



SAGE INTERNATIONAL
NETWORK OF SCHOOLS

Sage International Network of Schools: Internal Control Evaluation

Step One: Implementation of Temporary Measures Effective as of January 13, 2021

Intention of the internal control evaluation

A top priority of the network is to thoroughly evaluate the internal control environment, structure and procedures at our schools. Accuracy and reliability are paramount in the accounting world. Without accurate accounting records, leadership cannot make fully informed financial decisions, financial reports can contain unintentional errors, and opportunity for abuse can occur. Internal controls are policies and procedures put in place to ensure the continued reliability of accounting systems and safeguarding of assets. Additionally, controls ensure that our accounting system is in accordance with applicable laws and regulations, which is critical to the success of the annual audit process.

Approach

We approach our internal control analysis in a systematic, comprehensive manner that directly takes into consideration our “internal control environment.” Internal control is a basic element that permeates a healthy, mission-driven organization - not a feature that is added on. Control environment is the attitude toward internal control and control consciousness established and maintained by the leaders and the staff at all levels of an organization. Our “control environment” goes hand in hand with the actual policies and procedures we will put into place. Moreover, it is the integration of the activities, plans, attitudes, policies, and efforts of everyone in our network (instructional, financial and operational) working together to achieve our mission. As an International Baccalaureate network, we also recognize that our IB values directly influence our control environment, for it is a product of our leadership's philosophy, style and supportive attitude, as well as the competence, ethical values, integrity, and morale of our entire staff. Furthermore, our IB attributes will drive our analysis by establishing a collaborative, caring, knowledgeable and balanced approach to the entire internal control analysis process. Emphasis will be placed on communication and continued reflection of the framework we establish.

Execution

Because our network's structure and accountability relationships are key factors in our control environment, the restructuring of our network that we are currently working on to most effectively achieve our mission, will also ensure a consistent, positive control environment across our entire network. In order to best achieve this goal, we will take a robust approach to evaluating, designing and implementing our internal control environment and procedures. Furthermore, an effective internal control analysis is based on a systematic and risk-oriented approach, to ensure that there are adequate individual controls in areas with high risk, and that they are not excessive in areas with low risk. Before making the decision to adopt a control, we will analyze the potential benefits and costs of establishing and maintaining it, along with the possible consequences of not implementing it. This will not be a "quick fix" or cursory attempt, but rather a comprehensive effort, resulting in a sustainable plan that will establish assurance that we are effectively utilizing and safeguarding our assets that will help drive us, together, toward our mission.

We will execute this effort in five parts:

1. Exercise temporary authorization and accounting measures
2. Assessment
3. Design
4. Implementation
5. Regular evaluation and adjustments