



Fiscal Control and Internal Auditing Act

Annual FCIAA Reporting Requirements

URBANA-CHAMPAIGN

CHICAGO

SPRINGFIELD

Workshop Presenters

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Agenda



1. Welcome and Introduction
2. What is FCIAA?
3. Roles/Process Flow
4. Internal Control Weakness
5. Areas of Fraud
6. Tips for Your Role
7. Resources

Objectives



At the end of this session, you will be able to:

- Describe FCIAA
- Identify participant roles in the FCIAA process
- Identify internal control weaknesses
- Understand importance of segregation of duties
- Use FCIAA questionnaire to critically review internal controls
- Think like an auditor
- Locate additional information

Fiscal Control and Internal Auditing Act Requirements

FINANCE

(30 ILCS 10/) Fiscal Control and Internal Auditing Act.

(30 ILCS 10/Art. 1 heading)

ARTICLE 1. GENERAL PROVISIONS.

(30 ILCS 10/1001) (from Ch. 15, par. 1001)

Sec. 1001. Short title. This Act may be cited as the Fiscal Control and Internal Auditing Act.

(Source: P.A. 86-936.)

(30 ILCS 10/1002) (from Ch. 15, par. 1002)

Sec. 1002. Public policy. It is the policy of this State that the chief executive officer of every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

(Source: P.A. 86-936.)



What's the most important component to strong internal controls?



FCIAA Roles

Roles based on assigned activity:

- Submitter
- Approver
- College/Administrative Group Manager (UIC and UIUC only)
- College/Administrative Group Approver (UIUC only)
- Designated Reviewer (System Offices only)
- Campus Manager
- University Manager
- Administrator





U of I System - FCIAA Certification Process

Department Responsibility

- Self-Evaluation
 - Report compliance
 - Report weaknesses
 - Provide plan and schedule for corrective action

College Responsibility

- Compile and Review departmental submissions
- Submit consolidated response with answers and explanations

Internal Control Weakness

Segregation of duties

Reconciliation

Completeness

Competent and knowledgeably placed staff

Authentic documentation

Adequate documentation to support transaction or decision

Compliance with university policies for spending based on fund or fund purpose

Segregation of Duties



"...based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

-AICPA



Separating Duties, Responsibility, System Access



FCIAA ?

Expectation

No one person is able to:

- Initiate
- Process
- Record
- Reconcile

In Practice

- Periodically evaluate actual responsibilities
- Identify individuals who have duties at multiple points within the same process
- Be creative with small staff

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Authority and Responsibility



FCIAA ?

Expectation

- Clear line of authority
- Designated areas of responsibility

In Practice

- Are supervisors supervising or doing?
- Who is approving or monitoring supervisor transactions?
- Where are transaction, approval, reconciliation, and monitoring responsibilities assigned?

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Reconciliation

Verification that one set of records matches another or an amount agrees with another independently derived amount.





Transaction Verification



FCIAA ?

Expectation

- Appropriateness
- Accuracy
- Completeness

In Practice

- Reconciler has knowledge & exposure to the business
- Expectations for existence and quality of support
- Consider differences in transaction type
- Independent, unaltered information

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P-Card and T-Card Reconciliation



FCIAA ?

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Expectation

- Timely
- Appropriate
- Accurate
- Completeness

In Practice

- ORIGINAL DOCUMENTATION
- P-Card Reconciler is informed and aware
- Business justifications are solid and informed
- Monitor reconciliation timeliness

Supporting Documentation



Clear documentation which can be clearly understood by both internal and external reviewers for all transactions, support the business purpose, and benefit the institution.



FCIAA ?

#27

P-Card and T-Card Documentation

Expectation

Supporting Documentation:

- Detailed cost
- Business Purpose
- Unit approval

In Practice

- Hold the line on business justification
- ORIGINAL DOCUMENTATION
- Limit or eliminate proxy approval
- Approver awareness of business needs
- Monitor time to reconciliation / trends

Policy Compliance



Every person involved in the operations should be aware of expectations. This includes policies, regulatory environment, etc. Know the roadmap.



Equipment Transfer, Removal, or Disposal



FCIAA ?

Expectation

- Equipment transfer, removal, or disposal transactions require pre-approval from University Property Accounting

In Practice

- Use required forms
- Monitor FABweb data
- Appropriately segregate FABweb Approver and FABweb Unit Rep roles

1

2

3

5

7



Safeguard against waste, loss, unauthorized use, misappropriation



FCIAA ?

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Expectation

- Assign responsibility/accountability
- Unit operating procedures
- Verify use, maintenance, and remediation of controls

In Practice

- Established internal procedures document
- Segregate fixed asset and procurement roles appropriately
- Loan forms



Appropriate use of funding sources



FCIAA ?

Expectation

- Knowledge of fund usage
- Comply with fund restrictions

In Practice

- Established internal procedures
- Staff and reviewers/approvers should be aware of restrictions and intentions of funding sources used by the unit

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Management demonstrates awareness of policy and statutes



FCIAA ?

