

PERFORMING AN INTERNAL CONTROLS SELF-ASSESSMENT

Administrative Office of the United States Courts
Office of the Deputy Director

FCCA/NCBC
August 2016



2

Topics

- Overview of the Internal Controls Program
- Overview of the Self-Assessment Tool
- Common Self-Assessment Findings
- Best Practices & User Feedback
- Internal Controls Self-Assessment Training Options
- Self-Assessment Tool Resources and Help Desk Information



Internal Controls

- Internal controls are measures designed to provide reasonable assurance of achieving the following:
 - Protection of judiciary assets
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
 - Compliance with applicable laws and regulations
- Volume 11 of the *Guide to Judiciary Policy* states that, at least annually, court unit executives (CUEs) and federal public defenders (FPDs) must ensure that a self-assessment is conducted to review internal controls



Internal Control Examples

Separation of Duties

Ensures no one individual controls all actions on a specific transaction

The person who procures goods & services is not the person maintaining the inventory system

Employees may not approve their own request for reimbursement

Adherence to Judiciary Policies

Compliance with federal legal requirements

Compliance with Internet and Information Systems Security Policies



Volume 11 of the *Guide to Judiciary Policy*

- Identifies minimum requirements for internal control of the ten Administrative Areas in the Judiciary
 - Financial Management
 - Procurement
 - Property Management
 - Human Resources
 - Information Systems & Security
 - Budget Management
 - Postage
 - Jury Management
 - Facilities Management
 - EPA Program



Volume 11 of the *Guide to Judiciary Policy*

- Volume 11 Section 180.30 (a) (2) states:

Problems identified during the self-audit that are addressed or corrected in a timely manner will not be identified as findings in the next cyclical audit.
Volume 11, Section 180.30 (a) (2)

- Documentation of the self-assessment results and corrective actions taken must be maintained by the court unit/FPDO
 - This documentation may be reviewed by the independent auditors



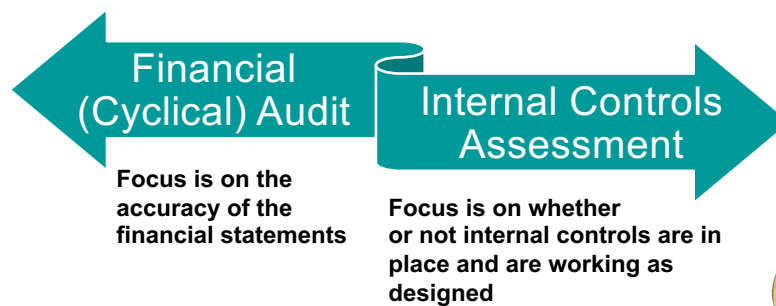
Self-Assessment Tool

- Meets Volume 11 requirement for satisfactorily completing an annual self-assessment of internal controls
- Addresses each administrative area within Volume 11 and covers key requirements
- Provides a means for court units/FPDOs to determine whether adequate internal controls exist and are operating as designed
- Offers easy to use standardized template with step-by-step instructions
- Assesses risk and evaluates separation of duties



Financial Audit vs. Internal Controls Assessment

- The Self-Assessment Tool assists court units/FPDOs with completing an internal controls assessment, not a financial audit



Internal Controls Program Team

AO Team

- Provide SA Tool training
- Maintain and upgrade the SA Tool
- Provide Volume 11 policy recommendations
- Staff SA Tool Help Desk
- Gather and post best practice documents

Court Mentors

- Provide experience and legitimacy to the delivery of the SA Tool Training
- Provide best practices



Downloading the Self-Assessment Tool

- The latest version of the Self-Assessment may be downloaded from the JNet via the following:
 - JNet search terms: "internal control tools" or "self-assessment tool"
 - <http://jnet.ao.dcn/resources/reports-and-publications/oversight-internal-controls-and-audit/internal-control-tools>

Note: Once you have started your annual assessment, there is no need to replace with the latest version if a newer version of the Self-Assessment Tool is uploaded to the JNet prior to completion



