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 Purchasing/Accounts Payable, Fixed Assets, Inventory, and Travel. 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.

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EMAIL Address

Agency Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

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

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

**Internal Controls by Process -**

**Purchasing/Accounts Payable**

Internal controls over purchasing and accounts payable help to ensure that purchases are properly authorized and that payments for goods/services are adequately supported and paid in an accurate and timely manner. The survey items below are driven by SAAM policies and best practices.

1. Written procedures are in place to ensure that vendor payments, to the extent practicable, are initiated in APP (Arizona Procurement Portal, aka S2P). Payments for which purchase orders are not required (e.g., rent payments, some utility payments, etc.) may be initiated either in APP or in AFIS. (5 point)
2. For AFIS and APP, the agency monitors its employees’ system rights in order to manage risk. (Y/N/N/A)
3. The agency monitors its approval paths within APP to ensure that employees cannot approve their own documents. (Y/N/N/A)
4. Purchase requisitions and contracts require approval before a purchase order is issued. (Y/N/N/A)
5. Change orders for quantity and/or price are subject to the same purchase requisition approval process. (Y/N/N/A)
6. The following functions are performed by different people: purchasing, receiving, and accounts payable.(5 point )
7. Before payment is made for the purchase of goods, the quantity and quality of the goods received is verified. (Y/N/N/A)
8. The receiver of goods provides copies of receiving reports, including partial deliveries and returns, directly to purchasing and accounting personnel. (Y/N/N/A)
9. The agency has established and maintains standard work relative to procedures for processing invoices. (Y/N) if no/N/A skip to 10:

Procedures are maintained and followed to ensure:

9a Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and/or contract. (Y/N/N/A)

9b Comparison of invoice quantities with those indicated on the receiving reports. (Y/N/N/A)

9c Matching partial deliveries and/or returns to vendor credits. (Y/N/N/A)

9d Preventing duplicate payments on invoices. (Y/N/N/A)

9e Calculating extensions where the totals billed are not evidently correct. (Y/N/N/A)

1. For vendors offering early payment discounts, procedures are in place to ensure payments are made within the discount period. (Y/N/N/A)
2. For off-contract purchases, an employee, independent of purchasing, periodically reviews purchase prices for reasonableness (e.g., program supervisor/manager). (5 point)
3. As required by SAAM 4536-4, the agency maintains written “agency-specific” P-Card policies and procedures. (Y/N/N/A)
4. Single P-Card transaction amounts are limited in accordance with SAAM 4535-2 and 3. (5 point)
5. P-Card transactions are monitored by the agency to ensure purchase limits are not circumvented. (5 point)
6. P-Cards are only used for authorized purchases incurred for a valid public purpose while conducting State business. (5 point)
7. The authority for approving the disbursement of agency funds is not assigned to a cardholder per SAAM 4536-5.1.1. (Y/N/N/A)
8. P-Card holders do not have both purchasing and payment authority per SAAM 4536-5.1.2. (Y/N/N/A).
9. P-Card holders submit receipts for all charges made on the P-Card to their supervisor (or other designee). (5 point)
10. On a monthly basis, the P-Card holder’s supervisor (or other designee) reconciles the US Bank statement to the receipts to ensure the charges are valid and appropriate. (5 point)

**Fixed Assets (Capital and Stewardship Assets)**

Internal controls over fixed assets help safeguard agency assets while keeping accurate and timely records for proper accounting and reporting. The survey items below are driven by SAAM policies and best practices.

1. All long-lived resources, including capital assets, IT resources (as defined in SAAM 2515), infrastructure assets and stewardship resources are recorded in the AFIS Fixed Asset Module (FAM) within 10 business days of their acquisition per SAAM 2505-2.1. (5 point)
2. All long-lived resources, including capital assets, IT resources (as defined in SAAM 2515), infrastructure assets and stewardship resources are recorded in the AFIS Fixed Asset Module (FAM) within 10 business days of their disposal per SAAM 2505-2.2. (5 point)
3. Physical counts of all fixed assets are conducted at least annually per SAAM 2505-10. (Y/N/N/A)
4. Agency follows SAAM 2540 Inventory Procedures for Long-Lived Resources when performing the physical count of fixed assets. (5 point)
5. The location of fixed assets is adequately maintained in the AFIS Fixed Asset Module (FAM). (5 point)

**Inventory**

SAAM 2040 deals specifically with inventories of articles that are not considered long-lived, i.e., goods held for resale and supplies. Internal controls over inventory help safeguard assets while keeping accurate and timely records for proper accounting and reporting. The survey items below are driven by SAAM policies and best practices.

