

# DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

## Self-Assessment of Internal Controls

### Instructions to Complete Questionnaire

#### General

These questions define the generally accepted minimum level of quality acceptable for internal control systems and set the criteria for evaluation of both individual controls and entire systems. They apply to all operations and administrative functions (both manual and automated). Departments are strongly encouraged to use this minimum level as a standard to meet its statutory responsibility in maintaining the department's internal control system as required by Section 40-2, Hawaii Revised Statutes.

The questionnaire forms are fill-able. The department's response is normally completed by the department's Administrative Service Office. The questions should be answered based on the department's policies and procedures. If policies and procedures are significantly different for agencies attached to the department for administrative purposes when compared to the department, attached agencies should complete a separate questionnaire. If not significantly different, only one questionnaire should be completed for the entire department, which includes the attached agencies. Explanations and comments should be concise.

If a questionnaire section is not applicable. Check the appropriate "NA" box on the section's first page and explain why the section is not applicable to the department. Do not answer any of the questions in this section.

If a question is not applicable, explain why in the comment space provided.

If a question is answered "No," explain why in the comment space provided. If a "No" response is due to an internal control deficiency, Attachment 1 should be completed and attached after the questionnaire. The question's comment space should state "See corrective action plan attached." Make sure to place section and question reference on Attachment 1.

The responses will be compared to the minimum level of quality acceptable for internal control systems and evaluated as to individual controls and the department's internal control system taken as a whole.

#### General Elements of Internal Control

General Elements of the Internal Control questionnaire is not financial in nature. The department's ASO or executive management should be the resource for the response to these questions. **Department employees familiar with these activities or have access to employees familiar with these activities should answer these sections of the questionnaire.**

These questions inquire whether the department promotes an atmosphere of strong internal control throughout the department or agency. They reflect the overall attitude of the department's leadership that strong internal controls are required in the department. They ensure that:

- Internal controls provide a reasonable assurance that management's objectives will be accomplished;
- Management and employees show a supportive attitude toward internal control at all times;
- Managers and employees should have personal and professional integrity. They should be qualified to perform their assigned duties, as well as to understand the importance of ensuring sound internal controls.

### Budget and Financial Cycles

Internal control objectives are defined or developed for each department's activity. They should be logical, applicable, and reasonably complete. All operations of a department can be categorized into one or more categories called cycles. Cycles make up all specific activities (such as identifying, classifying, recording, and reporting information) required to process a transaction or event. Cycles should be compatible with a department's organization and responsibilities. Budget cycles cover the traditional control areas concerned with the department's budget. Financial cycles cover the traditional control areas concerned with revenues and expenditures, assets, and financial information. **Department employees familiar with the department's budget process and financial transaction process or have access to employees familiar with these processes should answer these sections of the questionnaire.**

### Federal Program Compliance

The major financial assistance cycle for federal and state programs relates to the administration and financial management of contracts and grants awarded by federal programs. The internal control questionnaire for the major financial assistance cycle is divided into sections including eligibility, types of service, and matching or level of effort. **Department employees familiar with federal awards compliance requirements, award receipt and expenditure requirements, and federal reporting requirements or have access to employees with this understanding should complete these sections of the questionnaire.**

### Submitting the Questionnaire and Confirmation Form to DAGS

Email the saved questionnaire, attachments and confirmation form to DAGS using the email address given on the confirmation form. Do not submit a paper copy.

### Evaluation of the Department's Responses

A review of the department's responses will be conducted. Reviewer's comments will be compiled. An overall evaluation based on a review of the responses will be made.

The evaluation and review comments will be submitted to the department on completion of the review. The questionnaire will be used by DAGS in meeting its statutory responsibility of monitoring department internal control systems and available to the departments' external auditors to assist with post audits of departmental financial statements and compliance with federal awards.