



**Internal Controls: The Role of Information and Communication**



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**Information, Communication and Training**

Information and communication is the cornerstone of a solid internal control environment. This session will discuss obligations and best practices for making information available to stakeholders within your organization, along with the importance of tone in communication efforts and the role of training in educating individuals and mitigating risk.

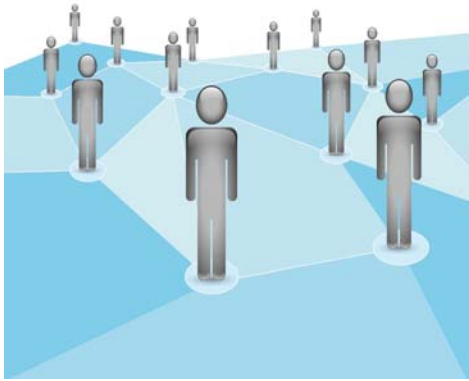
**Learning objectives:**



- Understand approaches to effective information dissemination, communication and training in the sponsored program environment.
- Be able to discuss and work with one's organization to improve the internal control environment through the effective communication of information and provision of training

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### For An Effective Internal Control (IC) System

- Communication should be timely, useful and complete.
- Lines of communication should be up, down, and across an organization.
- Staff should be able to communicate problems and suggestions - and be empowered to act, within guidelines.
- Responsibilities should be clearly communicated and well-defined.




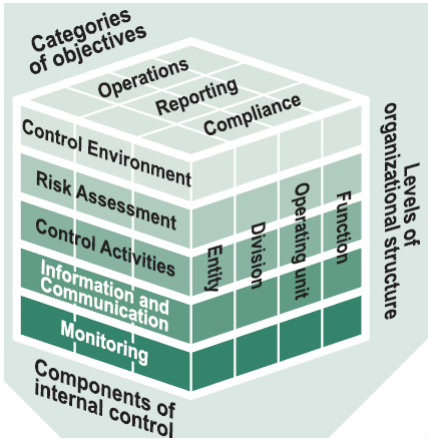



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### Internal Controls – The Cube Information and Communication

Of the 17 Principles of IC,  
Principles 13-15 relate to  
Information & Communication





GAO – Standards for Internal Control in the Federal Government

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**Information and Communication: A Component of Internal Control and Addressed in Principle 13 of the 17 Principles of IC**

Principle 13 (Information and Communication) –  
**Management should use quality information to achieve the entity's objectives**

Attributes:

- Identification of Information Requirements
- Relevant Data from Reliable Sources
- Data Processed into Quality Information



*Green Book Guidance Sec. 13.01*

**Who Needs Access to What Information?  
Information Needs Are Not Static!**


- Management defines the identified information requirements at the relevant level and requisite specificity for appropriate personnel.
- Management identifies information requirements in an iterative and ongoing process that occurs throughout an effective internal control system. As change in the entity and its objectives and risks occurs, management changes information requirements as needed to meet these modified objectives and address these modified risks.


*Green Book Guidance Sec. 13.02*

*Green Book Guidance Sec. 13.03*

**What Information is Necessary to Support  
Sponsored Programs / Research Operations?**


- Information on funding opportunities
- Information on how to submit proposals
- Proposal submission information by department/unit
- Funding information by department/unit
- Acceptable and unacceptable charging practices
- Approval processes and delegation of authority
- Space allocations for researchers and research units



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**What Information is Necessary to Support Sponsored  
Programs / Research Operations?**

- Information on research that requires protocol approvals
- Information approved protocols
- Information on active/approved/pending expiration protocols
- Information on conflicts of interests
- Expenditure and available balances
- Invoicing and delinquent payment information
- Segregations of indirect and unallowable costs for F&A purposes
- Equipment location and condition



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### What Information is Necessary to Support Sponsored Programs / Research Operations?

- What needs to be done
- Who is responsible for doing it
- How to do it right within your organization and in a consistent manner.
- How must it be done.
- How to access systems, to do the things that need to be done.
- Who to contact for assistance

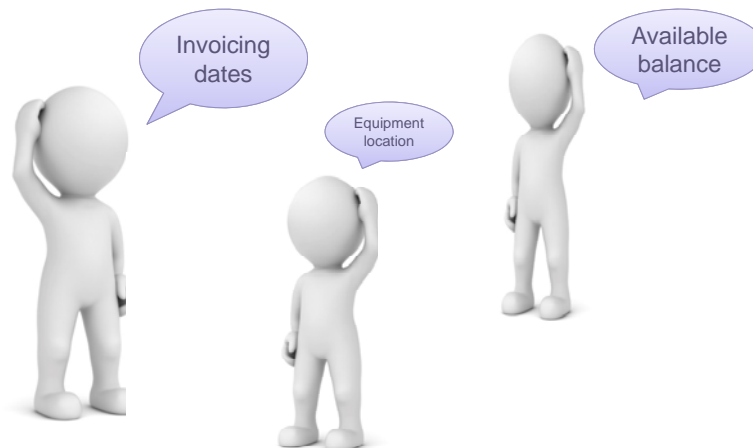


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### How Reliable is the Information?



