

NCDA&CS Internal Audit Division Standard List of Internal Controls (SLIC)



The purpose of the internal audit function is to strengthen the North Carolina Department of Agriculture and Consumer Services' ability to create, protect, and sustain value by providing the senior management with independent, risk-based, and objective assurance, advice, insight, and foresight. This includes assisting the Department's sections and programs with identifying and providing advice on internal controls that mitigate risk to key organizational objectives.

The primary purpose of internal controls is to safeguard an organization's assets and ensure the integrity of its financial and operational processes. Internal controls function like a system of checkpoints that guide and monitor an organization's operations to reduce risks and improve outcomes.

The following is a list of internal controls for common Department processes. The list was derived in part from the Guilford County North Carolina Internal Audit Department.

A - Cash and Cash Handling

A1 - Cash Receipts and Application

Objective	Risk	Applicable Controls	Control Number
Cash receipts (post-dated checks, checks for deposit) are physically safeguarded.	Possible loss or theft of cash and postdated checks may occur.	Cash and postdated checks are kept in a locked, secure place prior to deposit.	A1-1.1.1
		Where feasible and cost justified electronic surveillance is used.	A1-1.1.2
		Access codes (e.g., lock combinations, keys) are restricted and changed as needed (e.g., when a key has been lost or combination shared).	A1-1.1.3
		Situations where cash is held overnight should be avoided; however, when necessary additional measures segregating cash from those who can access the cash should be taken (e.g., keys should not be kept with lock bags).	A1-1.1.4
Only authentic cash and near cash instruments (e.g., currency / bills, credit / debit cards) are accepted.	Possible loss of actual cash (change) and theft of goods or services.	Cash and near cash instruments (e.g., currency / bills, credit / debit cards) are reviewed for authenticity. Checks and money orders are made payable to the Department, not individuals.	A1-2.1.1
Cash receipts from all identified sources are deposited timely.	Late or inaccurate information in evaluating department accounts and/or loss or theft of cash receipts may result in inaccurate financial reporting.	Cash receipts from all identified sources are deposited timely. Department policy requires all monies received by 10am to be deposited by 2pm on the same day. All monies received after 10am will be deposited the next business day.	A1-3.1.1
		Checks are restrictively endorsed immediately upon receipt.	A1-3.1.2
Cash receipts from all identified sources are reconciled against bank deposits and/or bank statements timely.	Loss or theft of cash / near cash may not be detected in a timely manner.	Cash and near cash deposits from all sources are reconciled against deposits and bank statements.	A1-4.1.1
		Cash and near cash remittances that do not agree to amounts owed to the Department are suspended and investigated.	A1-4.1.2
		Unidentified cash remittances are immediately returned to the payers or deposited into a suspense account for further research.	
All cash has an accountable steward.	Multiple stewards of cash may result in inadequate safeguarding and subsequent loss of the cash.	Cash assigned to an employee (e.g., cash drawer) is counted and the employee acknowledges accountability for the cash	A1-5.1.1
		All cash is counted and then returned by the employee to supervision, who acknowledges receipt of the cash.	A1-5.1.2
		Cash logs should be maintained per Records Retention policies.	

A - Cash and Cash Handling

A1 - Cash Receipts and Application

What (Objective)	Why (Risk or Exposure)	How (Applicable Controls)	Control Number
Cash receipts are recorded completely and accurately. Cash sources include product sales, accounts receivable collections, asset sales, discard sales, interdepartment transfers, and any other sources. Payment types include cash, check, Automated Clearing House (ACH), wire transfer, credit cards, and autoscribe (payment processing.)	Cash receipts may not be recorded when received and cash amounts deposited may not equal cash receipts recorded.	All cash deposits are promptly recorded in the general ledger / applied to the correct account (payer) when received and a reconciliation is made daily of all cash deposits to the general ledger.	A1-6.1.1
		All transactions (includes sales, refunds and voids) are recorded and valid documents (e.g., receipts) given.	A1-6.1.2
		Payment advice types and/or cash application programs are configured for all types of incoming payments to facilitate matching of receipts to customer accounts.	A1-6.1.3
		Unapplied cash receipts are reviewed and cleared timely.	A1-6.1.4
		Bank accounts related to cash, near cash and accounts receivable activity are reconciled to the general ledger monthly.	A1-6.1.5
		Cash losses / shortages are promptly identified and reported to: - Department Management - Budget & Finance - Internal Audit - Law Enforcement	A1-6.1.6
	Credit card information may be compromised manually or electronically.	Payment Card Industry ("PCI") standards are monitored and followed.	A1-6.2.1
Refer to PCI Standards for applicable internal risks and controls.			
Petty cash funds are safeguarded, used only for approved purposes; proper approval and documentation are kept.	Petty cash is not used for Department purposes and/or misappropriated.	Petty cash funds are assigned to one individual. Funds are only disbursed upon proper approval with only proper documentation. Funds and receipts are kept, and replenishment / reconciliation is performed as needed, but at least annually.	A1-7.1.1
Lock box systems and records are appropriately safeguarded.	Loss or unauthorized changes may occur and go undetected.	Access to lock box systems and records is appropriately restricted and is reviewed, at least annually, by management.	A1-8.1.1
Records (e.g., receipts, deposits, bank statements, reconciliations) are safeguarded and maintained per Record Retention policies.	Records to are not maintained; transaction and custody evidence is lost.	Records (e.g., receipts, deposits, bank statements, reconciliations) are reviewed at least annually for safeguarding and maintenance per State and Department Record Retention policies.	A1-9.1.1

A - Cash and Cash Handling

A1 - Cash Receipts and Application

Objective	Risk	Applicable Controls	Control Number
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	<p>Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit for more information.</p> <p>The following duties segregated among at least two individuals:</p> <ul style="list-style-type: none">- Authorize cash receipts- Record cash receipts- Deposit cash receipts- Reconcile cash receipts	A1-10.1.1

B - Procurement

B1 - Purchasing

Objective	Risk	Applicable Controls	Control Number
All purchasing transactions have legitimate business need or purpose, are recorded accurately and are properly authorized in accordance with applicable authority limitations.	<p>Goods or services may be acquired in excess of business need or for unauthorized or personal use.</p> <p>Commitment of funds to suppliers may not be properly approved or reflected and may result in inaccurate financial reporting.</p> <p>Loss of objectivity in vendor selection may result in increased cost to the Department.</p>	<p>Purchasing transactions (e.g., contracts, POs, requisitions and Purchase Cards (P-Cards)) are approved by persons with the appropriate cost / capital approval in accordance with Department policy.</p> <p>Transactions should not be split to bypass higher level of review or authorization.</p>	B1-1.1.1
		Purchases are executed (placing the order with a vendor / supplier) by individuals with proper execution authority.	B1-1.1.2
		Purchasing transactions (e.g., contracts, POs, requisitions and Purchase Cards (P-Cards)) are verified for completeness and accuracy in accordance with Department policies.	B1-1.1.3
		Supplier rebates are clearly documented to identify volume, dollars and frequency. Volumes are monitored. Rebates are correctly reflected in the financial statements and are collected when due.	B1-1.1.4
		Purchasing transactions (e.g., contracts, POs, requisitions and Purchase Cards (P-Cards)) that have not had activity in the past year are reviewed to ensure they are still valid.	B1-1.1.5
		Guidance is in place to minimize purchase orders or equivalent from being created for products or services already covered by an agreement.	B1-1.1.6
		Where applicable, purchasing transactions (e.g., contracts, POs, and requisitions) are reviewed for embedded financial derivatives, leases (including capital vs. operating), and guarantees prior to execution. Relevant information is communicated appropriately.	B1-1.1.7
		Purchase Order Change orders are clearly documented to avoid duplicate orders; change orders are properly approved.	B1-1.1.8

B - Procurement

B1 - Purchasing

Objective	Risk	Applicable Controls	Control Number
Purchasing information records held in the system are current.	<p>Purchase contracts / agreements and information records that are not regularly maintained may result in:</p> <ul style="list-style-type: none"> - purchases from suppliers other than the optimal vendor - purchases based on inaccurate/ outdated information - the Department's interests may not be adequately protected in terms of price, indemnification, quality standards, and audit rights. <p>These risks may result in financial loss and/or inaccurate financial statements.</p>	Buyers (Departmental and/or Purchasing) review and maintain agreements in accordance with Department policy to ensure they are accurate and current. Expiring contracts / agreements are identified and communicated as appropriate.	B1-2.1.1
		When Department policy requires a formal contract, properly approved standard contract templates are used whenever possible. Deviations from the standard contract templates are approved by General Counsel prior to authorization.	B1-2.1.2
		Unpriced purchase orders (i.e., orders where no unit prices are documented) are monitored in accordance with Department policy.	B1-2.1.3
		Emergency orders and requisitions confirming these orders are avoided where possible and used in accordance with Department policy. There is a review of emergency order trends.	B1-2.1.4
The vendor master file reflects vendors that have been approved to do business with the Department. Vendor master file additions, deletions, and modifications are completed accurately by authorized personnel.	Fictitious or duplicate vendors may be created. Inefficient use of resources may be caused by duplicate vendors.	Vendor master data files are maintained for accuracy and completeness by authorized users.	B1-3.1.1
		There is a warning / blocking mechanism in place to prevent duplicate vendor information. A review and clean-up of the vendor master file for duplicate vendors and inactive vendors is performed in accordance with Department policy.	B1-3.1.2
		Vendors / Suppliers are only set up within Purchasing Systems if a valid IRS Tax Identification Number (TIN) and/or Social Security (SSN) exists (via a verified W-9 form) prior to set up.	B1-3.1.3
Procurement systems and records are appropriately safeguarded.	Financial loss or unauthorized changes may go undetected.	Access to procurement systems and vendor master data is appropriately restricted and is reviewed at least annually by management. Key areas such as vendor set-up, access to update address and access to update routing info, etc. are thoroughly reviewed.	B1-4.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	B1-5.1.1

B - Procurement

B1 - Purchasing

Objective	Risk	Applicable Controls	Control Number
All goods and services are obtained using the most appropriate procurement strategy that includes, e.g., consideration of supplier financial risk, total procurement and life cycle costs (cost is not limited to price) and vendor performance.	Use of an inappropriate procurement strategy to acquire goods or services may expose the Department to financial losses or result in lost opportunities to leverage volume purchases, obtain favorable agreements, and receive other benefits for the Department.	Vendors are selected according to the most appropriate procurement strategy. This may include leveraging the Department's large volume of purchases.	B1-6.1.1
		Minority and Historically Underutilized Businesses (HUB) guidance and regulations are followed and documented.	B1-6.1.2
		Appropriate metrics are established and used to properly monitor vendor performance (i.e., actual performance meets quality, cost, and service expectations).	B1-6.1.3
		Sole sources of supply are avoided whenever possible to reduce dependence on one supplier. If sole sources of supply are used for essential materials or services, operational management is notified. Justification for sole source of supply and evidence of notification are documented and maintained.	B1-6.1.4
Procurement cards (P-Cards) and self-approved purchases are in compliance with Department policy including proper documentation, approval and accounting.	Individuals may be reimbursed for illegitimate expenses and/or expenses may not be reflected properly in the Financial Statements.	Procurement cards (P-Cards) are granted by an authorized individual based on Department business need.	B1-7.1.1
		Procurement cards (P-Cards) are used in accordance with Department policy and supporting documentation is maintained by the cardholder to support the purchase.	B1-7.1.2
		Procurement charges are reviewed and approved after the fact by line supervisors.	B1-7.1.3
		Self-approved purchases are monitored by the employee's functional supervision to ensure the expense was reasonable and a valid Department expense.	B1-7.1.4
		Procurement Card (P-Card) transaction limits are established per transaction and per month on individual procurement cards.	B1-7.1.5
	Transactions may become stale resulting in an inability to correct errors or recoup invalid charges.	Procurement Card (P-Card) transactions are submitted to approver timely; approvers process transactions timely.	B1-7.2.1

B - Procurement

B1 - Purchasing

Objective	Risk	Applicable Controls	Control Number
Contracts are bid in accordance with State and Department guidelines - bids are solicited, reviewed and the most responsive, responsible bidder is selected.	Department overpays for goods or services.	Types of monitoring and enforcement methods calculate accordingly (e.g., not to exceed, encumbrance, etc.)	B1-8.1.1
	Contracts are not accounted for in accordance with State requirements.		
	Bid fraud occurs and the most responsive, responsible bidder is not selected.	Sealed Bids are not opened until date, time and those in attendance are appropriate.	B1-8.1.2

B - Procurement

B2 - Contract Administration

Objective	Risk	Applicable Controls	Control Number
<p>All service contracts are properly administered to ensure services are received as intended and expenditures are controlled.</p> <p>For contracts where financial verification is performed by a site contract administrator, conformance to contract terms is verified.</p>	<p>Services may be received but not reported, or reported incorrectly, resulting in unrecorded liabilities, inaccurate inventories, over/under payments, and inaccurate capitalization and/or expense.</p> <p>Non-conformance to contract terms (prices, quantity, delivery) may go undetected.</p>	<p>Contract administrators are trained and appointed for each contract and are maintained throughout the life of the contract. (This includes understanding, communicating and enabling utilization of applicable warranties, service agreements, etc. for purchase.)</p> <p>Where multiple departments utilize the same contract, one department is designated as the contract owner and is responsible for all internal controls surrounding the contract.</p>	B2-1.1.1
		<p>Receipt of service verification is performed in accordance with Department policy.</p>	B2-1.1.2
		<p>Any alterations to executed agreements (including releases and requisitions) are processed in accordance with Department policy.</p>	B2-1.1.3
		<p>When financial verification (match price billed to the current contract terms) and receipt of service are performed by the contract administrator, the contract administrator specifies that they have confirmed price and receipt of service when approving / authorizing the invoice for payment.</p>	B2-1.1.4
<p>All purchases have been authorized by procurement.</p>	<p>Unauthorized purchases may be made.</p>	<p>At the time of the contract or purchase order, Budget & Finance ensures there is an appropriation authorizing the obligation in the budget ordinance.</p>	B2-2.1.1
<p>All purchases have a sufficient unencumbered balance.</p>	<p>Sufficient funds to pay for purchases may not exist; purchases cannot be paid for.</p> <p>Failure to comply with NC State encumbrance / encumbrance check requirement.</p>	<p>At the time of the contract or purchase order, Budget & Finance ensures there is a sufficient unencumbered balance for the obligation created by the contract. See I2-5.1.3.</p>	B2-3.1.1
<p>Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.</p>	<p>Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities and/or improper and undetected use of funds or modification of data.</p>	<p>Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.</p>	B2-4.1.1

B - Procurement

B3 - Receiving

Objective	Risk	Applicable Controls	Control Number
Appropriate receiving documentation is maintained or monitored to facilitate verification of vendor invoice accuracy.	Items may be received but not reported, or reported inaccurately, resulting in unrecorded liabilities, inaccurate inventories, and over/under/late payments.	Upon receipt of a product, appropriate receiving documentation is prepared and maintained, and appropriate information is entered into payment systems timely.	B3-1.1.1
		Receiving notifications via third-party electronic data interchange (when Supplier books receipt directly into Department system) are monitored in accordance with Department policy to ensure accurate and complete entries in the appropriate systems.	B3-1.1.2
		Appropriate procedures are in place to ensure that differences detected by the receiving personnel above established tolerances are investigated and actioned in a timely manner. Materials are promptly inspected to ensure the items are proper, meet product specifications, are not damaged and are appropriately physically delivered to the designated person or area (usually the requisitioner).	B3-1.1.3
		Claims to vendors or carriers are made when cost-justified so that related credits are promptly received for returned materials.	B3-1.1.4
	Vendor disputes or litigation may arise due to improper documentation of receipt of goods or services.	Where bulk raw material is received (e.g., truck, tank, rail car, barge, or pipeline), quantities are adequately verified and accounted for in a timely manner. Any difference with a carrier bill of lading in excess of predefined and approved tolerance limits is promptly investigated and corrected.	B3-1.2.1
		Material received on the basis of concentration or percentage is analyzed.	B3-1.2.2
		Accuracy of meters, gauges, scales, etc. used to validate receipt of materials is verified annually at a minimum. Verification results are kept on file.	B3-1.2.3
Returned goods are sent back to the vendor in a timely manner; credits are sought if payment has been made. Proper approval, recording, and follow-up of returned items is made.	Credit is not received for returned goods. Goods to be returned are not processed and returned.	Returned goods are sent back to the vendor in a timely manner; credits are sought if payment has been made. Proper approval, recording, and follow-up of returned items is made.	B3-2.1.1

B - Procurement

B3 - Receiving

Objective	Risk	Applicable Controls	Control Number
Receiving systems and records are appropriately safeguarded.	Financial loss or unauthorized changes may go undetected.	Access to receiving transactions is appropriately restricted and is reviewed by management at least annually.	B3-3.1.1
		Physical access to the receiving area (e.g., stores, warehouses, docks and tables) is restricted.	B3-3.1.2
		Incoming goods are secured and safeguarded during the receiving process, particularly in the case of valuable goods.	B3-3.1.3
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	B3-4.1.1

B - Procurement

B4 - Payment Verification

Objective	Risk	Applicable Controls	Control Number
If an invoice is submitted, it is verified for accuracy and completeness.	Invoices may be paid incorrectly.	Invoices are financially verified in accordance with Department policy on invoice verification. Invoice information (e.g., item / service, quantity, cost, terms, etc.) are compared to the purchase instrument (purchase order, contract, etc.). The approver signs and dates (or otherwise) approves the invoice for payment.	B4-1.1.1
		Determine if sales taxes are being assigned correctly.	B4-1.1.2
		Invoices are individually reviewed and approved for payment (no mass approvals nor "Rubber stamp" transactions).	B4-1.1.3
Payments are made only for goods and or services that have been received.	Payment may be made for goods or services never received.	No advance payments are made.	B4-2.1.1
Travel expense reports are in compliance with Department policy including proper documentation, approval and accounting.	Individuals may be reimbursed for illegitimate expenses and/or expenses may not be reflected properly in the Financial Statements.	Expense reports are prepared in compliance with Department's travel and entertainment policies and are submitted and approved timely.	B4-3.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	B4-4.1.1

