Ohio | Department of Education

District_Organization Internal Control Self Assessment - EXAMPLE

Internal Control Self-Assessment Introduction and Instructions - Questions: (0/1) - Not Started

Question 1

2 CFR §200.303 Internal Controls section of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, establishes the requirements for internal controls for a non-federal entity; thus, requiring an organization to institute a stronger infrastructure of accountability.

Objective: To assist districts/organizations with "Establishing and maintaining effective internal control over federal awards and provide reasonable assurance that federal funds are managed in a way that is compliant with federal statutes, regulations, and the terms and conditions of the federal award" in accordance with 2 CFR § 200.303.

The goal is to provide districts/organizations with a self-evaluating tool for the organization's internal control system. The tool will assist the organization's management in evaluating the current internal control structure and preparing for an audit. Once the tool is completed, management will be able to identify areas where internal controls could potentially be enhanced. In addition, annually management can review the results to determine what changes have occurred or where updates and/or changes may need to be made. The Department will make the tool available in the Forms application within SAFE. The online version will allow the organization to upload evidence of implementation.

The tool encompasses the five internal control components:

1. *Control Environment* – "Sets the tone for the organization and influences the control consciousness of staff and is the foundation for all other components of internal control."
2. *Risk Assessment* – "The process that involves the identification and analysis of relevant risks to the achievement of objectives, and forming a basis for how the risks should be managed to increase the chance to successfully achieve desired goals."
3. *Control Activities* – "The actions to reduce risk and minimize obstacles to accomplishing goals. Includes the policies and procedures that help ensure management directives are carried out and documented; authorization and approval; reconciliations; and segregation of duties."
4. *Information and Communications* – "The systems or processes that support the identification, capture, and exchange of information in a way and time frame that enable people to successfully carry out their responsibilities."
5. *Monitoring* – "The actions taken to ensure the control activities are working as intended; and the processes used to assess the quality of internal control performance over time."

Instructions:

- All questions require a response. Please select only one of the answers (Yes, No, In Progress, or Not Applicable) included in the check off boxes for each question.
- Comment areas are available for each self-assessment question to assist the entity in documenting information related to the internal control area, if needed.
- If the entity would like to upload documentation for the self-assessment, the system allows for this through the upload function within each question.

Control Environment   - Questions: (0/10) - Not Started

Ohio | **Department of Education**

District_Organization Internal Control Self Assessment -

Question 1

Are both the governing authority and management actively involved with the internal control structure, which includes both identifying and enforcing the following (formally documented in organization's policies):

- A standard of conduct;
- Integrity;
- An ethical values structure;
- Compliance with accounting and reporting laws and regulations.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 2

The levels of assigned responsibility and delegation of authority are documented with managers' responsibilities clearly defined? (Managers have adequate knowledge and experience to complete their responsibilities.)

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 3

Information Technology System Management - The assignment of responsibility and delegation of authority has been clearly defined and communicated?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 4

Is there a proper level of authority to correct problems or implement improvement included in the organizational chart? (Includes evidence of appropriate balance between getting the job done and the involvement of senior leadership.)

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 5

Does management ensure the following takes place as part of the human resource function:

- Hiring decisions are based on a documented grading process (e.g., resumes and objective grading criteria based on important requirements of the position (accounting staff have accounting education and accounting experience);
- Hiring decisions are not based on a patronage system;
- Defined expectations for job duties are accurate (job descriptions reflect actual job duties and are periodically updated);
- Developing competent and qualified personnel by providing proper training to develop essential job skills and management expectations, including existing and new employees, to ensure staff can perform duties as assigned;
- Accounting staff is sufficiently trained and knowledgeable;
- Staff is knowledgeable about compliance requirements and able to communicate all instances of noncompliance for federal and state requirements to management (e.g., attends annual training in federal grant regulations, which would include allowable expenses and reporting requirements and specific grant requirements);
- Management actively engages in succession planning, which includes the cross training of key personnel;
- Organization completes annual performance evaluations with the expectations of holding employees accountable for assigned job duties.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 6

Has there been turnover of key personnel (fiscal and/or programmatic) in the following areas:

- The superintendent or treasurer;
- The program/grant staff;
- Turnover in key functions (e.g., in management or supervisory positions or a pattern that could relate to an internal control weakness in the hiring process).

