Each agency is responsible for establishing and maintaining an effective system of internal control. Internal controls can provide reasonable, but not absolute, assurance that an agency’s objectives—including the prevention or detection of fraud, waste and abuse—will be met. More information about internal controls and minimal internal control structure requirements can be found in Topic 05 of the State of Arizona Accounting Manual (SAAM). The internal control self-assessment is meant as a catalyst to improve agency operations and achieve agency objectives.

This survey is a self-assessment of certain internal control practices within your agency in the areas of Human Resources, Payroll, Information Technology, and Grants. Some of these practices may not be required by policy but are nonetheless considered best practices.

If your response to a survey item is sensitive in nature, contact GAO’s Internal Audit Unit (gaointernalaudit@azdoa.gov, 602-542-6223) directly to discuss it.

The items in this survey are to be rated, using either Yes/No/N/A or the 5-point scale as indicated by each question. The following guidance is provided for the 5-point scale ratings:

**Not Applicable (0)** – Practice does not apply.

**Needs Improvement (1) –** Practices have not been fully implemented or are intermittent; acceptable quality and timeliness are recurring challenges.

**Fair (2) –** Practices meet the minimum expectations but are not consistently monitored; acceptable quality and timeliness are inconsistent.

**Good (3) –** Practices meet expectations and are monitored frequently; acceptable quality and timeliness are consistent.

**Very Good (4) –** Practices exceed expectations; quality and timeliness are consistently above average.

**Excellent (5) –** Practices serve as a model for other agencies and other states; quality and timeliness exceed expectations; best-in-class results.

EMAIL

Agency \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Contact Name (First and Last)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

EIN \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CFO/CFO Designee Email Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Internal Controls by Process -**

**Human Resources & Payroll**

Internal controls over human resources operations and payroll help ensure that time worked is accurately recorded and approved, segregation of duties is properly maintained, and payroll is processed accurately. Internal controls mitigate the risk of employee overpayments resulting from errors or fraudulent payroll schemes. The survey items below are driven by SAAM policies and best practices.

1. Agency completes and retains Form GAO-60 every pay period per SAAM 5505-10. (Y/N/N/A)
2. Approved notices of employee status changes (e.g. additions, separations) and pay changes (e.g. changes in salaries, wages, and deductions) are reported to the agency’s payroll division timely. (5 point)
3. Agency procedures are established, maintained and followed to ensure that all keys, equipment, P-Cards, Travel Cards, Identity Cards, etc. are returned to the agency by a separating employee as required by SAAM 5505-5. (5 point)
4. The agency uses non-ETE time tracking. (If no/N/A skip to #5) (Y/N/N/A)

4a Individual employee’s time and attendance records are prepared and signed by each employee for each pay period. (Y/N/N/A)

4b Individual employee’s time and attendance records are reviewed and signed by each employee's supervisor for each pay period. (Y/N/N/A)

4c Individual employee’s time and attendance records are reconciled with centralized time and attendance records. (Y/N/N/A)

1. Personnel actions on an employee and payroll are processed by different people. (Y/N/N/A)
2. Except in the case of an emergency, all overtime and leave requests are approved at least one (1) business day in advance. (5 point)

**Information Technology**

Internal controls over information technology help maintain the integrity and security of system data. The survey items below are driven by SAAM policies and best practices.

The survey items below **are** intended for software applications maintained at the State level (e.g., AFIS, APP, HRIS).”

1. Agency accepts payment cards (Y/N/N/A). If no/N/A, skip to #8.
	1. Agency conducts annual PCI IT Risk Assessment as required by SAAM 4018. (Y/N/N/A)
	2. Agency conducts annual PCI Non-IT Risk Assessment as required by SAAM 4018. (Y/N/N/A)
2. Adequate physical security measures exist over access to servers, storage media, computers, ports and terminals. (5 point)
3. Employee access to statewide systems and software applications is promptly updated for any change in user roles, transfers or terminations. (5 point)
4. Logical access to statewide systems and software applications is limited to authorized employees. (Y/N/N/A)

The survey items below only relate to IT network or software applications maintained at the **agency level** (e.g., purchased or internally developed).

