



Nathan Deal
Governor

Thomas Alan Skelton, CPA
State Accounting Officer

DATE: March 19, 2018
TO: Agency Heads and CFOs
FROM: Alan Skelton, State Accounting Officer
RE: Internal Controls

TAS

An updated internal controls template for Risk Assessment/Control Activity (RA/CA) related to financial reporting is now available. Please review and complete all tabs of the update template (original submissions were in October 2016 and February 2017). The updated submissions will be due by **May 18, 2018**.

Note that the design of the template has been slightly updated, with the most significant updates as follows:

- Inherent Risk Rating and Justification has been entered or provided via drop-down options (please do not change these cells)
- I-General Rcrd tab should now be answered from the basis in which your general ledger fund(s) are maintained (note – please keep in mind the recording for each fund type, e.g. budget fund, revenue collections fund, agency fund, etc., may each require using a different basis of accounting). This allowed for the removal of certain other tabs relating to the BCR and Revenue Collections.
- Because of the changes made to the template, the updated template must be populated. Do not update the prior years submission.

Additionally, following is some additional guidance to consider, while updating the RA/CA submission:

- Add additional risk examples as needed or ensure current risk examples cover all financial aspects of your organization (such as ensuring payroll is included, ensuring appropriateness of clearing account balances, etc.).
- Assess risks (likelihood and impact) **without** considering any control activities currently in place within the organization.
- Ensure risk justifications are related to and support the assessed risk level.
- If a specific risk example is marked N/A, add appropriate justifications.
- **Bold** significant control activities.
- List all control activities relating only to that specific risk example, control activities should be listed in detail and not a high-level overview. The level of detail documents the who, what and when, to allow for proper monitoring of the internal control system.

Furthermore, previous training materials relating to the template and related concepts are available on SAO's website at: <https://sao.georgia.gov/internal-controls>.

The updated submission and certification document should be sent via email to compliance@sao.ga.gov or via paper mail. Submissions should include the organization code and specify if it also covers an attached agency or any related organizations.

To make this a successful program, we ask for everyone's continued cooperation and endorsement, and if you have any questions or would like more specific guidance, please contact Rachael Krizanek, Internal Controls and Policy Manager, at Rachael.krizanek@sao.ga.gov.

Cc: Teresa MacCartney, State CFO, Director of OPB