



ARMICS

Agency Risk Management and
Internal Control Standards

Comptroller's Directive

No. 1-08

This directive mandates the implementation and annual assessment of agency internal control systems in order to provide reasonable assurance of the integrity of fiscal processes related to the submission of transactions to the Commonwealth's general ledger, submission of financial statement directive materials, compliance with laws and regulations, and stewardship over the Commonwealth's assets.

This directive applies to all state offices, departments, boards, commissions, state agencies, and educational institutions maintained in whole or in part by the Commonwealth.

Roles and Responsibilities

- **BOV and President**
 - Assume ownership for internal control philosophy
 - Provide visible and audible support for internal control issues and provide the muscle for enforcement
 - Certify ARMICS compliance to DOA
- **Executive Staff and Department Directors**
 - Support the internal control philosophy, promote compliance and maintain control within divisions
 - Responsible for compliance with non-financial aspects of laws, directives, policies, procedures and the code of ethics
 - Complete Internal Control Self-Assessment and consider/document gaps and improvement opportunities resulting from risk assessment

Components of Internal Controls

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

ARMICS at UMW

- Ongoing process, led and communicated by the agency head, to design and provide reasonable assurance that these types of objectives will be achieved:
 - Effective and efficient operations
 - Reliable financial reporting
 - Compliance with applicable laws and regulations
 - Safeguarding of assets

ARMICS at UMW

Major fiscal processes that are reviewed annually

- Capital Outlay
- Financial Reporting & Reconciliation
- Payroll/Fringe Benefits
- Revenue – Cash Receipts
- Revenue – Tuition and Fees
- Vendor Payments (Accounts Payable and Procurement)

ARMICS at UMW

- Agency wide surveys sent every 3 years
 - Results compiled and provided to the President
- Major fiscal process surveys sent annually
- Major fiscal process flow charts and risk control matrixes updated annually
- Systems access is reviewed annually

ARMICS Test Work at UMW

- Completed annually
- Design is based on departmental procedures, ARMICS flow charts, University policy, and State regulations
- Assistant Controller – Compliance completes test work as of June 30 each year

ARMICS at UMW

- Testwork completed from the transaction level controls up to the agency level controls
 - For example:
 - Testing business meal transactions (transaction level controls) directly relates to the University policy Business Meals Policy (agency level controls)
 - Testing amounts charged to a student's account directly relates to the University policy on Establishing Student Fees
 - Testing daily, weekly, and monthly reconciliations directly relates to the University policy on Financial Reporting

ARMICS at UMW

- Outreach is also part of the ARMICS program
- Assistant Controller – Compliance maintains close working relationships with University employees to update procedures, provide feedback, suggest policy updates, etc.

What ARMICS really does for UMW

ARMICS Provides

- An inclusive teamwork environment that encourages open communication and collaboration
- Clear expectations for employees
- Annual assessment of UMW's internal controls over our major fiscal processes and sub processes
- Assurances about UMW's internal control structure and fiscal process integrity
- Consistency in how internal controls are implemented and monitored across the board
- Extra level of internal compliance review

Annual Reporting

- Certification of compliance, including a summary of significant and non-significant internal control findings, is sent to the Department of Accounts annually
 - Certification signed by UMW President and VP for Finance
- No significant internal control finding to date
- Non-significant internal control findings have been reported in the past. Examples of these findings include:
 - Lack of procedures
 - Lack of supporting documentation
 - Lack of required vendor attestations

Follow Up

- All internal control findings are sent to the process manager and their supervisor
 - Assistant Controller – Compliance follows up until findings have been addressed and resolved
 - Additional testwork completed as necessary

Questions, Comments, or Feedback

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