



# STATE BAR OF TEXAS

## Internal Audit Services

AN ADVISORY REVIEW OF

## Finance

Report No. 24-003

February 22, 2024

*This report provides management with information about the condition of risks and internal controls as a specific point in time. Future changes in environmental factors and actions by personnel may impact these risks and internal controls in ways that this report cannot anticipate.*

## Report Highlights

### Why Was This Review Conducted?

McConnell & Jones LLP (MJ), serving as the outsourced internal audit function (Internal Audit) for the State Bar of Texas (SBOT) performed this advisory engagement as part of the approved FY 2024 Annual Internal Audit Plan.

### Business Objectives and Scope

To establish and maintain management controls and processes that ensure sound financial management of resources, accurate recording of financial transactions, complete and accurate financial reports, comprehensive budget development and monitoring, investment management, and processing disbursements and payroll.

The advisory scope period was June 1, 2022 to May 31, 2023.

### Advisory Focus

1. Are controls in place to ensure fiscal policies exist and are updated?
2. Are payroll processes and controls in place to ensure that payroll payments made are for authorized employees, that employee deductions are authorized by the employee, and reconciliations of withholdings are performed?
3. Are processes in place to ensure adequate internal controls and segregation of duties over revenue collection, revenue recording, disbursements, bank accounts, and accounting systems?
4. Are processes and controls in place to ensure staff complies with applicable financial related policies?
5. Are processes and controls in place to ensure reporting of financial transactions and balances are accurate, complete, and timely?
6. Are processes and controls in place to ensure that employees report their time accurately and timely, and are paid for time worked?
7. Are processes and controls in place to ensure the vendor master file is maintained and changes to the vendor master file are monitored and include proper documentation?
8. Are processes and controls in place to ensure timely corrective actions occur for financial transactions and ensure that anticipated expenditures do not exceed revenues generated?
9. Are processes and controls in place to ensure the Annual Financial Report is prepared in an accurate and timely manner?
10. Are processes and controls in place to ensure that revenue is forecasted three to five years in advance and identifies potential revenue shortfalls?

### Advisory Conclusions

SBOT's leadership team maintains a strong control environment with a "top-down" expectation of compliance with policies as well as an efficient usage of resources which permeates throughout the organization. For the Financial Division, this strong control environment guides their daily activities. The Finance Division has created detailed procedures for revenue, expenditures, budgeting, travel, and payroll to ensure their responsibilities are completed according to policy and in a timely and accurate manner.

The Finance Division's internal controls are generally effective to ensure sound financial management of resources, accurate recording of deposits, disbursements and payroll, preparation of financial reports, and development and monitoring of the budget.

The Finance Division employs staff that understand policies and procedures, adhere to a strong control environment established by management, and understand the need for segregation of duties.

Commendable processes and controls are in place for changes to banking information for vendors paid by Electronic Funds Transfer (EFT). We also noted that the budgeting process considers input from each department and allows SBOT to budget revenue realistically and expenses conservatively.

### What Did We Recommend?

We provided one recommendation to improve current financial operations. We noted that the CFO is proactive at addressing potential risks which serves as a strong compensating control.



*We wish to thank all employees for their openness and cooperation. Without this, we would not have been able to complete our review.*

## Introduction

We performed this advisory engagement as part of the approved FY 2024 Annual Internal Audit Plan. The International Standards for the Professional Practices of Internal Auditing (IPPF) states the nature and scope of advisory services may be subject to agreement with the party requesting the services. The agreed upon nature for this advisory engagement was to review SBOT's processes for the following areas for potential gaps in controls, potential segregation of duties issues, and detective controls for identification potential fraud:

- Management of financial resources.
- Recording of financial transactions.
- Preparing financial reports.
- Developing, and monitoring the budget.
- Processing disbursements.
- Payroll processing.
- Managing investments.

