**Entity-wide Testing and Monitoring Tool - Agencies MUST modify this tool to best fit their needs.**

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| Progress Status  Successfully meets standard.  Does not meet standard, but making satisfactory progress towards attainment.  Does not meet standard; underlying issues have not been addressed. | **Internal Controls over Financial Reporting** | | Period Ending:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  ­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Manager’s Signature / Date |
| Control Objectives | | Resources | |
| 1. Transactions are valid and documented. 2. All valid transactions are recorded; none are omitted. 3. Transactions are authorized according to agency policy. 4. Transaction documentation is accurately prepared. 5. Transactions are properly classified. 6. Transaction accounting and posting is complete and proper. 7. Transactions are recorded in the proper fiscal period. 8. The risk of fraud or legal noncompliance is considered. | | Governmental Accounting Standards Board (GASB) Pronouncements  MOM Policy 373 - Legislative Audit Division Reports  MOM Policy 399 - Internal Controls | |

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| **Control Environment** | | | | | | |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| A code of conduct and policies exist regarding acceptable business practices, conflicts of interest, and expected standards of ethical behavior. |  |  |  |  |  |  |
| The code of conduct includes a clear anti-fraud statement. |  |  |  |  |  |  |
| The importance of ethical behavior and strong controls is discussed with newly hired employees. |  |  |  |  |  |  |
| Periodically, employees are required to attend refresher training on the code of conduct. |  |  |  |  |  |  |
| Executive management has established an appropriate “tone at the top” that has been communicated to, and is practiced by, executives and management throughout the agency. |  |  |  |  |  |  |
| Management takes appropriate disciplinary action in response to departures from the code of conduct; employees understand the consequences of violating the code of conduct. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| The agency has a planned, integrated and documented approach to managing the risk of fraud; responsibility for the anti-fraud program is specifically assigned. |  |  |  |  |  |  |
| A structured process for incident investigation and remediation has been developed. Investigative roles and responsibilities are clearly delineated, and a tracking mechanism allows management to report on material fraud events. |  |  |  |  |  |  |
| Specific anti-fraud policies and training have been developed; periodically, employees receive training on fraud awareness and appropriate actions to take when fraud is suspected. |  |  |  |  |  |  |
| The agency follows up on and investigates allegations of fraud in a timely manner. |  |  |  |  |  |  |
| Personnel responding to suspected fraud have been appropriately trained and work cooperatively with the Legislative Audit Division, State Accounting Bureau, and the Department of Justice. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| As part of the anti-fraud training, employees are informed they may anonymously report suspicion of fraud/financial misconduct through the online fraud reporting system at [http://www.leg.mt.gov/css/audit/FraudHotline/hotline\_accept.asp](http://www.leg.mt.gov/css/audit/Fraud%20Hotline/hotline_accept.asp%20) or by calling the *Fraud Hotline* at 1-800-222-4446. |  |  |  |  |  |  |
| As part of the anti-fraud training, employees are informed that public employees who report fraud are protected against retaliatory or disciplinary action under the provisions of 5-13-314, MCA. |  |  |  |  |  |  |
| Management acknowledges the importance of the data processing and accounting functions, and shows concerns about the reliability of financial reporting and safeguarding of assets. |  |  |  |  |  |  |
| Accounting operations and budgeting are strategically linked to enable strong synchronization and coordination between the budgetary function and financial accounting. |  |  |  |  |  |  |
| Staffing levels are adequate with respect to the data processing and accounting functions; people possess the requisite skill levels relative to the size, nature and complexity of the agency’s activities and systems. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| There are policies and procedures for authorization and approval of transactions, including acquisitions, dispositions, disbursements, cash receipts/deposits. |  |  |  |  |  |  |
| Incompatible duties that deal with significant assets or processes are segregated. |  |  |  |  |  |  |
