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 2nd survey covers Financial Reporting, Budgeting, and Billing and Collections. There will be two additional surveys, for different areas, administered throughout the 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 -**

**Financial Reporting & Budgeting**

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

1. Principal accounting records and accounting employees at all locations are under the supervision of the chief financial officer (or equivalent).
2. Accounting employees are required to take annual vacations, preferably for uninterrupted periods of a week or more. During the absences of vacationing employees, their work is performed, to the extent possible, by other employees.
3. Management compares quarterly financial results to the same quarter from last year.
4. On at least a quarterly basis, management reviews budget-to-actual variances.
5. The accounting department or budget officer reviews availability of funds before significant purchases or expenditures are planned.
6. The agency readily identifies confidential and sensitive information so that it is not displayed on the State’s official transparency website (https://az.opengov.com). Any relevant changes to confidential and sensitive information are reported on Form GAO-701 (see SAAM 9015 for details).

**Billings and Collections**

Internal controls over billings and collections can help 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 just a few selected best practices.

If the agency does not bill and/or collect monies from customers, then answer “N/A” for all items below.

1. Procedures exist to prepare and send customer billings statements as soon as possible, but not more than a month, after the sale of goods or performance of services.
2. Written policies and procedures exist regarding the collection of monies from customers, timely deposit, and recording of monies in the accounting records at each cash-receipting location.
3. For payments made in person, a sequential mechanism (e.g., cash register tape or pre-numbered receipt book) is used and payments are reconciled to the deposits.
4. For payments received by mail, all incoming mail is opened with two persons present. If not, please describe any compensating controls in the comments box. A receipt log or register tape is maintained, reviewed, and reconciled to the deposits. The reconciliation is done by a person not involved in the receipting or recording of receipts, or physically making the deposit.
5. Incoming checks are restrictively endorsed on the back with a stamp at the earliest point of receipt.
6. The following responsibilities are performed by different people: billing, collecting, and depositing.
7. Any bank account reconciliations performed by the agency are done so by someone not involved in cash receipts or disbursement functions.
8. The Attorney General’s office is notified about delinquent collections over 120 days old.
9. An aging schedule of accounts receivable is prepared monthly and reviewed by management.
10. All adjustments to accounts receivables and/or refunds are properly authorized.