## Objective, Conclusion, and Internal Control Rating

The objective of this advisory engagement was focused on the following questions:

1. Are the controls in place to ensure fiscal policies exist and are updated?
2. Are payroll processes and controls in place to ensure that payroll payments are for authorized employees, that employee deductions are authorized by the employee and reconciliations of withholdings are performed?
3. Are processes in place to ensure adequate internal controls and segregation of duties over revenue collection, revenue recording, disbursements, bank accounts, and accounting systems?
4. Are processes and controls in place to ensure staff complies with applicable financial related policies?
5. Are processes and controls in place to ensure reporting of financial transactions and balances are accurate, complete, and timely?
6. Are processes and controls in place to ensure that employees report their time accurately, timely, and are paid for time worked?
7. Are processes and controls in place to ensure the vendor master file is maintained, changes to the vendor master file are monitored, and changes have proper documentation?
8. Are processes and controls in place to ensure timely corrective actions for financial transactions occur and ensure that anticipated expenditures do not exceed revenues generated?
9. Are processes and controls in place to ensure the Annual Financial Report is prepared in an accurate and timely manner?
10. Are processes and controls in place to ensure that revenue is forecasted three to five years in advance and identify potential revenue shortfalls?

The advisory scope period was June 1, 2022 to May 31, 2023.

## Focus Areas and Risk Rating Summary

We define a finding as an internal control weakness or non-compliance with required policy, law, or regulation. We define an improvement opportunity as an area where the internal control or process is effective as designed but can be enhanced. A control weakness is a failure in the implementation or performance of internal controls. A control gap occurs when a control does not exist, does not effectively mitigate a risk or is not operating effectively.

Residual risk is Internal Audit's ranking of the remaining risk or likelihood of a negative event occurring with the internal controls and processes in place.

**Exhibit 1** provides a summary of our advisory observations. The Business Objective sections of this report discuss the details of our observations and recommendations.

Focus Area Statement	Residual Risk Rating	Business Objective Discussion Section	Control Effectiveness	Recommendation
1. <i>Are adequate internal controls and segregation of duties in place over revenue collection, revenue recording, disbursements, bank accounts, and accounting systems?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
2. <i>Does the budgeting process ensure reasonable assurance that anticipated expenditures do not exceed revenue generated?</i>	Low	Business Objective #1 – Governance	Generally Effective with Best Practice Processes	None
3. <i>Does SBOT forecast revenue needs for three to five years to determine potential revenue shortfalls?</i>	Low	Business Objective #1 – Governance	Generally Effective	None
4. <i>Are budget monitoring processes in place to ensure timely corrective actions can occur if needed?</i>	Low	Business Objective #3 – Compliance and Monitoring	Generally Effective	None
5. <i>Are staff ensuring compliance with applicable financial related policies?</i>	Low	Business Objective #1 – Governance	Generally Effective	None
6. <i>Are financial transactions and balances reported in an accurate, complete, and timely manner?</i>	Low	Business Objective #4 – Communications and Reporting	Generally Effective	None
7. <i>Are controls in place to ensure changes made to the vendor master file are identified and monitored?</i>	Low	Business Objective #2 – Operations	Generally Effective with Best Practice Processes	None
8. <i>Are controls in place to ensure that changes to the vendor master file related to banking information are supported by appropriate documentation, reviewed, and authorized by</i>	Low	Business Objective #2 – Operations	Generally Effective	None

Focus Area Statement	Residual Risk Rating	Business Objective Discussion Section	Control Effectiveness	Recommendation
<i>individuals other than those making the changes in the system?</i>				
9. <i>Is the vendor master file maintained on a regular basis to disable vendors that have not been used in a pre-established period, such as two or three years, to prevent fraud?</i>	Low	Business Objective #2 – Operations	Some Improvement Needed	None
10. <i>Are processes in place to ensure that employees report their time in an accurate and timely manner?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
11. <i>Are processes in place to ensure that employees on the payroll are authorized?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
12. <i>Are processes in place to ensure that employees are paid for time worked (except authorized paid time off)?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
13. <i>Are processes in place to ensure that payroll reports are generated, reviewed, and reconciled prior to running the final payroll processes?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
14. <i>Are processes in place to ensure that payroll deductions are authorized by the employee?</i>	Low	Business Objective #2 – Operations	Generally Effective	None
15. <i>Are processes in place to ensure that all payroll withholdings, including taxes, are reconciled and submitted to the respective entities in a complete, accurate, and timely manner?</i>	Low	Business Objective #2 – Operations	Generally Effective	None