| The agency has established appropriate lines of authority and responsibility that ensure important decisions are directed to senior executives through proper approval channels. |  |  |  |  |  |  |
| Management provides personnel with access to relevant training. |  |  |  |  |  |  |
| Standards exist and are enforced that call for hiring the most qualified individuals based on skills, knowledge, experience, and evidence of integrity and ethical behavior. |  |  |  |  |  |  |
| Screening procedures include thorough background checks, particularly for personnel to be hired into senior or sensitive positions. |  |  |  |  |  |  |
| Job performance is periodically evaluated and reviewed with each employee. |  |  |  |  |  |  |
| **Information & Communication** | | | | | | |
| Internal information is generated and reported regularly by the agency’s financial information systems. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Operating results are reviewed and compared against budgets at regular intervals. |  |  |  |  |  |  |
| Pertinent financial information is identified, captured, processed, and reported to the right people in sufficient detail and in a timely fashion, allowing them to carry out their responsibilities. |  |  |  |  |  |  |
| Mechanisms are in place to ensure changing information needs are met. |  |  |  |  |  |  |
| Management adequately staffs and designs the IT department to support the agency’s overall business objectives; the strategic plan for IT systems is linked to the agency’s overall strategies. |  |  |  |  |  |  |
| There are defined responsibilities for personnel responsible for implementing, documenting, testing, and approving changes to computer programs and systems. |  |  |  |  |  |  |
| There is regular back-up of application programs and data files. |  |  |  |  |  |  |
| The agency has a disaster recovery plan in place that allows for the timely recovery of information. The plan is tested regularly and updated as the operations change. |  |  |  |  |  |  |
| Overall, there is a high level of user satisfaction with the IT systems, including reliability and timeliness of reports. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| **Continuous Monitoring** | | | | | | |
| Management monitors relevant external and internal information and considers the impact on the internal control structure. |  |  |  |  |  |  |
| Procedures are in place to monitor when controls are overridden and to determine if the override was appropriate. |  |  |  |  |  |  |
| Management takes appropriate action on exceptions to policies and procedures. |  |  |  |  |  |  |
| Management responds timely to weaknesses identified by the external auditors; there are no repeat material control weaknesses reported in the Statewide Single Audit Reports. |  |  |  |  |  |  |
| Management responds timely to internal audit findings and recommendations. |  |  |  |  |  |  |
| Internal and external audit findings and comments are provided to the audit committee/governing board. |  |  |  |  |  |  |
| Complaints of improper financial matters by suppliers, regulators or other external parties are fully investigated and documented. |  |  |  |  |  |  |
| Controls that should have prevented/detected a problem are reassessed when problems occur. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Supervisory personnel perform various random and structured reviews to ensure control procedures are functioning as expected. |  |  |  |  |  |  |
| Personnel with requisite skills evaluate appropriate portions of the internal control system. |  |  |  |  |  |  |
| Mechanisms are in place for employees to report deficiencies in internal control to management on a timely basis. |  |  |  |  |  |  |
| Periodically, access to financial systems is reviewed by management and modified as needed. |  |  |  |  |  |  |
| **Risk Assessment** | | | | | | |
| Management has established a strategic planning process that guides the organization as a whole. Entity-wide goals and objectives are linked to budgeting, operating, and reporting functions. |  |  |  |  |  |  |
| Activity-level objectives are linked with entity-wide objectives and strategic plans; program managers are held accountable for achieving activity-level objectives within budgetary constraints. |  |  |  |  |  |  |
| Management has established a process to periodically review and update entity-wide strategic plans and objectives. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Management identifies risks related to each of the established objectives and evaluates them as part of the business planning process. |  |  |  |  |  |  |
