

Office of the State Controller
Self-Assessment of Internal Controls

Financial Reporting Cycle

Objectives and Risks

Agency _____

Year-End _____

Objectives

Risks

<p>All transactions are properly accumulated, classified and summarized in the accounts.</p>	<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.
<p>All closing entries are initiated by authorized personnel and reviewed and approved in accordance with established policies and procedures.</p>	<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.
<p>All necessary data is obtained and processed in accordance with established policies and procedures.</p>	<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.
<p>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.</p>	<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 under 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 to supervise the conversion from cash basis to modified accrual basis accounting for the year-end financial reporting? |
| ___ ___ ___ | 5. Does the agency maintain the trial balances, adjustments and supporting workpapers to support 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 the supporting documentation attached to the journal entries and are they secure in a safe location?
- ___ ___ ___ 12. Does the agency maintain and follow procedures for record filing, retention, and disposition?
- ___ ___ ___ 13. Are the operating units required to certify that information submitted for the preparation of the financial statements is accurate?
- ___ ___ ___ 14. **Are the financial statements and note disclosures agreed to the underlying supporting documentation (i.e. general ledger, reconciliations, journal entries, CAFR worksheets)?**
- ___ ___ ___ 15. **Are the note disclosures agreed to the financial statements?**
- ___ ___ ___ 16. **Are the 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 which 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 the financial statements and note disclosures updated to reflect any new GASB pronouncements or any other significant standards?