

Office of the State Controller
Self-Assessment of Internal Controls

Financial Reporting Cycle

Objectives and Risks

Agency _____

Year-End _____

<u>Objectives</u>	<u>Risks</u>
All transactions are properly accumulated, classified and summarized in the accounts.	<ul style="list-style-type: none"> • General ledger not in balance. • Subsidiary ledgers not in balance with general ledger. • Inconsistent application of accounting policies and procedures.
All closing entries are initiated by authorized personnel and reviewed and approved in accordance with established policies and procedures.	<ul style="list-style-type: none"> • Inadequate closing procedures may result in confusion of responsibility, delay in completing the closing. • Transactions improperly included or excluded as a result of inadequate cutoff procedures. • Unauthorized or inappropriate journal entries. • Inadequate support for journal entries.
All necessary data is obtained and processed in accordance with established policies and procedures.	<ul style="list-style-type: none"> • Absence of adequate procedures may result in misclassification of balances, omission of an accounting unit, unacceptable delays and excessive work. • Omission of information which should be provided in financial reports, lack of control over data submitted and review process.
All internal and public financial reports are prepared on the basis of appropriate supporting data, provide required information, and are reviewed and approved before issuance.	<ul style="list-style-type: none"> • Financial reports not supported by underlying accounting records. • Inconsistent presentation of financial data. • Incomplete review of data, permitting possible errors or omissions.

Office of the State Controller
Self-Assessment of Internal Controls
Financial Reporting Cycle
Control Policies and Procedures

Agency _____

Year-End _____

Bolded questions identify critical controls. A critical control is a control that will prevent or detect an error in the event that all other controls fail.

A. Control Activities / Information and Communication:

Yes No N/A

- | | | | | |
|-----|-----|-----|-----|---|
| ___ | ___ | ___ | 1. | Is there a formal plan in which responsibilities for the year-end closing of the financial statements are clearly defined including target dates for completing tasks? |
| ___ | ___ | ___ | 2. | Do written accounting policies and procedures exist, and are they properly available and communicated to all applicable personnel? |
| ___ | ___ | ___ | 3. | Is the general ledger chart of accounts properly maintained by authorized personnel? |
| ___ | ___ | ___ | 4. | Is a competent individual assigned the responsibility of supervising the conversion from cash basis to modified accrual basis accounting for year-end financial reporting? |
| ___ | ___ | ___ | 5. | Does the agency maintain trial balances, adjustments and supporting workpapers to document the process of closing the general ledger and preparing financial statements and financial statement note disclosures? |
| ___ | ___ | ___ | 6. | Are balances in the general ledger periodically substantiated, evaluated, reviewed, or supported by account reconciliations? |
| ___ | ___ | ___ | 7. | Are the reconciliations of subsidiary ledgers to control accounts prepared and reviewed by someone other than the preparer on a monthly basis? |
| ___ | ___ | ___ | 8. | Are revenue accounts reviewed to identify any deferred revenue? |
| ___ | ___ | ___ | 9. | Are fund types reviewed to verify fund classifications? |
| ___ | ___ | ___ | 10. | Are journal entries prepared and reviewed by someone other than the preparer? |

- ___ ___ ___ 11. Is supporting documentation attached to journal entries and secured in a safe location?
- ___ ___ ___ 12. Does the agency maintain and follow procedures for record filing, retention, and disposition?
- ___ ___ ___ 13. Are operating units required to certify that information submitted for the preparation of the financial statements is accurate?
- ___ ___ ___ 14. **Are financial statements and note disclosures agreed to the underlying supporting documentation (i.e. general ledger, reconciliations, journal entries, CAFR worksheets)?**
- ___ ___ ___ 15. **Are note disclosures agreed to the financial statements?**
- ___ ___ ___ 16. **Are financial statements and note disclosures reviewed and approved by knowledgeable staff before being transmitted to the State Controller?**

B. Monitoring:

- ___ ___ ___ 17. **Has management identified accounts, such as those requiring complex calculations or accounting estimates, that are especially at risk of misstatement and developed policies and procedures to address those risks timely?**
- ___ ___ ___ 18. Does management review accounting estimates? (depreciation, allowance for doubtful accounts, etc.)?
- ___ ___ ___ 19. Has management instituted a process to identify and address changes in accounting and reporting pronouncements?
- ___ ___ ___ 20. Are financial statements and note disclosures updated to reflect any new GASB pronouncements or any other significant standards?