

Original Approval Date: June 2, 2009

Most Recent Editorial Date: February 4, 2014

Parent Policy: [Financial Management and Practices Policy](#)

Financial Controls Self-Assessment Procedure

The Financial Controls Self-Assessment is being redeveloped and therefore will not be required for fiscal 2017. The new Financial Controls Self-Assessment will be rolled out for fiscal 2018.

Office of Administrative Responsibility:	Financial Services
Approver:	Vice-President (Finance and Administration)
Scope:	Compliance with this university policy/procedure extends to all Academic Staff and Colleagues and Support Staff as outlined and defined in Recruitment Policy (Appendix A and Appendix B).

Contact for questions about this procedure:	Senior Financial Accountant – Compliance Monitoring 780-492-1303 natalie.stedel@ualberta.ca
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Overview

The financial controls self-assessment process provides **Senior Financial Officers**, Chairs, Directors and Deans an indication of the strength of financial controls within their areas of responsibility so that remedial action can be taken to reduce the risk of fraud and error. Ultimately, this process helps to protect the reputation of the university and provides assurance that the control system can be relied upon in issuing complete and accurate financial information to sponsors, donors and the public.

When units do not properly implement financial controls, they are exposed to the risk of misappropriation of assets, fraud and/or error. Financial controls enable a unit to:

- safeguard its assets
- ensure its resources are used effectively and in compliance with legislation, other regulations and the university's financial policies and procedures; and
- demonstrate the stewardship of funds provided by a variety of stakeholders to achieve the unit's mission and meet its objectives.

Financial controls must be built into units' business processes in order to mitigate risk in a timely and appropriate manner.

The financial controls checklist ("the checklist") is a tool that is used by units to facilitate the financial controls self-assessment process. The checklist is completed online by designated staff members, on an annual basis, through a secure web site. The checklist provides units a means to:

- assess their compliance with financial controls and implement additional procedures, where required, to reduce the risk of error and fraud
- improve understanding of university Policies and Procedures (UAPPOL) related to financial administration
- stay current with UAPPOL and Guide to Financial Management (Guide)

Purpose

The purpose of this procedure is to assist units in evaluating their compliance with **key financial controls** through the financial controls self-assessment process.

The self-assessment procedure applies to all university funds including unrestricted and restricted funds.

PROCEDURE

Summary:

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[2. CHECKLIST ROLES AND RESPONSIBILITIES](#)

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Details:

1. SELF-ASSESSMENT PROCESS SCHEDULE

The following schedule indicates the approximate annual dates for the completion of the various stages of the financial controls self-assessment process:

Completion Date	Activity	Responsibility
October	Identification of units (deptIDs) for self-assessment and assignment of respondents	Senior Financial Officers (SFOs)
December	Access to online checklist available to respondents and SFOs	Financial Services (FS)
February 15	All checklists completed and <i>submitted</i> (SFOs have reviewed each checklist) (Note: No extensions granted; FS cannot proceed with review until 100% complete)	SFOs
March	Review and report checklist responses (FS must meet audit deadline)	FS
March 31	Audit deadline	FS
June	Review results and distribute within faculty/portfolio	SFOs
Within next fiscal year	Resolve financial control weaknesses	SFOs

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2. CHECKLIST ROLES AND RESPONSIBILITIES

a. Respondent

The checklist respondent is responsible for:

- i. completing the checklist for all units to which they have been assigned by the Senior Financial Officer (SFO) by the deadline specified by the SFO.
- ii. informing the SFO when the checklist is complete

b. Senior Financial Officer (SFO)

The SFO is the most senior financial administrator of the faculty/VP portfolio. The SFO plays a key role in the self-assessment process by identifying which of the department IDs (deptIDs) within the faculty/portfolio should be self-assessed, ensuring a checklist for each is completed within the required time limit and providing an action plan for any identified financial control deficiencies. The SFO reports the results of the portfolio's self-assessment to the Dean/ Vice President (VP) and others as appropriate, and ensures the effectiveness of financial controls within the faculty/portfolio. The SFO is responsible for the following:

