



## **INTERNAL CONTROL PERFORMANCE STANDARDS**

**Source: Ernst & Young**

### **REVENUES**

Grants, shared revenues and entitlements are accepted and received in compliance with program and legal provisions.

Interfund transactions are authorized and recorded correctly as to fund, account, amount, and period.

Services rendered are billed promptly, in the correct amount.

Revenues are recorded correctly as to account, amount, and period.

Uncollectible/delinquent accounts are promptly identified for follow-up action.

### **EXPENDITURES**

Budgets are prepared and approved in accordance with legal requirements.

Budgetary compliance is monitored, and noncompliance is prevented or detected and properly corrected.

Expenses are incurred only with proper authorization.

Expenses and related liabilities are recorded correctly as to account, amount and period.

Salaries, wages, and benefits are incurred only for work authorized and performed.

Salaries, wages, and benefits are calculated at the proper rate.

Salaries, wages, benefits and related liabilities are recorded correctly as to fund, account, amount, and period.

Goods or services are purchased with proper authorization and in compliance with legal requirements.

Goods or services received (and related liabilities) are recorded correctly as to fund, account, amount, and period.

Grants and subsidies to ultimate recipients and sub-recipients are made with proper authorization and in compliance with legal requirements.

Grants and subsidies to ultimate recipients and sub-recipients are recorded correctly as to fund, account, amount, and period.

Physical loss of property and equipment is prevented; disposals/retirements/trade-ins are identified, authorized and are recorded correctly as to fund, account, amount, and period.

Indirect cost allocation plans are appropriately developed and used to properly allocate overhead.

Commitments and contingencies are identified, monitored, and if appropriate, recorded or disclosed.

### **FINANCE**

Cash receipts are recorded correctly as to fund, account, amount, and period.

Cash disbursements are for goods and services or properly-supported claims authorized and received.

Cash disbursements are recorded correctly as to fund, account, amount, and period.

Debt, leases and other similar obligations and related expenditures/expenses are authorized and

Fund segregations and transactions are properly authorized and are recorded correctly as to fund, account, amount, and period.

### **INVESTMENTS**

Investment transactions are authorized and are recorded correctly as to fund, account, amount, and period.

Income earned on investments is recorded correctly as to account, amount, and period.

Investment assets are protected from loss or misappropriation.



## **INVENTORY**

Costs are assigned to inventory in accordance with the stated valuation method.

Usage and movement of inventory is recorded correctly as to account, amount (quantities and dollars) and period.

Physical loss of inventory is prevented or promptly detected.

Obsolete, slow-moving, and overstock inventory is prevented or promptly detected and provided for.

## **CONTRIBUTIONS**

Contributions by employers and participants are at authorized or required amounts.

Contributions are recorded correctly as to fund, account, amount, and period.

## **BENEFIT PLAN OBLIGATIONS**

Benefit payments are to valid participants, are determined in accordance with plan provisions, and are processed only with proper authorization.

Benefit payments are recorded correctly as to fund, account, amount, and period.

Participant data accumulated for actuarial valuation is complete and accurate.

## **INTERNAL ADMINISTRATION**

Audits are properly planned and supervised; audit findings are supported by evidential matter.

Audit reports are issued only with proper management review and authorization.

Research studies are properly planned and supervised; reports are supported by evidential matter.

Request for legal assistance are authorized and controlled by management; legal assistance is supported by evidential matter.

Financial forecasts, cash flow projections and status reports are developed from appropriate information sources.

Hiring, retention and promotional practices comply with Affirmative Action requirements.

Policies and procedures are issued only with proper management review and authorization.

## **COMPUTER SYSTEMS**

Computer programs are authorized, tested and approved prior to being placed into production.

Computer operations are separated from applications development/programming.

Data processing personnel are independent of user department, and have no access to cash, investments or other similar assets.

Changes to existing program applications require authorization and approval.

Systems documentation provides programmers with information required to correctly maintain applications.

Physical access to data files is controlled; access to data files is restricted to authorized users and programs; passwords are changed periodically.

Physical security precautions are taken for fire, flood and other applicable hazards.

Appropriate backup procedures exist for data files/programs.

Uncharacteristic (unusually heavy) use of computer resources is investigated promptly.

Obsolete or unnecessary programs/files are evaluated periodically and purged from system or production schedules as appropriate.

User participation, approval and acceptance is sought in the applications development process.

Formal documents of production schedules and actual processing are maintained and reviewed; deviations from planned or usual processing are identified/evaluated promptly.