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Expectation

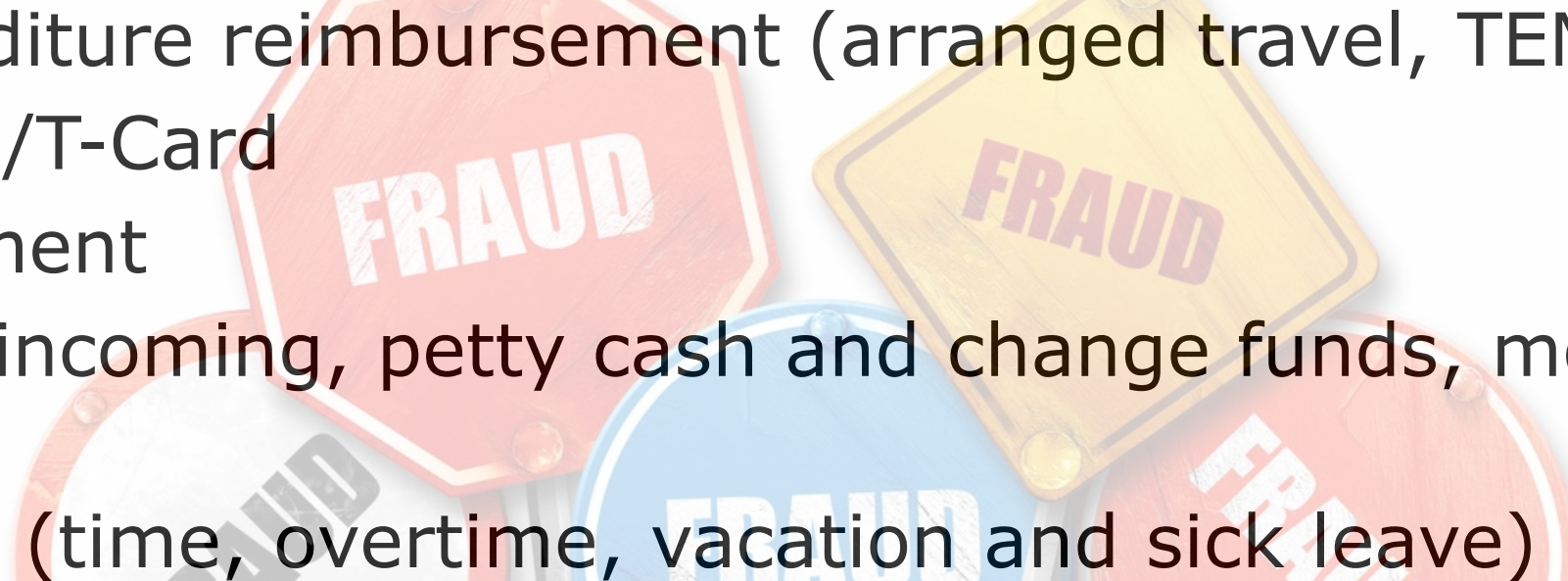
- Fiduciary responsibility for wise and effective use of resources

In Practice

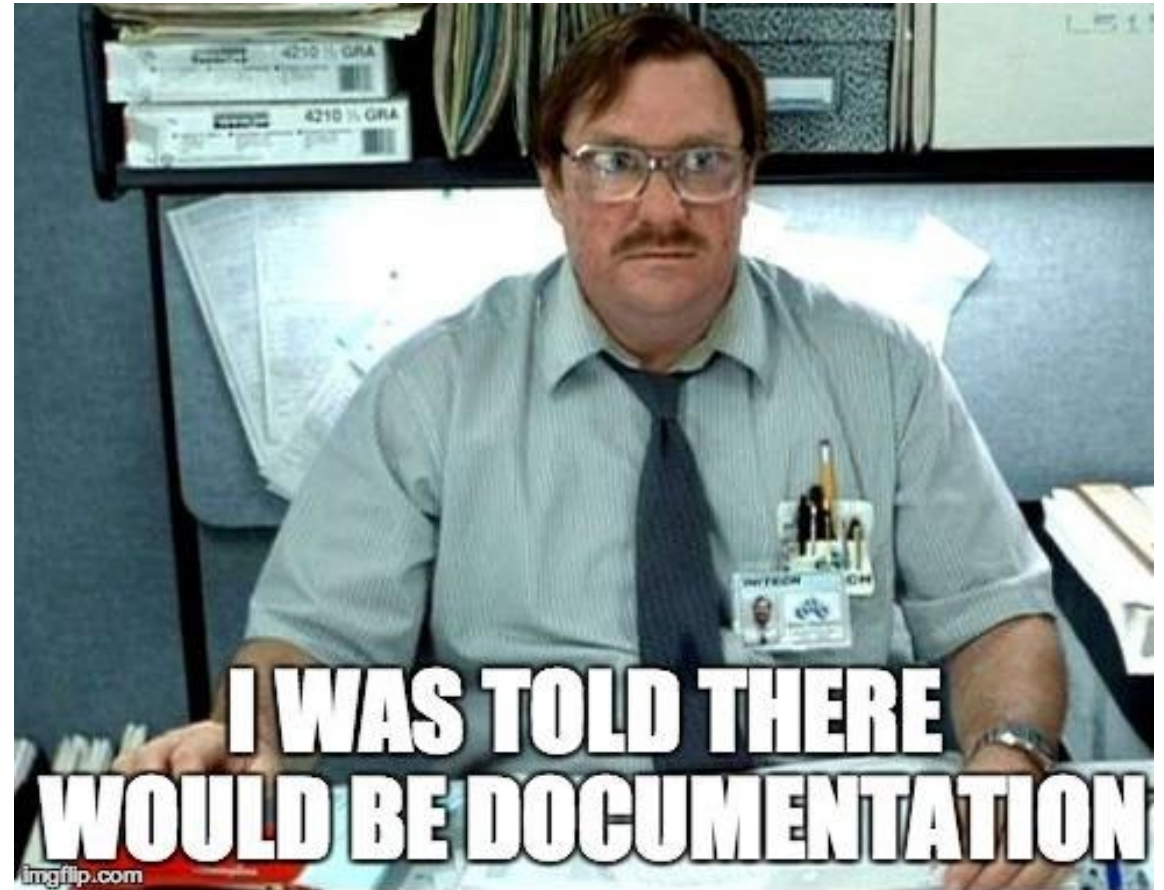
- Create culture of compliance
- Develop, implement, monitor internal control system
- Educate leadership about policies and regulations



