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 Financial Reporting, Budgeting, Cash and Cash Receipts, Accounts Receivable and Billing, Imprest Funds, Revolving Funds, and Petty Cash. 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:

**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 Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

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

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

**Internal Controls by Process**

**Financial Reporting & Budgeting**

Internal controls over financial reporting and budgeting help to ensure timely and accurate financial reporting while also preventing and/or detecting irregularities. Timely and accurate financial reports help management make informed decisions for the agency. The survey items below are driven by SAAM policies and best practices.

1. The principal accounting officer (CFO or equivalent) is responsible for all accounting records. (Y/N/N/A)
2. Accounting employees at all locations are under the direct or indirect supervision of the principal accounting officer (CFO or equivalent). (Y/N/N/A)
3. Accounting employees are required to take annual vacations for uninterrupted periods of a week or more, and their work is performed by another employee during their absence. (5 point)
4. Management reviews financial trends on a monthly basis, or no less than quarterly, comparing the current fiscal year to the same period in previous years. (Y/N/N/A)
5. Management reviews budget-to-actual variances each month. (Y/N/N/A)
6. The accounting department or budget officer reviews availability of funds before significant purchases or expenditures are obligated. (Y/N/N/A)
7. The agency has standard work to identify confidential and sensitive information to ensure it is not displayed on the State’s official transparency website (https://az.opengov.com). (Y/N/N/A)
8. Any relevant changes to confidential and sensitive information are reported to GAO within 30 calendar days using Form GAO-701(see SAAM 9015 for details). (Y/N/N/A)
9. Agency has internal controls in place to ensure data integrity (e.g., accurate, complete and consistent data, errors are corrected timely, etc.) (5 point)
10. Agency has appropriate processes in place to identify restricted funds, and reviews all governing documents to ensure compliance with the use of the funds.(5 point)

**Cash and Cash Receipt**

Cash and cash receipt internal controls ensure monies owed to the agency are collected, deposited, and recorded in a timely manner, while properly safeguarding assets. Cash equivalents include, but are not limited to, checks, money orders, warrants, electronic funds transfers and payment cards. The survey items below are driven by SAAM policies and best practices.

1. Agency bills customers and/or collects funds. (Y/N/N/A) if no/N/A skip to 35.
2. Agency collects cash or checks in person or via mail. (Y/N/N/A) if no/N/A skip to 22
3. Written policies and procedures are maintained and followed on all cashiering and cash controls. (5 point)
4. Written policies, procedures, and standard work are followed to ensure the collection and timely deposit of monies are recorded in the accounting records at each cash-receiving location in accordance with SAAM 2010-7. (5 point)
5. A sequential mechanism (e.g., cash register tape or pre-numbered receipt book) is used. (Y/N/N/A)
6. Cash is recorded by the agency on the day it is received. (5 point)
7. Incoming checks are restrictively endorsed on the back with a stamp at the initial point of receipt. (Y/N/N/A)
8. A receipt log or register tape is maintained, reviewed, and reconciled to the deposits. (5 point)
9. Disbursements are not made from cash receipts or register cash. (Y/N/N/A)
10. Agency receives monies via mail. (Y/N/N/A) if no/N/A skip to 21

20a All incoming mail is opened with two persons present. (5 point)

1. Agency uses a sub-system to record cash receipts. (Y/N/N/A) if no/N/A skip to 22

21a Agency reconciles all sub-systems to AFIS, and AFIS to sub-systems, at a minimum, on a monthly basis. (Y/N)

1. All bank accounts are authorized by the State Treasurer in accordance with SAAM 2005 Bank Accounts. (Y/N/N/A)
2. The deposit with the Treasurer is reconciled by a person not involved in the receiving, recording of receipts, or physically making the deposit. (Y/N/N/A)
3. Bank account reconciliations are performed by someone not involved in cash receipts or disbursement functions. (Y/N/N/A)
4. Bank account reconciliations are performed monthly. (Y/N/N/A)

**Accounts Receivable and Billing**

Internal controls over accounts receivable and billings help to ensure that monies owed to the agency are recorded and money collected is deposited in a timely manner, while properly safeguarding assets. The survey items below are driven by SAAM policies and best practices.