B - Procurement

B5 - Disbursement

Objective	Risk	Applicable Controls	Control Number
Controls are in place to ensure disbursements are properly approved, adequate supporting documentation exists, and payments are recorded accurately.	Disbursements may be unauthorized, recorded for the wrong amount, recorded in the wrong period, or made for goods and services not received.	All disbursements are supported by appropriate documentation. Disbursements are properly and accurately recorded in the accounting records during the period in which the payment was made.	B5-1.1.1
		Supporting documents (e.g., purchase orders, receiving reports, original invoices, etc.) are effectively cancelled after payment to prevent accidental or intentional reuse and sufficient electronic records are maintained to preclude reuse or duplicate payment.	B5-1.1.2
		If a disbursement is made without a supporting purchase order, the disbursement must be properly approved in accordance with applicable authorization limits.	B5-1.1.3
		Returned vendor checks are investigated and the reason for return is documented.	B5-1.1.4
		Bank accounts relating to disbursement activity are reconciled to the general ledger timely.	B5-1.1.5
		Stop payments required on checks or Electronic Funds Transfers (EFTs) are properly authorized and then transacted in accordance with bank instructions.	B5-1.1.6
		All checks have dual signatures, or the Board of Commissioners has documented acceptance of one signature.	B5-1.1.7
Only properly authorized personnel can generate manual payments (manual/non-system controlled or non-automated payments).	Inappropriate manual payments may be generated without authorization.	The ability to generate manual payments is restricted.	B5-2.1.1 & G1-6.1.1
		Manual disbursement activity is monitored and controlled by management to ensure there is proper cost authority approval and adequate supporting documentation.	B5-2.1.2 & G1-6.1.2
		Blank and printed checks and check-stock are safeguarded from destruction or unauthorized use. Signature plates, where used, are safeguarded. All checks are issued numerically and accounted for on a periodic basis.	B5-2.1.3 & G1-6.1.3
Accounts payable balances are accurate and complete.	Financial statements, records, and operating reports may be inaccurate. Critical decisions may be based upon erroneous information.	The Accounts Payable subsidiary data balances and all supporting records are reconciled to the general ledger.	B5-3.1.1

B - Procurement

B5 - Disbursement

Objective	Risk	Applicable Controls	Control Number
Disbursements (e.g., checks, wire transfers, electronic funds transfers, etc.) are properly approved by appropriate individuals and adequately safeguarded.	Improper verification of account transfers may lead to misappropriation of Department funds, duplicate transfers, or transfers to the wrong bank	Electronic disbursement (wire or electronic funds transfer) totals are compared with approved payment totals prior to the release of funds.	B5-4.1.1
		Access to perform payment processing is restricted (electronic system and physical).	B5-4.1.2
Disbursements (e.g., checks, wire transfers, electronic funds transfers, etc.) are properly approved by appropriate individuals and adequately safeguarded.	Checks or signature plates may be misused to the detriment of the Department.	Checks are not: 1) made payable to cash or bearer, and 2) signed or approved if blank (approved before vendor / carrier information, dollar amount, date, etc. is filled in). Spoiled, voided, and cancelled checks have the signature portion removed and destroyed, are filed, accounted for, and protected.	B5-5.1.1
		All preprinted checks are pre-numbered, or automatically numbered as the system generates them, issued numerically, and accounted for on a periodic basis.	B5-5.1.2
		Blank and printed checks / check-stock are safeguarded from destruction or unauthorized use. Signature plates, where used, are safeguarded. All checks are issued numerically and accounted for on a periodic basis.	B5-5.1.3
Disbursement systems and records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.	Access to disbursement systems is appropriately restricted and is reviewed by management at least annually.	B5-6.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	B5-7.1.1

C - Customer Service

C1 - Customer Service Improvement

Objective	Risk	Applicable Controls	Control Number
Processes are periodically reviewed for improvement and standardization opportunities.	Processes are performed inefficiently or ineffectively, resulting in excessive costs (e.g., rework) and customer complaints.	Processes and techniques to improve productivity are evaluated for implementation and are standardized to the extent practicable.	C1-1.1.1
		Quality assurance procedures are integrated into the process. Quality checks are performed to ensure compliance with quality control standards set by the department or area.	C1-1.1.2
Customer service metrics are established and monitored by management.	Production may be performed inefficiently or ineffectively, resulting in excessive costs and customer complaints.	Customer service (performance) metrics are monitored and reviewed by management.	C1-2.1.1
	Quality problems may not be discovered or appropriately reported and result in inefficiencies and/or inaccuracies.	A root cause analysis is performed of customer quality related returns and complaints.	C1-2.1.2

D - Inventory Assets

D1 - All Asset Types

Objective	Risk	Applicable Controls	Control Number
All assets subject to inventory requirements are identified.	Department-owned Inventory may be stolen or accidentally discarded.	Management conducts a periodical physical inspection for unidentified assets.	D1-1.1.1
All inventorial items are clearly marked (as appropriate).	Department-owned Inventory may be stolen or accidentally discarded.	Management conducts a periodical physical inspection of assets to ensure proper marking.	D1-2.1.1
Records of inventories are complete and accurate.	Department financial statements and other management reports may be inaccurate.	Management periodically reviews lists of assets for completeness and accuracy.	D1-3.1.1
Material transfers are properly authorized.	Inappropriate materials and/or quantities may be transferred without an authorized requisition or work order.	Transfer of inventory items (location and/or ownership) are properly authorized before the transfer. Movements are recorded properly to reflect the physical location and ownership.	D1-4.1.1
Inventory changes (i.e., quantities and descriptions) are reviewed and approved.	Inventory items may be misused and/or misappropriated.	Only authorized users have the ability to change inventory values (quantities and descriptions); all additions, deletions and changes are reviewed and approved by Management.	D1-5.1.1
Inventory balances are accurate and correctly valued (physical verification of inventories and related account reconciliations are performed).	Physical inventory counts may be inaccurate, improperly recorded, or neglected; inventory records may not accurately reflect the existing inventory balances.	Accurate and complete inventories are taken at all Department and non-Department locations at prescribed frequencies in accordance with the Department's policies (e.g., Physical Inventory Guidelines).	D1-6.1.1
		Quantities determined by physical count are reconciled to the perpetual records; significant variances are fully investigated and root causes identified.	D1-6.1.2
		Cycle counts are the preferred method used for inventory counts.	D1-6.1.3
	Inventory balances could be misstated, resulting in inaccurate financial reporting.	Adjusting entries resulting from the physical inventory are properly documented, authorized, and recorded.	D1-6.2.1
Inventory is valued correctly.	The value of inventory may be misstated.	Inventories are reviewed for valuation (i.e., the inventory's value is at the lower of cost or market value).	D1-7.1.1
Theft sensitive items are identified and secured.	Theft sensitive items are misappropriated.	Theft sensitive items are identified and where needed additional security and inventory procedures are put in place.	D1-8.1.1

D - Inventory Assets

D1 - All Asset Types

Objective	Risk	Applicable Controls	Control Number
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	D1-9.1.1

D - Inventory Assets

D2 - Disposal / Sale of Assets

Objective	Risk	Applicable Controls	Control Number
Surplus, obsolete, off-spec, and damaged inventory are identified and monitored on a regular basis and disposed of and written-off in accordance with Department policy.	Failure to properly account for surplus, obsolete and damaged inventory may result in an overstatement of the inventory balance.	Surplus, obsolete and off-spec inventory are identified in a timely manner, including review of damaged or slow-moving inventory for potential obsolescence.	D2-1.1.1
		Obsolete materials are written down or off in accordance with Department guidelines for obsolete and discontinued inventory. Valuation of obsolete/ discontinued and off-spec materials is reviewed periodically.	D2-1.1.2
		Damaged and obsolete inventory is identified and segregated when possible.	D2-1.1.3
		Disposition (i.e., alternate use/markets) of damaged and obsolete materials is completed in accordance with Department policy.	D2-1.1.4
Disposal / sale of assets are authorized.	Items may be disposed of or sold that have continued value to the Department; items may be sent for disposal for the sole purpose of theft.	All asset disposals / sales and are authorized for disposal / sale per Department guidelines.	D2-2.1.1
		All asset disposals / sales follow the same approved process (e.g., 'govdeals').	D2-2.1.2
For all asset disposals / sales no favoritism is given to any potential buyer (e.g., Department employee).	Value received may be less than market value.	All disposals and sales are done at arm's length, meaning all potential buyers are treated the same. Sale information is made available to all potential buyers equally.	D2-3.1.1
All protected Department information (e.g., computer hard drives, printed lists, desk drawers) is removed from the asset prior to sale.	Department information may be inadvertently disclosed and/or lost.	All assets (e.g., computer hard drives, printed lists, desk drawers) are checked for protected information before disposal or sale.	D2-4.1.1
Disposal items clearly indicate the Department accepts no liability for the use or further disposal of the item.	The Department may be liable for damages or further disposal expenses.	Legal disclaimers accompany all asset disposals and sales.	D2-5.1.1

D - Inventory Assets

D3 - Consumable / Small Dollar Assets

Objective	Risk	Applicable Controls	Control Number
Inventory plans reflect business strategies; inventory and related holding costs are minimized in conjunction with meeting supply, customer service and logistics requirements.	Unplanned inventories may tie up working capital and cause increased storage costs and/or obsolescence.	Inventory amounts and order points are periodically reviewed; unplanned inventories are closely monitored to avoid or minimize their impact.	D3-1.1.1
Inventory storage locations are secure and optimized for availability, cost and risk.	Inventory may not be stored in a secure location which may not maximize availability, minimize costs and minimize inventory risk.	Inventory layout and storage locations are analyzed and reviewed to ensure they are optimized for availability, cost and risk.	D3-2.1.1
	Inventory may not be stored in a secure location which maximizes availability, minimizes costs and minimizes inventory risk.	Consignment inventory is accounted for and stored in accordance with the consignment agreement.	D3-2.1.2
	Inventory may not be stored in a secure location which maximizes availability, minimizes costs and minimizes inventory risk.	Storeroom inventory is adequately secured, with consideration given to the risk of loss particular to the asset being protected (e.g., theft-sensitive items such as electronics).	D3-2.1.3
Inventory systems and records are appropriately safeguarded.	Loss or unauthorized changes may go undetected.	Access to inventory control systems (and/or logs) is appropriately restricted and is reviewed at least annually by management.	D3-3.1.1
Inventory is valued correctly.	The value of inventory may be misstated.	All perpetual inventory balances reconcile and support the financial records.	D3-4.1.1

E - Fixed Assets

E1 - Assets Under Construction and Project Accounting

Objective	Risk	Applicable Controls	Control Number
Capital expenditure proposals are prepared, documented, evaluated, authorized and maintained in accordance with Department policy and consistent with business objectives.	Capital expenditures may not be properly authorized and result in cash outflows that are not necessary or in line with the strategic plan of the business.	All elements of capital expenditure proposals are documented in accordance with Department policy governing capital authorization and are based on relevant and reasonably reliable information.	E1-1.1.1
		Capital expenditure proposals are reviewed and properly authorized prior to the commencement of any work and are assigned a unique identification number.	E1-1.1.2
		Supplemental authorizations are obtained in accordance with Department policy when costs are expected to exceed original authorized project/work order amounts.	E1-1.1.3
Capital expenditures are properly documented and classified, correctly recorded and accumulated in sufficient detail, including segregation between cost and capital, in accordance with acceptable accounting principles, applicable tax laws and Department policy.	Project costs may not be recorded correctly, which may lead to disallowance of claimed expenses, misstated Department assets and depreciation expense, and distorted financial analysis.	Costs incurred are recorded in the appropriate project / work order / account.	E1-2.1.1
		Costs in support of capital decisions are reviewed and accounted for in accordance with Department policy on capitalization vs. expense.	E1-2.1.2
		Leases are reviewed to distinguish between capital and operating leases (see also GASBs 87 & 96).	E1-2.1.3
		Project cost reports are compared to authorized budgets and any significant variations are appropriately followed up.	E1-2.1.4
		Open construction detail records support balances reflected in the general ledger.	E1-2.1.5
		Closing report detail to be capitalized for each project is appropriately reviewed and recorded.	E1-2.1.6
	Capitalized interest may not be accounted for in accordance with Department policy.	Projects qualifying for capitalized interest are accurately identified to ensure capitalized interest is correctly recorded.	E1-2.2.1
		Capitalized interest is reviewed at least annually for reasonableness.	E1-2.2.2

E - Fixed Assets

E1 - Assets Under Construction and Project Accounting

Objective	Risk	Applicable Controls	Control Number
Assets ready for use are capitalized in a timely manner.	Depreciation may not be calculated on ready-for-use assets.	Open construction projects / work orders / accounts are reviewed to ensure timely capitalization of ready-for-use assets.	E1-3.1.1
		Inactive or abandoned projects / work orders / accounts are monitored and properly closed.	E1-3.1.2
Construction project system and records are appropriately safeguarded.	Loss or unauthorized changes could go undetected.	Access to construction project systems and records is appropriately restricted and is reviewed at least annually by management.	E1-4.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	E1-5.1.1

E - Fixed Assets

E2 - Fixed Asset Accounting

Objective	Risk	Applicable Controls	Control Number
Fixed assets are classified and recorded in accordance with acceptable accounting principles and applicable tax laws.	Fixed assets may not be properly reflected and may result in inaccurate financial reporting.	New assets, including those acquired through a business or technology acquisition, and those acquired by capital lease, are entered into the fixed asset accounting system according to Department policy, GAAP/GAS and tax laws to ensure proper set-up such as useful life, dollar threshold and asset classification.	E2-1.1.1
		Fixed asset transactions, including replacing, acquiring, constructing, retiring, etc. are approved by appropriate levels of management.	E2-1.1.2
		All fixed asset transactions are recorded accurately and in a timely manner, including ensuring all transactions requested were processed.	E2-1.1.3
		Management reviews and evaluates depreciation methods, asset classifications, and useful lives as necessary (e.g., changes in business plans, market conditions, etc.).	E2-1.1.4
All long-lived assets are verified for existence and properly valued.	Fair value declines may not be properly identified, valued, and recorded.	Property, Plant & Equipment (PP&E) are reviewed / tested for impairment per the applicable accounting rules and guidelines for each asset category.	E2-2.1.1
Fixed assets are properly depreciated in accordance with Department policy and acceptable accounting principles.	Depreciation expense may not be recorded on related asset(s) or may be recorded/calculated incorrectly.	The fixed asset accounting system is configured to calculate depreciation on assets correctly and configuration is reviewed.	E2-3.1.1
		Depreciation expense is reviewed for reasonableness versus prior period and budget at least annually.	E2-3.1.2
Fixed asset detail accounting records accurately reflect the Department's investment fixed assets.	Fixed asset detail accounting records may not accurately reflect the Department's investment in Property, Plant & Equipment (PP&E).	Fixed asset subsidiary data balances and all supporting schedules are balanced to the general ledger.	E2-4.1.1
Fixed asset accounting systems and records are appropriately safeguarded.	Loss or unauthorized changes may go undetected.	Access to fixed asset accounting systems and records is appropriately restricted and is reviewed at least annually by management .	E2-5.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	E2-6.1.1

E - Fixed Assets

E3 - Fixed Asset Movements and Disposals

Objective	Risk	Applicable Controls	Control Number
The Department's fixed asset records reflect actual assets in use.	Retired, sold, transferred, or reclassified fixed assets may not be properly reflected, resulting in inaccurate financial reporting.	Asset utilization is reviewed at least annually.	E3-1.1.1
		Fixed asset disposal and transfer authorization forms are approved and provided to the appropriate individual.	E3-1.1.2
		Assets, for which no use within the Department is foreseen, are promptly dismantled, sold or otherwise disposed of or classified as non-operating or abandoned in place, after obtaining management approval.	E3-1.1.3
The total cost of all Department assets, which are replaced and/or physically removed from service, are properly removed from the Department's financial records and any remaining depreciation is expensed.	Fixed asset account balances could be misstated resulting in inaccurate financial reporting.	Existing assets are written off accurately and timely if they are deemed to be non-operating or abandoned in place, replaced, removed or disposed of and with management approval.	E3-2.1.1

E - Fixed Assets

E4 - Physical Verification

Objective	Risk	Applicable Controls	Control Number
A process for physical verification of assets is established and monitored in accordance with Department policy to ensure fixed asset records are complete and accurate.	The detailed fixed asset system records may not accurately reflect the existing physical assets.	A physical verification of assets is performed in accordance with Department policy.	E4-1.1.1
		Reconciliation is performed comparing results of physical verification to the fixed asset accounting system records; resulting financial adjusting entries are properly authorized and recorded in a timely manner in accordance with Department policy.	E4-1.1.2
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	E4-2.1.1

F - Human Resources, Compensation & Benefits

F1 - Personnel Access and Confidentiality

Objective	Risk	Applicable Controls	Control Number
Confidentiality of human resource information is maintained.	Confidential employee and/or applicant information may be disclosed, possibly resulting in violation of employment laws, potential litigation and other possible liabilities.	Access to employee and applicant records is restricted to authorized individuals; access is reviewed at least annually.	F1-1.1.1
		The frequency with which authorized personnel access human resource records is monitored.	F1-1.1.2
	Employee records are not maintained per State requirements and vital employee information is discarded and no longer available.	All employee records are maintained in accordance with State record retention requirements.	F1-1.2.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions, and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper or undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	F1-2.1.1

