

WEST VIRGINIA ACADEMY, LTD.

INTERNAL CONTROL POLICY

This document sets forth the general guidelines that constitute the internal control policy of West Virginia Academy (hereinafter “WVA”). The President, Treasurer, and Secretary of WVA (hereinafter the “Officers”) shall establish, implement, and maintain an effective internal control environment. Internal control practices must provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements, federal reports, state reports, and any reporting for purposes of grant funding or donors, as applicable.

ARTICLE I

INTERNAL CONTROL OBJECTIVES

The primary objective of this Internal Control Policy is to direct the Officers to establish and maintain clear internal control practices and operations that:

- (i) protect the assets and financial well-being of WVA from loss from unauthorized uses or dispositions as well as from inefficient or ineffective operations and spending;
- (ii) ensure that WVA’s financial information is reliable and accurate;
- (iii) ensure compliance with all applicable state and federal laws related to reporting, funding sources, and disbursements of funds including compliance with any statutes, regulations, and terms and conditions of any awards;¹
- (iv) safeguard personal records including personally identifiable information of students, faculty and staff as well as comply with all state and federal laws in relation to student records; AND
- (v) achieve the unique mission and objectives of WVA as an educational institution.

ARTICLE II

GUIDELINES FOR ESTABLISHING INTERNAL CONTROL PRACTICES AND OPERATIONS

The Officers shall consult with accounting professionals as well as state and federal regulations and guidance in the establishment of WVA’s practices and operations that constitute its internal control environment and apply best practices utilizing industry standards as reasonably applied.

Practices and operations established by the Officers for purposes of WVA’s internal control environment should adhere to the following principles and guidelines of effective internal controls as appropriate commensurate with the internal control risk related to each activity:

- (1) Provide for adequate segregation of duties including separation of the responsibilities for authorization, recording, processing, and reviewing transactions;

¹ Compliance with state and federal law may include compliance with internal control standards as established by the Comptroller General of the United States, binding regulatory guidance by the U.S. Department of Education (to the extent applicable to federal sources of funding), as well as guidance by the U.S. Office of Management and Budget, however, such resources should also be consulted and modeled for purposes of establishing best practices for individual internal control practices, as appropriate.

(2) Ensure staff are adequately trained in internal control processes as well as cross-trained to permit separation of duties and backup processes;

(3) Verify access to assets is limited to only appropriate personnel and job functions by using best practices with respect to key codes, security, electronic access, and password usage;

(4) Provision of forms that are clear and direct users to follow proper internal control procedures and provide appropriate records so that transactions are recorded to the proper accounts;

ARTICLE III

MONITORING THE INTERNAL CONTROL ENVIRONMENT

The Officers shall evaluate and monitor WVA's compliance with this policy. The Officers shall regularly (not less than annually) assess internal control weaknesses or limitations and verify that internal controls are not being overridden. The Officers shall maintain a positive attitude with regards to the internal control processes and encourage all employees of WVA to strictly adhere to the internal control processes. In the event that an instance of material noncompliance with internal controls is identified, including, by way of example and not limitation, any identification of a material internal control weakness during a financial statement audit or review, the Officers shall notify the Governing Board in writing and shall take prompt remedial action to cure any such internal control weakness.

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