and job descriptions.