Accounting and Fiscal Internal Controls Plan Template

One of the topics highly cited for the Fiscal ME Review pertains to responsibilities for Accounting and Fiscal Internal Controls. As per 10 CCR 2505-5 1.010.9, the County Board, County Department Director, County Department managers and supervisors, and employees are all responsible for the internal accounting control processes within and surrounding the County Department. This County fiscal rule requires a written plan of accounting and fiscal internal controls be on file at the County Department. This plan is an important document that will be requested during each Fiscal ME Review.

The Accounting and Fiscal Internal Controls Plan shall reflect the current operations of the County Department and shall provide for but not be limited to the following:

1. Accounting and fiscal procedures - there shall be adequate authorization and procedures to provide effective accounting control over assets, liabilities, revenues, and expenditures.
2. Continuous review of the plan of internal account and fiscal controls - there shall be an effective process of internal review and adjustment for changes in operating conditions.
3. Purchasing or procurement cards (P-Cards) - the County Department Director is responsible for establishing and maintaining written department-specific P-Card program policies and procedures that include, but are not limited to, purchasing approvals, accounting controls, cardholder compliance, and training for employees participating in the P-Card program.

There shall be internal control procedures that include the appropriate separation of duties in the areas of receipt and recording cash, negotiable items, and ordering and paying for goods and services. This is outlined in 10 CCR 2505-5 1.010.9.3 through 10 CCR 2505-5 1.010.9.9.

The majority of the Accounting and Fiscal Internal Controls Plans provided during the Fiscal ME Review in State Fiscal Year (SFY) 23 appear to stem from the Accounting and Internal Control Procedures Manual which is Appendix A to the Colorado Human Services Directors Association (CHSDA) Fiscal Management Manual 2016, now dated 2023. The sections outlined in this sample are computer systems, disbursements, receipt for monities in office, adjusting entries, general schedule of bookkeeping activities by the accountant, electronic benefits transfer card issuance, contract monitoring and approval, and coding to programs.

For those Counties that have created or inherited the Accounting and Fiscal Internal Controls Plan based on the CHSDA appendix, please note that this plan needs to be updated to reflect the County’s current operation and the procedures outlined in the County fiscal rules, 10 CCR 2505-5 1.010. It is essential for those Counties that adopt or develop the CHSDA Accounting and Fiscal Internal Controls Plan to have county-wide policies that support the plan.

Some of the Accounting and Fiscal Internal Controls Plans reviewed in the SFY 23 Fiscal ME Review process include a smaller subset of the Appendix A. For example, the plan may only cover cash which is the riskiest internal control area; however, iIn these instances, the expected action to resolve the Fiscal ME Review finding has been to use the smaller subset i.e. the cash section and build out the Accounting and Fiscal Internal Controls Plan.

Several fiscal findings have been related to budget distribution, documented approval to pay, and/or the subrecipient versus contractor determination process. These areas are also found in the County fiscal rules, 10 CCR 2505-5 1.010 and their procedures fit nicely in the Administrative and Fiscal Internal Controls Plan template that follows this preface.

*As subrecipients of federal financial assistance, Counties must ensure that all programs, services, and activities meet the requirements of applicable federal and state laws, rules and regulations. As required by 10 CCR 2505-5 1.010, Counties are responsible for establishing an internal control process to assure adequate control and safeguards for all cash, fixed assets and negotiable items (cash, bonds, securities, etc.) handled by, stored in or used in the County Department and establish appropriate internal controls and separation of duties.*

*HCPF is providing this sample**template for Counties to meet the requirements for documented internal controls.*

*While Counties are required to have internal controls, Counties are not required to use this sample template. This template may not be an exact fit for your county size, staffing structure and operations. All Counties should develop their internal controls in consultation with their appropriate leadership authorities. Counties do not need to submit their internal controls to HCPF unless requested to do so during a Management Evaluation (ME) Review, Desk Review, or other request.*

*To use this template, please update agency specific information in the areas that are* ***[Bold and in Brackets]*** *and remove these top italicized paragraphs. This plan should be on the county’s letterhead once updated and issued.*

*Courtesy of Garfield and Fremont County Department of Human Services*

SAMPLE TEMPLATE FOR ACCOUNTING AND FISCAL INTERNAL CONTROLS PLAN (Applicable for Small and Medium-sized County Departments of Social/Human Services