- i. Preparation for checklist completion
 - review deptID list and identify those that are valid (i.e. deptIDs that will continue to be active through the remainder of the fiscal year)
 - identify and communicate to the Senior Financial Accountant, Compliance Monitoring any deptIDs that can be grouped together in order to complete one checklist that represents multiple deptIDs
 - assign respondent(s) for all deptIDs for which a checklist will be completed
 - inform respondents when they are to start the self-assessment process and indicate the completion deadline, allowing sufficient time for the SFO to review and submit checklists by the February 15 deadline
- ii. Checklist completion and submission
 - assist departmental respondents as required in completing the checklist
 - monitor progress of departmental checklists to ensure completion deadline is met
 - thoroughly review responses to departmental checklists including, but not limited to, ensuring responses and comments are accurate and consistent, sections that are not applicable to the unit have been omitted, and action plans with target completion dates have been provided with all "No, But Will Implement" responses
 - submit completed checklists by the February 15 deadline. If checklists have not been submitted by the deadline, Financial Services will notify the Vice President (Finance and Administration), who will send a request to the Dean or VP to ensure the checklists are submitted

iii. Reporting

- report self-assessment results to Dean or VP including any significant deficiencies in financial controls that need to be addressed and the action plans to address these
- distribute reports on self-assessment results to others in the faculty/portfolio as appropriate

iv. Ensuring effectiveness of financial control

- ensure financial controls exist and are effective in providing accurate and complete financial information and safeguarding assets
- ensure unit-specific financial controls over all processes and transaction streams are documented and kept up-to-date
- ensure staff with financial responsibilities have clearly defined responsibilities, receive appropriate training and are regularly assessed to ensure skill levels are commensurate with roles
- keep current with financial UAPPOL and the Guide
- follow up on weaknesses/non-compliance reported by respondents through the financial controls checklist and assist units with any action plans required to address the problems in a timely manner
- contact the Senior Financial Accountant, Compliance Monitoring as necessary for consultation/advice to achieve compliance with key financial controls

c. Financial Services – Financial Accounting and Reporting Unit (Senior Financial Accountant, Compliance Monitoring)

Financial Services (Financial Accounting and Reporting unit) is responsible for facilitating the self-assessment process as follows:

i. Checklist development/maintenance

- Updating online checklist and respondent access annually

ii. Checklist rollout

- provide SFOs list of deptIDs for validation and respondent identification
- notify SFOs when online checklist is available for completion
- provide support to SFOs as needed during annual checklist completion phase

iii. Assessment of checklist responses

- compile and interpret numerical data and comments from respondents

- note control weaknesses that have not been addressed through provision of action plans
- iv. Reporting
- provide analysis of results of self-assessment process for each faculty/portfolio to SFOs
 - report to central services units on results for their checklist sections, including comments received from faculties/portfolios on related UAPPOL and Guide materials
 - provide executive summaries to Vice-President (Finance and Administration), Internal Audit Services, Board Audit Committee
- v. Consultation on financial controls
- provide advice/consultation to SFOs as requested in rectifying financial control deficiencies identified through self-assessment process
- vi. UAPPOL and Guide Development
- participate in central services units development, review and update of financial UAPPOL and Guide materials to address risks related to financial transactions streams and processes that take place within faculties/portfolios
- d. Central services unit directors:

Central services unit directors are responsible for developing and updating related UAPPOL and Guide materials, updating the checklist for changes to key controls and reviewing self-assessment results.

The central services units and their areas of responsibility are as follows:

Unit	Checklist Sections
Financial Services: Financial Accounting and Reporting	Financial Administration
Financial Services: Investments & Treasury	Cash Sales, Cash Handling, External Billing
Supply Management Services	Purchasing and Payables, Travel and Expenses, Equipment Assets
Human Resource Services: Payroll Operations	Payroll

- e. Internal Audit Services
- i. perform consultative role to directors of central services units regarding assessment of risk environment
 - ii. compare self-assessment results with any internal audit findings
 - iii. may consider results of self-assessment in audit planning

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3. REVIEWING AND REPORTING CHECKLIST RESULTS

Upon completion of the checklists for all faculties/portfolios, Financial Services provides SFOs a compilation of the self-assessment results along with an analysis, if applicable, of “No, but will implement”, “No, can’t implement” and “Not applicable” responses and accompanying respondent comments. This compilation is provided in soft copy (electronic) format. A sample report can be viewed in the Guide.

When all faculty/portfolio checklists are complete and have been analyzed by Financial Services, the overall results are compiled into various reports for the central services units that contribute sections to the checklist. No specific unit is identifiable in these reports. Any common control weaknesses found among numerous campus units may result in action plans by the central services units to address the issue(s).

An executive summary identifying the overall results and university-wide trends is provided to the Vice-President (Finance and Administration), the Board Audit Committee, Internal Audit Services and any other parties as appropriate.

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DEFINITIONS

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. [▲Top](#)

Senior Financial Officer	The most senior financial administrator in a faculty or Vice-President portfolio. This individual has overall responsibility for financial transaction processing and control.
Key Financial Controls	Controls that provide assurance that the financial statements do not contain significant errors and that university assets are protected.
Respondent	The individual designated to complete the checklist for a particular unit. In some cases, the respondent may be the Senior Financial Officer for the faculty/portfolio.

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