Financial Reporting Checklist
Internal Controls

As public servants, it is our responsibility to provide financial reports to our citizens, creditors, and other financial report users. As public servants, we must maintain internal control systems to provide reasonable assurance that the financial reports are accurate and free from bias; contain nothing that would mislead; are prepared in accordance with the highest standards; and comply with all applicable laws, regulations, and generally accepted accounting principles.

This document does not address all possible circumstances that need to be considered when establishing internal controls or assessing risk. Each entity is responsible for reviewing their business practices and processes to determine where risks exist and where and how controls can be established to mitigate them.

Control Objectives:
Management has sufficient knowledge of the entity's processes for identifying, analyzing, and managing risks relevant to the preparation of the financial statements.

1. An assessment process exits to identify significant financial reports, significant accounts, relevant financial report assertions, and major transaction cycles.
2. Internal controls are documented; and management has an understanding of controls for all significant accounts, groups of accounts, and transactions.
3. A system exists to Identify, accumulate, and evaluate design and operating control deficiencies; communicate findings; and correct deficiencies.
4. Segregation of duties or mitigating controls exists between transaction processing, authorization, custody, and the recording functions.
5. Management provides written assurance on the effectiveness of internal control over financial reporting.
6. Financial reports can be verified by an independent auditor.

A.	Governance and Communication:	Yes	No	N/A	Comments
1.	Has a formal mission or value statement been established for financial reporting?				
2.	Has the formal mission or value statement been communicated to financial reporting staff?				
3.	Are those charged with governance actively involved in and knowledgeable about financial reporting?				
4.	Has management established a clearly-defined process for financial reporting?				
5.	Has management clearly communicated financial reporting objectives?				
Is the financial reporting process and its key attributes (e.g., overall timing, methodology, format, and frequency of analysis):					
6.	documented?				
7.	approved by management?				
8.	reviewed on a regular basis?				
9.	Are authority, responsibility, and free flow of information in place to support financial reporting?				
10.	Does communication exist between management and those charged with governance so that both have relevant information to fulfill their roles with respect to governance and financial reporting?				
11.	Does management communicate accounting treatments selected for significant events and transactions to those charged with governance on a timely basis?				
12.	Are significant estimates, judgments, and changes thereto reported on a regular basis to those charged with governance?				

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A.	Governance and Communication:	Yes	No	N/A	Comments
13.	Do personnel have an effective and nonretributive method to communicate significant information or fraud to management that would affect financial reporting?				
14.	Has a process been established to track communications from external parties, e.g., citizens, vendors, regulators, etc.?				
15.	Are those charged with governance actively involved and have significant influence over the entity's internal control environment?				
16.	Are management and those charged with governance briefed by financial reporting personnel on a regular basis and before financial statements are released to the public?				
17.	Does such briefing include a discussion of significant nonroutine events and transactions, selection and application of critical accounting policies, areas with unusual fluctuations, and other relevant significant issues?				
18.	Are specific individuals given the responsibility to discuss financial results with individuals outside the reporting entity?				
19.	Has a process been established to identify and obtain all necessary consents, waivers, communications, and other legal documents prior to the issuance of the financial statements?				
20.	Does top management communicate to those charged with financial reporting that internal control and individual responsibility must be taken seriously?				
21.	Is periodic review made to ensure employees in positions of trust are bonded in amounts required by statutes or organizational policy?				

B.	Segregation of Duties:	Yes	No	N/A	Comments
1.	Has the entity adopted a formal organization plan?				
2.	Are reporting responsibilities reasonably aligned in the entity's formal organization plan?				
3.	Are the responsibilities for preparing the financial statements segregated from those who have custody of assets?				
4.	Are the responsibilities for preparing the financial statements segregated from those for maintaining the general ledger?				
5.	Are the responsibilities for maintaining the general ledger segregated from those who have custody of the assets?				
6.	Are responsibilities for preparation and approval functions segregated from those for journal entries?				
Are the responsibilities for reconciling differences separate from those for:					
7.	initiating transactions?				
8.	finalizing transactions?				
9.	Are responsibilities for the final review and approval of financial reports segregated from the responsibility for the preparation of the reports?				

B.	Segregation of Duties:	Yes	No	N/A	Comments
10.	Is segregation of duties maintained within the entity's information technology processes for financial reporting?				
11.	Are responsibilities for initiating nonroutine transactions segregated from those who monitor suspense or clearing accounts usage?				
12.	Are responsibilities for initiating nonroutine transactions segregated from those who record nonroutine transactions?				
13.	Are responsibilities for initiating nonroutine transactions segregated from those who review, evaluate, or approve nonroutine transactions?				
14.	Are responsibilities of individuals who generate internal drafts of financial statements segregated from those who review and approve financial statements?				

