



# **Internal Control Checklists**

## **Office of Internal Audit**

**July, 2015**

This document provides tools to help establish, document, maintain, and adhere to a system of



## Introduction

These checklists are similar to tools used by auditors when they are performing an audit of your department's internal controls. The checklist should be completed by individuals accountable for the specific business process. They are NOT meant to be an exhaustive list of all controls – they address some of the most common internal control processes. “No” responses normally

## Assets

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Are asset purchases approved by appropriate management?			
Is access to financial and other systems appropriately approved?			
Are original signatures/log-in credentials used to approve transactions (i.e., no signature stamps, sharing passwords, signing on behalf of others)?			
<b>Documentation</b>			
Does new equipment receive ID tags timely?			
When property is removed, is it accounted for and documented?			
Is Asset Management notified when new assets are received (i.e., purchased, donated, transferred, disposed)?			
Are vehicle use records maintained for use of University-owned vehicles?			
Has the unit documented department-specific policy and procedures addressing daily operating activities? Are they well understood by unit staff?			
<b>Monitoring</b>			
Are department property custodians familiar with the appropriate organization and department policies and procedures?			
Is a perpetual inventory record maintained for significant amounts of minor equipment, supplies, and other items on hand?			
Are appropriate account/object codes used for recording assets and inventory?			
Are cases of suspected fraud or theft reported immediately upon discovery (to Legal and Internal Audit)?			
<b>Reconciliation</b>			

## Cash and Receipts

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Has each petty cash or receipt collection point been formally approved?			
Are all petty cash, change, and gift card funds authorized?			
Are petty cash purchases approved by a supervisor?			
Are all copies of voided receipt forms and cash register voids approved?			
Are all overages and shortages approved?			
Are delinquent account write-offs approved by appropriate level of management?			

Are receipts and deposits reconciled to financial records?			
Are departmental records for expenses (including internal transfers) reconciled to financials at least monthly?			
Are appropriate accounts receivable balances recognized in financials?			





## Disbursements/Expenditures

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Are contracts and leases approved by appropriate parties prior to the effective date of the contract?			
Are original signatures/log-in credentials used to approve transactions (i.e., no signature stamps, sharing passwords, signing on behalf of others)?			
<b>Documentation</b>			
Does department maintain appropriate documentation explaining the business purpose for expenditures?			
Are university record and retention policies followed consistently?			
Has the unit documented department-specific policy and procedures addressing daily operating activities? Are they well understood by unit staff?			
<b>Monitoring</b>			
Are appropriate discounts offered being taken?			
If the invoice inappropriately included taxes, were they deducted prior to payment?			
Is a periodic review made of equipment and services to ensure they are needed?			
Are maintenance agreements reviewed to ensure that the equipment is still owned and used by the unit and that it is still in the unit's best interest to continue to carry the maintenance coverage?			
Are appropriate account/object codes used for recording disbursements/expenses?			
Do you know who you should contact if you suspect a compliance violation or potential theft?			
<b>Reconciliation</b>			
Are encumbrances and disbursements reconciled with financial records?			

Are all payments mailed directly to payee by Accounts Payable department (i.e., does not go back to department for distribution)?			
<b>Segregation of Duties</b>			
Are duties for initiating requisitions, receiving purchased items, processing of invoices for payment, and reconciliation of departmental financial records separated between two or more employees?			
Is the person responsible for approving the purchase of good or services separate from the individual reconciling financial reports?			

## Financial Reporting

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Are original signatures/log-in credentials used to approve transactions (i.e., no signature stamps, sharing passwords, signing on behalf of others)?			
<b>Documentation</b>			
Has the unit documented department-specific policy and procedures addressing daily operating activities? Are they well understood by unit staff?			
<b>Monitoring</b>			
Do faculty and staff with responsibility for approving transactions or reconciling monthly financial reports have the knowledge, training, and skills necessary to perform their duties effectively?			
Are faculty and staff with responsibility for approving transactions or reconciling monthly financial reports familiar with the organization's financial and accounting policies?			
Do you know who you should contact if you suspect a compliance violation or potential theft?			

## Human Resources

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Are all new hires authorized and approved by appropriate level of management?			
<b>Documentation</b>			

## Information Technology

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Is all access to unit-managed systems/servers formally approved?			
Are original signatures/log-in credentials used to approve transactions (i.e., no signature stamps, sharing passwords, signing on behalf of others)?			
<b>Documentation</b>			
Has the unit documented department-specific policy and procedures addressing daily operating activities? Are they well understood by unit staff?			
Is approval of access to unit-managed systems/servers formally documented?			
Is unit policy on acceptable use of computer resources/data periodically communicated to all employees? Are new hires trained on this when hired?			
<b>Monitoring</b>			

# Management Oversight

Monthly Activities	Yes	No	NA
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## Research

<b>Authorization and Approval</b>	<b>Yes</b>	<b>No</b>	<b>NA</b>
Are agreements and contracts approved by appropriate parties prior to the effective date of the contract?			
Are research grants and contracts that require a commitment of University facilities or personnel reviewed by appropriate University departments?			
Are original signatures/log-in credentials used to approve transactions (i.e., no signature stamps, sharing passwords, signing on behalf of others)?			
<b>Documentation</b>			

Are appropriate account/object codes used for recording revenues and expenses?			
<b>Reconciliation</b>			
Are sponsored project financial records reconciled to supporting documentation?			
Is sponsor-approved budget reconciled to actual financial records?			
<b>Safeguarding Assets</b>			
Is access to financial system disbursement, requisition, payment, and accounts payable functions restricted to those who need it?			
<b>Segregation of Duties</b>			
Do procedures ensure that the person who benefits from the transaction does not approve it?			