

Indiana University
Unit Level Financial Sub-Certification
Fiscal Year 2024

Constituent Reporting Unit Referenced:

As outlined in Policy FIN-ACC-650, Financial Compliance: Authority and Accountability, “The Executive Vice President of Finance & Administration (EVPFA) formally delegates to the Office of the University Controller (UCO) oversight authority for the university’s external financial audits, fiscal internal controls, and related compliance. This delegation encompasses financial policy, standards, transactions, systems, and reporting, as it relates to external financial compliance for the university as a whole. UCO oversees the Fiscal Governance, Compliance and Accountability Standards within the IU Accounting Standards, which further delegates institutional responsibilities by the EVPFA for university financial compliance. The IU Accounting Standards serve as the authoritative and comprehensive guide on accounting, financial reporting, fiscal compliance, and controls at Indiana University.”

Indiana University’s, EVPFA is required, in connection with the annual financial audit, to attest via the external audit Management Representation Letter that the university’s financial statements present fairly, in all material respects, the financial position of the university. The EVPFA is further required to attest responsibility for adoption of sound accounting policies, establishing, and maintaining effective internal controls over financial reporting, and preventing and detecting fraud.

Financial sub-certification is a means to focus on accountability and on compliance with internal control responsibilities across the institution. This is especially important in a decentralized operational and financial decision-making organizational structure.

The sub-certification process serves two primary objectives:

1. To provide reasonable assurance of a sufficient and effective internal control structure which can identify weaknesses in financial processes and systems, and
2. To support the EVPFA’s basis for the annual financial attestation (Management Representation Letter) by providing reasonable assurance of the underlying financial activity reported in the university’s financial statements.

Please respond to the representations, beginning on the next page, related to your Constituent Reporting Unit (CRU) as of June 30, 2024, *to the best of your knowledge*.

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Instructions:

- For each area listed below, please provide a rating of the effectiveness of your internal controls, based on the following scale:
 - **Green** – Unit substantially complies with related policies and control activities.
 - **Yellow** – Unit has a gap or weakness in complying with policies and control activities that requires disclosure.
 - **Red** – Unit has a significant gap or weakness in complying with policies and control activities that requires disclosure.
- For each area assessed as “yellow” or “red,” please identify the gaps or weaknesses and briefly articulate the steps that will be taken to resolve the identified gaps or weaknesses.
- If substantial explanation is required, please attach a further explanation and action plan to the Financial Sub-Certification.
- If a section does not apply, please indicate N/A.

<i>Internal Control Environment and Activities</i>	Green	Yellow	Red	Notes/Gaps/ Weakness
1. Unit acknowledges responsibility for guiding the organization’s commitment to the Indiana University Principles of Ethical Conduct. http://principles.iu.edu/				
2. Unit holds individuals accountable for their internal control responsibilities in the pursuit of the organization’s objectives as outlined in the IU policy FIN-ACC-I-470, Internal Controls by ensuring the following:				
a. A structure of internal controls is established, documented, and functioning to achieve university- and unit-level mission(s) and objectives.				
b. A structure of internal controls and proper segregation of duties is implemented to avoid mismanagement, fraud, theft, or personal use of system resources and assets.				
c. Staff are well-versed in university financial policies and IU Accounting Standards for their financial roles.				
d. Unit adheres to procedures set forth in the IU Accounting Standards .				
Note- No response required for fiscal year 2024 for section e. This will be required for fiscal year 2025.				
e. Staff are appropriately credentialed for their financial roles.				

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<i>Internal Control Environment and Activities</i>	Green	Yellow	Red	Notes/Gaps/ Weakness
3. Unit understands the responsibility for assuring appropriate operating, monitoring, and oversight controls are in place. The unit has procedures in place to ensure:				
a. Appropriate human resource and payroll processes .				
b. Appropriate procurement and disbursement processes.				
c. Appropriate revenue processing, recording and cash handling processes.				
d. Compliance with conflict of commitment policies.				
e. Compliance with conflict-of-interest policies.				
f. Effective custody over non-cash assets, including maintenance of accurate equipment inventory records and procedures to prevent loss and theft.				
g. Compliance with university surplus and disposal policies.				
h. Compliance with Donor intent policy.				
i. Federal funding received is processed through a contract and grant account per policy .				

<i>Financial Transactions and Reporting</i>	Green	Yellow	Red	Notes/Gaps/ Weakness
4. Unit acknowledges the responsibility to adopt and implement the requirements set forth in the university's financial policies .				
5. Unit has established roles and responsibilities, with appropriate authority as outlined in the university's Role of Fiscal Officer, Account Manager, and Account Supervisor policy , to promote adherence to financial policies .				
6. Staff with fiscal responsibilities as outlined in the university's Role of Fiscal Officer, Account Manager, and Account Supervisor policy have attended relevant financial systems, policies and process training offered at the University Administration or campus level.				

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<p>7. All material transactions have been properly recorded and documented in the university's financial records as outlined in the below standards:</p> <ul style="list-style-type: none"> a. Material Transactions Substantiation Office of the University Controller (iu.edu) b. Financial Transaction Substantiation Office of the University Controller (iu.edu) 				
<p>8. Unit has reconciled all accounts as outlined in the university's Role of Fiscal Officer, Account Manager, and Account Supervisor policy and standard Account Reconciliation Office of the University Controller (iu.edu)</p>				
<p>9. Unit has completed closing procedures as required and outlined in the Closing Procedures and Standards.</p>				
<p>10. Unit has reviewed, for accuracy, the financial records of their organization, and has reported any concerns to campus administration and UCO.</p>				

<i>Financial Compliance (UCO)</i>	Green	Yellow	Red	Notes/Gaps/ Weakness
<p>11. Unit has complied with the Establishing and Modifying Revenue Producing Activities (RPA), FIN-TRE-VI-121 policy when establishing a new RPA or making changes to an existing activity, form of payments accepted, or change in vendor.</p>				
<p>12. Unit complies with the policy, Ownership, Depreciation and Capitalization of University Assets, FIN-ACC-150.</p>				
<p>13. Unit has complied with any tax reporting and payment requirements (if applicable) in regards to unrelated business income tax, sales and use tax (including innkeeper's tax), employment tax for staff, faculty, and/or students, and/or fringe benefits. <i>See existing payroll and tax requirements:</i> Standard Operating Procedures Office of the University Controller (iu.edu)</p>				

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<i>Compliance/Disclosures</i>	Green	Yellow	Red	Notes/Gaps/ Weakness
14. Unit has disclosed the following to the appropriate parties:				
a. Instances of fraudulent activities or fiscal misconduct according to Fraud (FIN-ACC-35) and Fiscal Misconduct (FIN-ACC-30) policies.				
b. Instances when an individual has been asked to override controls have been disclosed to Internal Audit.				
c. Conflicts of interest and commitment according to university policy, Conflicts of Interest and Commitment (UA-17) .				
d. Resolution from internal or external financial audit findings from the prior year have been complete and/or disclosed to Internal Audit and UCO (via Campus Controller).				
e. Material transactions (\$5 million or greater), significant changes in business activity and contractual agreements (\$10 million or greater) have been disclosed to UCO (via Campus Controller) in advance for accounting and compliance review and analysis. Closing Procedures and Dates Office of the University Controller (iu.edu)				

Unit Leader

Date

Campus Representative/Delegate

Date

Fiscal Officer

Date

Note- As the responsible party, if you have not been in your current position for the duration of the reporting period, signature can be deferred to Campus Representative, at the approval of the University Controller.