



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 9 – Accounting System Processing 1.0	EFFECTIVE DATE: 10/05/1988
TITLE: Control of Input and Output for Accounting Systems	REVISION DATE: 03/21/2017
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 the diverse and unique needs of the department and program requirements. Regardless of the system used, DHS must ensure that proper and effective internal controls are followed for input/output and separation of duties. This includes processing through the central accounting system or a decentralized system that interfaces or prepares summarized data for accounting and federal claiming.

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 State Transforming Agency Resource (STAR) system. 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 requesting to use such a system are required to notify the Bureau of Fiscal Services Director prior to its use. Explanation and justification should accompany the notification. The Bureau of Fiscal Services Director will evaluate the appropriateness of such system and approve or disapprove of its use. If disapproved or if installed without approval, a review of the system will be directed to determine if it can be used or discontinued.

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 STAR (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 BFS, 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 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 processes the request, and should not be the person who sends or picks up the check.
2. Staff who prepare the request for a check write should be different from the staff that approve and submit the check write.
3. If the check is to be physically retrieved or handled from the BFS Cashier's Office, the person who retrieves the check or checks must be different from the staff that prepared or submitted the request.

The Division Administrator, where the payment or check was requested, must authorize each of the individuals for check pick up. Only state employees can be authorized to pick up checks. Contract staff or non-civil servant staff are not allowed to handle checks or cash

equivalents). The following information should be provided to the BFS Cashier's Office and updated when staff changes:

- Staff preparing special check write (name, phone, work location).
- Staff approving the check write.
- If a physical check is to be picked up, the person picking up a check must have the written approval from the person's supervisor and the next supervisor in the chain of authority. In addition, the check pick up must have approval from the Expenditure Accounting Section chief or designee. BFS form F-02044 (Check Handling Request – Ongoing) or F-02045 (Check Handling Request – One-Time) must be completed for this request. For further details see Section 9, Accounting System Processing 1.12 (Special Check/Voucher Processing and Check Distribution).

REFERENCES

[DHS APP Section 9 - Accounting System Processing 1.12 Special Check/Voucher Processing and Check Distribution](#)

FORMS

[Check Handling Request – Ongoing, F-02044](#)

[Check Handling Request – One-Time, F-02045](#)

CONTACTS

[Director, Bureau of Fiscal Services](#)

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

[Expenditure Accounting Section Chief](#)