C.	General Ledger Procedural Controls:	Yes	No	N/A	Comments
1.	Is a principal accounting officer responsible for accounting records and accounting employees?				
2.	Is general ledger control maintained over all assets and transactions at all departments of the organization?				
3.	Are written accounting policy and procedural manuals distributed to appropriate personnel in all departments?				
4.	Are processes established to ensure only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?				
5.	Are processes periodically evaluated to ensure compliance and effectiveness?				
6.	Are accounting policies and procedural manuals updated as necessary?				
7.	Is security periodically reviewed for those with access to and responsibility for accounting records?				
8.	Is adequacy and effectiveness of the internal accounting controls, as related to the organization's transaction systems (procurement, revenues, receivables, etc.), periodically evaluated?				
9.	Are identified weaknesses corrected in a timely manner?				
10.	Does a process exist to support the identification, selection, and application of alternative accounting procedures?				
11.	Have deadlines been established for period end processes?				
12.	Are general ledger balances reconciled with subsidiary ledgers or other supporting records on a timely basis?				
13.	Are asset accounts evaluated periodically to determine if the valuation is reasonable?				

D.	Closing Procedures:	Yes	No	N/A	Comments
For a reporting period are procedures and policies documented for:					
1	closing the accounts?				
2	adjusting the accounts?				
3	reviewing the accounts?				
4.	Are closing procedures in place to ensure all accounting systems have included all transactions applicable to the reporting period?				
5.	Is a process in place to ensure that the trial balance(s) used in the financial statement process is final, contains all valid journal entries made, and is in balance?				
6.	Are clearing, transfer, and suspense account transactions resolved on a timely basis?				
7.	Has management received sign-offs and representations from other units of the entity to ensure all relevant information has been collected and disclosed on a timely basis?				
8.	Are procedures in place to ensure all journal entries have been processed?				
9.	Are all journal entries reviewed, approved, and supported by descriptions or documentation?				
10.	Are controls established to ensure only authorized individuals can initiate journal entries?				
11.	Are significant variances from prior periods investigated?				
12.	Are routine and nonroutine events and transactions occurring near period end analyzed and reviewed to ensure they are accounted for in the proper reporting period?				
13.	Are unusual items and exceptions identified through analysis and reconciliations?				
14.	Are identified unusual items and exceptions documented, resolved, and reviewed by management on a timely basis?				

E.	Combining Procedures and Controls:	Yes	No	N/A	Comments
1.	Are procedures established to ensure orderly and effective accumulation of financial data received from departments and other accounting units?				
2.	Are procedures established for orderly processing of financial data received from departments and other accounting units?				
3.	Are procedures established to permit review of entries generated from departments and other accounting units?				
4.	Are procedures established to permit review of special entries generated in the combining process?				
5.	Are consolidation, reclassification, and other adjustments of general ledger balances explained and formatted to support the financial statements?				
6.	Are procedures established for entries recorded directly to the financial statements?				
7.	Are reviews performed for entries recorded directly to the financial statements?				

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F.	Preparation, Review and Approval Procedural Controls:	Yes	No	N/A	Comments
1.	Are responsibilities for financial reporting clearly defined?				
2.	Is delegation of authority defined?				
3.	Has fiscal staff been trained in the use of the accounting system, including the chart of accounts and edits?				
4.	Has fiscal staff been trained in the use of the systems reports and reporting tools?				
5.	Does fiscal staff possess basic accounting skills and knowledge necessary to perform their responsibilities?				
5.	Has a process been established to support the identification and disclosure of related party transactions?				
7.	Are procedures in place to determine when standardized journal entries were omitted or duplicated?				
8.	Are procedures established for the analysis, review, and approval of the financial statements before internal distribution?				
9.	Are accounting statements and key reconciliations completed in a timely manner?				
10.	Are adjusting entries reviewed, approved, and supported by descriptions or documentation?				
11.	Are procedures in place to ensure financial reports are supported by either underlying accounting records or other documentation?				
12.	Are procedures in place to provide reasonable assurance all data that is required to be included in legal and public reports is properly disclosed?				
13.	Are procedures in place to ensure all requirements are met for filing of financial reports in accordance with statutes, bonds, etc.?				
14.	Are up-to-date disclosure checklists used to ensure that all relevant financial information is disclosed?				
15.	Are disclosure checklists appropriate to the accounting period in accordance with GAAP or an OCBOA?				
16.	Are disclosure checklists in accordance with the entity's accounting and disclosure policies?				
17.	Is supporting analysis and documentation prepared for each financial statement disclosure, which includes relevant GAAP or an OCBOA, relevant regulatory rules, and accounting or disclosure policies?				
18.	Is review performed to identify negative fund balances for disclosure in the financial statements?				
19.	Are processes in place to collect information regarding material violations with legal and contractual provisions?				
20.	Is a review of the financial statements and all related disclosures performed by management and/or other suitably qualified personnel for completeness, consistency, and compliance with GAAP and/or OCBOA and the entity's accounting and disclosure policies?				
21.	Are the published reports, in print or electronic format, reconciled to the audited financial statements, trial balance, and supporting information prior to final publishing, printing, or electronic submission?				

