

Maritime College Internal Control Program

Internal controls are defined as the steps taken by an organization to provide reasonable assurance that it functions in an efficient and appropriate manner consistent with its policy objectives, applicable laws, regulations and related policies and procedures. Internal controls are an integral part of the operating procedures management uses to achieve its objectives and prevent undesirable results.

The New York State Governmental Accountability, Audit and Internal Control Act of 1987 requires the State University of New York to establish and maintain a system of internal controls and an ongoing internal control program. The State University of New York developed an Internal Control Program (ICP) based upon the “Internal Control-Integrated Framework”, issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, as well as the Internal Control Act. Under the State University’s ICP, all state-operated campuses are required to establish their own ICP, and certify annually to the Chancellor their compliance with the Internal Control Act. The Office of the State Comptroller has also issued Standards for Internal Control in New York State Government which provides additional guidance on internal controls.

Objectives of the Maritime College Internal Control Program

The Maritime College ICP is designed to meet the intent of the Act while providing guidance and understanding on internal control policies and procedures to College administrators and staff. The specific objectives of the College’s Internal Control Program are to ensure:

1. Achievement of the College's mission;
2. Development and maintenance of reliable financial and management data, and the accurate presentation of that data in timely reports;
3. College assets are safeguarded against loss due to waste, abuse, mismanagement, errors and fraud;
4. College programs and operations are run effectively, efficiently, and economically;
5. The College is in compliance with applicable law, regulations, policies, and guidelines.

The internal control program addresses the following areas of significance and vulnerability as prescribed in the University's ICP:

Cash and Revenue Management
Computer Operations
Disaster Planning and Recovery
General Control Environment
Mail Processing
Personnel/Payroll

Procurement/Accounts Payable
Property (Equipment) Control
Risk Management
Student Financial Aid
Workforce and Succession Planning

The College Internal Control Officer will also determine other assessable units of College operations in addition to those specified by the University's ICP.

Components of Internal Control

Internal controls consist of five interrelated components derived from the College's basic operations and administrative processes as follows:

1. **General Control Environment** – Control environment is the attitude of College management and employees toward internal control. It is a product of management's philosophy, style and supportive attitude, as well as the competence, ethical values, integrity, and morale of the College's employees. The organization structure and accountability relationships are key factors in the control environment.
2. **Risk Assessment** - Risks are events that threaten the achievement of the College's objectives and mission. Risk assessment is the process of identifying, evaluating and determining how to manage these events. At every level within an organization there are both internal and external risks that could prevent the accomplishment of established objectives. Ideally, management should seek to prevent these risks. However, sometimes management cannot prevent the risk from occurring. In such cases, management should decide whether to accept the risk, reduce the risk to acceptable levels, or avoid the risk. To have reasonable assurance that the College will achieve its objectives, management should ensure each risk is assessed and handled properly.
3. **Control Activities** - Control activities are tools - both manual and automated - that help prevent or reduce the risks that can impede accomplishment of the College's objectives and mission. Management should establish control activities to effectively and efficiently accomplish the College's objectives and mission.
4. **Information and Communication** - Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Within an organization, information should be communicated to management and other employees who need it in a form and within a time frame that helps them to carry out their responsibilities. Communication also takes place with outside parties such as customers, suppliers and regulators.
5. **Monitoring and Feedback** – Monitoring is the review of the College's activities and transactions to assess the quality of performance over time and to determine whether controls are effective. Monitoring efforts should be focused on internal control and achievement of College objectives. For monitoring to be most effective, all employees need to understand the College's mission, objectives, responsibilities, and risk tolerance levels.