1. Agency maintains supply inventory or goods held for resale. (Y/N/N/A) (If no/N/A skip to #30)
2. Describe the system/process used to manage inventory (e.g., Excel, manual, Maximo, other).**(Comments Box Only)**
3. Physical access to inventories is restricted to authorized personnel. (Y/N/N/A)
4. Physical counts of inventory are conducted at least annually. (Y/N/N/A)
5. Agency has established and maintains procedures to ensure SAAM 2040 requirements are met when performing physical count of inventories. (Y/N/N/A) if no/N/A skip to #30)

Procedures over physical inventories are maintained and followed to ensure:

29a Supervised by someone independent of the custodial or record keeping functions. (Y/N/N/A)

29b Conducted by or tested by employees independent of the department being inventoried. (Y/N/N/A)

29c Recorded on permanent inventory count sheets, signed by the persons conducting and supervising the counts. (Y/N/N/A)

29d Planned to provide provisions for cut-off of receipts and issues. (Y/N/N/A)

29e Reflected and adjusted in the inventory records, based on the actual inventory quantities. (Y/N/Y/N)

**Travel**

Internal controls over state travel help to ensure: 1) compliance with the Arizona Constitution, the Arizona Revised Statutes, the Arizona Administrative Code and the U.S. Internal Revenue Code is maintained. 2) Travel expenses incurred while conducting business for the State of Arizona are authorized, necessary, reasonable, and appropriate. 3) Appropriate, safe and reasonable accommodations are provided for those traveling on State business. The survey items below are driven by SAAM policies and best practices.

1. Agency has employees, non-employees, or contractors who travel on State business (Y/N/N/A) (If yes, go to next question. If no/N/A, go to comments section at the end of the survey).
2. Agency management and all those traveling on State business are familiar with and have an understanding of State Travel Policy, and are aware that non-compliance or the improper claim for travel expenses may result in appropriate disciplinary action (SAAM 5005) (Y/N/N/A).
3. Agency collects required receipts for travel related expenditures prior to reimbursing such expenditures as required by SAAM 5005-5 (Y/NN/A).
4. Agency has drafted travel related policies and procedures regarding what is considered in and out-of-state travel as required by and consistent with SAAM 5005-7.2 (Y/N/N/A).
5. All documentation related to travel is maintained in accordance with the Records Retention Schedules published by LAPR. Such documentation includes, but is not limited to, travel requests, travel claims, receipts and conference brochures (SAAM 5005-12) (Y/N/N/A).
6. Reimbursements are limited to the expenses incurred or that would have been incurred by using the most efficient route. The most efficient route is that which is the most direct, most traveled or most economical, taking all circumstances into consideration (SAAM 5005-19) (Y/N/N/A).
7. Avoidable travel time in excess of that which is necessary to conduct State business, such as that used to conduct personal affairs, incurred during normally scheduled work hours is charged to annual leave (SAAM 5005-20) (Y/N/N/A).
8. Additional travel expenses incurred by taking an uneconomical route, are not in the best interest of the State or are for personal business are not reimbursed, for example, adding personal days before or after a business trip (SAAM 5005-21) (Y/N/N/A).
9. The agency head or his delegate approves all out of state travel in advance. The request for out of state travel is submitted to allow ample time to take full advantage of the availability of discounted airfares, conference lodging, a traveler’s special needs, etc. A copy of the approved out of state travel request is accompanied by the out of state travel claim (SAAM 5005-23) (Y/N/NA-Agency does not have out of state travel).
10. Agency level travel responsibilities for the agency head, agency management, agency supervisors, agency travel claim approvers and travelers are clearly communicated and consistently followed as required by SAAM 5007 (Y/N/N/A).
11. All delegations of authority are in writing and retained for a period consistent with that prescribed by LAPR for accounting needs (SAAM 5007-6) (Y/N/N/A).
12. Agency maintains written policies and procedures dealing with the use of the Central Travel Account (CTA). These policies and procedures are consistent with statewide policy and comply with other pertinent State and Federal laws, regulations, policies and procedures (SAAM 5050-4) (Y/N/NA-Agency does not have a CTA. If NA skip to #43).
13. Agency has assigned a CTA custodian to each CTA at the agency (SAAM 5050-8) (Y/N/N/A).
14. Agency maintains written policies and procedures dealing with the use of the Employee Travel Card (ETC). These policies and procedures are consistent with statewide policy and comply with other pertinent State and Federal laws, regulations, policies and procedures (Y/N/NA-Agency does not issue ETC’s).
15. Agency has appointed an Agency Travel Card Program Administrator who coordinates all travel card program activity both for CTA and ETC activity (SAAM 5050-7) (Y/N/NA-Agency does not have a CTA or ETC).
16. Agency has established policies, procedures and processes that reduce or eliminate the frequency of delinquently filed travel claims (SAAM 5056-2) (Y/N/N/A).
17. Agency completes Form GAO-513 for any delinquent travel claims as required by and consistent with SAAM 5056-3 through 6 (Y/N/N/A).
18. Agency has processes in place to prevent duplicate travel payments (Y/N/N/A).
19. Agency consistently follows SAAM 0015 if and when exceptions to GAO policy occur (Y/N/N/A).

**COMMENTS**

Please add comments/clarity for all sections where your agency has selected N/A. You may add additional comments as necessary.