**<COUNTY NAME>** DEPARTMENT OF HUMAN SERVICES

ACCOUNTING AND FISCAL INTERNAL CONTROLS PLAN

Adopted **<Date>**

Last Revised **<Date>**

1. COUNTY FINANCIAL AND ACCOUNTING SYSTEMS

2. RECEIPT AND RECORDING OF CASH

3. ACCOUNTS PAYABLE

4. INTERNAL BILLING

5. JOURNAL ENTRIES

6. CFMS UPLOAD PROCESS

7. TRUST ACCOUNTS

8. PETTY CASH

9. ASSETS AND INVENTORY CONTROL

10. EMPLOYEE PAYROLL/TIMESHEET

11. BUDGET

12. SUBRECIPIENT VERSUS CONTRACTOR DETERMINATION

13. FEDERAL GRANTS MANAGEMENT

1. COUNTY FINANCIAL AND ACCOUNTING SYSTEMS

**<county name>** Department of Human Services (DHS) adheres to all county-wide financial policies.

**<county name>** County uses accounting software from **<name of accounting system>**. The Department of Human Services fund is designated as **<fund code>** and **<name of department or cost center>** within **<name of accounting system>**. Each discrete program/allocation under DHS has a sub-department and secondary sub-department to accommodate both **<name of accounting system>** and the State County Financial Management System (CFMS) posting and reporting requirements.

DHS reports all expenditures to CFMS via proprietary automated process from **<name of accounting system>** called **<name of proprietary automated process>**. The **<name of the proprietary automated process>** translates county general ledger numbers into CFMS general ledger numbers. Include previous two sentences if the County accounting system interfaces with CFMS. Transactions for Accounts Payable, Journal Entries, and Payroll are then exported onto an Excel spreadsheet for uploading to CFMS through the State Web Application Desktop Integrator (ADI) each month.

2. RECEIPT AND RECORDING OF CASH

DHS follows the County Cash Receipting Policy and Procedures and Accounts Receivable Policy and Procedures.

The **<name of Accounting Office, Finance, Budget, Business Services, etc. responsible for accounting functions>** receives and records daily revenue collection batches in **<name of accounting system>**. The **<name of Office>** follows an over-the-counter revenue collection (RC) procedure. Cash is counted by two people. Each RC batch is counted by two people and put into a LOOMIS bag and sealed. The seal strip is marked with initials by the two employees verifying the deposit. LOOMIS transports the bags to **<name of Bank>** for deposit. Each RC batch is approved by the **<name of position>** in **<name of accounting system>**. The **<position name>** is the second-level approver. The **<name of Office, Treasurer’s Office, perhaps>** is the final approval.

When money is anticipated to be received by EFT, the amount and details are emailed to the Treasurer email. The Treasurer’s office sends weekly direct deposits from **<name of Bank>** to **<name of County office>**. **<name of County office>** will create RC batches based on the direct deposits that belong to DHS. The **<name of employee>** approves the RC batch, the **<name of position>** is the second-level approver, and **<name of Office, Treasurer’s Office, perhaps>** is the final approval. The weekly bank transaction list is monitored by the **<name of County Office>** to ensure each deposit is completed. The DHS **<name of position>** works with the Treasurer to reconcile cash.

Miscellaneous Billing (MB) is used in **<name of accounting system>** when DHS has invoiced another entity for reimbursement of funds. A receivable is created through this process. The **<name of position>** enters the MB batch and attaches relevant backup documentation. The batch is reviewed by the **<name of approving position>**. The journal created by the MB is approved by the <name of position>, second-level approver is **<name of position>**, and final approval is **<name of position or department>**. When a physical check is received, the check is put in interoffice mail to the **<name of Office>** along with the identified MB. The **<name of the Office>** satisfies the receivable and deposits the check. When the money is received by EFT, the details of the transaction is provided to the **<name of Office>** and the receivable is satisfied through their procedures.

Checks received in the mail are recorded on the daily mail check log by **<name of Office>**. The monthly log is signed by **<name of position>** and sent to **<name of office>** for review the first week of the following month. The receipt list is reviewed by **<name of office>** daily. CBMS and Trails claims are posted by **<name of position>** and communicated to **<name of department>**. The **<name of the unit>** also reviews the cash receipt list for **<type of>** payments and erroneous disbursements.

3. ACCOUNTS PAYABLE PROCESSING

DHS follows the County Accounts Payable Policy and Procedures.

All expenditures require an Accounts Payable (AP) voucher form attached to the invoice indicating the item or service purchased, date and amount of purchase and specific program to be charged. The voucher is approved by the **<name of position>**, **<name of second-level approver>**, and **<name of final approver>**.