Focus Area Statement	Residual Risk Rating	Business Objective Discussion Section	Control Effectiveness	Recommendation
16. Are processes in place to ensure that the Annual Financial Report is prepared in an accurate and timely manner?	Low	Business Objective #4 – Communications and Reporting	Generally Effective	None

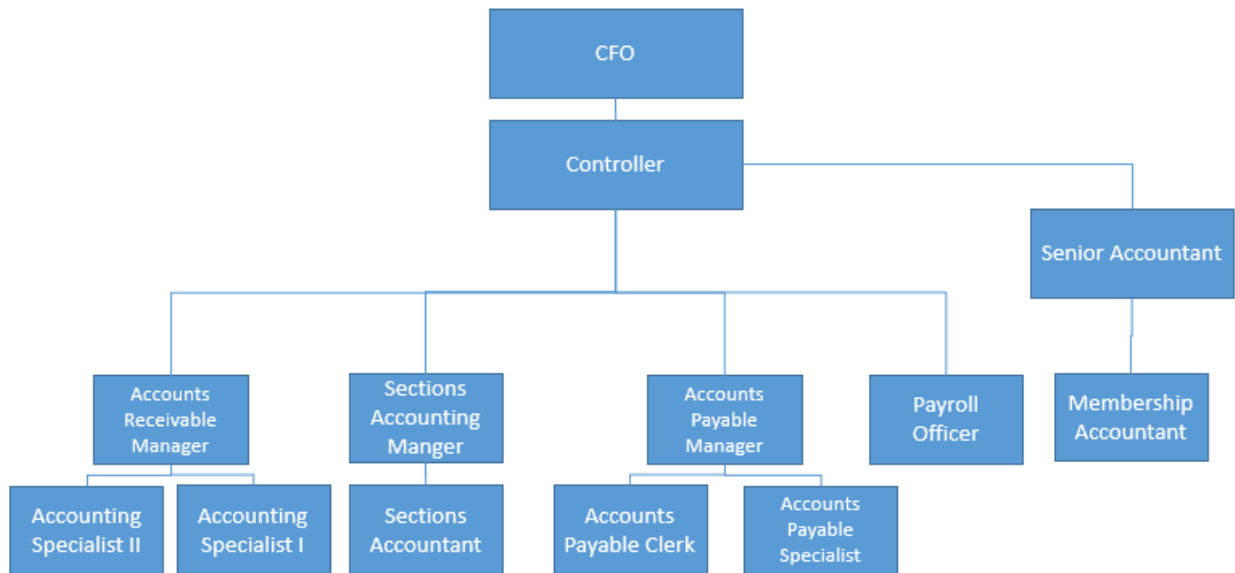
**Exhibit 1:** Summary of Advisory Observations and Control Effectiveness Summary.

## Background

The State Bar of Texas Finance Division ensures sound financial management of SBOT’s resources, ensures financial transactions are accurately recorded, prepares financial reports for internal and external use, develops, and monitors the budget and financial projections, manages investments, and processes disbursements and payroll.

The Finance Division oversees a consolidated budget of approximately \$50 million, which includes the General Fund, section funds and non-major governmental funds with annual budgets of \$45 million, \$3 million, and \$2 million, respectively for FY 2023.

The Finance Division is comprised of 13 employees, including the Chief Financial Officer. Exhibit 2 provides the Finance Division organization structure.



**Exhibit 2:** Finance Division organization structure.

We have witnessed that there is an engrained internal control mindset that starts with the Executive Director and flows down through the entire organization. This has created an overall strong control environment with a “top-down” expectation of compliance with policies as well as an efficient usage of resources. Financial operations are guided by the SBOT Board Policy Manual, and the Finance Division maintains internal policies and procedures that provide operational guidelines for areas such as travel and reimbursement expenses, deposit procedures, accounts payable activity, and payroll.