Self-Assessment Period & Approach

- Determine the period to be covered in the assessment
- Assessment period may be on a fiscal year (FY), calendar year (CY), or any other annual time period
- If court is changing from one assessment period to another, all months yet to be assessed should be covered
- Assessment of the various Administrative Areas can be performed all at once or throughout the year



Identifying Staff

Auditor

- Has sufficient knowledge of and independence from Administrative Area
- Identifies samples for testing

Respondent

- Involved in functions being assessed
- Has expert knowledge of Administrative Area
- Answers auditor's questions and provide samples for testing

Reviewer

- Reviews Self-Assessment Tool for completeness
- Not the auditor



Staffing Considerations

- If unable to find auditor with both knowledge and independence, court unit/FPDO may consider:
 - Transactional-based assessing; multiple auditors per area
 - Having someone knowledgeable assisting the auditor
 - Requesting an auditor from another court unit/FPDO perform the assessment
- CUEs and FPDs may determine their level of involvement in the self-assessment; however, the Guide, Volume 11, Section 180 states that CUEs and FPDs should review the results of the internal control assessment (issues identified) and ensure any necessary corrective actions are taken



Common Self-Assessment Findings

- Periodic reviews of documents, access, processes, etc. are not performed as required by Volume 11 or are being performed but evidence of the review could not be produced
- Required policies and procedures not included in the Internal Controls Manual



Common Self-Assessment Findings

- Property Management:
 - Property passes and caretaker forms are not completed when required or caretaker forms are missing required information and signatures
 - Master Personal Property Record (MPPR) is not up-to-date with all required items or does not include required information for each item



Common Self-Assessment Findings

- Information Systems and Security
 - Reviews of sensitive systems have not been done when required, or the reviews have not been documented
 - Auditor could not verify that system access was terminated when employees separated from the court
 - CUE/FPD has not annually reviewed a list of who has access to IT facilities to verify it has been limited to authorized personnel



Best Practices

- Best practices forms and documents from various court units/FPDO have been compiled and posted on the JNet
 - Serve as sample templates for effective internal control processes and procedures
 - Include documents such as internal control checklists, separation checklists, and a list of monthly/quarterly/annual reviews



SA Tool User Feedback


- Cost effective and eliminates need to contract with outside firm to perform assessment
- Easier than audit guides and easy to follow
- Includes most/key Volume 11 requirements
- Helpful links to Volume 11 requirements
- More comprehensive than cyclical audit
- Improved chances of findings-free audit



19

Internal Controls Self-Assessment Training Options

On-site Training	Classroom Training
<p>Training on how to use the SA Tool & court unit/FPDO completes their annual self-assessment</p>	<p>Training on how to use the SA Tool</p>
<p>Conducted during three to four days depending on court unit/FPDO</p>	<p>Conducted during one and a half day session</p>
<p>Eligibility for on-site training is determined by the Office of the Deputy Director</p>	<p>Available for court units/FPDOs that are not eligible for on-site training</p>




20

Requesting Internal Controls Self-Assessment Training

- To request either training option for your court unit/FPDO, please contact:

Stuart Kurlancheek
 Internal Controls Systems Manager
 Office of the Deputy Director
 202-502-1005
 Stuart_Kurlancheek@ao.uscourts.gov
- Training request form is available at:
http://jnet.ao.dcn/sites/default/files/pdf_2.SAT_Training_Request_Form.pdf



SA Tool Help Desk & Resources

For assistance, contact the Self-Assessment Tool Help Desk
via 202-502-3450 or SATool_HELP@ao.uscourts.gov

Note: This Help Desk is different than those for other systems, such as FAS₄T, ICE, CJA, HRMIS, etc.

- Internal Control Tools Page
 - <http://jnet.ao.dcn/resources/reports-and-publications/oversight-internal-controls-and-audit/internal-control-tools>
 - Includes links to the Self-Assessment Tool and best practices forms documents
 - Includes link to the Self-Assessment Tool training request form