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F.	Preparation, Review and Approval Procedural Controls:	Yes	No	N/A	Comments
22.	Do the budgetary schedules provide meaningful comparisons with actual transactions?				
23.	Are budget to actual comparisons statements reviewed by personnel with the appropriate knowledge?				
24.	Are significant variances from budget to actual results investigated?				
25.	Is ongoing monitoring built into operations throughout the financial reporting process that identifies specific deviation from expected performance, thereby signaling a need to investigate potential control problems?				
26.	Does ongoing monitoring provide feedback on the effective operation of controls integrated into the processes?				

G.	GAAP:	Yes	No	N/A	Comments
1.	Is responsibility assigned to monitor changes in authoritative guidance and regulations that affect financial reporting?				
Is the methodology/policy of alternative accounting treatments:					
2.	approved by management?				
3.	documented?				
4.	Is a process in place to identify when changes to GAAP necessitate new accounting policies?				
5.	Are new accounting policies properly researched, reviewed and documented?				

H.	Estimates and Nonroutine Transactions:	Yes	No	N/A	Comments
1.	Is operating information used as the source of accounting estimates?				
2.	Are estimates based on a reasonable and defensible method that is consistently applied?				
3.	Do accounting policies and procedures specify correct treatment for major types of nonroutine events transactions?				
4.	Is supporting analysis and documentation provided for each nonroutine event or transaction that requires management's judgment or estimate?				
6.	Is supporting analysis and documentation for each nonroutine event or transaction in compliance with relevant GAAP or OCBOA, including relevant regulatory rules and accounting policies?				
7.	Are significant estimates, judgments, and changes thereto reported to those charged with governance on a regular basis?				
8.	Are significant changes in accounting policies and procedures approved by management?				
9.	Is a control process in place to prevent the occurrence of nonstandard or unusual journal entries?				
10.	Is a process in place to prevent the duplication of				

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H.	Estimates and Nonroutine Transactions:	Yes	No	N/A	Comments
	nonstandard journal entries?				
11.	Is an independent review of significant judgments and estimates included in the financial records performed at the end of every accounting period by knowledgeable personnel?				

I.	Evaluation of Risk	Yes	No	N/A	Comments
1.	Has management established practices for the identification of risks related to financial reporting?				
2.	Have internal controls for financial reporting been documented?				
Has management established procedures for internal controls over financial reporting concerning:					
3.	ongoing monitoring?				
4.	independent evaluation?				
5.	remediation of identified deficiencies?				
6.	Has management evaluated the likely occurrence and potential impact of identified risks?				
7.	Has management categorized risk as tolerable or requiring action?				
8.	Has management considered the entire reporting entity as well as its extended relationships in its risk assessment process?				
9.	Has management implemented mechanisms to anticipate, identify, and react to change?				
10.	Has management assessed the effect of changes in personnel on the ability to prepare financial reports?				
11.	Has management assessed the effect of restructuring or reorganization resulting in staff reductions, changes in supervision, or segregation of duties relevant to the preparation of financial statements?				
12.	Has management assessed the effect of new departments or the combination of departments relevant to the preparation of financial statements?				
13.	Has management assessed the effect of new or revised information systems relevant to the preparation of financial statements?				
14.	Has management assessed the effect of rapid growth or contractions relevant to the preparation of financial statements?				
15.	Has management identified the risks that exist relevant to financial reporting that management has decided to accept because of cost or other considerations?				
16.	Has management determined that risks, which have been accepted because of cost or other considerations, are immaterial to financial reporting?				