1. Agency maintains IT network or software applications at the agency level. (Y/N/N/A) (If no/N/A, skip to Grants #21).
2. Please describe any computerized systems and software applications maintained at the agency level related to accounting. This would include, but is not limited to, any system related to billing, receipts, purchasing, P-Cards, invoice processing, disbursements, fixed assets, inventory, point-of-sale, travel, and grants. (COMMENT BOX)
3. Computerized systems and application software are secured through the use of passwords. (Y/N/N/A)
4. Each user has their own individual password. Sharing passwords is prohibited. (Y/N/N/A)
5. Passwords are changed at least on a quarterly basis. (Y/N/N/A)
6. Data backup and recovery procedures are established, maintained and followed for all applications. (Y/N/N/A) if no/N/A skip to 17

Procedures are established, maintained and followed to ensure:

16a Frequent backup of data files (Y/N/N/A)

16b Secured off-site storage of all backup data files and programs (Y/N/N/A)

16c Recovery procedures, which are tested at least annually with documentation of results. (Y/N/N/A)

1. System documentation is readily accessible either electronically or in hard copy, including descriptions of hardware and software, operator manuals, etc. (5 point)
2. Security logs are generated by the system. (Y/N/N/A)
3. Security logs are routinely reviewed by IT personnel for evidence of multiple unsuccessful attempts to log-on. (Y/N/N/A)
4. The system shall deny user access after a maximum of six unsuccessful attempts to log-on. (Y/N/N/A)

**Grants**

Internal controls over grants help ensure that grants are properly administered in compliance with applicable statutes, regulations, and the terms and requirements of the award. This includes ensuring that grants are properly obtained, expended, monitored, and reported. The survey items below are driven by Federal regulations, SAAM policies, and best practices.

1. Agency administers grants. (Y/N/N/A) (if no/N/A, skip to #37 - Comments))
2. Agency establishes grants in eCivis as required by SAAM 7005, ADOA - Grants & Federal Resources (GFR's), Grant Manager's Manual, and the OMB’s Grant Procurement Code (5 point).
3. Agency establishes grants in the approved accounting system AFIS according to SAAM 1510 and the 2 CFR Part 200.302 Financial Management.
4. Agency has established, maintains and follows procedures that comply with the 2 CFR Part 200 and the 2017 and 2018 OMB Compliance Supplement (<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf> & <https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf>). (5 point)
5. Specifically for 2 CFR Part 200, agency procedures are established and maintained (Y/N/N/A – If no/N/A skip to #26): Procedures are established, maintained, and followed to ensure:

25a Only eligible individuals and organizations receive assistance under grant programs. (5 point)

25b Grant funds provided to or on behalf of recipients are calculated in accordance with program requirements. (5 point)

25c Grant funds are used only during the authorized period of availability. (5 point)

25d Reports submitted to the awarding agency or pass-through entity include all activity of the reporting period. (5 point)

25e Reports are supported by underlying accounting or performance records for cost reimbursement. (5 point)

25f Reports are fairly presented in accordance with program requirements. (5 point)

25g All deliverables are clearly identified in contracts and agreements. (5 point)

1. Staff are adequately trained and have the knowledge, skills and ability to determine the eligibility of recipients when awarding grants. (5 point).
2. Staff are adequately trained and have the knowledge, skills and ability to determine allowable activities/expenditures for reimbursement.(5 point)
3. Procedures are established, maintained and followed to ensure grant funds are expended only for allowable activities in accordance with applicable principles, terms of the grant, laws and policies. (5 point)
4. The agency’s organizational structure, staff size, and other resources are adequate to provide for effective sub-recipient monitoring.(5 point)
5. The agency performs procedures to provide reasonable assurance that sub-recipients obtain required audits and take appropriate corrective actions on audit findings as required in 2 CFR Part 200, Subpart F. (5 point)
6. Agency is allowed to acquire equipment using grant funds. (Y/N/N/A) if no/N/A skip to #33.
7. Procedures are established, maintained and followed for equipment acquired using grant funds (Y/N/N/A). If no/N/A skip to #33.

Procedures are maintained and followed to ensure:

32a Proper records are maintained. (Y/N/N/A)

32b Equipment is adequately safeguarded and maintained. (Y/N/N/A)

32c Disposition of any equipment or real property is in accordance with grant requirements. (Y/N/N/A)

32d Awarding agency is appropriately compensated for its share of any property sold in accordance with the terms and conditions of the grant. (Y/N/N/A)

1. Time and Effort Certification is completed by all employees working on grants at least monthly and signed off as certified by their immediate supervisor attesting that charges are accurate, allowable, and properly allocated to the grant. (5 point)
2. Agency is timely in filing required programmatic and financial reports. (5 point)
3. Agency is timely in closing out grants in accordance with SAAM 7035. (5 point)
4. Agency has established, maintains and follows policies and procedures regarding match and Maintenance of Effort requirements for grant funds. (5 point)
5. COMMENTS: Please add comments/clarity for all questions where your agency has selected N/A. You may add additional comments as necessary.