



State of Arizona Accounting Manual

Topic 05 Internal Controls

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Section 25 **Monthly Financial Review and Verification**

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INTRODUCTION

Financial verification and review is an important internal control—so important that it is covered here as well as in other SAAM sections dealing with specific operations, accounts, balances, structures and the like.

In order to provide not only guidance involving monthly financial review and verification but also the tools to assist agencies in performing this important task, the GAO has published a series of Quick Reference Guides (QRGs), which are to be found online at: <https://gao.az.gov/trainingevents/training-resources>.

Among the QRGs currently available are:

- *Monthly Financial Review: Fixed Asset Management*
- *Monthly Financial Review: General Ledger and Budget*
- *Monthly Financial Review: Grants Management*
- *Monthly Financial Review: Payroll*

Each of these QRGs sets out the procedures to be performed and the reports to use to conduct the periodic verification and review of the financial activities identified by its title.

POLICY & PROCEDURES

1. Using the reports and procedures described in the applicable QRG, each agency head must ensure that, as applicable, a monthly and/or quarterly financial review and verification is performed for his agency.
2. Documentation should evidence the completion of each financial review and verification and must contain sufficient detail to allow another person to re-perform the documented procedures and achieve similar results.
 - 2.1. Documentation (which need not include a print-out of a complete report) must include:
 - 2.1.1. The names and parameters (e.g., date range, account range, etc.) associated with the reports that were reviewed.
 - 2.1.2. Explanation of unusual items and/or exceptions.
 - 2.1.3. Appropriate signatures and dates.

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- 2.2. Documentation must be retained and available for audit for the period prescribed by LAPR.
3. Within the categories of financial activities identified in the following table, the associated objectives must be satisfied.

Category	Activities and Objectives
Fixed Asset Management	<ul style="list-style-type: none">• Fixed asset acquisitions are completely and accurately recorded.• Fixed assets which have been disposed of are no longer reported on the balance sheet.• Depreciation is recorded as expected, (i.e., quarterly).• Fixed asset activity is independently reviewed.
General Ledger & Budget	<ul style="list-style-type: none">• Balance sheet accounts have been reviewed for accuracy.• Revenue and expenditure accounts have been reviewed for reasonableness.• Incomplete transactions have been identified and resolved as appropriate.
Grants	<ul style="list-style-type: none">• Grant activities have been reconciled to the Federal Financial Report.• Federal grant revenues recorded have been matched to Federal drawdowns reflected in Federal records.• Grant expenditures and revenues have been determined not to exceed the amount of the grant award.• Grant closeouts have been facilitated.• Subawards are monitored.• Indirect costs charged to grants are appropriate and accurate.
Payroll	<ul style="list-style-type: none">• Payroll verified from the ETE perspective (bi-weekly).<ul style="list-style-type: none">○ ETE verification and approval.○ Interface of ETE to HRIS.• Payroll verified from the HRIS perspective (bi-weekly)<ul style="list-style-type: none">○ Time records verification.○ Post-commute reconciliation.• Payroll reconciled from the AFIS perspective (monthly).<ul style="list-style-type: none">○ Integration with AFIS.○ PEDF1 documents in draft phase on AFIS Document Catalog.

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Category	Activities and Objectives
Other/Additional	<ul style="list-style-type: none">• P-Card/ETC/CTA, if applicable, reviewed.• Revolving fund, if applicable, reconciled.• Outstanding documents in Draft status on AFIS Document Catalog reviewed.• Outstanding payment requests on AFIS DISRQ Page reviewed.
4.	Monthly financial reviews and verifications <u>must</u> be completed by the end of the month following the month in which the transactions took place.
5.	Quarterly financial reviews and verifications, when allowed, <u>must</u> be completed by the end of the month following the calendar quarter (i.e., the quarters ending March 31, June 30, September 30 and December 31) in which the transactions took place.
6.	The person performing the verification and review, <u>must</u> complete, sign and date the Form GAO-66, Financial Review and Verification. The agency chief financial officer (or the CSB) and either the agency head or a deputy agency head <u>must</u> also acknowledge—by signature, title and date—receipt of the Form GAO-66.
7.	The CSB assumes responsibility for any of the activities enumerated in this policy <u>only</u> when agreed to in writing by the CSB.