**<name of office>** reviews the vendor information, coding, applicable Purchase Order numbers, and backup documentation attached to the voucher. If the vendor is not set up in **<name of accounting system>**, a W-9 is obtained. The TIN is matched to the W-9 and **<name of position>** sends the vendor and TIN match information to the **<name of County office>** for setting up. A weekly AP batch is created in **<name of accounting system>**. **<name of position>** approves the AP batch, the **<name of position>** is the second-level approver, and the **<name of office>** is the final approval. The batch documents are sent to **<name of office>** where the checks are printed and distributed according to the AP policy.

a. EMPLOYEE REIMBURSEMENT PROCESSING

DHS follows the County Travel Expenditures Policy and Procedures and Accounts Payable Policy and Procedures.

Employees will follow the same process for submitting employee reimbursements as the Accounts Payable procedures. There is a specific voucher for employee reimbursement. The same approval process and AP entry process applies.

Employees will follow the same process for submitting employee mileage reimbursements as the Accounts Payable procedures. There is a mileage log for employee mileage reimbursement which contains the applicable IRS mileage reimbursement rate. The same approval process and AP entry process applies.

b. COUNTY PURCHASE CARD PAYMENT PROCESSING

DHS follows the County Purchase Card Policy and Procedures and the County Travel Expenditures Policy and Procedures.

Employee fills out a purchase card voucher with purchase date, vendor, description, funding source, amount and any additional relevant details and attaches the applicable receipts and backup documentation. The employee and supervisor approve the voucher and send it to **<name of office>** for processing. **<name of office>** reviews the voucher for accurate coding and information and relevant backup documents.

**<name of office>** reconciles the department purchase card transactions monthly through the **<name of bank or credit card vendor>** website and enters the appropriate coding. The monthly statement is reviewed by the **<name of position>** and approved by the **<name of approver>**. The **<name of office>** processes the payment of the county wide purchase card bill through **<name of accounting system>**. The vouchers and backup documents are scanned into **<name of document depository>** and reviewed by the **<name of office>** for purchase card compliance.

Should the County distribute a purchase or procurement card (P-card) to employees, the County Department Director must establish and maintain written department-specific P-card program policies and procedures that includes the requirements listed in 10 CCR 2505-5 1.010.9.2.c.

c. ORDERING AND PAYING FOR GOODS

DHS follows the County Purchase Card Policy and Procedures. DHS follows DHS Office Supply order procedures.

Employee makes a request to include product, price, and funding source. Supervisor approves the request and forwards it to **<name of final approver>** for processing. The **<name of final approver>** forwards the request to the **<position placing order>** who then places the order. The **<position receiving mail>** receives the mail and processes/tracks the supplies. Documentation with notes of products received is forwarded to the accounts payable **<name of position>**. The completed backup is attached to the relevant invoice and payment receipt. The above purchase card payment processing applies.

4. INTERNAL BILLING PROCESSING

DHS follows the County Internal Billing Office Policy and Procedures.

Charges for general pool County Motor Pool usage, fuel and work order expenditures for department owned vehicles are processed by **<name of department or position>**. The **<name of County department>** sends each department an internal billing statement and backup documents for the prior month’s expenses. **<name of position>** receives the invoice and mileage sheets are used to assign the appropriate general ledger coding to each expense. The **<name of position>** approves the invoice. The above accounts payable process is followed for payment.

5. JOURNAL ENTRY PROCESSING

When **<name of department or position>** needs to correct an expenditure or revenue entry the **<name of position>** fills out a DHS Journal Entry (JE) form with the appropriate coding, amounts, debit(s), credit(s) and accompanying details and attaches the backup documents. The JE is entered in **<name of accounting system>** and the corresponding documents are attached. The **<name of position>** approves in **<name of accounting system>**, the second level approval is the **<name of position>**.

6. CFMS UPLOAD PROCESS

DHS reports all expenditures to the State County Financial Management System (CFMS) via automated process using the **<name of accounting system>** reports. The **<name of accounting system>** report is copied to the Excel spreadsheet for uploading to CFMS through the State Web Application Desktop Integrator (ADI) each month.

**<name of position>** creates the process for the AP, JE, and Payroll files and reconciles the **<name of accounting system>** data. This process must be completed for the open CFMS period by the fifth business day of the following month. The **<name of position>** creates the files and is reviewed by the **<position name of approver>**. The CFMS journals are also uploaded via Web ADI and the **<name of position>** posts the journals.

7. TRUST ACCOUNTS

DHS has trust accounts for which we are listed as the representative payee for payments distributed by the Social Security Administration (SSA). These bank accounts are for Adult Protective (APS) clients and Child Welfare (CW) children.

