This survey is a self-assessment of certain internal control practices within your agency. Some of these practices may not be required by policy but are nonetheless considered best practices for state governments. This 4th survey covers Human Resources & Payroll, Information Technology, and Grants. This is the last survey to be administered during this fiscal year.

* A rating scale is provided for each survey item. A description of the rating scale is provided below.
* A comments box is provided for each survey item. It can be used to clarify your rating, communicate circumstances, ask questions, or provide other information.
* If a survey item is not applicable to your agency, please select “N/A” and provide a brief explanation in the comments box.
* If your response to a survey item is sensitive in nature, contact GAO’s Internal Audit Manager directly to discuss it. (Contact information is included in the email that provides the survey link.) Alternatively, you can select “N/A” and indicate “Contact for more information” in the comments box.

The items in this survey are to be rated, using the following guidance for each rating:

**N/A –** Practices not applicable for the agency OR agency wishes to discuss further with GAO’s Internal Audit Manager

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

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

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

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

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

A major goal of the GAO in conducting these internal control self-assessments is to become a resource to you in your efforts to improve agency operations and attain agency objectives.

Each agency is responsible for establishing and maintaining a strong and effective system of internal control. A proper system of internal control 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).

1. Agency \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Survey Contact \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Internal Controls by Process -**

**Human Resources & Payroll**

Internal controls over human resources operations and payroll can help ensure that time worked is accurately recorded and approved, segregation of duties is properly maintained, and payroll is processed accurately. They can also help mitigate the risk of employee overpayments resulting from errors or fraudulent payroll schemes. The survey items below are just a few selected best practices.

1. Approved notices of additions, separations, and changes in salaries, wages, and deductions are reported to the agency’s payroll processing section according to the payroll scheduled cut-off date.
2. Terminated employees are interviewed as a physical check on departures and as a final review of the termination settlement to ensure that all keys, equipment, P-Cards, Travel Cards, Identity Cards, etc. are returned.
3. If non-ETE time tracking is used, individual employees time and attendance records are:
   * Prepared and signed by each employee for each pay period.
   * Reviewed and signed by each employee's supervisor.
   * Reconciled with centralized time and attendance records.
4. The following duties are performed by different people:
   * Processing personnel action forms
   * Processing payroll
5. When possible, vacation and sick leave requests are approved in advance by a supervisor.

**Information Technology**

Internal controls over information technology can help maintain the integrity of system data and also help control access to that data.

The survey items below are just a few selected agency-level best practices.

1. Agency-specific IT policies and procedures are readily available to all employees and are periodically reviewed and updated.
2. Adequate physical security measures exist over access to servers, storage media, computers and terminals.
3. Employee access to systems and software applications is promptly updated for any user transfers or terminations.
4. Access to systems and software applications is limited to authorized employees.

The survey items below only relate to software applications maintained at the **agency level** (e.g., purchased or internally developed). These **are not** intended for software applications maintained at the State level (e.g., AFIS, ProcureAZ, HRIS).”

If the agency does not maintain any software applications at the agency level, then answer “N/A” for all below.

1. 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.
2. Computerized systems and application software are secured through the use of passwords. Each user has their own individual password. Sharing passwords is prohibited. Passwords are changed at least on a quarterly basis.
3. Adequate data backup and recovery procedures are in place to include:
   1. Frequent backup of data files
   2. Secured off-site storage of all backup data files and programs
   3. Recovery procedures, which are tested at least annually with documentation of results.
4. Information technology system documentation is readily accessible either electronically or in hard copy, including descriptions of hardware and software, operator manuals, etc.
5. Security logs are generated by the system and reviewed by information technology personnel for evidence of multiple attempts to log-on, or alternatively, the system shall deny user access after three attempts to log-on.

**Grants**

Internal controls over grants can help ensure that grants are properly administered in compliance with applicable statutes, regulations, and the terms and conditions of the award. This includes ensuring that federal funds are properly obtained, expended, monitored, and reported.

If the agency does not administer grants, then answer “N/A” for all items below.

1. Staff are adequately trained and have the knowledge, skills and ability to:
   * Make eligibility determinations
   * Determine allowable activities and costs
2. The agency’s organizational structure, staff size, and other resources are adequate to handle eligibility caseload and provide for effective sub-recipient monitoring.
3. Procedures are in place to ensure federal awards are expended only for allowable activities and that costs of goods and services charged to federal awards are allowable and in accordance with applicable principles, terms of the grant, laws and policies.
4. Procedures are in place to ensure only eligible individuals and organizations receive assistance under federal award programs, sub-awards are made only to eligible sub-recipients, and amounts provided to or on behalf of recipients are calculated in accordance with program requirements. These procedures apply at both the recipient and sub-recipient levels.
5. Procedures are in place to ensure federal funds are used only during the authorized period of availability and that reports submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements. These procedures apply at both the recipient and sub-recipient levels.
6. Proper records are maintained for equipment acquired with federal awards, equipment is adequately safeguarded and maintained, disposition of any equipment or real property is in accordance with federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.
7. The agency performs procedures to provide reasonable assurance that sub-recipients obtain required audits and take appropriate corrective actions on audit findings.
8. Time and effort reporting is completed by employees working on federal grants at least monthly and signed off as certified by their immediate supervisor.