F - Human Resources, Compensation & Benefits

F2 - Personnel and Payroll Processing

Objective	Risk	Applicable Controls	Control Number
Each employee and applicant data record is unique.	Employees and applicants may have the same name, which may result in personnel master data changes being made to the wrong file or confidential information being inadvertently disclosed.	Unique identification numbers are assigned to each applicant and/or employee.	F2-1.1.1
Job applicants are suited to the position.	Over or under qualified candidates may be hired.	Adequate job descriptions and hiring criteria are maintained and candidates' qualifications are compared with the job requirements.	F2-2.1.1
		Uniform criteria should be used when classifying jobs and assigning titles.	F2-2.1.2
		Background checks and other means are used to identify and screen applicants for employment.	F2-2.1.3
	Lack of appropriate consideration of internal candidates may not allow for development of existing employees.	Postings for internal and external job positions are approved in accordance with Department policy.	F2-2.2.1
	Employees previously terminated for ethical violations, poor performance, or other disciplinary actions may be re-hired.	Personnel files are reviewed prior to rehiring a former employee to ensure that prior work record warrants consideration of the employee for the position.	F2-2.3.1

F - Human Resources, Compensation & Benefits

F2 - Personnel and Payroll Processing

Objective	Risk	Applicable Controls	Control Number
Employees receive key work-related information.	New employees do not receive sufficient / consistent information on key work-related information.	<p>When the employee commences employment, he/she is supplied with the following particulars:</p> <ul style="list-style-type: none"> - employer's full name and address; - the name and occupation of the employee, or a brief description of the work for which the employee is employed; - the place of work, and, where the employee is required or permitted to work at various places; - the date on which the employment began; - the employee's ordinary hours of work and days of work; - the employee's wage or the rate and method of calculating wages; - the rate of pay for overtime work; - any other cash payments that the employee is entitled to; - any payment in kind that the employee is entitled to and the value of the payment in kind; - how frequently remuneration will be paid; - any deductions to be made from the employee's remuneration; - the leave to which the employee is entitled; - the period of notice required to terminate employment, or if employment is for a specified period, the date when employment is to terminate; - a description of any council or sectoral determination (Wage Determination) which covers the Department; - the period of notice required to terminate employment, or if employment is for a specified period, the date when employment is to terminate; - a list of any other documents that form part of the contract of employment, indicating a place that is reasonably accessible to the employee where a copy of each may be obtained. 	F2-3.1.1
		When any term or condition of employment of an employee changes, the written particulars are updated to reflect the change; employees are supplied with a copy of the document reflecting the change.	F2-3.1.2
		When an employee is not able to understand the written particulars, the information is explained to the employee in a language and in a manner that the employee understands.	F2-3.1.3

F - Human Resources, Compensation & Benefits

F2 - Personnel and Payroll Processing

Objective	Risk	Applicable Controls	Control Number
Hiring, promotion, transfer, and termination practices adhere to Department policies and comply with applicable laws and regulations.	Laws and governmental regulations may be violated, resulting in fines, penalties, lawsuits, or other liabilities.	Employment policies are reviewed annually by department General Counsel to ensure compliance with legal and regulatory requirements. Policy changes are communicated and implemented.	F2-4.1.1
		Policies and guidelines for hiring, promotion, transfer, and termination are defined, documented, communicated, and adhered to.	F2-4.1.2
		A mechanism is in place to ensure that managers and supervisors are aware of applicable employment laws, regulations and Department policies.	F2-4.1.3
		A mechanism is in place to ensure that personnel files include documentation supporting hiring, promotion, transfer, termination, benefit election, and any other documents deemed necessary by the Department's General Counsel to ensure compliance with applicable employment laws.	F2-4.1.4
	Records may be lost or prematurely destroyed, resulting in loss of audit trail.	Human resource records are filed and retained in accordance with laws and regulations and Department policy. Management reviews and approves any files selected for destruction.	F2-4.2.1
Personnel data is properly maintained to support payroll processing, tax withholdings, and benefit elections.	Additions, pay rate changes, terminations, or other actions may not be authorized or recorded accurately.	Standard forms are used to document changes to payroll and other personnel data.	F2-5.1.1
		Changes to personnel data are authorized and input correctly. Management timely reviews automated reports of changes to employee data, including pay rate changes and terminations.	F2-5.1.2
		Relational validations (search on employee number, position number, name and address, etc.) are performed to prevent or timely detect duplicate entries; necessary follow up is performed.	F2-5.1.3
		A mechanism is in place to ensure that all employees in personnel data files exist (no "ghost" employees).	F2-5.1.4
The reason for employee termination adheres to Department policy and local law.	Terminated employees may litigate, and insufficient documentation may make it difficult for the Department to defend its position.	Human Resources and the Department's General Counsel are consulted prior to an involuntary termination.	F2-6.1.1

F - Human Resources, Compensation & Benefits

F2 - Personnel and Payroll Processing

Objective	Risk	Applicable Controls	Control Number
Department policy for terminating employees is followed.	Terminated employees may not return Department assets in their possession.	Line management assigns and monitors Department property loaned to employees.	F2-7.1.1
		Human Resources provides the employee's manager with a standard checklist that can be used to ensure that all Department assets (passes, keys, computer, etc.) are collected before employee's departure.	F2-7.1.2
	Employee may continue to be paid, receive benefits, or owe the Department money.	Terminations are reported to HR on or before the termination date, so the employee's final pay is correctly calculated and appropriately considers outstanding amounts owed to the Department for loans, advances, and other liabilities.	F2-7.2.1

F - Human Resources, Compensation & Benefits

F3 - Payroll Accounting

Objective	Risk	Applicable Controls	Control Number
Payroll accounting configuration and payroll tables reflect the needs of the organization.	Payroll configuration may not be consistent with the business needs for earnings calculations.	Systems configuration of earnings and withholdings is appropriate and adequately supports payroll processing.	F3-1.1.1
Compensation paid to employees and related regulatory payments are initiated, processed, recorded, and disbursed properly.	Payroll hours and rates may not be correct.	Computation of base pay is based on data in personnel files and/or approved time reports or other appropriate, approved supporting documentation.	F3-2.1.1
		Non-standard or overtime hours are approved and correctly input.	F3-2.1.2
		Compensatory time is only allowed per Department policy; non- standard or overtime hours are paid per Department payroll policies.	F3-2.1.3
		Overpayment to employees is promptly sought and returned to the Department.	F3-2.1.4
	Payroll, taxes, benefits, other withholdings, and related liabilities may not be calculated, disbursed, or reported accurately.	Payroll, taxes, benefits, other withholdings, and related liabilities are properly processed.	F3-2.2.1
	The payroll system may encounter an error during processing, resulting in incomplete payroll.	If the payroll system encounters an exception during processing, a payroll exception report is generated. Exceptions are reviewed and resolved before the pay confirmation process begins.	F3-2.3.1
		Payroll processors review the payroll for reasonableness, and perform relational checks of total compensation, tax and other withholdings to identify significant processing errors.	F3-2.3.2
		Payroll expense, payroll tax, and related liabilities are posted and reviewed to ensure general ledger accounts are correct and appropriate.	F3-2.3.3
	Expenses and liabilities for payroll taxes and other benefits may not be disbursed to the relevant third-party on a timely basis.	Payroll related taxes are remitted to the appropriate regulatory agency within the allowable time period.	F3-2.4.1
		Notifications from taxing authorities are resolved in a timely manner.	F3-2.4.2
		Payroll deductions are remitted to third-party administrators on a timely basis.	F3-2.4.3
	Cash disbursements may not be correct.	All bank accounts are reconciled monthly in accordance with Department policy.	F3-2.5.1

F - Human Resources, Compensation & Benefits

F4 - Additional Income Outside of Standard Pay

Objective	Risk	Applicable Controls	Control Number
Any additional income outside of standard pay adheres to Department policy, complies with applicable laws and regulations and is administered in accordance with the plan documents.	Laws, governmental, and accounting regulations may be violated, resulting in fines, penalties, lawsuits, or other liabilities.	Any additional income outside of standard pay is reviewed annually to ensure continued compliance with applicable tax, legal, accounting, and other regulations.	F4-1.1.1
		Any additional income outside of standard pay has design and metrics, including eligibility and target levels, and is reviewed annually and approved by the North Carolina Office of State Human Resources (OSHR).	F4-1.1.2

F - Human Resources, Compensation & Benefits

F5 - Benefits

Objective	Risk	Applicable Controls	Control Number
Benefits are administered in accordance with Department policy.	Eligible participants may be improperly excluded from participation and/or ineligible participants may be entered as program participants.	Appropriate eligibility rules are defined for each benefit plan. Eligibility is determined for each participant (including dependents). Lists of eligibility are communicated to the Third-Party Administrators and loaded into system tables.	F5-1.1.1
		A relational check is performed between benefits chosen and participant eligibility.	F5-1.1.2
	Participant benefit elections may not be recorded correctly.	Changes to benefit elections are updated by employees or other authorized personnel and activity reports are generated and reviewed by Human Resources, as necessary.	F5-1.2.1
		The system ensures logical relations between different options (e.g., only one healthcare option, etc.) and completion of all required fields.	F5-1.2.2
		Participants are required to complete benefit selections and default benefits are assigned to active employees who fail to self-select within a set period of time.	F5-1.2.3
		Confirmations of participant benefit selections are made available.	F5-1.2.4
Benefits systems and records are appropriately safeguarded.	Unauthorized changes to the benefits configuration tables may go undetected.	Access to benefit configuration tables is appropriately restricted and is reviewed, at least annually, by management.	F5-2.1.1
		Access to employee eligibility systems and data is appropriately restricted and is reviewed, at least annually, by management.	F5-2.1.2
	Unauthorized changes to Third-Party Administrator benefit configuration tables may go undetected.	If applicable, the Department provides changes in benefit rules to the Third-Party Administrator. Acceptance testing is performed by the North Carolina Office of State Treasurer (NCDST) before changes are implemented.	F5-2.2.1
Benefit premium payments due from participants are collected.	Benefit arrears payments may not be collected from employees (current and former) resulting in additional cost to the Department.	Benefit premium payments from participants who are in arrears are tracked and collected.	F5-3.1.1
Data transmitted to Third-Party Administrators is correct.	Third-Party Administrator's data files may be incorrect.	Validation checks exist to ensure data submitted agrees to third-party files. Exceptions are resolved on a timely basis.	F5-4.1.1
	Benefits may be paid on behalf of ineligible parties. Expenses may be paid that do not qualify under the plan.	Benefit payments are made in accordance with the terms and conditions of the plans, reviewed and approved.	F5-4.2.1
		Continuation of post employment benefits are verified on a regular basis for accuracy. Discontinuance of benefits dates are set and communicated to Third-Party Administrators (and former employees).	F5-4.2.2

F - Human Resources, Compensation & Benefits

F5 - Benefits

Objective	Risk	Applicable Controls	Control Number
Transactions with the Service Providers are accurate, in accordance with contract provisions, and restricted to appropriate individuals.	Service Provider fees paid may not be appropriate.	Fees to Service Providers for services provided are paid in accordance with contract provisions and approved by management before funds are disbursed.	F5-5.1.1
	Unauthorized, inaccurate, or processing errors initiated at the Service Provider may not be detected.	Changes to participant records or deductions initiated by the Third-Party Administrator are validated against Department source systems and records.	F5-5.2.1
		Access to benefit file information is restricted to those individuals who need such information to complete their duties and is reviewed at least annually.	F5-5.2.2
Benefit calculations are complete and accurate.	There may be calculation errors in accruals for employee benefits earned but not paid (vacation expense, stock compensation, pension, etc.)	System is programmed to properly compute benefits and provide support for payroll and benefit deductions.	F5-6.1.1
		Pension payments are calculated, and non-standard calculations are reviewed.	F5-6.1.2
Benefit liabilities are accumulated and recorded in the appropriate general ledger account in the proper accounting period.	Benefit processing may be incomplete and/or inaccurate and processing errors may go undetected.	Annual benefit rates (excluding Pension/OPEBs) are developed and used in the recording of benefit accruals.	F5-7.1.1
		Pension, actuarial (e.g., OPEBS) rates for benefit plan accruals and related employee benefit liability accounts are periodically reviewed by management (at least annually).	F5-7.1.2
		Initial computation of benefit rates/amounts are reviewed by management to ensure that all components are considered.	F5-7.1.3
		Benefit rates/amounts are periodically reviewed and adjusted based on actual experience and other performance metrics.	F5-7.1.4
		Benefit liabilities and expenses are reviewed to ensure postings to the general ledger accounts are correct and appropriate.	F5-7.1.5
		Benefit payments calculated are reconciled to the payments made by Paying Agents, if applicable, and also reconciled to the amount funded by the Department, as appropriate.	F5-7.1.6
Regulatory requirements related to benefit plans are complied with.	Fines and penalties may be incurred if required regulatory filings are not accurate and timely.	Management identifies filing requirements for each benefit plan and ensures that reports are prepared and filed according to regulatory agency requirements.	F5-8.1.1

F - Human Resources, Compensation & Benefits

F6 - Employee Performance

Objective	Risk	Applicable Controls	Control Number
Employee performance is regularly assessed; appropriate compensation adjustments are taken.	Well performing employees may seek other employment; poor performing employee behavior may go unchallenged and unchanged.	A documented code of conduct exists and includes compliance measurement and disciplinary procedures.	F6-1.1.1
		There is a mechanism in place through which employees' performances are regularly assessed against agreed upon defined goals and objectives.	F6-1.1.2
		Employees understand and acknowledge their job responsibilities and the scope of their positions.	F6-1.1.3
		Measurable goals and objectives relating to the individual roles and responsibilities are established and monitored by appropriate management. The reasons for non-achievement are identified and reviewed.	F6-1.1.4
		Employees with persistent absenteeism or serious misconduct are identified, monitored and appropriate disciplinary actions are taken.	F6-1.1.5
	Appraisals are not adequate and can lead to misunderstandings.	Management and supervisors know their roles and responsibilities relating to the appraisal program.	F6-1.2.1
Employees receive training and development.	Employees are not fully utilized to their full potential.	Training and development needs are determined and agreed upon using performance shortcomings as the basis.	F6-2.1.1
		Staff training and development needs are satisfactorily and cost-effectively addressed.	F6-2.1.2
The appraisal system meets relevant employment legislation.	All appraisal related decisions must be readdressed.	Relevant employment legislation is considered in designing the staff appraisal system and disciplinary procedures. Current legislation updates are adopted accordingly to ensure the compliance legislation.	F6-3.1.1
Employees have access to an appraisal grievance process.	Legitimate employee concerns may not be adequately addressed.	There are appropriate alternative independent means through which staff communicate their problems and concerns. Employees have the right to formally escalate their grievances.	F6-4.1.1

F - Human Resources, Compensation & Benefits

F7 - Employee Ethics

Objective	Risk	Applicable Controls	Control Number
Violations of the Department's Business Ethics Policy are identified and investigated.	Ethics violations may not be investigated.	Allegations of ethics violations are reported to Internal Audit for investigation.	F7-1.1.1
An employee that brings forward ethics-related concerns is held harmless, unless the concern is found to be intentionally deceiving or intentionally injurious to another employee.	An employee who brings forward a good faith concern is punished or faces retaliatory actions from other employees.	Employee confidentiality is strictly kept. Identifying information is only shared with the permission of the employee unless there is an overriding legal or safety issue.	F7-2.1.1

G - Financial Management

G1 - Cash and Debt Management

Objective	Risk	Applicable Controls	Control Number
Financing (cash, etc.) strategies are optimized to meet Department objectives.	The Department's financing strategies may not be optimized, based on the current market conditions.	There is a review of strategies for cash, investment and debt management to ensure activities are optimized in accordance with Department goals and market conditions.	G1-1.1.1
All Department bank accounts are established and operated by the Department 's Budget & Finance Division.	Banking activity authorizations may not be updated, and changes may not be communicated to the banks, resulting in misappropriation of Department funds.	Bank Account opening and closing is approved by authorized persons within the Department's Budget & Finance Division.	G1-2.1.1
		Banking authorizations / official signatures are updated when personnel change and the list is reviewed, approved and communicated to the banks in a timely manner.	G1-2.1.2
	Individuals may improperly process transactions and/or may be unaware of Department policy, resulting in inaccurate financial reporting.	Access to banking systems and records is appropriately restricted and the list of authorized individuals is reviewed, at least annually, by management .	G1-2.2.1
		Updated, written procedures are maintained to document administration and accounting of all banking activities and cash transactions.	G1-2.2.2
Movements of funds complies with the Department's Cash Management Policy.	Department funds may be diverted fraudulently, and financial statements may not correctly reflect the Department's financial position.	Adequate segregation of duties exists among the individuals: 1) approving movements / disbursements of funds; 2) initiating the movements / disbursements; and 3) releasing the funds.	G1-3.1.1
Funds are disbursed to the correct payee, in the correct account, at the correct time and in the requested currency after receiving proper authorizations and approvals.	Fund transfers may be made without receiving proper authorization and approval, resulting in fraudulent banking activities.	Daily bank debit advice for all transfer of funds / disbursements are reviewed timely, and discrepancies are investigated and resolved.	G1-4.1.1
	Funds may not be delivered appropriately; i.e., incorrect payee, incorrect account or incorrect time, resulting in recovery risk for funds or financial property.	Independent verification is obtained before all fund transfers / disbursements to third-parties are executed via the bank.	G1-4.2.1
		In the event of an emergency, procedures and policies are in place to ensure that cash can be transferred between bank accounts.	G1-4.2.2
Controls are in place to ensure disbursements are properly approved, that adequate supporting documentation exists and that payment is accurately recorded.	Disbursements may be unauthorized, recorded for the wrong amount, recorded in the wrong period, or made for goods and services not received.	Stop payments required on checks or Electronic Funds Transfers (EFTs) are transacted in accordance with Department policy and procedures, and Bank instructions.	G1-5.1.1
		All requests for wire transfers are properly approved by the department before being processed.	G1-5.1.2