The CFO actively monitors all aspects of the Finance Division, ensures that staff are aware of policies, procedures, timelines, and expectations, and ensures the strong control environment established by management is also practiced by operational staff.

## Detailed Business Objective, Focus Area, and Internal Control Discussion

This section of the report provides discussion on the advisory focus areas, grouped by business objective. Each business objective includes the definition, inherent risk to the organization if controls were not in place or were not working, and the residual risk to the organization's ability to achieve the respective business objective based upon the effectiveness of controls and processes in place.

### **Business Objective #1: Governance (Control Environment)**

#### **Focus Area Statements:**

- *Does the budgeting process ensure reasonable assurance that anticipated expenditures do not exceed revenue generated?*
- *Are staff ensuring compliance with applicable financial related policies?*
- *Does SBOT forecast revenue needs for three to five years to determine potential revenue shortfalls?*

**Control Rating:** Generally Effective

Governance refers to actions that an organization's Board and executive leadership take to establish the management controls and culture. This is accomplished through setting expectations and communicating these in written policies. Governance is responsible for allocating resources to ensure appropriate organization structures are in place so that activities are carried out effectively, responsibly, and in alignment with the organization's mission and objectives. Governance also encompasses the systems and practices that guide decision-making, risk management, and overall accountability within an organization. Sound governance practices are crucial for maintaining transparency, integrity, and ethical behavior.

#### **Business Objective(s):**

To have processes and management controls in place that ensure: 1) the control environment and related policies and procedures provide SBOT staff with appropriate instructions on how to comply with management expectations and the Board Policy Manual; 2) the budgeting process provides reasonable assurance that anticipated expenditures do not exceed revenue generated.

#### *Control Environment*

SBOT's Board and management have established a strong control environment with clear expectations of compliance with policies, efficient usage of resources, and realistic budget development to ensure financial objectives are met. This strong "tone at the top" is permeated down to all levels of the Financial Division.

The Finance Division is structured sufficiently to handle the volume of transactions and ensure segregation of duties exists.

#### *Policies*

The Finance Division maintains the following policies and procedures:

- Financial-Related Sections of the State Bar of Texas Board Policy Manual
- Business Expense Reimbursement Policies and Procedures
- Deposit Entry Procedures

- Cashier Procedures for Check and Credit Card Deposits
- Accounts Payable Transaction Procedures
- Accounts Payable Mail Procedures
- Payroll Transaction Cycle Procedures
- Budget Instructions, Timeline, and Packet Procedures

Finance Division staff are aware of the policies, and the procedures accurately reflect financial operations. Some of the documents noted above serve as guidelines for SBOT financial activity while others serve as a detailed reference manual for Finance Division staff.

*Budgeting Process*

The SBOT Board of Directors (BOD or Board) has a Budget Committee that advises and assists the Executive Director in preparing the annual budget. The annual budget is presented in the January BOD meeting for review and discussion. Once approved by the Board, the proposed budget is posted on the SBOT website and published in the following month's *Texas Bar Journal* with notice of a public hearing held in March or April prior to the April BOD meeting. After the Board approves the budget in the April meeting, the budget is submitted to the Supreme Court of Texas for approval. The approved annual budget cannot be amended without the approval of the Board and Supreme Court of Texas.

The Board Policy Manual establishes minimum reserves in the General Fund to ensure future obligations can be met and to secure funding for contingencies. Reserves may be used for future capital enhancements and operational improvements. Reserves are recommended by the Budget Committee during the annual budget process and consider all known financial issues and matters facing SBOT.

The Budget Instructions, timeline, and highlights documents serve as a strong control and ensures the budgeting process is conducted in a structured manner. Revenues and expenditures are projected at detailed levels to help ensure accuracy and that revenues will meet anticipated expenses.

<b>Criteria</b>	➤ SBOT Board Policy Manual Paragraph 3.02
<b>Identified Management Controls in Place</b>	Reviews of the following applicable policies are performed on an annual basis. ➤ State Bar of Texas Board Policy Manual ➤ Business Expense Reimbursement Policies and Procedures ➤ Deposit Entry Procedures ➤ Cashier Procedures for Check and Credit Card Deposits ➤ Accounts Payable Transaction Procedures ➤ Accounts Payable Mail Procedures ➤ Payroll Transaction Cycle Procedures ➤ Budget Instructions, Timeline, and Packet Procedures

**Conclusion:**

No internal control weaknesses or gaps were identified.

