



## Internal Control Tips from the Internal Audit Department

### Control Activities

These are the policies and procedures that help ensure management that management directives, including policies, rules, and regulations, are implemented. Control activities occur at all levels of the organization and include things such as performance reviews, functional or activity reviews, transaction reviews, reconciliations, processing controls, physical controls and segregation of duties. More specifically, typical controls seen every day are:

**Transaction Authorizations** - to ensure that all transactions are approved by responsible personnel in accordance with their specific or general authority before the transaction is recorded. Examples: Authorized signatures should be on all purchase orders, travel vouchers, key request forms, etc.; validation that the person signing the form is an authorized signee for the department.

**Documentation** - all back-up documentation required is properly maintained.

**Review For Completeness** - to ensure that no valid transactions have been omitted from the accounting records.

**Accuracy** - to ensure that all valid transactions are accurate, consistent with the originating transaction data, and information is recorded in a timely manner. Examples: Comparison of book and bank balances and accounting for differences; comparison of time records to payroll payment records; monthly review of expenditures posted to the budget with expenditure documentation on hand.

**Validity** (fairly represents events) to ensure that all recorded transactions fairly represent the economic events that actually occurred, are lawful in nature, and have been executed in accordance with management's general authorization. Example: Determination that expenditures are allowable per District and State guidelines.

**Physical Safeguards** - to ensure that access to physical assets and information systems is controlled and properly restricted to authorized personnel. Examples: Office doors are locked, when no one is present, to guard against theft of office furniture and equipment; periodic inventories are taken to confirm the existence of assets; to protect the integrity of the data, passwords are not shared or revealed.

**Error Handling** - to ensure that errors detected at any stage of processing receive prompt corrective action and are reported to the appropriate level of management.

For more information about this or any internal control matter, please contact the Internal Audit Department at 407-317-3200, 2002897 or [Internal.Audit@ocps.net](mailto:Internal.Audit@ocps.net).

**Segregation Of Duties** - to ensure that duties are assigned to individuals in a manner that ensures that no one individual can control both the recording function and the procedures relative to processing a transaction. Examples: The petty cash custodian maintains funds and submits receipts for reimbursement; the review of receipts and approval of reimbursement is performed by someone other than the custodian; receipting, recording, and reconciliation of funds should not be under the complete control of one individual.