

Control Activities

“**Control activities**” is the area that we as employees, managers, and caretakers of the University can directly influence. Control activities include a variety of policies, procedures, practices or processes that are designed to ensure that necessary actions are taken to enforce the policies established by regulators or management. Examples of these types of activities are as follows:

- **Activity reviews of operating reports should be performed on a monthly and/or quarterly basis.** This activity includes the monthly reconciliation of accounts that is defined in the policy specified in Section 6.10 para 1c of the FRS Department Manual. This process entails checking the FBM 090/091 and FBM095 to see if the transactions you requested have been recorded and in the right amount. It also means identifying transactions that were not authorized and contacting the appropriate office so the error can be corrected or investigated. Please note: For those departments that utilize an alternative accounting system (sometimes referred to as a shadow bookkeeping system), it may not be sufficient to review the activity in the alternative system as that data could be manipulated so as not to display certain activity. The comparison or review should always include the transactions recorded in the FRS system.
- **Performance reviews of accounts should also be performed at least quarterly.** This activity requires that the FBM 090/091 be reviewed to compare actual expenses vs. budget and to look for unusually high expenses in object codes. For example, in December which is 6 months into the fiscal year one would expect that 50% of the budget would be spent at this time. If a disproportionate amount of expenses (either high or low) have been incurred, then this may be an indication that something is occurring that was not intended. These transactions should be questioned and adequately explained.
- **Information processing includes activities like checking documents for accuracy, completeness and the proper authorization of transactions.** Before entry into an electronic system or submission of a form, the document should be reviewed for the attributes listed above. This will speed up the payment, reimbursement or recording of the activity and result in an efficient processing of the document.
- **Physical controls are essential for the adequate control of liquid type assets like cash, inventory or equipment.** These can take the form of secured (locked) locations for the storage of inventory or equipment, safes or vaults for the storage of cash and periodic physical counts of cash, inventory and equipment and the comparison of the value of those counts to the records.

- **Segregation of duties is one of the more important of this type of activity.** It provides for the division or segregation of duties among different people to reduce the risk of undetected errors or inappropriate actions. For instance, responsibilities for authorizing transactions, recording them, and handling the related assets are divided. The risks for smaller departments are significantly greater than larger departments due to the fact that there are fewer individuals to assign these responsibilities. Care must be taken to avoid improperly delegating responsibilities to one individual because this can create a situation whereby that one individual controls all aspects of a transaction – the purchase, payment and receipt of goods without any oversight.

These are the major policies, procedures, practices and processes involved in control activities that can be used to help enforce and achieve departmental objectives.