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**Information Needs to Be Timely and Free From Error**

- Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements.
- Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability.
- Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

*Green Book Guidance Sec. 13.04*

**When we need information, can we get it out of our systems?**



**Institutions Need Access to Relevant Data, That is  
Accurate, Accessible, and Timely**

- Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information.
- Quality information meets the identified information requirements when relevant data from reliable sources are used.
- Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.
- Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information.

*Green Book Guidance Sec. 13.05*

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**Quality Information is Needed to Evaluate  
Performance and Risks**

- Management processes relevant data from reliable sources into quality information within the entity's information system.
- An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information.
- Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.


*Green Book Guidance Sec. 13.06*

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**Quality Information – Is it 30 pages or does it have a summary/quick reference?**




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**Information and Communication: A Component of Internal Control and Addressed in Principle 14 of the 17 Principles of IC**

Principle 14 (Information and Communication) –  
**Management should internally communicate the necessary quality information to achieve the entity’s objectives**

Attributes:

- Communication throughout the Entity
- Appropriate Methods of Communication



*Green Book Guidance Sec. 14.01*

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**Management Communicates Quality Information, Down, Across, Up and Around Reporting Lines to All Levels**

- Management communicates quality information throughout the entity using established reporting lines. Quality information is communicated down, across, up, and around reporting lines to all levels of the entity.

*Green Book Guidance Sec. 14.02*

- Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.

*Green Book Guidance Sec. 1 4.03*

**Who Do We Need to Communicate With and Share Information With Within Our Organization?**

**WHO**

- Leadership
- SP staff
- Faculty
- Departmental staff and chairs
- Cross-functional units in our division
- Purchasing
- Information Technology



**For Staff, Communication & Training is an Investment in Internal Controls**

- It is an investment that we hope pays off, through the **retention of employees** who have a better chance of demonstrating the skills we expect.
- It is an investment in **reducing errors** and risks to the research enterprise at a university/institution; errors that can impact our reputation with the community AND which can have financial implications for **return of funds** that may have already been spent.
- It is also an investment in your **staff's career and professional development**.
- Communication and training is an integral part of your **internal control environment** AND can be a consideration when an **organization's noncompliance** is being considered under the Federal Sentencing Guidelines.

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**What Do We Need to Communicate to Our Staff?**



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**Are We Communicating the Necessary Information?**




**What Do We in Sponsored Programs Need to Communicate to Our Faculty?**

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**What Do Project Directors and Principal Investigators Need to Know to Manage Their Awards?**

- Award terms, conditions, and restrictions
- Project account numbers
- Available balance overall and by budget line
- Basic concepts of cost allowability: allowable, allocable, reasonable
- Allowable costs
- How to assign their own and staff payroll distributions to their projects
- How to comply with effort certification requirements
- How to purchase resources needed on their project
- What may require prior approval and how to secure approval
- How to process rebudgets and cost transfers
- When are progress reports due
- Project end dates
- Protocol end dates
- Pending project close dates
- Who to call for assistance with their projects (Pre/Post, Protocol, etc.)

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**What Do We Need to Communicate Across Research Divisions and to Other Units in Our Organization**



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**For Faculty and Department Administrators,  
Communication & Training is an Investment  
in Internal Controls**

- Timely communication and training is an investment in encouraging compliance with organizational policies, procedures, and performance expectations.
- Most people want to do the “right” thing, but knowing what and how to do the “right” thing can be a challenge for departments if we don’t do our jobs of supplying the proper information.

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**Information About IC Must Flow Up to Senior Leadership**

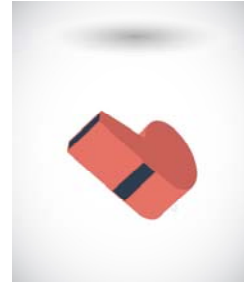
- Management receives quality information about the entity’s operational processes that flows up the reporting lines from personnel to help management achieve the entity’s objectives.  
*Green Book Guidance Sec. 14.04*
- The oversight body receives quality information that flows up the reporting lines from management and personnel.
- Information relating to internal control is communicated to the oversight body includes significant matters about adherence to, changes in, or issues arising from the internal control system.
- Upward communication is necessary for the effective oversight of internal control.  
*Green Book Guidance Sec. 14.05*

**Are Our Communication Methods Effective and Do They Reach the Right People Within the Organization?**



### Reporting Lines Are An Important Part of Communication with Leadership, Along with Direct Lines

- Personnel use separate reporting lines to go around upward reporting lines when these lines are compromised.
- Laws and regulations may require entities to establish separate lines of communication, such as **whistleblower and ethics hotlines, for communicating confidential information.**
- Management informs employees of these separate reporting lines, how they operate, how they are to be used, and how the information will remain confidential.