G - Financial Management

G1 - Cash and Debt Management

Objective	Risk	Applicable Controls	Control Number
Only properly authorized personnel can generate manual payments.	Inappropriate manual payments may be generated without authorization.	The ability to generate manual payments is restricted.	G1-6.1.1 & B5-2.1.1
		Manual disbursement activity is monitored and controlled by management to ensure there is proper cost authority approval and adequate supporting documentation.	G1-6.1.2 & B5-2.1.2
		Blank checks, printed checks and check-stock are safeguarded from destruction or unauthorized use. Signature plates, where used, are safeguarded. All checks are issued numerically and accounted for on a periodic basis.	G1-6.1.3 & B5-2.1.3
Escheatment payments are made timely and appropriately to the state and are minimized in accordance with Department policy.	Untimely and incomplete reporting may result in fines and penalties. Failure to pursue check cashing by third parties may result in loss of relationship with customers, vendors and employees.	There is a mechanism in place to ensure that escheatment payments are minimized and are filed timely with the state.	G1-7.1.1
Cash balances are forecasted to ensure sufficient cash is available to meet Department obligations.	Inaccurate, untimely, or unavailable information regarding cash inflows and outflows may result in failure to optimize the use of Department funds.	Cash balances are forecasted on a daily basis using the most current available information.	G1-8.1.1
The cash balance shown in the balance sheet is reconciled to bank balance monthly.	Unauthorized transactions may be processed and remain undetected which could result in misappropriation or temporary diversion of assets.	Bank accounts are reconciled to the general ledger monthly.	G1-9.1.1
	The cash balance may be inaccurate, resulting in inaccurate financial reporting or fraud, which may not be detected or resolved in a timely manner.	All cash receipts and disbursements are promptly recorded in the general ledger when received or disbursed and a reconciliation is made at an appropriate frequency of all cash transactions to the general ledger.	G1-9.2.1
Cash accounting systems and records are appropriately safeguarded.	Loss or unauthorized changes could go undetected.	Access to cash accounting systems and data is appropriately restricted and is reviewed at least annually by management.	G1-10.1.1

G - Financial Management

G1 - Cash and Debt Management

Objective	Risk	Applicable Controls	Control Number
Debt financing is approved, recorded and reported in the financial statements.	Failure to establish or maintain appropriate relationship with financing sources may result in failure to optimize investment strategies.	Relationships are established with financing sources before financing is needed. Proper and current relationships are maintained to facilitate access to cash as the need arises.	G1-11.1.1
	Debt financing transaction may not be properly authorized, approved, and/or recorded in the financial statements.	Debt financing is approved by authorized persons within the Department.	G1-11.2.1
		Debt financing official signatures are updated when personnel change and the list is reviewed, approved and communicated to the financial institutions in a timely manner.	G1-11.2.2
		Debt instruments are entered into the Budget & Finance management system and input is verified with term sheets.	G1-11.2.3
		Rates and rate resets, where applicable, are input into the Budget & Finance management system promptly.	G1-11.2.4
		Changes in debt instruments (partial repayments, extension of maturities, change of terms, and drawdown) are input into the Budget & Finance management system.	G1-11.2.5
		Settlements of principal and interest are verified with the Budget & Finance management system and with bank / trustee before payment.	G1-11.2.6
		Debt transactions, including principal and interest, are reviewed to ensure postings to general ledger accounts are correct and appropriate.	G1-11.2.7
Debt covenants are monitored and adhered to, and financial statement disclosures are accurate.	Debt covenants may be violated and unresolved, resulting in financial risk of penalty and non-compliance with Department policy.	On a periodic basis Management verifies that external debt is in compliance with the covenants contained in loan documentation.	G1-12.1.1
Debt is managed in accordance with Department objectives.	Information may be unavailable to forecast debt requirements, resulting in improper debt management.	Monthly debt report is provided to Senior management; actions to be taken are recorded.	G1-13.1.1
		Payment due dates are routinely monitored.	G1-13.1.2

G - Financial Management

G1 - Cash and Debt Management

Objective	Risk	Applicable Controls	Control Number
Debt management systems and records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.	Access to debt management systems and records is appropriately restricted and is reviewed, at least annually, by management.	G1-14.1.1
Escrowed funds are reviewed periodically (at least annually) and cleared as appropriate (may include escheatment).	Escrowed funds are used for other purposes or stolen.	Escrowed funds are reviewed monthly and cleared per Department policies. A periodic review for escheatment is performed and documented semi-annually.	G1-15.1.1
Adequate segregation of duties exist among the authorization, custody of assets, recording of transactions, and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	G1-16.1.1

G - Financial Management

G2 - Financial Risk Management

Objective	Risk	Applicable Controls	Control Number
The use of Financial Derivatives is approved and is in compliance with the Department's derivative policy.	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated impact on earnings.	All currency and commodity risk management programs (including hedge strategies, derivative tools, accounting treatment) are approved by the Department Management and reviewed by Budget & Finance prior to implementation.	G2-1.1.1
	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated impact on earnings.	Management is made aware of what Embedded Financial Derivatives, Leases, Guarantees and Variable Interest Entities (VIEs) are and how to identify them prior to execution. Relevant information is communicated appropriately.	G2-1.2.1
	Derivative authorizations may not be updated, and financial institutions may not be notified of changes. This may result in the misappropriation of Department funds.	Derivatives are approved by authorized by Finance prior to entering the contracts or financial instrument.	G2-1.3.1
	Derivative authorizations may not be updated, and financial institutions may not be notified of changes. This may result in the misappropriation of Department funds.	Derivative authorizations/official signatures are updated when personnel change and the list is reviewed and communicated to the financial institutions in a timely manner.	G2-1.4.1
	Derivative authorizations may not be updated, and financial institutions may not be notified of changes. This may result in the misappropriation of Department funds.	Derivatives are promptly entered into the Budget & Finance management systems and input is verified with a term sheet.	G2-1.5.1
	Penalties may be assessed for failure to settle contractual arrangements.	There is a mechanism to monitor pending settlement dates.	G2-1.6.1
Foreign Exchange or Commodity derivative and exposure is effective, correctly valued, and properly disclosed / presented.	Hedge accounting documentation may not be in accordance with accounting standards (e.g., FAS No.133) and/or the relationship between financial derivative and exposure becomes ineffective, resulting in loss.	Written policies/procedures identify required hedge accounting procedures and documentation, including contemporaneous hedge documentation, effectiveness testing, and assignment of specific hedge asset/liability to exposures.	G2-2.1.1
	Derivative instruments' valuation and hedge effectiveness may be incorrectly calculated, resulting in inaccurate financial reporting.	Configuration, interfaces, models, spreadsheets, formulas and market data for any applicable systems and/or programs used to transact and value derivative activity is designed, implemented, maintained and reviewed for accuracy.	G2-2.2.1

G - Financial Management

G2 - Financial Risk Management

Objective	Risk	Applicable Controls	Control Number
Highly complex accounting related to derivatives and hedging instruments is properly performed, recorded and reported.	Financial statements and/or disclosures may be materially misstated if this accounting work is not performed correctly.	Sufficient Derivatives accounting expertise is in place or available to those responsible for managing / implementing derivative and hedging programs in the form of 1) up-front technical implementation guidance and 2) ongoing execution monitoring.	G2-3.1.1
Derivatives and hedging instruments are recorded properly in the financial statements; disclosures for external financial reporting are accurate and complete.	Derivative valuation may be incorrectly calculated.	Derivative valuations are accurate and agree to supporting documentation.	G2-4.1.1
		Any modification to derivative contracts are appropriately authorized by management.	G2-4.1.2
		Derivative and hedging instruments are reviewed to ensure postings to general ledger accounts are correct and appropriate.	G2-4.1.3
Hedging systems and records are properly safeguarded.	Unauthorized trades or changes to systems and records may result in material financial exposure.	Access to hedge execution systems, broker accounts and records is appropriately restricted and is reviewed by Management, at least annually, and communicated to counterparties.	G2-5.1.1
Adequate segregation of duties exist among the authorization, custody of assets, recording of transactions, and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	G2-6.1.1
Financial guarantee transactions and related costs are properly documented, recorded, updated and reconciled in a timely manner to ensure accurate financial reporting.	Incorrect guarantee documentation, processing, and execution may result in inaccurate financial reporting.	Approved financing and other supporting documentation are on file for each Guarantee or Guarantee program.	G2-7.1.1
	Lack of knowledge of beneficiary's default on guaranteed loans may result in unaccounted debt / liability and related interest expense.	Guarantees are reconciled quarterly with bank confirmations for limits, amounts utilized and default status, either from lending institutions or beneficiaries, to ensure record accuracy.	G2-7.2.1
		There is a mechanism in place to ensure that all guarantees are identified and then entered into the database.	G2-7.2.2
	Guarantees may not be accurately valued in accordance with accounting guidelines (e.g., FIN 45).	All financial guarantees are valued and reviewed quarterly in accordance with accounting guidelines.	G2-7.3.1
		There is a documented process to ensure that banks provide notification in the event of a guarantee default.	G2-7.3.2
		There is a feedback mechanism to limit guarantees issuances in the event of a default.	G2-7.3.3

G - Financial Management

G2 - Financial Risk Management

Objective	Risk	Applicable Controls	Control Number
Financial guarantee systems and records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.	Access to guarantee systems and records is appropriately restricted and is reviewed by management at least annually.	G2-8.1.1
Adequate segregation of duties exist among the authorization, custody of assets, recording of transactions, and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	G2-9.1.1

I - Risk Management

I1 - Risk Management

What (Objective)	Why (Risk or Exposure)	How (Applicable Controls)	Control Number
Senior Management and the Board of Commissioners are made aware of significant risks.	Senior management is unaware of potential risks and unable to take preventative actions to manage the risk.	Department Management receives periodic updates of Risk Management activities. This updates includes new risks identified, ongoing risk mitigation activities and recent incidents.	I1-1.1.1
A periodic risk assessment is performed.	Unknown risks develop and more costly / less effective efforts are required to mitigate the risk when discovered.	An annual risk assessment is performed for all Department Divisions.	I1-2.1.1
Risks are ranked and categorized; higher ranked risks are addressed first.	Smaller risks are worked on while larger risks are left unaddressed.	A periodic (at least annual) risk evaluation and ranking are performed.	I1-3.1.1
New risks are identified and tested.	Risks remain unknown and unaddressed. Risk liabilities may not be adequately disclosed in the Department's financial statements.	Risk Management personnel attend appropriate conferences, webinars and other training opportunities to identify new risks. Benchmarking and other activities are also performed.	I1-4.1.1
		When appropriate, reserves are established and funded.	I1-4.1.2
Risks are monitored and mitigation activities are performed to reduce risk (resultant changes in risk scores are monitored).	Risks are not addressed, and mitigation efforts are not performed.	Identified risks are noted, monitored and specific actions are planned to mitigate risks.	I1-5.1.1
		Risk mitigation activities are performed and results calculated and shared with management.	I1-5.1.2
The knowledge of risk management is promoted throughout the organization.	Increased risks exist because basic risk management knowledge and principles are unknown.	Risk Management personnel proactively seeks out opportunities to educate Department employees and related parties about identifying and mitigation risks.	I1-6.1.1
Insurance systems and records are complete and accurate.	Loss or unauthorized changes may not be detected.	Information in Department systems is reviewed at least annually to ensure completeness and accuracy.	I1-7.1.1
		Department information in third-party systems is reviewed at least annually to ensure completeness and accuracy.	I1-7.1.2
Insurance systems and records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.	Access to insurance systems and records is appropriately restricted and is reviewed by management at least annually.	I1-8.1.1
Adequate segregation of duties exist among the authorization, custody of assets, recording of transactions, and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	I1-9.1.1

H - Risk Management

H2 - Insurance Management

Objective	Risk	Applicable Controls	Control Number
Insurance coverage is adequate for Department purposes.	The Department does not have adequate coverage to cover risks.	Risk Management personnel reviews Department policies for adequacy of coverage.	H2-1.1.1
		Risk Management personnel reviews contracts and other legally binding documents to ensure Department risks are adequately mitigated.	H2-1.1.2
		Department risks are adequately covered in the event of a catastrophic incident.	H2-1.1.3
Insurance policies and premiums are managed to reduce costs while maintaining adequate coverage.	Department insurance costs are greater than required.	Periodically (at least annually), insurance policies and premiums are reviewed for cost versus coverage considerations.	H2-2.1.1
Insurance policies and premiums are managed to understand and meet Department performance requirements.	The Department fails to meet performance requirements, incurring greater than required costs and/or dropped coverage.	At least annually insurance policies are reviewed for performance requirements; the Department's performance against those requirements are evaluated.	H2-3.1.1
Insurance policies and premiums are managed to understand and evaluate the third-party insurance provider's performance requirements.	The third-party insurance provider fails to meet performance requirements resulting in insufficient coverage / greater exposure to risk for the Department.	At least annually insurance provider performance requirements are reviewed and evaluated.	H2-4.1.1
Insurance claims and cases are effectively managed.	Higher costs than required are incurred; there exists a greater exposure to costly legal action.	Insurance claims are reviewed and then approved for compensability.	H2-5.1.1
		Insurance claims (received and initiated) are monitored and proactively managed.	H2-5.1.2
		Human Resources monitors and manages claims to facilitate employee's return to work.	H2-5.1.3
		Invoices reflect agreed upon contractual prices.	H2-5.1.4
Claim reserves are established and monitored for adequacy against potential risk mitigation and payments.	Claim reserves are not adequate to fund risk mitigation and potential payments. Liabilities are not fully recognized in financial reports and statements.	Claim reserves are periodically reviewed to determine their adequacy to fund risk mitigation and potential payments.	H2-6.1.1

I - Finance

I1 - Accounting Policy

Objective	Risk	Applicable Controls	Control Number
The chart of accounts is designed to meet business / function financial reporting and financial consolidation requirements and is periodically reviewed and updated.	The chart of accounts may not be updated for changes in accounting principles or current business and financial reporting requirements.	New accounting principles/business reporting requirements are communicated to and processed within accounting systems.	I1-1.1.1
		The chart of account elements are reviewed periodically, at least annually, and then approved Budget & Finance Management.	I1-1.1.2
	Active accounts may not be included in the chart of accounts structure.	Account classification and coding systems are adequate to allow for accurate and consistent financial statement classification.	I1-1.2.1
A complete and current chart of accounts is defined in the Department's accounting systems and system logic enforces the use of valid accounts for all accounting entries.	Invalid and/or wrong accounts may be used to record accounting entries and transactions.	System logic in the Department accounting systems enforces the use of valid accounts for all accounting entries.	I1-2.1.1
The chart of accounts is complete and accurate.	The chart of accounts may not be maintained completely and/or accurately, which may affect transactional postings.	A complete and current chart of accounts is defined in the Department's accounting systems and system logic enforces the use of valid accounts for all accounting entries.	I1-3.1.1
		Account additions, deletions and changes to account master data are appropriately reviewed, approved, and set up in the Department's accounting systems (including mapping tables).	I1-3.1.2
Only appropriate users are able to make changes in the chart of accounts (e.g., mapping, accounts and elements).	Financial accounting and reporting structures may be intentionally or unintentionally and inappropriately changed by users.	The ability to maintain the chart of accounts is restricted to appropriate users and the list of users is reviewed and approved annually.	I1-4.1.1
External reporting adheres to Federal and State accounting standards.	Financial Statements (or sub-components thereof) may be prepared and published and not be in compliance with Federal and State accounting standards.	New accounting developments are monitored and applicability to the Department is determined; policies and procedures for implementation of new accounting standards are defined, documented, communicated and adhered to.	I1-5.1.1
		Accounting policies and procedures are written, kept current to facilitate compliance with Federal and State governmental requirements, and are consistently applied and enforced; any exceptions are documented.	I1-5.1.2
		Sufficient accounting expertise is in place for consulting and guidance regarding the necessity for reporting and compliance with Federal and State accounting standards and requirements.	I1-5.1.3
Appropriate documentation support, including data sources, exists for all transactions, statements, reports, footnotes and disclosures.	Sufficient documentation (evidence) may not exist to justify accounting transactions and financial reports.	Appropriate support documentation, including data sources, exists and is maintained for all transactions, statements, reports, footnotes and disclosures.	I1-6.1.1

I - Finance

I1 - Accounting Policy

Objective	Risk	Applicable Controls	Control Number
Costs are appropriately established, calculated and recorded in accordance with Department policy.	Costs may be incorrectly stated and result in inaccurate financial reporting.	Per Department policy, including appropriate threshold amounts, entries are made to record liabilities for materials / services received for which invoices have not yet been received by the Department or processed by Accounts Payable ("received not billed").	I1-7.1.1
		Costs are reviewed to ensure they are classified correctly (e.g., period expense, cost or capital, etc.) and recorded in the proper period.	I1-7.1.2
		Management reviews cost variances between actual costs and estimates, outlooks, or history. Significant variances are investigated and resolved.	I1-7.1.3

