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

## Financial Controls Self-Assessment (FCSA) Procedure

<b>Office of Administrative Responsibility:</b>	Financial Services
<b>Approver:</b>	Vice-President (Finance and Administration)
<b>Scope:</b>	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).

<b>Contact for questions about this procedure:</b>	<a href="mailto:fs.requests@ualberta.ca">fs.requests@ualberta.ca</a>
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### Overview

The university has developed and maintains a system of internal control designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. Financial controls also assist the university to:

- 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.

When financial controls are not properly implemented, the university is exposed to the risk of misappropriation of assets, fraud and/or error. The integrity of internal controls is reviewed on an ongoing basis by Internal Audit Services.

The FCSA is one component of the university's overall system of internal controls. The purpose of the FCSA is to assist faculties and central services units (referred to as **Faculty** for remainder of procedure) in assessing their compliance with university policies and procedures (UAPPOL), Guide to Financial Management (Guide) and other related website material. The FCSA is a checklist of processes with a higher risk to the institution and where the controls take place at the unit level (i.e. there are no system or central services unit controls).

The FCSA covers key decentralized controls within the checklists below:

- General
- Cash Sales and Handling
- External Billing
- Internal Purchases / Sales (GLJE User Interface)

- Procurement and Supplier Payments
- Payroll
- Equipment Assets

The FCSA applies to all university funds and does not cover the additional oversight that may be required by restricted funds (e.g. sponsor terms and conditions).

### Purpose

The purpose of this procedure is to outline the process for completion of the FCSA by faculties.

## **PROCEDURE**

### 1. ROLES AND RESPONSIBILITIES

#### **Respondent**

As identified by the SFO, the respondent is the individual responsible for key activities within a checklist. The respondent must ensure:

- checklists are completed by the deadline, and
- control deficiencies are adequately communicated to the SFO to ensure appropriate corrective action can be implemented.

#### **Senior Financial Officer (SFO)**

The SFO manages the FCSA ensuring that the appropriate respondents are assigned to each checklist, the checklists are completed on time and there are plans to address any identified financial control deficiencies. The SFO will report the results to the Dean or Vice President (VP). The SFO is responsible for the following:

##### Preparation and Completion

- send checklist links to respondent(s),
- track who they assigned to each checklist,
- assist respondents as required in completing the checklist,
- monitor completion of checklists to ensure deadline is met,
- review responses including, but not limited to, ensuring responses and comments are accurate and consistent, and action plans with target completion dates have been provided,
- complete the General checklist,
- submit *Annual Confirmation of Readiness for Year-end Financial Statement Preparation and Audit*,

##### Reporting

- report results to Dean or VP highlighting any significant deficiencies in financial controls that need to be addressed and the action plans to address these,
- retain completed checklists as stipulated in #3 below,

##### Ensuring Effectiveness of Financial Control

- ensure financial controls exist and are effective in providing accurate and complete financial information and safeguarding assets, and
- follow up on weaknesses/non-compliance reported and assist units with any action plans required to address the problems in a timely manner

**Dean**

The Dean ensures compliance with University policy and procedures. Reporting to the Dean, the Department Chair adopts policies and procedures for the Department that ensure the appropriate stewardship of all funds.

**Central Services Unit (CSU) Directors**

CSU directors are responsible for developing and updating related UAPPOL, Guide and website materials, and annually updating their checklist(s) for changes to key decentralized controls.

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

<b>Unit</b>	<b>Checklist Sections</b>
All Central Service Units	General
Financial Services: Investments & Treasury	Cash Sales & Handling, External Billing
Financial Services	Internal Purchases / Sales (GLJE User Interface)
Supply Management Services	Procurement & Supplier Payment, Equipment Assets
Human Resource Services: Payroll Operations	Payroll

**Internal Audit Services (IAS)**

IAS acts in a consultative role to Financial Reporting & Accounting and CSU directors when assessing significant risk and key controls. IAS investigates any reports of fraud or irregularity within a unit. IAS may request the FCSA results from the Faculty when performing audits.

**2. FCSA PROCESS**

The checklists are distributed annually by Financial Reporting & Accounting to SFOs for distribution to their respective respondents.

Each checklist comprises of key controls specific to the transaction stream or area of financial management. Respondents must indicate compliance with each of these controls by selecting one of the following response options:

- Yes – the control has been implemented and has been effective throughout the year.
- No – the control has not been implemented or was not effective throughout the year. An explanation is required for all “No” responses.
- Not Applicable (N/A) – the business process to which the control pertains is not applicable to the respondent/unit. For example a unit that did not hold petty cash would respond N/A to Cash Sales and Handling questions over petty cash controls.

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

<b>DATE</b>	<b>ACTIVITY</b>
December 1	Financial Reporting & Accounting will provide SFOs the links to each online checklist.
December	SFOs will distribute each checklist link to the appropriate individual(s) <ul style="list-style-type: none"> <li>• SFOs will maintain a list of the respondents for tracking</li> <li>• Checklists are distributed individually (i.e. an individual may complete a single checklist, if that is the only area they are</li> </ul>

	responsible for.)
February 15	Deadline for completion of checklists, including <i>General</i> checklist section completed by SFOs. Note: Late submissions will not be included in the SFOs faculty data provided by Financial Reporting and Accounting. A Word version of checklists is available in the Guide to Financial Management for completion by late submitters.
March 15	Financial Reporting and Accounting will distribute faculty responses to SFOs for their review.
April XX Date provided in Year-End Schedule	SFO will confirm in the <i>Annual Confirmation of Readiness for Year-end Financial Statement Preparation and Audit</i> that the FCSA was completed, reviewed and that non-compliance will be addressed.

### 3. FILING AND RETENTION

The Faculty must maintain orderly and secure copies of the completed checklists. At minimum, the two most recent fiscal year results must be available for ready access by auditors. Financial Accounting & Reporting does not retain any checklist results.

### **DEFINITIONS**

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

<b>Faculties</b>	For the purposes of this procedure faculty will be used to refer to both faculties and central service units when acting in an operational capacity for their units.
<b>Senior Financial Officer</b>	The most senior financial administrator in a faculty or Vice-President portfolio. This individual has overall responsibility for financial transaction processing and control.
<b>Key Financial Controls</b>	Controls that provide assurance that the financial statements do not contain significant errors and that university assets are protected.
<b>Respondent</b>	The individual designated to complete the checklist for a particular unit.

### **FORMS**

Should a link fail, please contact

[uappol@ualberta.ca](mailto:uappol@ualberta.ca). [[▲Top](#)]

### **RELATED LINKS**

Should a link fail, please contact [uappol@ualberta.ca](mailto:uappol@ualberta.ca). [[▲Top](#)]

[Guide to Financial Management/Financial Controls Self-Assessment](#)