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 7

Does the organization have an accounting system?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 8

Has the organization changed accounting software in the last year?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 9

Does the organization utilize the same financial/accounting system for its management of grants (i.e., grant transactions are properly authorized, recorded and summarized)? If no, are reconciliations periodically completed between all systems?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 10

Has the organization had any types of audits over the last 12 months?(The below bullets are items to considered when answering this question.)

- Types of audits and/or reviews completed.
- Were there any reported findings? (If yes, please identify the types of findings.)

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Risk Assessment - Questions: (0/7) - Not Started

Question 1

Does the organization perform a risk assessment?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 2

 Is management aware of the results of monitoring, audits, and reviews; and considers related risk of noncompliance?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 3

Has management identified, analyzed and appropriately acted on risks resulting from internal and external reviews that were performed throughout the year?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 4

Are there any risks relevant to financial reporting that management has decided to accept because of costs or other considerations?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 5

Does management consider both the type of fraudulent activity that can occur (e.g., fraudulent accounting transactions/financial reporting, misappropriation of assets, corruption) and the risk factors involved (e.g., incentives, pressures, opportunities, other forms of misconduct) within the risk assessment?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 6

Does management have organizational checks and balances in place and respond to fraud risk (minimizing the potential for waste, loss or misuse of assets)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 7

Are key personnel bonded and insured against loss?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Control Activities - Questions: (0/16) - Not Started

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Question 1

Does management ensure components of control activities are updated frequently and include the following:

- An understanding of the underlying business process, which was obtained by performing a risk assessment;
- Periodic review/evaluation of internal controls;
- Participation of staff directly involved in the business process.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 2

Policies and procedures should be documented to provide a basis for reviews, follow-up evaluations and audits. Policies should include, but not be limited to, the following:

- Processing accounting transactions (including manual journal entries);
- Hiring, training, evaluating, promoting and compensating employees;
- Completing budgets, PCRs, FERs;
- Activities allowed/allocable;
- Period of availability of grant funds;
- Conflict of Interest (2 CFR 200.112) and Related Party Transactions;
- Suspension and Debarment (2 CFR 200.213);
- Cash Management (2 CFR 200.305);
- Disposition of Real Property and Equipment (2 CFR 200.311);
- Inventory/Equipment (which includes valuation, tracking and new 2 CFR requirements under 200.313);
- Procurement (2 CFR 200.317);
- Reporting (2 CFR 200.328);
- Indirect Costs - if applicable (2 CFR 200.414);
- Time and Effort - when required (2 CFR 200.430 and 200.431);
- Travel - meals, lodging (2 CFR 200.474) and Entertainment (2 CFR 200.438);
- Petty cash.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 3

Are policies and procedures reviewed annually and updated as needed?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 4

Have the procedures been communicated to the staff as changes occur?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 5

Does the entity's budgetary and reporting practices provide benchmarks by which management can measure accomplishments?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 6

Does management develop strategic plans and budgets to monitor the activities of the organization?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Question 7

Does management's documented information system controls include the following:

- Data entry controls;
- Exception reporting;
- Access controls. (e.g., requiring passwords changed every 90 days and removing access for staff no longer with the organization from the CCIP or Compliance applications);
- Reviews of input and output data;
- Computer general controls and security controls.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 8

Do critical decisions and significant events involve senior management?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 9

Does management ensure that levels of authorizations and approvals are clearly documented and communicated; are significant transactions only approved by staff acting within the scope of their authority?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 10

Does management ensure appropriate levels of segregation of duties among staff (key duties and responsibilities are divided to reduce the risk of errors, waste or fraud)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 11

Does management ensure reconciliations include the following:

- Involves the comparison of internally prepared documents (e.g., purchase orders, accounting ledgers) to an independent source (e.g., vendor invoices, bank statements);
- Determines the completeness, accuracy and/or validity of transactions or information.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 12

Does management ensure supervision includes the following:

- Review of staff/contract work;
- Approving work at critical points;
- Providing guidance, training and documented supervisory reviews.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 13

Does management ensure effective and accurate reporting of activities?