I - Finance

I2 - Accounting / Monthly Closing Process

Objective	Risk	Applicable Controls	Control Number
Closing activities, procedures and authorizations are properly established. Accounting records are closed timely, accurately and prior period posting is prevented.	Abnormal and/or unauthorized closing activities may result in inaccurate financial reports and delay consolidation.	Procedures, including closing schedules, are issued and monitored to ensure proper cut-off at monthly, quarterly, and annual closing periods.	I2-1.1.1
		Internal timelines are developed and well-communicated in advance of each end of reporting period (month-end, quarter-end and year-end) to ensure financial reporting deadlines are met. The process of preparation and submission is monitored by management.	I2-1.1.2
	Posting to prior periods may impact the integrity of the financial statements.	Posting to closed and/or prior periods is restricted and monitored.	I2-1.2.1
Financial records of the Department are updated based on properly authorized entries.	Duplicate, unauthorized, or incorrect journal entries may be posted.	Journal entries are properly documented, reviewed, and authorized.	I2-2.1.1
		Spreadsheets used to calculate journal entries are reviewed in accordance with Department policy.	I2-2.1.2
		The accounting system does not allow for duplicate journal entry numbers and uses sequential numbering format and captures the date/time/user ID.	I2-2.1.3
		System does not permit posting of an unbalanced journal entry.	I2-2.1.4
Access to post and approve journal entries is appropriately restricted.	An individual may post entries to fictitious or improper accounts.	System access and ability to post entries is appropriately restricted.	I2-3.1.1
During the closing process, account balances accurately and completely reflect the underlying transactions.	A journal entry may be omitted, or important monthly closing step(s) may be missed, resulting in inaccurate financial reporting.	Appropriate documents (e.g., trial balances, ledger output, transaction listings, etc.) reflecting recording of transactions are reviewed before closing is final to ensure entries have been properly recorded.	I2-4.1.1
All liabilities have been identified and accrued completely, accurately and in compliance with GAAP/GAS and Department policy.	Obligations may exist that are not recorded, resulting in inaccurate financial reporting.	Finance, working with each Department ensures all obligations (actual and contingent) have been identified, properly evaluated, and correctly recorded in the financial statements.	I2-5.1.1
		Reserve accounts are established in accordance with Department policy.	I2-5.1.2
		Encumbrances for purchases are established; month-end / year-end encumbrance / rollover procedures are followed. See B2-3.1.1.	I2-5.1.3

I - Finance

I2 - Accounting / Monthly Closing Process

Objective	Risk	Applicable Controls	Control Number
All long-lived assets are verified for existence and properly valued.	Fair value declines may not be properly identified, valued, and recorded.	Property, plant and equipment (PP&E), intangibles and investments are reviewed / tested for impairment per the applicable accounting rules and guidelines for each asset category.	I2-6.1.1
		Other long-term assets, e.g., long-term accounts and notes receivable, advances, deposits, etc., are monitored and reviewed to ensure continuing existence, viability, and correct valuation.	I2-6.1.2
Legal entity financial data submitted to the Department is balanced and reconciled with legal entity accounting systems.	Errors could be missed, resulting in inaccurate financial reporting.	Sub-reporting systems (e.g., spreadsheets) are tied to the accounting systems and are reviewed during and after the closing process; differences are reconciled and documented.	I2-7.1.1
		Balance sheet and income statement fluctuation analyses are performed prior to finalizing financial reports / statements and any significant fluctuations are investigated and resolved.	I2-7.1.2
		Any differences across all financial statements are validated for completeness and correctness.	I2-7.1.3
General ledger account balances are correct.	Failure to reconcile accounts may lead to inaccurate financial reporting.	General ledger account reconciliations are performed in accordance with the Department's account reconciliation policy. All unreconciled account balance information is collected each quarter.	I2-8.1.1
		Remediation plans for out of balances \$30,000 or greater are monitored to ensure remediation occurs according to plan.	I2-8.1.2
Disclosures for financial reporting are reviewed by management for completeness and accuracy and agree to supporting documentation.	Transactions may not be properly approved, monitored, or recorded and may result in inaccurate external financial reporting.	Disclosures for financial reporting are reviewed by management for completeness and accuracy and agree to supporting documentation.	I2-9.1.1

I - Finance

I3 - Specific Accounting Practices

Objective	Risk	Applicable Controls	Control Number
Interdepartmental (e.g., tourism, school board) transaction out-of-balances are appropriately classified on the balance sheet.	Interdepartmental accounts may not be in balance and result in inaccurate financial reporting.	Interdepartmental imbalances are reviewed to ensure correct financial statement classification.	I3-1.1.1
		All interdepartmental transactions are reconciled in accordance with Department policy.	I3-1.1.2
		Out-of-balances between all interdepartmental transactions are investigated monthly to determine root cause and fix problems.	I3-1.1.3
Interdepartmental payments / settlements are made accurately and timely.	Lack of settlement of interdepartmental payables / receivables within defined payment terms may result in incorrect financial reports.	Interdepartmental aging reports are reviewed monthly to ensure all past due invoice disputes are resolved and invoices are paid timely.	I3-2.1.1
Highly complex accounting and actuarial work related to pensions and OPEBs are properly performed, recorded and reported.	Financial statements and/or disclosures may be materially misstated if this accounting and actuarial work is not performed correctly.	Sufficient actuarial and accounting expertise is in place for the execution and accounting for pension and other post-employment benefits (OPEB) related transactions and disclosures.	I3-3.1.1
Footnote disclosure for pension meets requirements of applicable accounting standards.	Benefit obligation and expense may not be properly calculated and reported.	Plan participant data is reconciled and reviewed for reasonableness and consistency.	I3-4.1.1
		Actuarial assumptions for measuring pension obligations are selected according to actuarial standards, reviewed and approved by management.	I3-4.1.2
		Benefit obligations are calculated using the actuarial cost method, prescribed in pension accounting standards, and plan provisions, amendments, and activities effective during the measuring period.	I3-4.1.3
		Significant events are monitored throughout the year and plan expense and disclosures are adjusted as necessitated by these events.	I3-4.1.4
		Calculations to develop benefit obligation, pension expense and disclosure are reviewed annually and when remeasurement occurs in accordance with applicable accounting standards	I3-4.1.5
Disclosure for pension and OPEBs meets requirements of applicable accounting standards.	Pension and OPEBs footnote disclosure may not meet the requirements of applicable accounting standards.	The Budget & Finance Division and controllership reviews quarterly that the total Department pension and OPEBs footnote meets the requirements of applicable accounting standards.	I3-5.1.1
		Actuarial certifications of the results of the calculations are made for pension and OPEBs to demonstrate that valuation by internal staff have been performed in accordance with the actuarial standards.	I3-5.1.2

I - Finance

I3 - Specific Accounting Practices

Objective	Risk	Applicable Controls	Control Number
Accrued liabilities and earnings charges related to post retirement benefits other than pension (OPEB) are calculated correctly and in accordance with accounting standards.	Benefit obligations and earnings charges may not be calculated appropriately.	OPEBs demographic data is reconciled and reviewed for reasonableness and consistency.	I3-6.1.1
		Actuarial assumptions are reviewed and agreed by management.	I3-6.1.2
		Baseline claim matrix is developed according to standard actuarial procedures and methodology.	I3-6.1.3
		Benefit obligations are calculated accurately based on applicable accounting standards.	I3-6.1.4
		Benefit obligations are compared with prior year results and any adjustments made for general consistency and reasonableness are documented.	I3-6.1.5
		Significant events are monitored throughout the year, and disclosure and expense are adjusted if necessary.	I3-6.1.6
		Plan disclosure and benefit expense are calculated and reviewed in accordance with applicable accounting standards.	I3-6.1.7
Accrued liabilities and earnings charges related to post employment benefits are calculated correctly and in accordance with applicable accounting standards.	Benefit obligations and earnings charges may not be calculated appropriately.	Actuarial assumptions used in developing benefit obligation and expense are in accordance with applicable accounting standards and are reviewed and approved by management.	I3-7.1.1
		Benefit obligations and expense are calculated in accordance with applicable accounting standards. Results are compared with the prior year's results for reasonableness and consistency.	I3-7.1.2
"Incurred but not reported" (IBNR) claims reserve for claims incurred but not reported for active employees is sufficient and adequate.	Reserve levels may be inappropriate and result in inaccurate reporting of earnings and liability.	"Incurred but not reported" (IBNR) reserve is calculated according to standard actuarial procedures and methodology. Results are compared with the prior year's results for reasonableness and consistency.	I3-8.1.1
		The reserve balance is periodically reviewed versus actual claims expense to determine adequacy.	I3-8.1.2

I - Finance

I3 - Specific Accounting Practices

Objective	Risk	Applicable Controls	Control Number
Encumbrances ('rollovers') represent valid anticipated (future periods) payment by the Department; the encumbrance transaction shows an outstanding commitment by the Department.	Funding for future period commitments (payments) may not be reserved.	Approval is initiated by a request submitted to Budget & Finance to carry forward encumbered funds. Each request must be documented and justified by each department based on all outstanding encumbrances reported on May 31 of the fiscal year. The Budget & Finance Division will review the requests for carry-forward encumbrances for approval and will forward recommendations for action. The approved carry-forward amount, adjusted to include any payments in process, will be recorded in the next fiscal year.	I3-9.1.1
	To bypass Budget processes, funds may be encumbered to transfer them between current and future budget periods.	To bypass Budget processes, approval must be obtained from the Department's Budget Section.	I3-9.1.2
Plan assets, liabilities and accumulated other comprehensive income are properly displayed on the balance sheet.	Benefit Plan presentation on the balance sheet may not be in accordance with applicable accounting standards.	Finance / Accounting uses information provided by the actuaries to ensure proper entries are recorded and that benefit plan information is presented in the financial statements in accordance with applicable accounting standards.	I3-10.1.1
		Financial statement presentation related to benefit plans is reviewed by management.	I3-10.1.2
The Chief Financial Officer complies with the North Carolina State Budget Act.	<p>The Department fails to comply with the North Carolina State Budget Act.</p> <p>Department accounting and financial matters may not be properly executed, recorded and reported.</p>	The Chief Financial Officer complies with the North Carolina State Budget Act (GS 143C).	I3-11.1.1

I - Finance

14 - Guarantees, Derivatives and Foreign Exchange

Objective	Risk	Applicable Controls	Control Number
Management is aware of the use of any embedded financial derivatives and/or guarantees. Relevant information is communicated appropriately.	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated financial impacts.	Management is made aware of any guarantees prior to execution. Relevant information is communicated appropriately.	14-1.1.1
Financial guarantee transactions and related costs are properly documented, recorded, updated and reconciled in central repository in a timely manner to ensure accurate financial reporting.	Incorrect guarantee documentation, processing, and execution may result in inaccurate financial reporting.	Approved financing / other supporting documentation are on file with Budget & Finance for each Guarantee or Guarantee program.	14-2.1.1
	Lack of knowledge of guaranteed loans may result in unaccounted debt / liability and related interest expense.	Written Guarantees are reconciled quarterly with bank confirmations for limits, amounts utilized and default status, either from lending institutions or beneficiaries, to ensure the record accuracy.	14-2.2.1
		There is a mechanism in place to ensure that all guarantees are identified and known by Budget & Finance.	14-2.2.2
	Guarantees may not be accurately valued.	All financial guarantees are valued and reviewed quarterly.	14-2.3.1
		There is a feedback mechanism to limit guarantees issuances in the event of a default.	14-2.3.2
Financial guarantee records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.	Access to guarantee records is appropriately restricted and is reviewed by management at least annually.	14-3.1.1
The use of Financial Derivatives is approved and is in compliance with the Department's financial policies.	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated impact on earnings.	All currency and commodity risk management programs (including hedge strategies, derivative tools, accounting treatment) are approved by Budget & Finance Management.	14-4.1.1
		Management is made aware of any derivatives prior to execution. Relevant information is communicated appropriately.	14-4.1.2
	Derivative authorizations may not be updated, and financial institutions may not be notified of changes. This may result in the misappropriation of Department funds.	Derivatives are approved by authorized individuals in the Budget & Finance Division and Department Management.	14-4.2.1
		Derivative authorizations / official signatures are updated when personnel change and the list is reviewed and communicated to the financial institutions in a timely manner.	14-4.2.2
Foreign Exchange or Commodity derivative and exposure is effective, correctly valued, and properly disclosed / presented.	Derivative instruments' valuation and hedge effectiveness may be incorrectly calculated, resulting in inaccurate financial reporting.	Configuration, interfaces, models, spreadsheets, formulas and market data for any applicable systems and/or programs used to transact and value derivative activity is designed, implemented, maintained and reviewed for accuracy.	14-5.1.1

I - Finance

I4 - Guarantees, Derivatives and Foreign Exchange

Objective	Risk	Applicable Controls	Control Number
Highly complex accounting related to derivatives and hedging instruments is properly performed, recorded and reported.	Financial statements and/or disclosures may be materially misstated if this accounting work is not performed correctly.	Sufficient Derivatives accounting expertise is in place in Finance and is provided to those responsible for managing/ implementing derivative and hedging programs in the form of 1) up-front technical implementation guidance and 2) ongoing execution monitoring.	I4-6.1.1
Derivatives and hedging instruments are recorded properly in the financial statements; disclosures for external financial reporting are accurate and complete.	Derivative valuation may be incorrectly calculated.	Derivative valuations are accurate and agree to supporting documentation.	I4-7.1.1
		Any modification to derivative contracts are appropriately authorized by management.	I4-7.1.2
	Material misstatements or errors may not be detected.	Derivative and hedging instruments are reviewed to ensure postings to general ledger accounts are correct and appropriate.	I4-7.2.1
Foreign currency and exchanges are accounted for.	Published consolidated financial statements may not be in compliance with accounting standards and may contain material errors relative to conversion from foreign currencies to US dollars.	Foreign currency remeasurement and translation is performed monthly in accordance with Department policy using correct published internal translation rates and such rates are reviewed for reasonableness.	I4-8.1.1

I - Finance

I5 - Consolidation / Financial Statement Preparation

Objective	Risk	Applicable Controls	Control Number
Consolidation of financial statements is complete.	Material misstatements or errors may not be detected.	All entities, which should be included in the consolidation process, are accounted for prior to consolidation.	I5-1.1.1
		The total Department balance sheet and income statement, as reported, are balanced prior to being extracted into the consolidation system.	I5-1.1.2
Consolidation of financial statements is accurate.	Errors may be missed and result in inaccurate financial reporting.	Repetitive and non-repetitive consolidation and published adjustment vouchers are documented, reviewed, and authorized.	I5-2.1.1
		Requests for post-closing adjustments are tracked, and any resulting entries are approved. A Summary of Unadjusted items is retained.	I5-2.1.2
		Each month, fund balances are cross-checked for reasonableness to forecast and prior period data. Significant variances are investigated and explained.	I5-2.1.3
		Quarterly, fluctuation analyses are performed on the financial statements, including balance sheet items, which are reviewed by management. Significant fluctuations are investigated prior to finalizing.	I5-2.1.4
		Cash flow statement is prepared in compliance with applicable standards and is reviewed by management.	I5-2.1.5

I - Finance

I6 - External Reporting

Objective	Risk	Applicable Controls	Control Number
External reporting processes are forward-looking in order to ensure the Department's ability to adhere to new reporting requirements.	New filing requirements may be enacted, and the Department may not be able to satisfy the new requirements.	Budget & Finance and General Counsel carefully monitor and assess the impact of new disclosure requirements so that external reporting processes can be implemented as needed to comply.	I6-1.1.1
External reporting is prepared and submitted on a timely basis.	Late submissions may result in sanctions and a loss of credibility.	Internal timelines are developed and well-communicated in advance of each quarter-end and year-end to ensure published filing deadlines are met.	I6-2.1.1
External reporting is complete and accurate.	Errors could be missed, resulting in inaccurate external financial publication.	Financial statement data / disclosures are run through multiple cross-checks to ensure reporting accuracy.	I6-3.1.1
		GAAP / GAS checklists reporting guides are utilized to ensure all required disclosures are prepared. Special attention is given to new requirements (e.g., new GASB pronouncements).	I6-3.1.2
	Errors could be missed, resulting in inaccurate external financial publication.	Shortly after quarter-end and shortly before filing of external reports, a litigation review is held with the Department's General Counsel's Office to ensure accurate and complete reporting of significant litigation liabilities.	I6-3.2.1
		Prior to filing of external reports, a review is held with other relevant / appropriate personnel to ensure accurate and complete reporting of all liabilities.	I6-3.2.2
		Prior to filing of external reports, a review is held with all appropriate personnel (both within and external to Budget & Finance) to ensure accurate and complete reporting of financial statements and disclosures.	I6-3.2.3
		Shortly before filing, external reports are reviewed with Senior Management to ensure accurate and complete reporting of financial statements and disclosures.	I6-3.2.4
		Roll-forward starting draft and all subsequent versions of external reports are controlled to ensure upgrades are not omitted, superseded data/disclosures are not incorrectly included, conflicting input is reconciled, and official final versions are filed as intended.	I6-3.2.5
		Documentation support, including evidencing data sources and controls to data in financial statements, exists for all footnotes and disclosures.	I6-3.2.6
		Disclosures for external reporting are reviewed by management for completeness and accuracy and agree to supporting documentation.	I6-3.2.7

J - Information Technology

J1 - Contingency Planning / Disaster Recovery

Objective	Risk	Applicable Controls	Control Number
Disaster prevention / mitigation plans are developed to illustrate the necessary steps to avoid or mitigate the effects of disasters that could affect information assets.	Failure to identify the most significant risks may result in the most critical systems not being adequately protected and restored timely.	The owners of systems / applications determine the threats to those assets, document, communicate, categorize asset criticality, and perform this review periodically, using the Department IS information classification matrix.	J1-1.1.1
	Failure to follow the required system protocols may result in the most critical systems not being adequately protected and restored timely.	System / application owners appropriately follow the requirements outlined in the Department IS Risk Chart according to the information assets classification (e.g., use of Redundancy / Backups, Threat Notification, Fire Suppression systems and secured file storage to prevent or mitigate the effects of a disaster).	J1-1.2.1
	The inability to operate without the system may result in critical services not being performed.	System users are equipped to continue critical operations while the system is inoperable. This includes supplies and forms (if necessary) to function for an extended period of time.	J1-1.3.1
A Disaster Recovery Plan is developed, documented, and tested periodically to ensure its continued viability, which is appropriately aligned with the business impact and criticality of the information asset.	A lack of an effective and widely understood Disaster Recovery Plan may expose the Department to unnecessary and prolonged outages which may result in significant business impact.	Based on risk and criticality of the application / system, a disaster recovery / restoration plan, which includes any dependencies necessary for the application / system's availability, is developed and tested.	J1-2.1.1
		The recovery / restoration plan is documented, readily available (i.e., hardcopy, CD, etc.) and distributed to all participants in the plan. At least one copy is stored with the backup media at a secure, remote location.	J1-2.1.2
		The Owner reviews the recovery / restoration plan periodically to ensure all information is correct and provides updates / corrections in a timely manner.	J1-2.1.3
Relevant Stakeholders are informed of disaster / system issues.	Failure to notify Stakeholders may result in activation of recovery plans and / or alternate means of providing services.	All relevant Stakeholders (i.e., system owners & users) have been identified and are verified periodically, at least annually.	J1-3.1.1
		All relevant Stakeholders (i.e., system owners & users) are notified timely of system issues (e.g., outages).	J1-3.1.2

