



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section – Business Standards 4.0	EFFECTIVE DATE: 10/05/1988
TITLE: Control of Input and Output for Accounting Systems	REVISION DATE: 08/04/2014
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

Current business practices rely on both central and subsidiary or decentralized accounting systems to efficiently process fiscal transactions. This has occurred to meet diverse and unique program requirements. Regardless of the system used, DHS must ensure that proper and effective internal controls are followed for these systems. This includes input and output and processing through a central accounting system or a decentralized system that interfaces or prepares summarized data for entry to a central system.

POLICY

Internal controls, separation of duties for payment and voucher processing, and proper documentation for audit trail and data integrity must be maintained and monitored by staff throughout the Department.

The official accounting system for the Department of Health Services is the FMS system and in the near future will be the state-wide system STAR. Divisions must justify and secure approval from Bureau of Fiscal Services, for the use of *any* decentralized automated system or subsidiary system prior to its installation and/or use. This should include a review of the internal controls and input and output for payments to prevent fraud and misuse of public funds.

Any divisions or programs that are now using such a system are required to notify the Director, Bureau of Fiscal Services, within 60 days of the effective date of this policy. Explanation and justification should accompany the notification. The Director, Bureau of Fiscal Services, will evaluate the appropriateness of such system and approve or disapprove of its use. If disapproved, an orderly termination of its use will be directed.

PROCEDURES

Accounting Systems that Require Review and Approval

Accounting systems that require justification and approval are those, which meet one of the following situations.

1. Provides specific detail data that is summarized for entry into FMS or the future State-wide Central Accounting system (e.g., MMIS (Medicaid Management Information System) that generates detail payment records while providing summarized entries.
2. Creates data for audit trail or processes data for development of accounting entries (Time Studies).

3. A standalone system that produces accounting data, makes payments, records expenditures and/or revenue, (Resident Accounts).

Submission of Justification and Description

Submit the justification and request for approval to Director, Bureau of Fiscal Services, Division of Enterprise Services, including the following information where applicable (Please use the suggested format below for providing justification and description of the system under consideration):

1. General
 - a. Name of system
 - b. Organization which owns system
 - c. Contact person
2. Existing system, or in the planning or development stage?
3. Justification elements
 - a. Why can't Central Accounting System be used?
 - b. What is the system used for, and what are the consequences if the system is not used?
 - c. How does it reconcile or relate to the Central Accounting system?
 - d. Other factors:
 - What is the source of the data?
 - Explain the type of system (manual, EDP, combination).
 - Is the system documented?
 - Are employee procedure manuals maintained?
 - If an EDP type system,
 - (1) How is access to system granted?
 - (2) Are backup procedures in place?
 - (3) Is there storage of data off-site?
 - Are clear records for auditing maintained?
 - e. Submit example(s) of output reports.

Input/Output to Central and Decentral Accounting Systems for Payments or Check Processing

1. Procedures must be in place to prevent or reduce the potential for misappropriated funds or fraudulent payments. Separation of duties for payment processing is fundamental to this goal. Generally, one person should not control the process from beginning to end. This means that the same person who requests and prepares the payment request should not be the person or staff who sends or picks up the check.
2. Staff who prepare the request for a check write should be different from the staff who approve and submit the check write.

3. If the check is to be physically retrieved or handled from the BFS Cashiers Office, the person who retrieves the check or checks must be different from the staff who prepared or submitted the request.
4. The Division Administrator, where the payment or check was requested, must authorize each of the individuals (state staff or outside parties) for check processing or pick-up if it is to be physically retrieved. The following information should be provided to the BFS Director's Office and updated when staff change:
 - Staff preparing special check write (name, phone, work location.
 - Staff approving the check write
 - Staff authorized to physically retrieve check(s) (name, phone, work location) - Must be different from the person/staff who prepared or submitted the check request.
 - Division Admin. approval (signature)

CONTACTS

[Director, Bureau of Fiscal Services](#)

[Deputy Director, Bureau of Fiscal Services](#)

[Expenditure Accounting Section Chief](#)