



VCU

Finance and Administration

VCU ARMICS Process for Units/Schools

Certification:

Each unit must certify their monitoring of internal controls to the Controller's Office in June of each year. The basis for this Certification is:

- All of the unit's significant fiscal processes are documented in the ARMICS Database, with accurate risk assessments
- All key internal controls are tested
- Any significant weaknesses noted are communicated to the Controller's office

The following steps outline key considerations for completing the ARMICS process.

1. Identify Your Significant Fiscal Processes

This is each unit's management's responsibility. Apply the following criteria to your operations. Do any of the following apply:

1. Consumes a proportionally large share of VCU resources
2. Has a high-degree of public visibility
3. Represents areas of concern and high risk to mission-critical business processes for agency managers and stakeholders
4. Has a significant affect on general ledger account balances

Processes may be unique to your unit (e.g., Strategic Enrollment managing student billing), or may be more universal processes like processing requisitions.

2. Ensure the ARMICS Database reflects an updated risk assessment for each significant fiscal process.

The ARMICS Database provides the standard form for a risk assessment.

- **Task:** List each major step in the fiscal process
- **Potential Risk Event:** For each task, identify what could go wrong that would cause the process to be erroneous or fraudulent.
- **Potential Problem or Misstatement:** For each risk event, what is the actual problem that the risk event causes? E.g.:
 - A fraudulent purchase (risk event) results in theft from the University (impact).
 - A journal entry could be miskeyed (risk event), resulting in an error in financial reporting (impact).
- **Risk Event Likelihood/Significance before Controls:** If there weren't any controls at all put in place, how likely/impactful is the risk event? E.g.:



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- The risk likelihood/significance of a fraudulent purchase would be HIGH (if we didn't have thorough reviews/approvals in place).
 - The risk likelihood/significance of cash being stolen would be HIGH (if we didn't have appropriate physical security, and a second person verifying the deposit).
 - **Control Activities:** What prevents the risk from occurring, or corrects it? Consider processes, approvals, systems, checks and balances.
 - **Control Objectives:** Select from the following options:
 - Compliance with federal regulation/policy
 - Compliance with State/University policy
 - Reliability of HR or financial data/reporting
 - Safeguarding/securing financial/personal data
 - Safeguarding/stewardship of assets
 - Effective and efficient operations
 - Reliability of student account information
- 3. Test the key controls to verify that they work on at least an annual basis. Document results in the ARMICS Database.**
- See ARMICS FAQs for guidance on designing, performing, documenting effective tests of controls.
- 4. Certify to the Controller in June for the current fiscal year.**
- Certification is required from the VP/Director/Dean, and from the Fiscal Manager for the unit. This Certification must be supported by the documentation within the ARMICS database.
- 5. If the ARMICS process shows a significant control weakness, consult with the ARMICS Coordinator/Controller's Office to determine whether a Corrective Action Plan is needed.**