J - Information Technology

J2 - Desktop Computing

Objective	Risk	Applicable Controls	Control Number
Appropriate physical and logical safeguarding techniques are used for portable and desktop information assets.	Laptop and desktop computers containing sensitive data can be lost, stolen, misconfigured, subject to viruses, or otherwise compromised resulting in unauthorized data access, disclosure, damage or destruction.	Laptops are not left unsecured and unattended for extended periods, especially in low traffic areas (or lunch times) where a theft might go unnoticed. When left after normal work hours, laptop is stored in a secure office, drawer, cabinet, etc.	J2-1.1.1
		PCs connected to the network or that are used to access the Department's network have Department-approved personal firewall software installed (this includes assets used by non-Department employees).	J2-1.1.2
		PCs have a security mechanism that prevents unauthorized access when the PC is left unattended and can automatically activate after a specified period of inactivity. The mechanism is activated anytime the user is away from the PC and is used proactively in addition to default time out parameters.	J2-1.1.3
		Encryption is used to store and transmit data based upon the Department's policy.	J2-1.1.4
		Logon ID, Passwords and instructions for connections to the network are not carried together in a manner that could be easily used in the event of a theft. Passwords are not written down or displayed.	J2-1.1.5
		A Department approved anti-virus software program is installed and enabled on all personal computers which connect to a Department LAN. All personal computers have current versions of anti-virus software and definition files installed and are updated timely.	J2-1.1.6
		PC operating systems are up to date to ensure protection from latest vulnerabilities (i.e., patches, version and service pack). PCs are configured to receive automatic updates of security patches, etc., whenever possible.	J2-1.1.7
		Integrity testing of new versions of existing software or additional software is performed prior to implementation on desktop and laptop machines or integration into the Department's laptop or desktop image. Testing ensures the software functions as expected, is approved by management and performs without impacting overall computer / network performance.	J2-1.1.8
		Critical data is protected by being part of a timely backup schedule.	J2-1.1.9
		Unapproved removable / portable media (flash drives, DVD/CD, CD burners, etc.) are not used to store, transport, or share sensitive, "confidential" Department information assets.	J2-1.1.10

J - Information Technology

J2 - Desktop Computing

Objective	Risk	Applicable Controls	Control Number
Appropriate physical and logical safeguarding techniques are used for portable and desktop information assets.	Laptop and desktop computers containing sensitive data can be lost, stolen, misconfigured, subject to viruses, or otherwise compromised resulting in unauthorized data access, disclosure, damage or destruction.	Removable storage media is protected from unauthorized access, critical data encrypted and disposed of properly.	J2-1.1.11
		All PCs that have a connection to the network or proprietary information on their local hard drives have a security mechanism installed that prevents unauthorized access when the PC is booted.	J2-1.1.12
		A process is in place for end users to report suspicious activity to a help desk or local IT management. (Suspicious activity may include possible virus infection, security breach, unusual email, unusual system/application behavior, etc.)	J2-1.1.13
		Site security procedures are in place (documented), where appropriate, for laptop / PC removal off premises.	J2-1.1.14

J - Information Technology

J3 - Network Management

Objective	Risk	Applicable Controls	Control Number
Unauthorized access to firewalls, routers and PBX systems is prevented.	Without effective security administration for firewalls, routers and PBX systems, there is exposure to damage, loss, modification, and unauthorized use of data.	Rule Sets / Access Controls lists are established, documented, reviewed on a periodic basis and only accessible by authorized individuals.	J3-1.1.1
External Network Access devices (modems, VPNs, etc.) are configured to prevent unauthorized access.		All Network Devices are identified.	J3-2.1.1
		All Network Devices are configured according to Department standards.	J3-2.1.2
		All connections to the Department network are explicitly authorized by the appropriate level of IT management. Connectivity from networks, including the Internet, which are being managed under a security policy that differs from Department policy, must have the appropriate level of IT management approval.	J3-2.1.3
Internal Network Access devices (routers, switches, wireless access points, etc.) are configured to prevent unauthorized access.		Network devices are appropriately managed in order to minimize the threat to the rest of the internal network. Network segments with critical applications are secured from general users. All devices connected to the Department's internal network (i.e., routers, hubs, firewalls, wireless access points, PCs, servers, etc.) are configured and managed according to the latest Department policy.	J3-3.1.1
Network based threats to information assets are monitored, prevented, mitigated and assessed for criticality.	Without proper threat monitoring, information assets connected to the network may be exposed to the exploitation of system vulnerabilities.	The network is monitored for unauthorized intrusion attempts and network threat activity. Activity which could result in a security breach is mitigated, reported to IT management, investigated and any damage is assessed.	J3-4.1.1

J - Information Technology

J4 - Policy and Asset Management

Objective	Risk	Applicable Controls	Control Number
IT resources have the proper training and redundancy to ensure the IT environment remains controlled and resources are used effectively.	A lack of training may result in inefficiencies, data loss, and the inability to access information assets.	A process is in place to properly train personnel who are responsible for critical functions.	J4-1.1.1
		A backup has been designated for critical functions that depend on an individual's KSA (knowledge, skills, abilities).	J4-1.1.2
		Job critical functions are documented including effective instructions on how to perform critical tasks. This documentation is reviewed at least annually and updated when the functions systems or methods change.	J4-1.1.3
		Training and operating manuals are available for critical systems appropriate to the version and function of the system or software.	J4-1.1.4
		Training plans / actual training is documented for critical IT personnel.	J4-1.1.5
Procedures and policies are in place, communicated and consistently followed.	IT resources may be misused, under utilized, unavailable or compromised.	Exceptions to Department policies / standards are submitted by management through the exception reporting process and include reasonable justification as to why the standards do not apply. This includes any variance to an information security policy.	J4-2.1.1
		Compliance monitoring practices are established by management to ensure compliance to Department policies is consistent.	J4-2.1.2
Processes are in place to procure, implement, use, inventory, support, redeploy, and dispose of IT components.	IT components may not be properly obtained, accounted for, supported or maintained.	IT Inventory is complete and descriptive. Redeployment includes data and software re-initialization. Disposition includes erasing or Degaussing magnetic storage media.	J4-3.1.1
		Before an IT component acquisition, the current inventory is checked to ensure existing resources cannot be leveraged.	J4-3.1.2
		Hardware and software acquisitions and implementations are guided, documented and approved by management to ensure effectiveness within the Department's technical architecture / environment.	J4-3.1.3
		Information systems (software and hardware) is only used for Department business / use.	J4-3.1.4

J - Information Technology

J4 - Policy and Asset Management

Objective	Risk	Applicable Controls	Control Number
Only licensed software is used. The software licenses are followed, inventoried and maintained.	Unlicensed and unapproved software may expose the Department to financial loss and data destruction.	Only licensed or otherwise authorized software is used on Department owned or leased hardware. Software license agreements provided by vendors clearly define the limits of use.	J4-4.1.1
		Compliance with license agreements is attempted through using tools and technology such as PC redeployment procedures, software metering on servers / hosts, and ongoing inventory processes.	J4-4.1.2
		In addition to personal and machine license restrictions, the Department negotiates for corporate or site wide licenses with the vendor when cost effective.	J4-4.1.3

J - Information Technology

J5 - Program and System Development

Objective	Risk	Applicable Controls	Control Number
Program development projects, which use significant resources, align with Department goals.	The program development project may not align with Department direction and resources may be misallocated.	Prior to the start of any meaningful program development initiatives involving critical systems, management reviews and documents the purpose, cost, value to the Department and consistency with strategic direction prior to granting approval to the development project.	J5-1.1.1
A consistent project management methodology is adopted and applied to each project undertaken.	Projects may not be delivered on time, within budget and may not satisfy department (business) requirements.	The project management methodology covers, at a minimum, stated objectives, the allocation of responsibilities, task breakdown, budgeting of time and resources, milestones, check points and approvals.	J5-2.1.1
		Management reviews appropriate reports on the ongoing status, including information regarding assessments from quality assurance reviews, actual completion of tasks against plans (e.g., design, testing, conversion of data), actual delivery dates against milestones and deadlines, and actual project cost against budgets.	J5-2.1.2
The program development methodology is clearly defined, understood and consistently applied.	Undefined program development methodologies can lead to inconsistent program deliverables, a lack of integration, poor performance, programming errors and unexpected results.	A System Development Life Cycle (SDLC) is documented and consistently applied to all meaningful program development initiatives.	J5-3.1.1
A data conversion plan is prepared.	Data may not be imported accurately and completely.	A data conversion plan is documented and approved.	J5-4.1.1
		The data conversion plan includes the methods of collecting and verifying the data to be converted and describes the process for identifying and resolving any errors found during conversion.	J5-4.1.2
		A verification process is in place to ensure mapping of data fields is successful and adheres to Department Data Standards.	J5-4.1.3

J - Information Technology

J5 - Program and System Development

Objective	Risk	Applicable Controls	Control Number
The delivered system achieves the necessary business and internal control requirements.	Systems may not operate as intended.	For projects that may have critical impact, a quality-assurance review exists, which approves all programs and system parameters settings before being promoted into production and is independent of the development team.	J5-5.1.1
		A testing plan is developed, approved and monitored for compliance.	J5-5.1.2
		All programs are tested together in a simulated live environment to ensure the system performs as planned. This may include system testing, unit testing, volume testing, sequence testing, user involvement, system interfaces and result checking.	J5-5.1.3
		A back out plan is created and based on the system criticality, is tested prior to cutover to ensure the system can be restored to the previous state.	J5-5.1.4
All users are competent in the use of functions and control features, and documentation is adequate to support ongoing operations, problem resolution, and future maintenance.	Inadequate documentation and training may result in errors being unresolved or data not being entered completely into the application.	User and technical documentation is developed and maintained for all new systems.	J5-6.1.1
		A training program to facilitate both business and technical training is developed so that users and/or computer operators receive adequate training reflective of the new system.	J5-6.1.2
New systems are integrated smoothly into the existing user environment.	During critical transactions or processing periods, introducing systems before users are adequately trained and/or before they can be adequately supported may result in financial or operational loss to the Department.	Promotion of program development initiatives into production is approved by management and clearly communicated to the user community prior to cutover.	J5-7.1.1

J - Information Technology

J5 - Program and System Development

Objective	Risk	Applicable Controls	Control Number
Program source code and executables are maintained for integrity, availability, and consistency.	Software inconsistencies and loss of version control may put the Department at risk of unexpected program behavior, instability, and/or a lack of information asset availability.	Periodically, custom created source code is checked to ensure it matches production executables. Location of source and location(s) of executables are documented.	J5-8.1.1
		At least one level of version control is secured and maintained for source code or executable software. Original source code is owned by the Department and retained. Access to the source code and executables is monitored to ensure no unauthorized modification or destruction can result.	J5-8.1.2
		For initial source code development, review standards for internal documentation exist and are followed. At a minimum they should include the following: 1. Creation date. 2. Programmer name. 3. Program description. 4. Authorization for program. 5. Special program requirements. 6. Comment blocks.	J5-8.1.3
		Naming conventions are developed and consistently applied to all source code and executables that are created as part of program development initiatives.	J5-8.1.4
Significant program development projects are analyzed to determine if future projects can achieve better results.	If weaknesses in the program development project methodologies are not addressed, the Department may continue to make errors, under-utilize resources, and fail to achieve critical objectives.	A post-implementation analysis is conducted after the program development project is completed to ensure the objectives have been appropriately satisfied. The analysis is used to understand next steps, improvement opportunities and create a plan to address residual issues.	J5-9.1.1

J - Information Technology

J6 - System Access

Objective	Risk	Applicable Controls	Control Number
Access to the Data Center and/or other computer facility rooms is authorized and controlled.	Without effective security access to the Data Center and/or other computer facility rooms, damage, loss, modification, and unauthorized use of the IT assets may occur.	Physical access to the Data Center and/or other computer facility rooms is properly controlled, restricted and monitored in accordance with documented site access control procedures. Examples include periodic monitoring of access devices logs or manual logs to ensure only approved access occurred, following local site procedures for periodic review of personnel, employee escort for all visitors, etc.	J6-1.1.1
		Users are granted access to secure areas based on an approved user access request process, which is based on job responsibility.	J6-1.1.2
System access is limited to authorized department (business) / function users in accordance with job requirements.	Unauthorized and/or inappropriate access to critical systems may result in data being inappropriately altered, destroyed or released.	Security / Access administration creates accounts and profiles and grants access in accordance with applicable standards (including unique user IDs and password change frequency).	J6-2.1.1
		Security / Access administration creates accounts, grants, modifies and removes access based on approval from the department (business) or function.	J6-2.1.2
		Privileged access to the infrastructure environment is periodically reviewed by line management (Departmental and Information Technology) to ensure account privileges are consistent with their role and business risks. Frequency of these reviews is based upon the sensitivity of the granted access.	J6-2.1.3
		Application owner and department supervisors periodically review individual roles (department (business) / functional users) versus access.	J6-2.1.4
		Multi-Factor Authentication is required for access to Department systems.	J6-2.1.5
Access to critical applications and infrastructure is authorized and controlled.	Without effective security administration for the application and its data, there is exposure to damage, loss, modification, and unauthorized use of that data.	Security administration procedures (such as adding / removing / modifying user accounts & IT privileged access review) are established, documented, and reviewed periodically.	J6-3.1.1
		User IDs and passwords are removed or locked in a timely manner when individuals leave the Department or change job responsibilities.	J6-3.1.2
		Security Administrator monitors and logs security activity, and identifies security violations, which are subsequently reported to management.	J6-3.1.3
IT Personnel (programmers, operation, system management and database management) do not perform incompatible transactions.	Without effective segregation of duties (application privileges), there is exposure to recording of invalid transactions, which could lead to inaccurate data or personal gain.	IT personnel do not have access to production data, programs and transactions (including emergency production access). Critical transactions are monitored (such as ERP critical transactions).	J6-4.1.1
		Emergency production access and change procedures are documented and periodically reviewed by management.	J6-4.1.2

J - Information Technology

J6 - System Access

Objective	Risk	Applicable Controls	Control Number
The use of automated security tools and system security modules should be used and properly configured to enhance information asset security.	Without leveraging all available tools, security may be susceptible to human error and abuse.	Systems / Applications are configured to deactivate a session after a specific period of inactivity.	J6-5.1.1
		The number of failed login attempts allowed adheres to the Department IT policy.	J6-5.1.2
		A log on banner advising against unauthorized access and misuse is employed on all systems whenever possible.	J6-5.1.3

J - Information Technology

J7 - Program and System Operations

Objective	Risk	Applicable Controls	Control Number
Backup and recovery procedures exist to ensure timely recovery of application data and information systems.	Without an effective and tested backup and recovery plan, it may not be possible to properly restore systems and data in the event of a disruption.	A backup and recovery plan (addressing activities such as backup frequency, job monitoring, restores, and off-site storage) is documented and reviewed periodically.	J7-1.1.1
		The backup / storage frequency is based upon system and data criticality. Information Technology, in conjunction with system owners, monitor and verify the backup strategy is appropriate and executed as intended.	J7-1.1.2
		The backup and recovery plan is tested, and any deficiencies are documented and addressed in a timely manner.	J7-1.1.3
		Testing of the backup media is appropriate to the system and data criticality.	J7-1.1.4
		Portable storage media should be labeled. Backups should be stored separately from originals in an off-site location.	J7-1.1.5
		Removable storage media is protected from unauthorized access, critical data encrypted and disposed of properly.	J7-1.1.6
Equipment is protected by environmental controls.	Without the proper environmental controls, damage to equipment may occur and result in system downtime.	Depending on system criticality, physical facilities are equipped with adequate environmental controls to maintain systems and data and are monitored to ensure the environmental controls function properly. (Examples are ensuring the fire suppression system is inspected, the uninterrupted power service (UPS) power backup functions normally, the temperature and humidity is within defined system specifications.)	J7-2.1.1

J - Information Technology

J7 - Program and System Operations

Objective	Risk	Applicable Controls	Control Number
Controls are in place to provide reasonable assurance that batch jobs and scheduled processes execute in a timely and appropriate manner and that variances are investigated and resolved.	Data may not be updated or calculated timely and produce unreliable results.	IT Operations ensure batch jobs, interfaces and programs execute successfully and that errors or failures are investigated, resolved and communicated timely to the department (business) / function. Schedules and operations manuals exist and are maintained.	J7-3.1.1
		Modifications to batch job schedules are approved and follow established change management procedures.	J7-3.1.2
A process is in place to identify incidents and to determine if the incident potentially impacts the control environment.	Without an effective Incident Response process, there is exposure to damage, loss, modification, and unauthorized use of data.	Procedures are established and documented for Log Monitoring and Incident Response (i.e., thresholds of what constitutes an incident, a time for response, people responsible and an escalation plan) and are reviewed periodically.	J7-4.1.1
		Incidents are identified and communicated timely to the department (business) / function for appropriate action.	J7-4.1.2
		Logs that support the integrity of the system maintenance / availability logs (ex. - table size, CPU utilization, down-time alarms) and the security of the System / Subsystem / Device (ex. - event, security, operating system, substitute user (SU) logs, etc.) are monitored and reviewed, so that exceptions are investigated and resolved.	J7-4.1.3
		A Department approved anti-virus software program is installed and enabled on all applicable servers which connect to a Department LAN. All servers have current versions of anti-virus software and definition files installed and are updated at a frequency consistent with published Department IT standards. Identification of a virus or suspected virus must be reported to and recorded and analyzed by IT management.	J7-4.1.4