A request is emailed to the Treasurer when a new trust account is needed, there is an account termination, employees need view access or no longer need view access to the bank account, or employees need signature access or no longer need signature access for the bank account. The Treasurer works directly with the bank for all account changes, additions, and terminations.

The **<name of positions>** are signers on the trust accounts, as well as Treasurer’s Office staff. Two signatures must be on each check. A signer cannot be a caseworker.

Representative Payee notifications and benefit update letters from the SSA are shared with **<name of department>**.

For the APS clients, the APS **<name of position>** fills out a request with the details for payment and attaches any relevant backup documents. The APS **<name of position>** is the second level approval, and the **<name of position>** is the final approval. The approved disbursement request is routed to **<name of department>** for processing.

APS clients each have their own trust account. **<name of software>** is used to manage each account. **<name of department>** enters the deposits, writes the checks, and reconciles the accounts with the bank statements. **<name of department>** has view only access to the online banking system. **<name of department>** routes the checks for dual signatures and puts the checks in the mail. **<name of department>** sets up the direct deposit connection for SSA payments.

**<name of department>** has a collective account for SSA beneficiaries for the CW children. A **<name of software>** is used to manage the beneficiary account. **<name of department>** reconciles the account with the bank statements. **<name of department>** posts the check from the SSA into the State Trails system to post against the child’s cost of care monthly. The **<name of employee>** sends the **<first level approver>** the Trails Client SSI/Cost of care report as receipt of entry.

A Journal Entry is created by **<name of position>** to record the DHS Trust Account balances in **<name of accounting system>** as SSA payments are received. The JE process outlined in this document is followed. Monthly spot checking of reconciliation is reviewed by the **<name of position>**.

Blank checks for the trust accounts are kept in a safe or locked cabinet.

8. PETTY CASH ACCOUNT

Resolution **<resolution number>** is for the DHS IMPREST Account. DHS uses **<name of accounting system>** to manage the account. Blank checks are in the safe or locked cabinet. Petty cash funds are to be used for expenditures that cannot be run through the normal Accounts Payable process. Petty cash cannot be used to loan money to or reimburse employees.

An **<name of position>** may request a petty cash check through filling out the petty cash voucher with the expense details and reason the expenditures cannot be run through the normal Accounts Payable process and attach relevant backup documents. The **<name of position>** approves the voucher, the **<name of position>** approves the voucher, and the **<name of position>** is the final approval. The approved voucher and documents are forwarded to **<name of department>** for processing. **<name of department>** writes the check and records the information in **<name of accounting system>**. **<name of department>** routes the checks for dual signatures and coordinates the check destination with the requestor.

The **<name of position>** are signers on the petty cash account, as well as Treasurer’s office staff. Two signatures must be on each check.

**<name of department>** reconciles the petty cash account monthly and emails the monthly reconciliation statement to the Treasurer and **<name of department>**.

All Petty Cash funds are recorded in **<name of accounting system>**. **<name of department>** processes an Accounts Payable voucher for the Petty Cash reimbursement and includes backup documentation. The AP procedure outlined in this document is followed. The Revenue collection batch process outlined in this document is also followed when the reimbursement check is received by **<name of department>**.

The **<name of department>** and Treasurer reconcile the cash to **<name of accounting system>**.

9. ASSETS AND INVENTORY CONTROL

DHS follows the County Capital Assets policy and procedures and County Procurement Code. Capital Assets are managed by the County Finance Department. Fixed assets are recorded in **<name of accounting system>**. Computer equipment is tracked in the County Equipment asset tracking system by **<name of position>**.

10. EMPLOYEE PAYROLL/TIMESHEETS

DHS follows the County Employee Handbook and the County Personnel Policy and Procedures.

DHS uses **<name of timekeeping system>** for electronic time reporting. Each employee is responsible for entering the amount of time worked in an 80-hour pay period. Supervisors approve employee time. Exempt employees are loaded with 80 hours a week. All employees report time off in **<name of timekeeping system>**. All employees submit their timesheets, and their supervisor approves them bi-weekly. **<name of department>** reviews the timesheets for errors. **<name of position>** also checks timesheets for accuracy. Uncommon time off codes are also spot checked for accuracy. Timesheet files are exported, and employee direct deposit payments are processed by **<name of department>**.

DHS employees who spend 100% of their time in one program are reported under a six-month certification form, signed by the Supervisor. Employees that work in more than one program area complete 100% timesheets bi-weekly, and the Supervisor signs a six-month certification form.