SBOT has processes and controls in place to ensure anticipated expenses do not exceed projected revenues (or are covered with designated reserves), that revenue is projected three-to-five years in advance to identify any future deficits, and that budget to actual activity is monitored monthly to identify current year concerns so commitments can be adjusted during the fiscal year.

**Recommended Actions:** None.

**Business Objective #2: Operations**



**Focus Area Statements:**

- *Are adequate internal controls and segregation of duties in place over revenue collection, revenue recording, disbursements, bank accounts, and accounting systems?*
- *Are controls in place to ensure changes made to the vendor master file are identified and monitored?*
- *Are controls in place to ensure that changes to the vendor master file related to banking information supported by appropriate documentation, reviewed, and authorized by individuals other than those making the changes in the system?*
- *Is the vendor master file maintained on a regular basis to disable vendors that have not been used in a pre-established period, such as two or three years, to prevent fraud?*
- *Are processes in place to ensure that employees report their time in an accurate and timely manner?*
- *Are processes in place to ensure that employees on the payroll are authorized?*
- *Are processes in place to ensure that employees are paid for time worked (except authorized paid time off)?*
- *Are processes in place to ensure that payroll reports are generated, reviewed, and reconciled prior to running the final payroll processes?*
- *Are processes in place to ensure that payroll deductions are authorized by the employee?*
- *Are processes in place to ensure that all payroll withholdings, including taxes, are reconciled, and submitted to the respective entities in a complete, accurate, and timely manner?*

**Control Rating:** Generally Effective over Revenue, Payroll and Banking. Some Improvement Needed over Vendor Master File.

Operations are the processes, controls, and technology in place to ensure that the respective department or function executes its responsibilities in an effective and efficient manner.

**Business Objectives:** The following business objectives are covered in Operations:

- To have processes and management controls in place that ensure financial transactions are processed accurately and timely and using appropriate segregation of duties.
- To have processes and management controls in place that ensure changes to the vendor master file are identified, supported by appropriate documentation, monitored, and authorized using segregation of duties.
- To have processes and management controls in place that ensure employee time reporting is accurate and timely, individuals on the payroll are authorized, employees are paid for time worked, payroll reports are generated and reconciled prior to running the final payroll, payroll deductions are authorized by the employee, and payroll withholdings are reconciled and submitted to the respective entities in a complete, accurate, and timely manner.

**Financial Transactions**

The Finance Division maintains policies and procedures documents noted in Business Objective #1, Governance, that provide high level controls over financial transactions including revenue collection and recording, expenditures, and financial system roles. The policies and procedures related to revenues and expenses provide a general overview of the process and assign responsibilities to specific employees. In addition, these documents contain detailed instructions for recording deposits and processing expenditures in the accounting system.

Employees are granted access roles in the accounting system based on their job tasks. The roles are not customized in a manner that forces segregation of duties, and the CFO has a "Power user" role which provides the ability to perform any financial role (with the exception of security administrator role), if necessary. However, compensating controls have been implemented in the form of password protected modules to address potential risks resulting from a lack of segregation of duties in the financial system. The SBOT Information Technology (IT)

staff possess the passwords for the restricted roles and do not provide the passwords to any Finance Division staff. In addition, the IT department conducts an annual security audit to ensure access is granted to active employees only.

#### *Vendor Maintenance*

SBOT does not have formal policies and procedures related to vendor maintenance. However, the Finance Division has an undocumented process to ensure vendor banking information is protected and that changes to the vendor master file are processed and reviewed by at least two employees.

When a new vendor is initially set up, the Finance Division requests the SBOT department making the purchase to obtain a W-9 tax form from the vendor, which is submitted to Accounts Payable. If a vendor wishes to be paid via EFT, an Accounts Payable Specialist contacts the vendor and requests that they complete an SBOT Vendor Authorization Agreement for Electronic Fund Payment. The accounting system will allow only the CFO or Controller to edit EFT banking information. The Accounts Payable Specialist reviews the data to validate the entry.