J - Information Technology

J7 - Program and System Operations

Objective	Risk	Applicable Controls	Control Number
Changes are authorized and operate as designed and continue to meet internal control requirements prior to being introduced into the production environment.	Unauthorized changes could result in reliance on systems or programs that are inaccurately processing data, processing inaccurate data, or both and may result in damage, loss, or erroneous modification of data.	Change control procedures (addressing activities such as a back out plan, test plan, testing of changes in a development environment, emergency procedures and appropriate sign-off by the owners of the devices or management) are established, documented, and reviewed periodically.	J7-5.1.1
		Changes to the production environment of critical systems (such as data, new functionality, new systems, and emergency changes) are authorized by the department (business) or function, in accordance with documented change control procedures.	J7-5.1.2
		All changes are made to a copy of the program, tested in a segregated environment, and approved by management before moving into production.	J7-5.1.3
		System generated or manual change control logs are maintained, monitored, and suspicious activity is investigated and resolved.	J7-5.1.4
		User and application documentation is updated to reflect all program changes.	J7-5.1.5
Data transferred between systems is accurate and complete.	Data may not be transmitted between systems completely or accurately.	Documented procedures are in place to identify and notify of missing, duplicate, redundant, or invalid data.	J7-6.1.1
		Data transmission errors are logged, impact assessed, and notification is performed timely based on the criticality of the system and application.	J7-6.1.2
		Encryption is used to store and transmit data based upon the Department IT policy (this includes non-Department employees).	J7-6.1.3

J - Information Technology

J7 - Program and System Operations

Objective	Risk	Applicable Controls	Control Number
System and Application software is appropriate, updated and integrated within the production environment.	Obsolete software may be easily exploited, contain processing errors, lack functionality, compatibility and stability.	New versions of existing software or additional software is tested prior to implementation (on "production") on test servers to ensure the software is legitimate, Department approved and performs without causing unexpected negative impact over computer / network performance.	J7-7.1.1
		For new software and software updates identified to be installed on critical IT infrastructure, integrity testing is performed prior to implementation (especially on critical systems). Testing will include load tests as appropriate to the systems function and criticality. The testing is performed in isolation and checked for viruses.	J7-7.1.2
		There is a documented and established process in place that, before a system / application is added into the IT environment, it is configured according to Department IT / technical standards.	J7-7.1.3
		Management periodically reviews system / device compliance with Department IT standards.	J7-7.1.4
		IT infrastructure is monitored on a periodic basis to ensure the latest software / operating system updates have been applied.	J7-7.1.5
		Only software or services appropriate to the servers' function are active.	J7-7.1.6
		IT infrastructure without the latest security software updates are updated at the next available change window or are configured to appropriately mitigate the threat of vulnerability exploitation.	J7-7.1.7

K - General Physical and Logical Security

K1 - Physical and Logical Security

Objective	Risk	Applicable Controls	Control Number
Department information is retained and disclosed in accordance with Department policies and procedures.	Department information is used for non-governmental purposes; the Department fails to protect personally identifiable information (PII).	Information is safeguarded through physical access restrictions. Restrictions include badge only access, locked files & locked storage rooms, security cameras and security officers.	K1-1.1.1
		Information is safeguarded through logical (system) access restrictions. Restrictions include password protection, screen saver use, and administrator rights control.	K1-1.1.2
	Confidential information may be inadvertently disclosed.	Document distribution is controlled, and all appropriate documents are clearly labeled 'CONFIDENTIAL'.	K1-1.2.1
	Lack of adherence to policies may result in loss of proprietary information / data or confidential information being inadvertently revealed.	The Department's policies, such as records retention, are comprehensive and effectively communicated.	K1-1.3.1
		Confidential Department information is identified as such, including financial and technical information, Department objectives, strategies, forecasts, etc.	K1-1.3.2
		Confidential Department Information is shared externally only when an executed Confidentiality Disclosure Agreement (CDA) OR Non-Disclosure Agreement (NDA) is in place.	K1-1.3.3
		When agreements are terminated, a process is in place to retrieve Department Confidential information and/or to return Confidential information to the external party.	K1-1.3.4
		Department publication and external communication clearance policies and procedures are adhered to.	K1-1.3.5
		Technical information is classified and protected according to Department IT Sensitivity Classifications.	K1-1.3.6
		Use of Department logos by employees and authorized external parties is approved and conforms with recommended practices.	K1-1.3.7
		Communication of any potential loss or misappropriation of proprietary property follows the Department's policies.	K1-1.3.8
		Participation in any social networking activities follows Department policy (see section on Social Media).	K1-1.3.9
Transactions are carried out in accordance with Department and Delegation of Authority policies.	Transactions may not have the necessary corporate authorizations; fraud or irregularities could go undetected.	Powers of attorney are reviewed periodically and updated or removed when employees change positions or leave the Department.	K1-2.1.1

K - General Physical and Logical Security

K1 - Physical and Logical Security

Objective	Risk	Applicable Controls	Control Number
Adequate procedures for contingency planning, business continuity and safeguarding of assets exist.	Assets may not be properly safeguarded.	Crisis management plans are documented, communicated, maintained and periodically tested.	K1-3.1.1
		Valuable assets, including intellectual assets and information technology, are protected from unauthorized access or use.	K1-3.1.2
		Packages, briefcases, etc., removed from Department facilities are subject to inspection by security personnel according to site security procedures.	K1-3.1.3
Entrance to Department Facilities is restricted as appropriate.	Unauthorized individuals may gain access to Department facilities.	Only authorized persons receive badges or other devices that allow access to Department facilities.	K1-4.1.1
		Access to facilities is based on job and need.	K1-4.1.2
		Security personnel monitor activity in high-risk areas. Monitoring may be in person or by security device (cameras).	K1-4.1.3

L - Grants

L1 - Grants and Programs

Objective	Risk	Applicable Controls	Control Number
Grants are identified and applications are submitted.	Grant funds may go unawarded to the Department.	Departmental Management actively identifies applicable grants and programs.	L1-1.1.1
		Grant application requirements are identified; grant applications are completed and submitted timely.	L1-1.1.2
		Proposals, expenditures and other required documentation (e.g., indirect cost allocation) are compiled and available for review.	L1-1.1.3
Grant requirements are documented, and compliance is monitored.	Funds may be withdrawn and repayment to the programs (e.g., Federal Government) or grantor may be required if there has not been compliance.	Departmental Management has a detailed understanding of identified programs and grants, and the associated compliance requirements. This understanding is adequately documented.	L1-2.1.1
		Grants and Programs are managed and protected; restrictive clauses are periodically reviewed. Compliance with program accounting & managing practices are met; controls and compliance are documented.	L1-2.1.2
Grants are accepted by the Board or their designee; grants are also appropriated by the Board.	The Department does not comply with State law.	Grants and Programs are presented to and accepted by the Board of Commissioners.	L1-3.1.1

M - Budgets

M1 - Department

Objective	Risk	Applicable Controls	Control Number
Budgets are established for each fiscal period.	Unapproved expenditures may occur. Insufficient funds may exist to pay for procured goods and services.	Budgets are prepared for each fiscal period.	M1-1.1.1
Budgets are based upon prior budgets, reasonable, documented assumptions and/or estimations.	Funds may be insufficient to pay for procured goods and services and/or funds may go unused.	Budgets are based on reasonable, documented assumptions and estimations.	M1-2.1.1
		The Budget process follows the North Carolina State Budget Act (GS 143C, Article 6).	M1-2.1.2
Budget ordinances are passed / approved by legal authority (General Assembly).	Unapproved expenditures may occur.	Budget ordinances are passed / approved by legal authority (General Assembly)	M1-3.1.1
		The Budget must be balanced (the sum of estimated net revenues plus appropriated fund balance equals appropriations); North Carolina State Budget Act (GS 143C, Article 4) .	M1-3.1.2
Budgets are properly set up and managed.	Budgets may not comply with laws and regulations. Budgets may not adequately fund nor control Department operations.	Appropriations should be by function, department, or project	M1-4.1.1
		The Budget & Finance Division monitors budgets at the level of budget adoption to ensure no over expenditures have occurred. If such over expenditures have occurred, the over expenditure is disclosed in the Stewardship and Compliance section of the notes to the financial statements.	M1-4.1.2
		Budgets are set with built-in contingencies.	M1-4.1.3
		Changes to the approved Budget appropriation must be approved by the General Assembly and/or the North Carolina Office of State Budget and Management (OSBM).	M1-4.1.4

M - Budgets

M1 - Department

Objective	Risk	Applicable Controls	Control Number
The general public is informed of the budget process and notified of key milestones and meetings.	The public does not have the opportunity to comment and provide feedback to elected officials.	Required notifications (e.g., public hearings) on the budget are issued timely.	M1-5.1.1
Budgets are monitored. Management is made aware of issues and appropriate management action are taken.	The final amount of fund balance appropriated exceeds the fund balance available at the end of the fiscal year.	The budget ordinance authorizes the budget officer to make transfers within a function or department without changing the total appropriation to that function or department; when such transfers are made, they are reported to the Governing Board and recorded in the minutes at its next regularly scheduled meeting. (GS159, Article 3)	M1-6.1.1
		Verify that all expenditures in annually budgeted funds are included in the final budget.	M1-6.1.2
	Without proper controls and spending limits in place, there is a risk of excessive spending or unauthorized expenditures. Clear guidelines and limits should be established to ensure that budgeted funds are used appropriately and within approved limits.	Budget Analysts periodically review department budgets (and individual accounts where warranted) to identify any significant deviations and make adjustments that are required to avoid overspending.	M1-6.2.1

M - Budgets

M2 - Departmental Budget

Objective	Risk	Applicable Controls	Control Number
Departmental budgets are established for each fiscal period; planned budget allocations within the Department to operating groups and or programs are also established.	<p>Unapproved expenditures may occur.</p> <p>Insufficient funds may exist to pay for procured goods and services.</p>	Departmental budgets are prepared for each fiscal period.	M2-1.1.1
Budgets are based upon prior budgets, reasonable, documented assumptions and/or estimations.	Funds may be insufficient to pay for procured goods and services and/or funds may go unused.	Budgets are based upon prior budgets, reasonable, documented assumptions and/or estimations.	M2-2.1.1
Budgets are properly set up and managed.	Budgets may not comply with laws and regulations.	Regular, period reports are provided to departmental management; appropriate management actions are taken to stay within budgets.	M2-3.1.1
	Budgets may not adequately fund nor control Department operations.	Excess funds are returned to the General Fund for reallocation.	M2-3.1.2

N - Sales & Revenue

N1 - Customer Master Data

Objective	Risk	Applicable Controls	Control Number
A customer master data file accurately reflects valid customer information for approved customers.	Fictitious customer or inaccurate customer master data may be established in the Department records resulting in inaccurate financial reporting. Customer master file information may be inappropriately modified and not approved by management.	Customer master file additions, deletions, and modifications are accurate, complete and are monitored.	N1-1.1.1
		Any change or modification of customer credit limit and/or credit risk master data is properly approved before system transactions are completed.	N1-1.1.2
Customer master data systems and records are appropriately safeguarded	Loss of Customer Master data or unauthorized changes to the data or records may occur and go undetected.	Access to customer master data systems and records is appropriately restricted and is reviewed, at least annually, by management.	N1-2.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N1-3.1.1

N - Sales & Revenue

N2 - Credit Extension

Objective	Risk	Applicable Controls	Control Number
Credit is extended, for which collectability is reasonably assured, and sufficient information is supplied to management to monitor, pursue and evaluate customer credit worthiness.	Management may not receive information timely and/or accurately which may lead to increased credit risks and/or bad debts.	Credit and collection policies and procedures are defined, documented, approved, communicated and adhered to in order to meet Department objectives regarding receivables and cash flow.	N2-1.1.1
		Management reviews customer financial/credit information in accordance with the Credit policy, and takes actions as necessary to limit credit risk, including taking and monitoring any collateral/ security interest.	N2-1.1.2
		Exceptions to standard customer payment terms are reviewed and approved by management.	N2-1.1.3
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N2-2.1.1

N - Sales & Revenue

N3 - Order Entry

Objective	Risk	Applicable Controls	Control Number
Sales orders must be based on valid customer commitment, supported by appropriate documentation, and processed accurately and completely.	Orders may be incomplete, lost, or delayed, resulting in lost sales and/or excessive returns.	Customer orders are entered accurately and completely into the system and consecutively numbered.	N3-1.1.1
		System logic prevents processing of customer orders unless a valid customer account / record exists in the customer master data file.	N3-1.1.2
		Open/incomplete orders are monitored and investigated.	N3-1.1.3
Sales orders for credit sales are processed only for customers with authorized credit.	Orders may be taken for unauthorized customers and/or unacceptable credit risks, resulting in potential uncollectible accounts and the loss of Department funds.	Sales orders exceeding credit limits are blocked.	N3-2.1.1
Sales order systems and records are appropriately safeguarded.	Loss or unauthorized changes to sales orders, including customer data, price data and system program configuration, may occur and go undetected.	Access to the sales order system and records is appropriately restricted and reviewed, at least annually, by management.	N3-3.1.1
External financial statements reflect only sales to and earnings from third parties.	Income statement and Balance Sheet may contain erroneous sales and earnings not related to outside sales, resulting in inaccurate financial reporting.	Transfers between Department units are recorded as transfers, not sales.	N3-4.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N3-5.1.1

N - Sales & Revenue

N4 - Invoicing

Objective	Risk	Applicable Controls	Control Number
Prices are fixed and determinable; prices and payment terms are reviewed/updated and approved so that only valid prices and payment terms are granted to customers.	Revenue may be recognized before price is fixed and determinable. Customers may be charged inappropriate prices for items purchased and gross revenues are not accurately stated.	Prices and payment terms are verified for accuracy, reviewed and authorized by management.	N4-1.1.1
		Prices and payment terms are maintained accurately within systems.	N4-1.1.2
		Price and payment term exception reports and overrides are monitored at least monthly.	N4-1.1.3
Business is gained through competitive merit, and prices are to be determined by market forces.	Violations of anti-trust laws may result in both civil and criminal penalties and expose the Department to embarrassment.	Individuals setting the prices are trained and knowledgeable of principles of laws and regulations.	N4-2.1.1
Evidence of an arrangement exists, and products shipped and/or services performed must be accurately invoiced at authorized price and terms in a timely manner.	Customer sales and non-sales invoices may be incorrect, unsupported or not created resulting in misstated revenues, unauthorized terms or lost sales due to customer confusion and dissatisfaction.	"Shipped-not-billed" order status is analyzed and promptly resolved.	N4-3.1.1
		The sales system automatically generates an invoice and records entry to appropriate sales and inventory general ledger when goods are confirmed as delivered or shipped.	N4-3.1.2
		Invoices and credit memos are supported by appropriate documentation, consecutively numbered, and are monitored for accuracy and completeness.	N4-3.1.3
		Miscellaneous invoices and credit memos are supported by appropriate documentation, issued in accordance with the Department's sales policy, recorded timely and accurately and reviewed by management for completeness, accuracy and reasonableness.	N4-3.1.4
Sales tax information is maintained and updated timely.	Failure to maintain tax exemption certificates and/or update rate changes may result in incorrect tax being billed and/or collected.	Sales tax exemption certificates are obtained from customers when required and maintained on file.	N4-4.1.1
		Sales tax rate changes are implemented in a timely manner.	N4-4.1.2
Miscellaneous sales to employees are properly accounted for.	Loss of assets, possible litigation and/or loss of reputation to the Department may occur.	All miscellaneous sales to employees are properly documented and approved.	N4-5.1.1
Invoicing systems and records are appropriately safeguarded.	Loss or unauthorized changes to invoices may go undetected.	Access to enter, change or adjust invoices is appropriately restricted and is reviewed, at least annually, by management.	N4-6.1.1
All customer credit memos (returns, refunds, adjustments, etc.) are authorized and recorded timely and accurately.	Customer returns/credit memos/refunds may not be recorded accurately, timely or completely and result in inaccurate financial reporting.	Return, credit memo, and refund procedures are defined, documented, approved, communicated and adhered to.	N4-7.1.1
	Abuse of the return/complaint policy may go undetected.	Management monitors credit memos and refunds issued by customer and investigates unusual trends.	N4-7.2.1

N - Sales & Revenue

N4 - Invoicing

Objective	Risk	Applicable Controls	Control Number
The ability to process a return/rejection/refund is limited to appropriately authorized personnel.	Returns/credit memos/refunds may be unintentionally and/or inappropriately created or issued by users.	Access to process a return, credit memo or refund is appropriately restricted and is reviewed, at least annually, by management.	N4-8.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N4-9.1.1