*Green Book Guidance Sec. 14.06*

### Factors to Consider in Communications

Management selects appropriate methods to communicate internally. Management considers a variety of factors in selecting an appropriate method of communication. Some factors to consider follow:

- **Audience** - The intended recipients of the communication
- **Nature of information** - The purpose and type of information being communicated
- **Availability** - Information readily available to the audience when needed
- **Cost** - The resources used to communicate the information
- **Legal or regulatory requirements** - Requirements in laws and regulations that may impact communication

*Green Book Guidance Sec. 14.07*

### What Do We Need to Communicate?

**WHAT**

- Organizational goals and objectives?
- What is expected?
- Why is it important?
- What are the risks?
- How things are expected to be done?
- How often they need to be done?
- Who is responsible for doing it?



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### Methods for Communicating Within Our Organization

- One-on-one (specific issues)
- Newsletters (paper or electronic)
- Direct Email
  - Read receipt notices
- Text messaging (emergency communications)
- Online and live training
  - Voluntary and mandatory
  - Click/sign here, acknowledgement requirements
- Presentations at staff, faculty/cross-departmental meetings
- Resource manuals, samples, and FAQs
- Standard operating procedures and requirements
- New hire onboarding plans
- Signage



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Information and Communication: A Component of Internal Controls and addressed Principal 15 of the 17 Principles of IC

Principle 15 (Information and Communication) – Management should **externally** communicate the necessary quality information to achieve the entity's objectives

Attributes:

- Communication with External Parties
- Appropriate Methods of Communication



Who do we need to communicate with outside our organization & what are we expected to communicate?

WHO

- Our suppliers, contractors, service organizations,
- Our community
- Our donors
- Our sponsors
- Our subawardees
- Our peer institutions within our state and across the US
- Government entities, our Governor and congressional offices
- External auditors
- Industry
- Regulatory agencies
  - FDA
  - Hazmat divisions
  - CDC
  - OSHA





### IC, External Communications, and The Greenbook

- Management communicates with, and obtains quality information from, external parties using established reporting lines. Open two-way external reporting lines allow for this communication. External parties include suppliers, contractors, service organizations, regulators, external auditors, government entities, and the general public.

*Green Book Guidance Sec. 15.02*

- Management communicates quality information externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks. Management includes in these communications information relating to the entity's events and activities that impact the internal control system.

*Green Book Guidance Sec. 15.03*

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### Communications from External Auditors & Consultants

This forum for external communication is necessary for the effective operation of internal control.



Management evaluates external information received against the characteristics of quality information and information processing objectives and takes any necessary actions so that the information is quality information.

*Green Book Guidance Sec. 15.04*

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### External Parties Communicate Risks, Change, and Issues that May Impact An Organization's Internal Control

- Management receives information through reporting lines from external parties. Information communicated to management includes significant matters relating to risks, changes, or issues that impact the entity's internal control system. This communication is necessary for the effective operation of internal control.
- Management evaluates external information received against the characteristics of quality information and information processing objectives and takes any necessary actions so that the information is quality information.

*Green Book Guidance Sec. 15.04*

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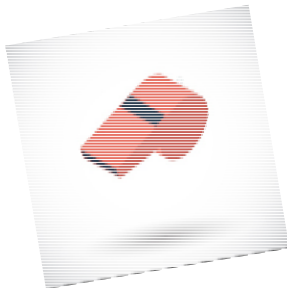
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### External Communications

- The oversight body receives information through reporting lines from external parties. Information communicated to the oversight body includes significant matters relating to risks, changes, or issues that impact the entity's internal control system. This communication is necessary for the effective oversight of internal control.

*Green Book Guidance Sec. 15.05*



External parties use separate reporting lines when external reporting lines are compromised. Laws and regulations may require entities to establish separate lines of communication, such as whistleblower and ethics hotlines, for communicating confidential information.

Management informs external parties of these separate reporting lines, how they operate, how they are to be used, and how the information will remain confidential.

*Green Book Guidance Sec. 15.06*

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### Methods for Communicating Outside Our Organization?

- One-on-One (in person, email or by phone)
- Group presentations
- Newsletter / research publications
- How do business with our organization
- Subaward management guide
- Submission of reports
- Crisis communication – phone call, followed by written follow up




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### IC, External Communications, and The Greenbook

- Based on consideration of the factors, management selects appropriate methods of communication, such as a written document—in hard copy or electronic format—or a face-to-face meeting.
- Management periodically evaluates the entity’s methods of communication so that the organization has the appropriate tools to communicate quality information throughout and outside of the entity on a timely basis.

*Green Book Guidance Sec. 15.08*

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**Part of IC: WHO Should Be Communicating for Sponsored Programs & Research**


- Public Relations
- Security
- IRB/IACUC
- VPR
- Director of Sponsored Pgms
- Pre/Post Award Staff
- Project Directors
- Principal Investigators



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**Take Home**

1. For a strong internal control environment we need to communicate necessary information both internally and externally.
2. We need access to information that is time and accurate that enables us to do our job, assess risk, and respond to risks.



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