| Management identifies financial reporting risks that result from operations or compliance with laws and regulations. |  |  |  |  |  |  |
| Management identifies fraud risk factors, with particular attention given to management override of controls and the potential that senior management is the perpetrator. |  |  |  |  |  |  |
| Management involves appropriate personnel and conducts brainstorming sessions to identify specific fraud schemes. |  |  |  |  |  |  |

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| Progress Status  Successfully meets standard.  Does not meet standard, but making satisfactory progress towards attainment.  Does not meet standard; underlying issues have not been addressed. | **EXPENDITURES/DISBURSEMENTS/**  **ACCOUNTS PAYABLE** | | Period Ending:\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Manager’s Signature / Date |
| **Control Objectives** | | **Resources** | |
| 1. Transactions are valid and documented. 2. All valid transactions are recorded; none are omitted. 3. Transactions are authorized according to agency policy. 4. Transaction documentation is accurately prepared. 5. Transactions are properly classified. 6. Transaction accounting and posting is complete and proper. 7. Transactions are recorded in the proper fiscal period. 8. The risk of fraud or legal noncompliance is considered. | | MOM policy 375 – Fiscal Year End Procedures  MOM policy 315 – Expenses/Expenditures/Payables  Employee Travel Policy  Procurement Card Acceptable use Policy | |

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| **General** | | | | | | |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| No one individual is allowed to control all key aspects of an expenditure transaction, meaning the following responsibilities are performed independently: expenditure authorization; purchasing; receiving; invoice approval; invoice payment; verification and batch release; mailing of checks/warrants; and reviews and reconciliations. |  |  |  |  |  |  |
| Refresher training is provided periodically to agency personnel on policies/procedures related to cash disbursements, including travel claims and procurement cards, and on transactions requiring purchase orders and/or contracts. |  |  |  |  |  |  |
| A mechanism for delegating expenditure authority exists; it is documented, easily accessible and up to date. |  |  |  |  |  |  |
| **Purchasing** | | | | | | |
| Procedures are in place to ensure items are procured using statewide term contracts, when applicable. |  |  |  |  |  |  |
| Thresholds and procedures for obtaining competitive bids/quotations for items not available through statewide term contracts are in place and conform to statutory authority, administrative rule, and statewide and internal policies. |  |  |  |  |  |  |
| Procedures for using sole source vendors exist and conform to statutory authority, administrative rules, and statewide and internal policies. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Open purchase orders are reviewed periodically by individuals independent of the purchasing and receiving functions. |  |  |  |  |  |  |
| **Receiving** | | | | | | |
| Contents of incoming shipments, as listed on the packing slip/bill of lading/vendor invoice, are compared to physical products received. |  |  |  |  |  |  |
| Procedures are in place to ensure adequate cut-off of receipts at year-end, so that expenditure accruals are recorded only for goods/services received in the current period. |  |  |  |  |  |  |
| Procedures are in place to ensure compliance with statewide accrual policies in MOM 375. |  |  |  |  |  |  |
| **Processing Invoices for Payment** | | | | | | |
| Policies and procedures exist that describe documentation requirements and are readily accessible by agency personnel. |  |  |  |  |  |  |
| Only original invoices are processed for payment; special processes exist to deal with electronic invoices and lost/missing original invoices. |  |  |  |  |  |  |
| Invoices are matched to supporting documents (receiving records, purchase orders or other forms of purchase authorization); prices, extensions and discounts are checked for accuracy; expenditure coding is completed. |  |  |  |  |  |  |
| Completed invoice/voucher packages are reviewed and approved by appropriate manager. |  |  |  |  |  |  |
| Authorized signatures, account, org, subclass codes, etc. are independently verified prior to data entry. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Individual with no update access, other than executive management, reviews accuracy of data input; then releases batches for payment. |  |  |  |  |  |  |
| Security access differentiates between data input and payment release responsibilities. |  |  |  |  |  |  |