N - Sales & Revenue

N5 - Rebates Discounts & Commissions

Objective	Risk	Applicable Controls	Control Number
Sales Incentive Programs/agreements (discounts, allowances, rebates made in recognition of prompt payment, volume of purchases, etc.) are identified and properly accounted for.	Unethical and/or improper use of sales incentive programs may expose the Department to embarrassment or possible litigation; discounts and rebates may not reflect the proper accounting treatment (reduction to sales) of the applicable transaction.	Discount, allowance and rebate programs are reviewed for proper accounting treatment.	N5-1.1.1
All rebate liabilities have been identified and properly accrued for.	Liabilities for rebates, commissions and product returns may be understated causing sales, liabilities and inventory records to be inaccurate.	Rebate and allowance accruals occur timely, are based on appropriate evidence of activity and are approved by appropriate management.	N5-2.1.1
Sales Incentive Programs (discounts, allowances, rebates) must be based on legitimate business transactions, correctly calculated, properly recorded, monitored for reasonableness, and supported by appropriate documentation.	Revenues and related cost of sales may be adversely affected, loss of Department funds may go undetected, and embarrassment to the Department and possible litigation exposure could result from unethical and/or improper use of sales programs.	All rebate and allowance payments are based on appropriate evidence, accurately calculated, reviewed and recorded in the proper period and accounts.	N5-3.1.1
Customer rebate and discount systems and records are appropriately safeguarded.	Unauthorized changes to discount and rebate tables and records may occur and go undetected.	Access to create or change discount or rebate system tables or records is appropriately restricted and reviewed, at least annually, by management.	N5-4.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N5-5.1.1

N - Sales & Revenue

N6 - Revenue Recognition & Sales Accounting

Objective	Risk	Applicable Controls	Control Number
Sales contracts reflect the terms of sale and are properly approved.	Inappropriate commitments with customers could occur and ambiguous contract terms and conditions may result in the misstatement of revenue and potential disputes and litigation.	Standard contract forms should be used whenever possible and are reviewed by General Counsel at least annually; deviations from the standard contract form are reviewed by General Counsel prior to authorization.	N6-1.1.1
		Sales contracts are properly authorized.	N6-1.1.2
Sales contracts are monitored to ensure compliance with terms.	Non-compliance with terms of contract may result in financial loss or litigation. Contracts may expire or require renewal action. Evergreen contracts may inadvertently renew.	Sales contracts are monitored by assigned personnel; a mechanism is in place to identify contracts due to expire, requiring renewal or termination.	N6-2.1.1
Sales are accurately recorded in the correct period in accordance with authoritative and Department revenue recognition policies. Considerations include: 1) collectability is reasonably assured; 2) evidence of an arrangement exists; 3) price is fixed and determinable; and 4) delivery has occurred or services have been rendered.	Sales revenue may not be properly recognized.	Sales contracts and agreements are reviewed by management for terms that may affect timing or ability to recognize revenue (such as performance obligations, customer acceptance terms, installation requirements, shipping terms).	N6-3.1.1
		All sales in the last month of a quarter where the "risk of loss" did not pass until the first month of the next quarter are identified and reported; appropriate adjustments to revenue are recorded in the Department books.	N6-3.1.2
		Invoice and credit memo standard terms and conditions are reviewed by the General Counsel's Office and Budget & Finance whenever a change is made.	N6-3.1.3
		Invoices are prepared and issued within the ERP (Enterprise Resource Planning) for all sales / leases.	N6-3.1.4
Sales are posted timely, accurately and to the correct accounts.	Sales may not be recorded in the correct period and/or for the correct amount.	Sales cutoff procedures are adhered to; invoices (billing documents) that are not financially posted are followed up and resolved in a timely manner.	N6-4.1.1
		Sales are properly recorded.	N6-4.1.2
		Accruals for sales returns are made, when needed, based on documented experience.	N6-4.1.3

N - Sales & Revenue

N7 - Accounts Receivables (A/R), Collection & Bad Debt

Objective	Risk	Applicable Controls	Control Number
Accounts receivable reflect the proper valuation based on the likelihood of collection, collection experience and Department reserve guidelines.	Accounts and notes receivable may not be properly valued.	The system is configured to correctly age outstanding Accounts Receivable (A/R) balances.	N7-1.1.1
		Accounts receivable aging reports and past due accounts, including miscellaneous, non-trade and notes receivables, are regularly reviewed and followed up for collection as needed.	N7-1.1.2
		Write-offs / charge-offs are reviewed and approved in accordance with Department policies and legal restrictions.	N7-1.1.3
		Bad debts are recorded in the proper period in accordance with the accounting policy.	N7-1.1.4
		Customer account balance disputes are logged, categorized and investigated to determine cause of any errors in A/R balances.	N7-1.1.5
		An analysis of credit memos, by customer, is performed. Customers are notified of unused credits and appropriate follow-up is conducted.	N7-1.1.6
		The A/R subsidiary ledgers are reconciled monthly to the general ledger A/R control account.	N7-1.1.7
Accounts receivable are established based on Department policies.	Account Receivables may not be recorded resulting in loss and understatement of assets.	Account Receivables are set up at the time of billing based upon approved amounts.	N7-2.1.1
Accounts receivable systems and records are properly safeguarded.	Loss or unauthorized changes to the data, records, or programs may lead to increased bad debts.	Access to customer A/R systems and records is appropriately restricted and is reviewed, at least annually, by management.	N7-3.1.1
Adequate segregation of duties exists among the authorization, custody of assets, recording of transactions and reconciliation.	Lack of segregation of duties may result in misappropriation of assets, inaccurate financial reporting, errors or irregularities, and/or improper and undetected use of funds or modification of data.	Adequate segregation of duties is maintained as documented in the SOD matrix; contact Internal Audit.	N7-4.1.1

O - Social Media

O1 - Personal Social Media Usage

Objective	Risk	Applicable Controls	Control Number
Personal use of Social Media is appropriate; usage is monitored and conforms to laws and regulations.	Inordinate amounts of Department time are used on personal social media activities resulting in lost productivity.	Supervision informally monitors social media usage by observation and inquiry. Appropriate guidance and follow up are given as needed.	O1-1.1.1
		Information Technology monitors broadband use and identifies users and areas that appear to abuse Department resources; management is informed of these users and areas.	O1-1.1.2
	Inappropriate and/or illegal media is accessed.	Information Technology monitors usage (e.g., visits to websites, posting / receiving pictures & messages) for inappropriateness (i.e., hate sites, underage pornography, etc.); management is informed of these users and areas.	O1-1.2.1
	Workplace harassment and abuse occur.	Workplace harassment is reported to HR for appropriate follow-up.	O1-1.3.1

O - Social Media

O2 - Department Social Media

Objective	Risk	Applicable Controls	Control Number
Department (departmental) Social Media is used appropriately; usage is monitored and conforms to laws and regulations.	Inappropriate and/or illegal information may be posted to social media.	Official Department postings to social media are appropriate and approved by Management.	O2-1.1.1
		Intellectual property is protected and controlled on social media.	O2-1.1.2
A strategy for the Department's use of Social Media exists and is followed.	Postings may offer incorrect or inconsistent messaging.	Department postings to social media follow the approved strategy.	O2-2.1.1
	The Department fails to respond timely and accurately to contrary or inaccurate social media postings.	A well documented Social Media crisis management plan exists and has been tested.	O2-2.2.1

P - Records Management

P1 - System Access (Records)

Objective	Risk	Applicable Controls	Control Number
Note that Records Management Controls affect many processes and sub-processes. Consequently, there are record management controls found throughout SLIC.			
The Record Management System (i.e., a computerized system like Munis or Granicus) is properly restricted to appropriate users.	Records (the information they contain) may not be adequately safeguarded against theft or unauthorized changes.	System access is properly restricted and monitored periodically (at least annually); appropriate access is given and restricted as personnel and personnel duties change.	P1-1.1.1

P - Records Management

P2 - Segregation of Duties (Records)

Objective	Risk	Applicable Controls	Control Number
Custody, change authorization and reconciliation within the Record Management System (i.e., a computerized system like Munis or Granicus) are properly segregated.	Unauthorized changes are made to the System and/or data.	Adequate segregation of duties (SOD) is maintained and documented. Privileges within the system are reviewed periodically for SOD issues.	P2-1.1.1

P - Records Management

P3 - Procedures, Policies and Processes

Objective	Risk	Applicable Controls	Control Number
Desk procedures and departmental policies, processes and procedures are followed.	Unintentional errors may be made. Inefficient / ineffective practices may be started / followed.	Desk procedures and departmental policies, processes and procedures are clearly documented and easily available.	P3-1.1.1
Physical records are protected from physical damage.	Loss of records and / or loss of usability due to damage.	Physical records are protected from damage due to environmental conditions and pests (e.g., moisture and / or insects).	P3-2.1.1

P - Records Management

P4 - Inventory & Business Continuity / Recovery

Objective	Risk	Applicable Controls	Control Number
The records inventory is accurate and up to date.	Records on file could be missing or misplaced.	Record inventories are periodically (at least annually) reviewed and updated.	P4-1.1.1
The department business continuity and/or disaster recovery programs (COOP) include Records Management.	Losses of important records due to damage, theft, or destruction could be permanent.	The department has incorporated Records Management into its Business Continuity Plan (COOP).	P4-2.1.1

P - Records Management

P5 - Security (Records)

Objective	Risk	Applicable Controls	Control Number
Records (physical and electronic) are archived, destroyed or disposed of in accordance approved schedules.	Records that are legally and operationally required to be held could be inappropriately changed, destroyed or disposed of.	The Department follows both North Carolina State and Department record retention guidelines.	P5-1.1.1
	Records are held for longer than necessary.	Staff review records periodically for retention and disposal.	P5-1.1.2
Confidential records (physical and electronic) are destroyed using methods which provide adequate safeguards against accidental loss, disclosure, or re-construction.	Confidential information is not disposed of properly; the Department is subjected to public / privacy breaches, identity theft, scams etc.	Records are destroyed in a secure manner that ensures the information cannot be lost, disclosed or re-constructed.	P5-2.1.1
Physical and electronic records storage areas are protected from unauthorized access, theft, and environmental hazards.	Records could be changed, stolen or damaged.	Storage areas are restricted to prevent unauthorized access, damage, theft or other catastrophic loss of records.	P5-3.1.1
		Physical access is only given to appropriate individuals.	P5-3.1.2
Storage areas that hold physical records have adequate space to accommodate growth.	Inadequate room and disorganization of records.	Staff keeps records organized and records have adequate space.	P5-4.1.1

Q - Planning and Inspections

Q1 - Planning

Objective	Risk	Applicable Controls	Control Number
Well-defined planning policies, procedures, guidelines and standards are in place to ensure that planning activities are conducted consistently and in accordance with applicable laws and Department regulations.	Lack of well-defined planning policies and procedures can lead to inconsistencies, errors, and inefficiencies in the planning process.	Well-defined planning policies, procedures, guidelines and standards are in place that reflect applicable laws and Department regulations.	Q1-1.1.1
		There are periodic, documented reviews for changes in applicable laws and Department regulations.	Q1-1.1.2
The planning process considers the strategic direction of the Department. There is a clear link between the planning activities and the Department's objectives.	If the planning process is not aligned with the strategic objectives and goals of the Department, it can result in the misallocation of resources and failure to achieve desired outcomes.	Planning documents clearly link back to the Department's Strategic Plan and meeting minutes from the North Carolina Board of Agriculture.	Q1-2.1.1
Periodic, thorough risk assessments are conducted to identify potential risks and develop appropriate control measures to address them.	Failure to identify and assess risks associated with the planning process can result in inadequate risk mitigation strategies and poor decision-making.	A risk assessment is performed and documented when major changes to the Department's Strategic Plan are undertaken.	Q1-3.1.1
Stakeholders are engaged early on to obtain their input and feedback to ensure that the planning process reflects their needs and priorities.	Insufficient stakeholder engagement, e.g., lack of involvement and communication with key stakeholders, such as department heads, elected officials, and community representatives, can hinder the effectiveness of the planning process.	Stakeholder engagement is sought and documented as planning takes place (e.g., the Strategic Plan).	Q1-4.1.1
Robust data collection, validation, and verification procedures are in place to ensure the accuracy and completeness of the information used in the planning process.	Reliance on inaccurate or incomplete data during the planning process can lead to flawed analysis and decision-making.	Robust data collection, validation, and verification procedures (e.g., technical surveys, community input meetings & open houses) are in used to gather and document data used in the decisioning process.	Q1-5.1.1
Establishing mechanisms to monitor and evaluate the progress and outcomes of the planning process is essential to ensure that objectives are being met and corrective actions are taken when necessary.	Inadequate monitoring and evaluation of the planning process can result in a lack of accountability and difficulty in assessing the effectiveness of the plans implemented.	Monitoring and evaluation processes exist to assess the effectiveness of the plans implemented.	Q1-6.1.1

Q - Planning and Inspections

Q2 - Economic Development

Objective	Risk	Applicable Controls	Control Number
Well-defined economic development policies, procedures, guidelines and standards are in place to ensure that economic development activities are conducted consistently and in accordance with applicable laws and Department regulations.	Failure to have adequate policies and procedures governing the economic development process may result in inconsistency, favoritism, and / or non-compliance with applicable laws and regulations.	Well-defined planning policies, procedures, guidelines and standards are in place that reflect applicable laws and Department regulations.	Q2-1.1.1
		There are periodic, documented reviews for changes in applicable laws and Department regulations.	Q2-1.1.2
There is adequate oversight and monitoring of economic development activities. This includes appropriate due diligence and approvals.	Insufficient oversight and monitoring of economic development activities can lead to mismanagement of funds, potential fraud, or misuse of resources.	There is a periodic review (at least annually) of the contract requirements and progress toward meeting those requirements; this review is documented and shared with Department Management.	Q2-2.1.1
	Failure to obtain appropriate approvals for incentives and grants may lead to funding being awarded to entities that do not meet the required criteria.	All incentives and grants are properly approved, including any amendments.	Q2-2.2.1
	Insufficient due diligence in assessing the eligibility and suitability of recipients of economic development incentives or grants may lead to funding being awarded to entities that do not meet the required criteria. This can result in wasted resources and/or the Department not receiving the expected economic benefits.	The due diligence process and associated incentive or grant award will be thoroughly documented detailing the nature of the grant and the specific qualifications of the recipient. The criteria for receiving the grant will be specifically included.	Q2-2.3.1
Awarding of economic development initiatives and grants will be free of conflicts of interest. This includes vendors, contractors, developers, employees and Department officials involved in the process.	Conflicts of interest in the economic development process could result in biased decision-making or personal gain at the expense of the Department.	Conflicts of interest (actual or perceived) were considered when assigning contract administrator and other related roles.	Q2-3.1.1

Q- Planning and Inspections

Q2 - Economic Development

Objective	Risk	Applicable Controls	Control Number
<p>The economic development initiatives and grants process will keep accurate, and complete reports that are issued timely to the appropriate levels of management. This includes performance measurements.</p>	<p>Poor record-keeping practices, inaccurate data entry, or inadequate reporting systems can lead to errors in financial statements or performance reports. This can hinder effective decision-making, impair transparency, and create opportunities for manipulation or misrepresentation of economic development outcomes.</p>	<p>Accurate and complete reports / documents are developed, reviewed and approved by appropriate individuals.</p>	<p>Q2-4.1.1</p>
	<p>Without clear performance measures and targets for economic development initiatives, it becomes challenging to evaluate effectiveness and assess the return on investment. Lack of robust performance measurement can result in continued funding for projects that do not deliver the intended results.</p>	<p>Clear, measurable (objective) performance measurements are used. These measures are the basis for payments and other incentives.</p>	<p>Q2-4.2.1</p>
<p>Economic Development contracts should conform with Section B - Procurement as applicable.</p>			<p>Q2-5.1.1</p>

Q - Planning and Inspections

Q3 - Inspections

Objective	Risk	Applicable Controls	Control Number
Inspections are performed with no bias, no segregation of duties issues and / or conflicts of interest (perceived or actual).	<p>Failure to perform inspections with no bias, no segregation of duties issues and / or no conflicts of interest (perceived or actual) can result in unsafe / poor quality construction and / or continued occupancy in unsafe conditions.</p> <p>Inspectors must not have personal relationships or financial interests that could compromise their impartiality or result in biased inspections.</p>	Inspectors are not assigned to projects where there may be an actual or perceived conflict of interest. Inspectors are periodically asked if they have any conflicts of interest; this is documented.	Q3-1.1.1
All inspections are performed against well-defined and documented policies and procedures.	Failure to perform inspections against well-defined, and documented, policies and procedures can lead to inconsistencies, variations, or subjective interpretations among inspectors. This may result in unreliable inspection results and undermine the integrity of the process.	Well-defined and documented policies and procedures exist and are maintained.	Q3-2.1.1
Inspectors possess the necessary skills and knowledge to perform inspections effectively (certifications, industry experience, etc.).	Inadequate training and / or lack of competency could lead to incorrect or incomplete inspections, compromising the reliability and accuracy of the results.	Inspectors possess the necessary skills and knowledge to perform inspections effectively (certifications, industry experience, etc.). Inspectors stay current on new construction methods and models.	Q3-3.1.1
Periodically, inspections / inspectors are subject to appropriate supervisory oversight and review to ensure compliance with established standards and procedures.	Insufficient supervision increases the risk of errors or deviations from the required guidelines going unnoticed.	On a periodic basis, management reviews inspections to ensure compliance with established standards and procedures. These reviews are documented.	Q3-4.1.1
Proper documentation and records of inspections are kept.	Inadequate documentation and recordkeeping practices may result in missing or incomplete records, making it difficult to track and verify the inspection activities and outcomes.	Proper documentation and records of inspections are kept.	Q3-5.1.1
Identified deficiencies and / or non-compliance issues from inspections are properly addressed and followed up on. Corrective actions take place in a timely manner.	If identified deficiencies or non-compliance issues from inspections are not properly addressed or followed up on, it can weaken the effectiveness of the inspections process. Timely corrective actions are crucial to ensure that identified problems are rectified promptly.	Identified deficiencies and / or non-compliance issues from inspections are properly addressed and followed up on. Corrective actions take place in a timely manner.	Q3-6.1.1