11. BUDGETS

DHS follows the County Budget Policy and Procedures.

DHS follows the County process for **<name of fund>** annual budget preparation. The **<name of position>** works with the **<name of department>** and **<name of position>** to complete the annual county budget process and meet specified timelines. The **<name of department>** facilitates the county budget process and submits the budget to the appropriate parties as identified in statute. The **<name of position>** presents the budget information to the Board of County Commissioners.

When budget revisions are needed a budget line-item transfer form or budget supplement form is filled out and approved by the **<name of position>**. The request is submitted to the **<name of department>** for approval.

The **<name of position>** submits all expenditures to the **<name of department>** for approval for every check/warrant run. The **<name of position>** also compiles a monthly budget and expenditure report by fund to the **<name of department>**.

**<name of position>** provides monthly **<name of accounting system>** Budget to Actual reports to the **<name of department>**. **<name of position>** sends **<name of department>** the monthly State Allocation Trackers and budget.

Once the County Board approves the department budget, the **<name of position>** submits a copy to the State Department, HCPF\_Audit@state.co.us no later than February 15 of each year.

12. SUBRECIPIENT VERSUS CONTRACTOR DETERMINATION

The department makes a case-by-case determination whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The **<name of position>** will review the following characteristics for each party to make the determination of whether an agreement between them and another non-Federal entity casts the latter as a subrecipient or a Contractor. All of the characteristics listed below may not be present in all cases, and the **<name of position>** must use judgment in classifying each agreement as a subaward or a procurement contract. The **<name of position>** will make the determination based on the characteristics listed below. Then the decision will be placed into the permanent procurement file.

Subrecipients

A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See § 75.2 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

i. Determines who is eligible to receive what Federal assistance;

ii. Has its performance measured in relation to whether objectives of a Federal program were met;

iii. Has responsibility for programmatic decision making;

iv. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and

v. In accordance with its agreement, it uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Contractors

A contract is for the purpose of obtaining goods and services for the non Federal entity’s own use and creates a procurement relationship with the contractor. See § 75.2 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

i. Provides the goods and services within normal business operations;

ii. Provides similar goods or services to many different purchasers;

iii. Normally operates in a competitive environment;

iv. Provides goods or services that are ancillary to the operation of the Federal program; and

v. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

13. FEDERAL GRANTS MANAGEMENT

Federal funds are covered by the 2 CFR 200 (also known as Uniform Guidance) Subpart E cost principles including general principles, generally allowable costs, costs that require prior written approval, and generally unallowable costs. **<name of position>** has a basic understanding of Subpart E cost principles to which the County as a grant recipient or subrecipient must adhere.

The cost principles specify the responsibilities of the non-Federal entity (NFE) which in this case is the County, in terms of administering federal funds.

(a) The NFE is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.

(b) The NFE assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

(c) The NFE, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary to assure proper and efficient administration of the Federal award.

(d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the NFE. However, the accounting practices of the NFE must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the Federal award.

For general cost principles, please see the following 2 CFR 200 guidance:

* §200.401 Application of Cost Principles
* §200.402 Composition of Costs: Total Allowable Costs
* §200.403 Factors Affecting Allowability of Costs
* §200.404 Reasonable Costs
* §200.405 Allocable Costs
* §200.412 Classification of Costs
* §200.414 Indirect Costs
* §200.407 Prior Written Approval

For generally allowable costs, please see the following 2 CFR 200 guidance:

* §200.430 Compensation - Personal Services
* §200.431 Compensation - Fringe Benefits
* §200.432 Conferences
* §200.453 Materials and Supplies Costs Including Costs of Computing Devices
* §200.459 Professional Service Costs
* §200.461 Publication and Printing Costs
* §200.474 Transportation Costs

For costs that require prior written approval, please see the following 2 CFR 200 guidance:

* §200.413(c) Salary of Administrative and Clerical Staff
* §200.438 Entertainment Costs
* §200.439 Equipment and Other Capital Expenditures
* §200.441 Fines, Penalties, Damages, and Other Settlements
* §200.447 Insurance Indemnification
* §200.454 Memberships, Subscriptions, and Professional Activity Costs
* §200.455 Organization Costs
* §200.456 Participant Costs
* §200.474 Travel Costs

For generally unallowable costs, please see the following 2 CFR 200 guidance:

* §200.423 Alcoholic Beverages
* §200.426 Bad Debts
* §200.442 Fund-raising and Investment Management Costs
* §200.444 General Costs of Government
* §200.450 Lobbying
* §200.4467 Selling and Marketing

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