



Testing Internal Controls

Finance Business Processes to be Tested

- Financial Reporting
- Payroll
- Treasury
- Fixed Assets
- Debt
- Accounts Payable/Purchasing
- Accounts Receivable
- Grants



Testing Internal Controls

Methodology

- Testing methodology developed in conjunction with internal audit and approved by external auditors (based on COSO (Committee of Sponsoring Organizations) internal control framework)
- Testing calendar correlates to process frequency and risk assessment
- Testing performed with samples

Results

- Instituting quarterly meeting of Finance managers and supervisors who own the tested processes
- Testing and findings documented for external auditors



Testing Internal Controls

2011 Internal Controls Testing Program

<u>Business Process</u>	<u>Sub-Process</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Financial Reporting	Reconciliations		COMPLETE		
Financial Reporting	Journal Entries	COMPLETE	COMPLETE		
Financial Reporting	Policies & Procedures	COMPLETE			
Financial Reporting	Financial Reporting Package				
Payroll	Segregation of Duties		COMPLETE		
Payroll	Positive Pay				
Treasury	Reconciliations		COMPLETE		
Treasury	Segregation of Duties		COMPLETE		
Fixed Assets	Additions	COMPLETE	COMPLETE		
Fixed Assets	Depreciation	COMPLETE			
Fixed Assets	Deletions	COMPLETE	COMPLETE		
Debt	Debt Management	COMPLETE	COMPLETE		

(scheduled for testing)



Testing Internal Controls

2011 Goals

- Successful review by external auditors, and
- Removal of external audit finding regarding lack of internal control testing

2012 and Beyond

- Continued enhancements to current internal control testing program
- City Finance managers will continue testing
- External auditors include in annual audit