| Paid invoices are stamped or perforated to prevent duplicate payments. |  |  |  |  |  |  |
| Post-payment audit procedures and exception reports have been developed for detection of duplicate payments. |  |  |  |  |  |  |
| Warrants/checks are mailed directly from printing location; procedures are in place to ensure that once signed, manual checks are not returned to the disbursements unit for mailing. |  |  |  |  |  |  |
| Warrants/checks flagged for special handling are returned to non-disbursements personnel to be logged and held for pick up. Stored in locked safe overnight. Signature of business unit employee obtained when warrant/check picked up. Logs are independently reviewed for unusual patterns. |  |  |  |  |  |  |
| Procedures are in place to ensure credit is received for goods returned to vendors; credit adjustments are accurately calculated and recorded; refunds are obtained from vendors if appropriate. |  |  |  |  |  |  |
| Periodically, employees not involved in purchasing functions or invoice processing perform post-payment audits to ensure agency expenditures/disbursements:  Are made to appropriate suppliers and comply with agency and statewide purchasing policies;  Are approved by personnel with appropriate authority;  Are made only for goods/services received;  Are accurately calculated;  Are recorded in the appropriate period; and  Are properly coded for accounting and program purposes. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| There are no individuals handling cash disbursements who also have duties related to cash receipts or the reconciliation of bank statements. |  |  |  |  |  |  |
| Blank check stock is stored in a secure location and inventoried on a regular and spot-check basis. The numerical sequence of issued checks is reviewed for missing check numbers. |  |  |  |  |  |  |
| Cut-off procedures are in place to ensure that amounts for unbilled goods and services received prior to fiscal year end are computed and accrued as current year liabilities. |  |  |  |  |  |  |
| **System Controls** | | | | | | |
| Access to the vendor master file is limited to appropriate individuals and is monitored. |  |  |  |  |  |  |
| Valid changes to the vendor master file are input and processed in a timely manner. |  |  |  |  |  |  |
| The function to update the vendor master file is separate from processing invoices for payment and signing and distributing checks. |  |  |  |  |  |  |

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| Progress Status  Successfully meets standard.  Does not meet standard, but making satisfactory progress towards attainment.  Does not meet standard; underlying issues have not been addressed. | **FINANCIAL CLOSE PROCESS** | | Period Ending: \_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Manager’s Signature / Date |
| **Control Objectives** | | **Resources** | |
| 1. Transactions are valid and documented. 2. All valid transactions are recorded; none are omitted. 3. Transactions are authorized according to agency policy. 4. Transaction documentation is accurately prepared. 5. Transactions are properly classified. 6. Transaction accounting and posting is complete and proper. 7. Transactions are recorded in the proper fiscal period. 8. The risk of fraud or legal noncompliance is considered. | | MOM Policy 300 – Introduction  MOM Policy 375 – Fiscal Year End Procedures | |

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| **Policies, Procedures and Responsibilities** | | | | | | | | | |
| Description of Control |  |  |  | N/A | | | Comments | Responsible Individual |
| Accounting personnel responsible for recording transactions, making adjustments, and performing year end closing activities have the requisite accounting knowledge, skills, and experience to perform their duties in accordance with the Governmental Accounting Standards Board's (GASB) generally accepted accounting principles and reporting standards. |  |  |  |  | |  | |  |
| Agency accounting policies and procedures exist, are kept current, and are communicated to appropriate personnel; agency accounting policies conform to the MOM category 300 and GASB authoritative guidance. |  |  |  |  | |  | |  |
| Agency account and other coding classifications are aligned with policies and are consistently used. |  |  |  |  | |  | |  |
| Accounting personnel are included in statewide mail lists. |  |  |  |  | |  | |  |
| Agency year end close procedures exist, are kept current and are communicated to appropriate personnel; agency close procedures conform to MOM Policy 375 and include responsibilities, checklists, due dates, and disclosure updates. |  |  |  |  | |  | |  |
| Description of Control |  |  |  | N/A | Comments | | | Responsible Individual |
| Appropriate accounting personnel attend statewide fiscal year-end training, conduct timely FYE reviews, and respond promptly to questions from SAB staff. |  |  |  |  | |  | |  |
| Duties are appropriately segregated in the closing process. |  |  |  |  | |  | |  |
| Access to agency accounting and reporting applications is limited to appropriate individuals and is password protected. |  |  |  |  | |  | |  |
| Journal entry input is restricted to authorized personnel. |  |  |  |  | |  | |  |
| Standardized journal entries are used for recurring journal entries. |  |  |  |  | |  | |  |
| A checklist or procedure document exists to illustrate the standard journal entries made at month-end, quarter-end, and year-end. |  |  |  |  | |  | |  |
| Journal entries have adequate supporting documentation and are independently validated and approved by the appropriate level of management before being posted. |  |  |  |  | |  | |  |
| Procedures detailing the calculation of specific accruals and rules regarding reserves and write-offs are clearly defined, consistently applied and monitored. |  |  |  |  | |  | |  |

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| Description of Control |  |  |  | N/A | Comments | | Responsible Individual |
| A procedure is in place to identify and communicate transaction/events that have significant accounting and/or reporting implications to the accounting unit. |  |  |  |  | |  |  |
| Material nonroutine transactions (e.g., prior period adjustments, debt issuance, debt refundings) are reviewed by the appropriate level of manager; the manager’s signature on a journal entry log or supporting documentation serves as evidence of the review. |  |  |  |  | |  |  |
| All account balances are reconciled prior to FYE close, including confirmation that interagency transactions are in balance and that subledgers (e.g. - Asset Mgmt.) have been reconciled to general ledger control accounts. |  |  |  |  | |  |  |
| Account reconciliations are reviewed and approved by the appropriate manager; current year balances are compared to the prior year or a multi-year trend; significant variances and reconciling items are investigated and resolved timely. |  |  |  |  | |  |  |
| The CAFR Questionnaire is submitted by an employee with commensurate knowledge and experience to SAB. |  |  |  |  | |  |  |

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| Progress Status  Successfully meets standard.  Does not meet standard, but making satisfactory progress towards attainment.  Does not meet standard; underlying issues have not been addressed. | **PAYROLL PROCESSING** | | Period Ending:\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Manager’s Signature / Date |
| **Control Objectives** | | **Resources** | |
| 1. Transactions are valid and documented. 2. All valid transactions are recorded; none are omitted. 3. Transactions are authorized according to agency policy. 4. Transaction documentation is accurately prepared. 5. Transactions are properly classified. 6. Transaction accounting and posting is complete and proper. 7. Transactions are recorded in the proper period. 8. The risk of fraud/financial misconduct is considered. | | Montana Statewide Personnel and Payroll Services home page  [http://hr.mt.gov/](http://hr.mt.gov/%20) | |

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| **Access Controls** | | | | | | |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Access to SABHRS is based on the individual user’s role and job responsibilities. |  |  |  |  |  |  |
| Access to SABHRS for approving payroll adjustments is restricted to a lead worker or manager/supervisor only. |  |  |  |  |  |  |
| Dual “update” access to SABHRS personnel database is not allowed. |  |  |  |  |  |  |
| Human resources unit processes new hires and terminations in SABHRS in a timely manner and provides timely notification to payroll processing unit. |  |  |  |  |  |  |
| **Time and Attendance** | | | | | | |
| Employees are required to record actual time worked and attendance; when manual timesheets are used, employees are required to sign their timesheets. |  |  |  |  |  |  |
| Each employee’s direct supervisor/manager verifies that hours worked (including overtime hours) and leave time are accurately recorded, indicating approval by signing manual time records or by “locking” the electronic record. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Supervisors/managers forward manual timesheets directly to the timekeeping function. |  |  |  |  |  |  |
| Timekeepers enter approved timesheets only. |  |  |  |  |  |  |
| **Payroll Processing** | | | | | | |
| Payroll unit has established procedures to ensure timely processing and accurate calculation of direct deposit enrollment forms, garnishments, child support, and other miscellaneous deductions. |  |  |  |  |  |  |
| Payroll unit/accounts payable unit have established procedures to ensure expense reimbursement claims processed through payroll do not duplicate claims paid through accounts payable. |  |  |  |  |  |  |
| Payroll unit reviews time/attendance records, YTD accumulated payroll information and control reports for errors and obtains appropriate approvals to make corrections and update SABHRS. |  |  |  |  |  |  |
| Payroll errors affecting employees’ YTD totals for wages and withholdings are promptly corrected (within 30 days). |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Employees are given timely notice (within 30 days) of payroll-related overpayments and a method of recovery is established. |  |  |  |  |  |  |
| Controls that should have prevented/detected payroll overpayments and other payroll errors are reassessed when problems occur. |  |  |  |  |  |  |
| **Paycheck Distribution** | | | | | | |
| A non-payroll manager/supervisor reviews and approves (by signing) a Gross Pay and Adjustment reprot/tool prior to release of paychecks to employees. Items identified during the review that appear to be unusual, potentially erroneous or otherwise questionable are brought promptly to the attention of the payroll staff, payroll manager or other manager who supervises the agency’s payroll function. |  |  |  |  |  |  |
| Paychecks and direct deposit pay stubs are distributed to employees by agency personnel who have no update access to SABHRS, no responsibility for manual timekeeping, and are not involved in the payroll recordkeeping or paycheck preparation processes. |  |  |  |  |  |  |
| Payroll unit distributes copies of check register to managers showing them employees paid under their authority and responsibility. |  |  |  |  |  |  |
| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Payroll unit has established formal processes to control and dispose of unclaimed payroll checks and verify returned W-2s. |  |  |  |  |  |  |
| **Reconciliation, Confidentiality and Archival Requirements** | | | | | | |
| State Payroll Bureau reconciles SABHRS payroll reports to agency postings and agency subsidiary accounting systems. |  |  |  |  |  |  |
| Procedures have been developed that are closely monitored to ensure confidentiality of employee personal information. |  |  |  |  |  |  |
| Payroll unit has established procedures to ensure documentation of time records, misc. deductions, salary changes, garnishments, adjustments, etc. is retained in accordance with state retention guidelines. |  |  |  |  |  |  |

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| Progress Status  Successfully meets standard.  Does not meet standard, but making satisfactory progress towards attainment.  Does not meet standard; underlying issues have not been addressed. | **Revenue/Cash Receipts/Accounts Receivable** | | | | | | | Period Ending:\_\_\_\_\_\_\_\_\_\_\_\_\_  ­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Manager’s Signature / Date | |
| **Control Objectives** | | | | | **Resources** | | | | |
| 1. Transactions are valid and documented. 2. All valid transactions are recorded; none are omitted. 3. Transactions are authorized according to agency policy. 4. Transaction documentation is accurately prepared. 5. Transactions are properly classified. 6. Transaction accounting and posting is complete and proper. 7. Transactions are recorded in the proper fiscal period. 8. The risk of fraud or legal noncompliance is considered. | | | | | MOM Policy 325– Cash  MOM Policy 320 – Revenues and Receivables  [http://sfsd.mt.gov/SAB/AccountingFormsInfo](http://sfsd.mt.gov/SAB/AccountingFormsInfo%20) | | | | |
| **Order Processing/Shipping** | | | | | | | | | |
| Description of Control | |  |  |  | | N/A | Comments | | Responsible Individual |
| Order entry data is transferred completely, accurately and promptly to the shipping and invoicing activities. | |  |  |  | |  |  | |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Inventory is released for shipping/delivery only upon the authorization of the customer order. |  |  |  |  |  |  |
| Shipped orders are transferred promptly for invoicing. |  |  |  |  |  |  |
| Period-end procedures exist and are followed to ensure proper cutoff of shipping activity and that sales are recorded in the appropriate period. |  |  |  |  |  |  |
| Shipping documents are pre-numbered; the sequence is checked for missing documents. |  |  |  |  |  |  |
| The shipping function is properly segregated from the invoicing and accounts receivable functions. |  |  |  |  |  |  |