- To promote accountability for actions and decisions;
- Provide timely and useful information on issues.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 14

Does management ensure access to resources and information is secured to reduce the risk of unauthorized use or loss and protects the department's equipment, information, cash receipts, documents and other resources that could be wrongfully used, lost, damaged or stolen?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 15

Does management ensure control activities are appropriate for information processing systems to ensure accuracy and completeness (e.g., edit checks, file totals are compared with control accounts and access to data, files and programs are appropriately controlled)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 16

Does management take reasonable measures to safeguard and protect personally identifiable information and other information the federal awarding agency or pass-through organization designates as sensitive?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Information and Communications - Questions: (0/8) - Not Started

Question 1

Does management, for external communications received from citizens, customers, parents, etc., take timely and appropriate follow-up action?

☐ Yes

☐ No

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☐ In Progress

☐ Not Applicable

Comments
:

Question 2

Are effective internal and external communication channels established (e.g., includes critical parties/stakeholders; freely and effectively communicate with external governmental or regulatory monitoring bodies/grantor agencies, legal staff, etc.)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 3

Does management ensure federal requirements and/or changes to federal requirements are disseminated throughout the organization (e.g., grant coordinators receive adequate training on updated requirements; have access to regulations/requirements; regular communication with grantor agency; resolve unclear requirements)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 4

Does management ensure it manages, develops and revises its information systems to continually improve the usefulness and reliability of its communicated information?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

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Question 5

Is the accounting system capable of classifying, separating, tracking and identifying federal transactions from state transactions?

(e.g., expenses, refunds, cash receipts or revenues by using USAS coding or meaningful comparisons including excel, QuickBooks coding within the general ledger accounts)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 6

Does management ensure accounting transactions:

- Are traceable from inception through completion;
- Demonstrate how agency resources were utilized;
- Utilize control activities to ensure compliance with agency objectives.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 7

Does management ensure the accounting system provides information when needed (e.g., easy to use, appropriate for the nature of the business, provides useful and accurate information/reports) and utilizes the following:

- Adequate source documentation to support amounts and items reported;
- Accurate information is accessible to those who need it;
- Reconciliations and reviews to ensure accuracy of reports.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 8

Is there a record keeping (retention) system established to ensure accounting records and documentation are properly retained (including policies and procedures)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Monitoring - Questions: (0/10) - Not Started

Question 1

Does the board and/or management provide oversight over internal controls (e.g., by receiving and reviewing financial statements, significant contracts, status of pending litigations, investigations, misappropriation of funds, fraud or misuse of assets, illegal payments)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 2

Does management have a documented process for monitoring compliance with federal, state and grant guidelines and regulations that includes the following:

- The responsibility for compliance is assigned to the appropriate level and staff (e.g., budgetary, debt, accounting/reporting, contracts, grant, lease, investments, tax reporting, landfill, establishing funds, restrictions on disbursements, student ADM counts);
- Governing authority monitors compliance with applicable laws and regulations;
- Financial reports prepared in a timely manner to ensure they are useful to management.

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 3

Are there documented policies and procedures to provide a basis for reviews, follow-up evaluations and audits?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments :

Question 4

Does management regularly evaluate control activities to ensure that they are still appropriate, implemented and working as intended?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments :

Question 5

Are financial reports prepared in a timely and consistent manner? (i.e. Prepared monthly and included required data to assist management in making decisions.)

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments :

Question 6

Are the following financial functions performed:

- Reconciliations of accounting reports, bank statements and payroll journals;
- Budget to actual comparisons for revenue and expenses;
- Review of vouchers/invoices (for accuracy, allowability and appropriateness) prior to processing;
- Compare charges for services billed to related services outlined in contracts;
- Review of trial balances;
- Monthly review of cost allocations and indirect cost charges;
- Review of journal entries and related approvals.

☐ Yes

☐ No

☐ In Progress

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☐ Not Applicable

Comments
:

Question 7

Is there a periodic evaluation (e.g., management internal audit, self-assessments, etc.) of operational processes (e.g., grant and fiscal functions)?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 8

Is there an internal audit function that performs reviews of the organization who is independent (report directly to the governing board)? If yes, has the internal audit function completed a successful peer review?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 9

If applicable, did management ensure all findings identified in the most current audits or monitoring reviews were addressed timely?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
:

Question 10

For both internal monitoring and external monitoring (e.g., internal audits, management reviews, risk assessments, Department of Education monitoring issues identified), does management have a procedure in place to ensure corrective actions are identified, tracked and implemented in a timely manner?(The below bullets are items to considered when answering this question.)

- Are the findings/issues reported to the board?
- Does the board offer a response to any findings?

☐ Yes

☐ No

☐ In Progress

☐ Not Applicable

Comments
: