



## System Interfaces with FINET Internal Control Questionnaire

As public servants, it is our responsibility to utilize the taxpayer's dollars in the most effective and efficient way possible while adhering to laws and regulations governing those processes. There are many reasons for placing controls at various points in these processes that may appear bureaucratic, but are necessary to ensure compliance and accountability.

### Control Objectives:

1. Controls are in place in the process to ensure accountability is established as early as possible and at all points along the accountability chain.
2. Controls are in place in the process to ensure security for all interfacing systems and compatibility with FINET.
3. Controls are in place in the process to ensure compliance with State and federal laws, regulations, and policies and procedures.
4. Controls are in place in the process to ensure all system interfaces with FINET are properly approved by the agency and the State Division of Finance.

### Segregation of Duties:

Segregation of duties is one of the most important features of an internal control plan. The fundamental premise of segregated duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. These are called incompatible duties when performed by the same individual. Examples of incompatible duties include situations where the same individual (or small group of people) is responsible for:

- Managing both the operation of and record keeping for the same activity.
- Managing custodial activities and record keeping for the same assets.
- Authorizing transactions and managing the custody or disposal of the related assets or records.

Stated differently, there are four kinds of functional responsibilities that should be performed by different work units, or at a minimum, by different persons within the same unit:

1. Authorization to execute transactions (approval): This duty belongs to persons with authority and responsibility to initiate and execute transactions.
2. Recording transactions (entry): This duty refers to the accounting or record keeping function, which in most organizations, is accomplished by entering data into a computer system.
3. Custody of assets involved in the transactions: This duty refers to the actual physical possession or effective physical control/safekeeping of property.
4. Periodic reviews and reconciliation of existing assets to recorded amounts: This duty refers to making comparisons at regular intervals and taking action to resolve differences.

The advantage derived from proper segregation of duties is twofold:

1. Fraud is more difficult to commit because it would require collusion of two or more persons, and most people hesitate to seek the help of others to conduct wrongful acts.
2. By handling different aspects of the transaction, innocent errors are more likely to be found and flagged for correction.

Ideally, the following activities should be segregated:

- Individuals responsible for data entry of payment transactions should not be responsible for approving these documents.
- An agency should not delegate expenditure or other transaction approval to data entry personnel or to the immediate supervisor of data entry staff when they also have the ability to enter transactions. Individuals approving expenditure or other transactions should not supervise data entry staff. In FINET, a compensating control for this weakness is that no one can both enter and approve the same transaction.
- Delegated expenditure authority must be in writing and approved by the appointing authority.



## System Interfaces with FINET Internal Control Questionnaire

- Individuals responsible for acknowledging the receipt of goods or services should not be responsible for purchasing or accounts payable activities.
- Individuals who prepare/record payments should not approve the payments.
- Individuals who prepare/record payments should not perform budget compliance and review.
- Individuals responsible for cash receipts functions should be separate from those responsible for cash disbursements.

### State of Utah Accounting Policies and Procedures:

FIACCT 04 Purchasing — all sections.  
FIACCT 05 Payments — all sections.

### INSTRUCTIONS

Each State agency with systems that interface with FINET is to complete this ICQ. Multiple ICQs may be required for larger, decentralized agencies. More than one ICQ will be needed if an agency has multiple systems interfacing with FINET. However, one ICQ is sufficient for each system if all interfaces from the system have the same internal controls.

The ACT representative (or the internal control contact if delegated by the agency) for each agency will need to do the following: (1) attend the monthly ACT meetings, (2) complete the ICQs or distribute the ICQs to those who will complete them, (3) gather the completed ICQs back up after they are completed, (4) have the Chief Financial Officer, Director of Finance or Comptroller of the agency review and approve them, (5) send the completed and approved ICQs electronically back to the Division of Finance, and (6) send the completed and approved ICQs to the agency's internal auditors, if your agency is required by the Internal Audit Act to have an internal audit function. Electronic submissions to the Division of Finance are strongly encouraged (Word, PDF, etc. attached to an email).

The Chief Financial Officer, Director of Finance, or Comptroller for each agency will need to do the following: (1) determine which and how many ICQs are needed, (2) review and approve each ICQ after they are completed, (3) have the agency head/executive director review and sign/acknowledge them, (4) determine which optional ICQs will be completed.

Please answer each question by checking the appropriate box (either Yes, No, or N/A). A “**No**” response identifies an internal control weakness or that the control is achieved with another compensating control. Please describe in the Comments field a detailed explanation for each “**No**” answer:

- The plan to resolve the weakness including the estimated date of completion, or
- The compensating control(s) and why they adequately compensate for the “No” response.

ICQs containing “No” responses, but without adequate and complete explanations, will be sent back to the agencies for revision and resubmission to State Finance. If the question is “NA” because the agency is specifically exempted by statute, then the statutory citation should be provided in the “Comments” column. “N/A” responses, when the reason is not readily apparent, also need an explanation. For system and internal control documentation purposes, agencies are encouraged to add a brief description of the control/procedures for many or all “yes” responses.

When an ICQ question is worded in such a way that it does not apply exactly to the agency's situation, please attempt to apply the meaning or purpose of the question to the agency's situation.

For more information about the Internal Control Program and these Internal Control Questionnaires, or for contact information of the coordinator of this program, see the State Division of Finance website, <http://finance.utah.gov/>. Then, click on “Internal Control.”

Complete the certification on the last page for each ICQ completed.



## System Interfaces with FINET Internal Control Questionnaire

### Internal Control Questionnaire (ICQ) Interfacing Systems to FINET list:

#	Agency Name	System Name	# of Associated Interfaces
1	Alcoholic Beverage Control Commission	Liquor Inventory System	3
2	Dept. of Agriculture	Loan System	1
3	Dept. of Corrections	Correctional Industries	4
4	Dept. of Corrections	COR Administration	2
5	Dept. of Technology Services	CIMS	3
6	Board of Education	Base Budget Acctg System	7
7	DAS/Finance	FINET	5
8	DAS/Finance	Payroll	4
9	DAS/Finance	Loan System	1
10	DAS/Finance	FINDER	8
11	DAS/Finance	Garnishments	1
12	DAS/Finance	Payment Tracking System	3
13	DAS/Finance	Office of State Debt Collection	3
14	DAS/Fleet	Fuel	1
15	DAS/Fleet	Motor Pool	1
16	DAS/Fleet	Non-State	1
17	DAS/Fleet	P-Card Billings	1
18	DAS/Fleet	Surplus	2
19	DAS/General Services	P-Card	3
20	DAS/General Services	Copy Centers	2
21	DAS/General Services	Self-Serve Copy	2
22	DAS/General Services	State Mail	2
23	Dept. of Health	MMIS	1
24	Dept. of Human Services	USSDS	2
25	Dept. of Human Services	ORS	1
26	Labor Commission	Employers' Reinsurance Fund	5
27	Labor Commission	SAFETY	2
28	Labor Commission	ESB	1
29	Labor Commission	Policy	1
30	Labor Commission	UOSH-Op Safety	1
31	State Tax Commission	General Tax	5
32	Dept. of Transportation	EQ Usage	1
33	Dept. of Transportation	EPM	1
34	Dept. of Transportation	Fleet/DOT Eq Management	1
35	Dept. of Transportation	Mat Lab	1
36	Dept. of Transportation	OMS	2
37	Utah State Treasurer's Office	Unclaimed Property	1
38	Dept. of Workforce Services	SEAL for Heat Program	1
39	Dept. of Workforce Services	EREP	2
40	Dept. of Workforce Services	UWORKS	1
41	Dept. of Workforce Services	CATS/CUBS	1
42	Dept. of Workforce Services	AVAFLOW	1

Some agencies will need to complete and submit multiple ICQs. If your agency does not have any systems that interface with FINET, then you do not need to complete this ICQ.

**INTERNAL CONTROL QUESTIONS**

		Yes	No	N/A	Comments
1.	For your agency, is the above list (see prior page) of agency-operated <b>systems</b> that interface with FINET complete and accurate? [If “No,” please list all additional systems in the “Comments” column.]				
2.	Is the agency completing and submitting a separate ICQ for each system listed above (and any other systems listed in the “Comments” column for question No. 1 above)? [Please indicate, in the “Comments” column, which system this ICQ applies to.				Please indicate here, which system from the list on the prior page this ICQ is completed for: _____ _____
3.	Is the number of identified <b>interfaces</b> (see list on prior page) for this system accurate? [If “No,” please list all of the interfaces in the “Comments” column, and please be specific.]				
	<b>[All associated interfaces for the system should be considered in answering each of the remaining questions on this ICQ.]</b>				
	<b>For each interfacing system listed above, does the agency have procedures to:</b>				
4.	Perform a point-in-time reconciliation of the interfacing system’s record counts and dollar amounts to FINET on at least a quarterly basis?				
5.	Handle transactions or documents rejected by FINET? [This procedure may result from a query of the State Data Warehouse data the day after the interface posts to FINET or a review of the FINET document catalog.]				
6.	Ensure each document/transaction is approved either before the interface file for FINET is generated by applying document approvals in the agency’s interfacing system or after they are loaded into FINET?				
7.	Ensure proper segregation of duties for those who enter and approve the transactions? [See Segregation of Duties discussion on the first page of this ICQ.]				
8.	Perform due diligence to ensure coding blocks are updated annually for fiscal year changes and/or to accommodate successful billings?				
9.	Ensure payments/transactions are made on a timely basis?				

## System Interfaces with FINET Internal Control Questionnaire

10.	Ensure payments/transactions are made in accordance with all applicable federal and State laws, regulations, and policies and procedures?				
11.	Ensure transactions are posted to FINET in the appropriate fiscal year?				
12.	Does the agency complete an updated, "FINET System Interface Request / Approval Form" from the State Division of Finance every time the interface file changes to process different document codes (such as IETs, GAXs, CRs, etc.)?				
13.	If the agency makes system changes, accounting code changes, or technical changes associated with sending the files, then does the agency send the interface files to the State Division of Finance Quality Assurance (QA) for testing/retesting?				
14.	Does the agency get formal written approval from the DAS Director of Finance prior to purchasing or implementing any accounting system, or any other system with accounting features, in according with Utah Code 63A-3-202(2)?				
15.	Does the agency have a formal disaster recovery plan that includes the system interfaces with FINET, and does the agency perform periodic disaster recovery exercises?				
16.	Does the agency update its own interface system security profile(s) at least annually and whenever there is a change in an employee's specific work assignment?				
17.	Are the agency's security profiles specific and restrictive, and do the security profiles prohibit employees from both entering and approving the same transaction?				



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**AGENCY'S OVERALL COMMENTS BELOW, IF ANY**

### CERTIFICATION STATEMENT

For the agency and business area indicated on this form, we are providing this statement in connection with this internal control questionnaire for the purpose of acknowledging that we are aware of the risks and harms that might occur to the State if the agency has not established and/or does not follow strong internal controls.

We confirm that we have accurately completed this questionnaire (and others if needed) and documented all compensating controls and corrective action plans for internal control weaknesses in accordance with the instructions provided.

Agency Name: \_\_\_\_\_ Division/Bureau: \_\_\_\_\_

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Approved by Chief Financial Officer, Director of Finance or Comptroller:

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Acknowledged by Agency Head/Executive Director:

Acknowledged by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Electronic submissions are preferred. For electronic submissions, the person who prepared, approved, and/or acknowledged this document should type in their name above indicating they have performed the indicated function. Actual signatures are needed for hardcopy submissions.

[Provide names of all preparers below if there is more than one]