| **Invoicing** | | | | | | |
| All goods shipped/services provided/penalties levied during the period are invoiced. |  |  |  |  |  |  |
| All invoices issued relate to valid shipments, levies or services provided. |  |  |  |  |  |  |
| All invoices issued are recorded; invoices are pre-numbered and the sequence is checked for missing documents. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Invoices issued are recorded as revenue and accounts receivable when not paid at time of delivery. |  |  |  |  |  |  |
| Invoices are recorded in the appropriate period. |  |  |  |  |  |  |
| Undeliverable invoices are returned to the program unit; customer questions and complaints are directed to the program unit. |  |  |  |  |  |  |
| Processes are in place to ensure that invoices are accurately calculated. |  |  |  |  |  |  |
| Once posted to accounts receivable, invoiced amounts can be adjusted only through a properly authorized credit memo or other adjustment transaction. |  |  |  |  |  |  |
| A process has been established to ensure that all credit adjustments are valid, properly calculated and recorded. |  |  |  |  |  |  |
| **Revenue Analysis** | | | | | | |
| Periodically, the number of licenses/permits issued or the number of products, sold per the physical inventory count, is compared to recorded sales to ensure all sales have been recorded. |  |  |  |  |  |  |
| Other revenues types are compared to prior year data and multi-year trends. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| **Cash Receipts** | | | | | | |
| Responsibilities for collecting cash receipts are adequately segregated from those for recording and depositing cash receipts and posting general ledger entries. |  |  |  |  |  |  |
| Employees with responsibilities for collecting cash receipts are not allowed to process cash disbursements, post detail accounts receivable, or reconcile bank statements. |  |  |  |  |  |  |
| Processing of cash receipts is centralized to the extent possible. |  |  |  |  |  |  |
| Control over cash receipts is established as quickly as possible; checks are restrictively endorsed upon receipt and are secured in a cash drawer or safe. |  |  |  |  |  |  |
| Over-the-counter cash receipts are independently balanced to cash register tapes or a pre-numbered cash receipts book; cash registers are placed so customers can observe amounts as recorded. |  |  |  |  |  |  |
| Remittances received through the mail are opened in a secure area (when material by two or more employees) that is restricted to authorized personnel and is locked when not occupied. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Mailed receipts are manually logged or immediately scanned into the cashiering system. |  |  |  |  |  |  |
| The mail room log, cash register tape, pre-numbered receipts or other record is compared to the deposit slip by someone other than the cashier; a duplicate copy of the deposit slip is maintained. |  |  |  |  |  |  |
| Cash variances are accounted for by employee and, if material or a pattern is visible, investigated and documented. (MCA 5-13-309 (3) requires any cash shortages suspected to be from employee dishonesty to be promptly reported in writing to the Attorney General and Legislative Auditor.) |  |  |  |  |  |  |
| Daily cash receipts are deposited intact even if proper disposition is unknown. |  |  |  |  |  |  |
| Cash receipts are deposited daily, when the total coin and currency exceeds $200, the total collections exceed $750, or weekly regardless of amount, unless approved by the Department of Administration and Board of Investments. Receipts are physically secured until deposited. See MCA 17-6-105. |  |  |  |  |  |  |
| Cash receipts are recorded in the period in which they are received. |  |  |  |  |  |  |

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| Description of Control |  |  |  | N/A | Comments | Responsible Individual |
| Unknown cash receipts are credited to a clearing account; clearing account items are investigated and resolved promptly. |  |  |  |  |  |  |
| **Accounts Receivable** | | | | | | |
| Accounts receivable (A/R) subsidiary records are maintained by employees who have no access to cash. |  |  |  |  |  |  |
| The A/R unit reconciles aggregate collections on accounts receivable against daily postings to individual receivable accounts. |  |  |  |  |  |  |
| Unapplied customer payments credited to a clearing account are resolved promptly and posted to appropriate A/R detail records. |  |  |  |  |  |  |
| The A/R aging report is reviewed monthly for past due accounts and unusual items. |  |  |  |  |  |  |

**Entity-wide Testing and Monitoring Tool - Agencies MUST modify this tool to best fit their needs.**