If a vendor wishes to change their banking information, they complete a new Vendor Authorization Agreement and return it to the Accounts Payable Specialist. As an additional control, the employee calls the vendor and asks them to provide them the new banking information over the phone to ensure the vendor request is legitimate. As with new EFT vendors, changes to banking information for existing vendors are made by the CFO or Controller, and the Accounts Payable Specialist reviews the change.

SBOT acknowledged that they do not have a procedure to monitor and deactivate vendors that are not used within a specific time period.

#### *Payroll Operations*

All SBOT employees are required to record time entry into the designated payroll system Monday through Friday. Each day the employee records either hours worked, vacation taken, or a holiday. Timesheets are structured so one pay period begins on the 1<sup>st</sup> and ends on the 15<sup>th</sup> and another pay period begins on the 16<sup>th</sup> and ends on the last day of the month. The bi-monthly timesheet is reviewed by a supervisor to ensure the timesheet belongs to a current employee, and the timesheet must be approved no later than the next business day following the end of a pay period.

For payroll deductions, employees enter deduction information into GreenShades, which is submitted to Accounting by Human Resources. Payroll personnel enter changes into Great Plains for CFO or Controller review each pay period. The CFO or Controller sign off on their review and Payroll personnel post the changes into Great Plains and process payroll.

Each payroll cycle automatically generates a journal entry that posts to the general ledger. The journal entry is reviewed by the CFO or Controller, who reviews the suspense and payroll liability accounts for incorrectly coded payroll activity. Payroll taxes are automatically generated during the payroll cycle, and Payroll personnel provides the CFO or Controller with a recalculation of payroll taxes recorded in the accounting system. The CFO or Controller reviews and approves the calculation and gives Payroll permission to access the federal government website to remit the payroll taxes. Designated Payroll staff completes an electronic version of Form 941 Employer's Federal Tax Return each quarter. The CFO reviews and approves Form 941.

For benefit deductions, amounts are collected during each payroll cycle and Payroll staff prepares a payment request to the appropriate entity (e.g. State of Texas). The CFO reviews the supporting documentation approves the deductions so Payroll staff can remit the payment.

#### *Great Plains Software*

The current vendor of SBOT's financial system will be discontinuing support in 2029 and replacing it with a new system. SBOT has plans to evaluate a replacement system toward the end of calendar 2024. The CFO expects to implement a new system in 2026.

<b>Criteria</b>	<ul style="list-style-type: none"> <li>➤ SBOT Board Policy Manual</li> <li>➤ Deposit Entry Procedures</li> <li>➤ Cashier Procedures for Check and Credit Card Deposits</li> <li>➤ Accounts Payable Transactions Procedures</li> <li>➤ Accounts Payable Mail Procedures</li> <li>➤ Payroll Transaction Cycle Procedures</li> </ul>
<b>Identified Management Controls in Place</b>	<ul style="list-style-type: none"> <li>➤ State Bar Finance staff contacts vendor to reconfirm request to change EFT banking information.</li> <li>➤ Segregation of duties is in place related to collecting, recording, and processing deposits and changes to the vendor files.</li> <li>➤ Payroll reports (including deduction, withholding, and payroll taxes) are generated, reviewed, and reconciled.</li> </ul>

**Conclusion:**

Based upon supporting revenue, expenditure, and payroll documentation reviewed no internal control weaknesses or gaps were identified.

We did note that there is no process in place to monitor and deactivate vendors that are not used within a specific period of time. Failing to update the vendor master file and deactivate vendors that have not been used for a period of time exposes an organization to potential fraud. The vendor profile could be modified by an employee with authorized vendor file access to commit fraudulent payments through fictitious invoices or change of banking information. However, compensating controls are in place to reduce the risk of fraud to a minimum level. The accounting system records the changes that users make to the vendor files.