1. Written policies, procedures, and standard work are followed to ensure customer billing statements are prepared and sent as soon as possible, but not more than one month, after the sale of goods or performance of services. (5 point)
2. An aging schedule of accounts receivable is prepared monthly and reviewed by management. (Y/N/N/A)
3. Past due balances are investigated at least monthly. (Y/N/N/A)
4. The Attorney General’s office is notified when delinquent collections become 120+ days old per SAAM 2022 Delinquent Debt Processing. (Y/N/N/A)
5. All adjustments to accounts receivables and/or refunds are properly authorized. (Y/N/N/A)
6. The following responsibilities are performed by different people: billing, collecting, and depositing. (5 point)
7. The following responsibilities are performed by different people: cash receipts entry, journal entries posting, and transaction approvals. (5 point)
8. Credit balances in accounts receivable are investigated within 30 days and resolved within 60 days of discovery per SAAM 2020-3.3.6. (Y/N/N/A)
9. Monthly reconciliations are performed between the detailed accounts receivable and general ledger control totals. (Y/N/N/A)

**Imprest Funds, Revolving Funds and Petty Cash**

In this section, the term revolving fund is limited to those types of funds and activities contemplated by A.R.S. § 35-193 that commonly include petty cash, register cash and other imprest funds, such as small balance segregated checking accounts and zero balance bank accounts. Internal controls over revolving funds help to ensure the proper use, accounting, and safekeeping of such funds. The survey items below are driven by SAAM policies and best practices.

1. Agency utilizes a revolving fund (Y/N/N/A)? (If no/N/A, finish survey. If yes, proceed to question 36).
2. Agency has submitted and maintains an up to date Form GAO-33 as required by SAAM 2011 (Y/N/N/A).
3. Revolving fund disbursements are limited to emergency situations that cannot be accommodated through normal channels due to time constraints (SAAM 2011-3) (Y/N/N/A).
4. Cash, checks and revolving fund records are restricted to those who have the right and/or need to access them (SAAM 2011-15.1) (Y/N/N/A).
5. All revolving fund disbursements are properly authorized as required by SAAM 2011 (Y/N/N/A).
6. Fund reimbursements of all disbursements from the petty cash drawer or checking account of the revolving fund are supported by appropriate documentation (SAAM 2011-24)(Y/N/N/A).
7. Single revolving fund disbursements do not exceed five hundred dollars ($500) (SAAM 2011-25) (Y/N/N/A).
8. Any revolving fund disbursement in excess of $250 or more contains the authorizing signature of the agency head and the fund custodian (SAAM 2011-26) (Y/N/N/A).
9. Upon availability of the monthly bank statement, monthly revolving fund bank and revolving fund reconciliations are made within 30 days of month-end (SAAM 2011-36.1) (Y/N/N/A).
10. Monthly bank and revolving fund reconciliations are performed by someone other than the person responsible for receipts and disbursements. The preparer signs and dates the reconciliations (SAAM 2011-36.2) (Y/N/N/A).
11. The revolving fund and revolving fund bank reconciliations are reviewed by an individual other than the preparer of the reconciliations. The reviewer signs and dates the reconciliations (SAAM 2011-36.3) (Y/N/N/A).
12. Agency submits revolving fund reconciliations to the GAO at gaoafr@azdoa.gov by August 1st each year (SAAM 2011-36.4.1) (Y/N/N/A).
13. Any overages or shortages in a revolving fund or revolving fund bank account are fully explained in the reconciliation for the month in which the variance occurred (SAAM 2011-37.1) (Y/N/N/A).
14. All overages in a revolving fund or revolving fund bank account are immediately deposited to the fund that is the source of the revolving fund's monies (SAAM 2011-37.2) (Y/N/N/A).
15. Any revolving fund or revolving fund bank account shortages that remain for two (2) consecutive months are resolved immediately (SAAM 2011-37.3) (Y/N/N/A).
16. Agency reviews the adequacy of the revolving fund balance(s) (at least annually) to ensure that it is meeting operational needs without undue risk, and coordinate any appropriate adjustments to the balance. (Y/N/N/A)

**Comments:**

Please add comments/clarity for all questions where your agency has selected N/A