**Recommended Actions:** SBOT should develop a process to review the master file annually and deactivate vendors that have not been used within a set period of time (e.g., one-two years).

**Opportunities for Improvement**

- Reestablish usage of EFT changes reporting in Great Plains as an additional detective control to identify changes to vendor EFT information.
- Implement the audit trail functionality in Great Plains as an additional detective control to identify changes to vendor records as well as other potential transactions that are questionable.

**Business Objective #3: Monitoring****Focus Area Statement:**

- *Are budget monitoring processes in place to ensure timely corrective actions can occur if needed?*

**Control Rating:** Generally Effective

*Monitoring*

Monitoring is the ongoing evaluations, separate evaluations, or some combination of the two used to determine whether the internal controls are present and functioning.

**Business Objective:** To have processes and management controls in place that ensure that SBOT is proactively monitoring the budget to identify financial opportunities or challenges.

*Monitoring*

The Finance Division has a budget to actual reporting process that creates a series of reports to monitor financial performance during the fiscal year.

#### Financial Dashboard

- Presented at the quarterly Board of Director's meetings and provided monthly to the Executive Director.
- Provides a high-level analysis of budget to actual for each month and includes a review of the budget to actual variances for the two previous fiscal years.
- Provides a visualization of total revenue and expenditures year to date and compares the figures to the same month for the previous two fiscal years.
- Revenue and expenditure visualizations by department year to date and compares the figures to the same month for previous two fiscal years.

#### Financial Highlights

- Presented at the quarterly Board of Director's meetings and provided monthly to the Executive Director.
- Provides a high-level analysis of budget to actual consumption rate.
- Provides narrative explaining revenue and expenditure variances of budget to actual (positive and negative) for each department.
- Financial statements with detailed totals of revenue and expenditures by department. These are provided monthly to the department director to inform them of their department's year-to-date financial performance.

<b>Criteria</b>	➔ Board Policy Manual
<b>Identified Management Controls in Place</b>	➔ Monthly financial reports created by the CFO to inform the Board, Executive Director, and departments of year-to-date financial performance.

#### **Conclusions:**

Based upon dashboards and documents reviewed no internal control weaknesses or gaps were identified.

**Recommended Actions:** None.

### ***Business Objective #4: Communications & Reporting***

#### **Focus Area Statements:**

- *Are financial transactions and balances reported in an accurate, complete, and timely manner?*
- *Are processes in place to ensure that the Annual Financial Report is prepared in an accurate and timely manner?*

**Control Rating:** Generally Effective

#### *Communications*

Information is necessary for an organization to execute internal control responsibilities and support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the way

information is disseminated throughout the organization, flowing up, down, and across the entity. Internal communication enables staff to receive a clear message from senior management that control responsibilities must be taken seriously. External communication enables inbound communication of relevant external information and provides information to external parties in response to requirements and expectations.

### Reporting

Reporting is the metrics, management reports, and dashboards used by management to monitor activities and make business-decisions.

**Business Objectives:** To have processes and management controls in place that ensure financial transactions and balances are reported in an accurate, complete, and timely manner, and that ensure the Annual Financial Report (AFR) is prepared in an accurate and timely manner.

The Finance Division performs monthly account reconciliations during the monthly closing process to identify and accounting/coding errors. The CFO reviews any potential issues and makes corrections as needed. Reconciliations are performed on accounts receivable, accounts payable, the general ledger, credit card deposits, and membership revenue.

The Finance Division distributes a financial summary report and transaction detail report to each department monthly for review. This enables the department to understand its year-to-date financial performance but also serves as a detective control. The department director reviews the reports and notifies the Finance Division if an unexpected transaction was posted to their accounts.

<b>Criteria</b>	➤ Texas Comptroller's Office Reporting Requirements
<b>Identified Management Controls in Place</b>	<ul style="list-style-type: none"> <li>➤ Perform monthly account reconciliations.</li> <li>➤ Provide financial summary and transaction detail reports to departments.</li> </ul>

### Conclusion:

Based upon documentation reviewed, including the FY2022 Annual Financial Report, no internal control weaknesses or gaps were identified.

**Recommended Actions:** None.