Areas of Fraud

- Expenditure reimbursement (arranged travel, TEM)
 - P-Card/T-Card
 - Equipment
 - Cash (incoming, petty cash and change funds, money in safes)
 - Payroll (time, overtime, vacation and sick leave)
- 

We have to stop
meeting like
this...





Who completes FCIAA Certification

Every 3-digit Department Code

Submitted by individual with the knowledge of business processes

Reviewed and approved by individual with fiscal responsibility for the department



Tips for Your Role

Valuable tool

Critically evaluation of fiscal & administrative controls

Be candid

Thorough explanations

Ask for assistance



Timeline

October

- Colleges review roles in FCIAA application

November

- FCIAA application available to complete questionnaire

Mid. December – Mid. January

- Units & Colleges complete questionnaire

Mid. January – Mid. February

- Provosts, Chancellors and Assistant Controller review responses
- Document deficiencies (or lack thereof)



Timeline (Continued)

Mid. February – Mid. March

- Chief Financial Office and Controller
- Provide letter to Executive Director of University Audits

April

- Controller and Executive Director of University Audits document the University Systems' actions for compliance in a recommended certification letter to the President
- President certifies University's compliance with FCIAA by signing the certification letter and sending it to the Office of the Auditor General before May 1st

Fiscal Control and Internal Auditing Act (FCIAA)

Overview

FCIAA is a State-mandated program to aid Illinois State agencies in conducting reviews of their fiscal and administrative systems of internal control. The FCIAA Certification provides a mechanism for the University of Illinois System to report its internal control compliance. Annually, unit heads and financial officers are required to submit FCIAA Certification for each of their respective departments.

The University of Illinois System views the FCIAA Certification as an opportunity to work together to ensure effective fiscal/internal controls are in place to protect system resources.

Strong internal controls provide reasonable assurance that:

- Information is reliable, accurate, and timely
- Policies, plans, procedures, laws, regulations, and contracts are followed
- Assets (including people) are safeguarded
- Resources are used in an economical/efficient manner
- Established objectives and goals are met

Department heads/fiscal officers are encouraged to review the items covered in the FCIAA Certification throughout the year working with OBFS and University Audits to address internal control weaknesses prior to the annual certification.

Other Resources

Review [FCIAA Certification, explanations and resources](#).

Login for [FCIAA Application](#).

Critical Dates

Role Review in FCIAA Application

October 19 - November 6, 2020



Helpful Links

- [OBFS Policies & Procedures Manual](#)
- [Audit/Internal Controls](#)
- [Fiscal Control and Internal Auditing Act \(FCIAA\) Certification Training Materials](#)

www.obfs.uillinois.edu/accounting-financial-reporting/fciaa



Accounting & Financial Reporting

OBFS » [Accounting & Financial Reporting](#) » [FCIAA](#) » Fiscal Control and Internal Auditing Act Certification

Accounting & Financial Reporting

Banner Account Codes

FCIAA

Fiscal Control and Internal
Auditing Act Certification

Month-End Closing Schedule

My-UI-Financials Resource Page

Reports

UAFR Reference Materials

UFAS to Banner Crosswalks

Year-End Procedures

Job Aids & Training Materials

Fiscal Control and Internal Auditing Act Certification

[[Expand All](#)] | [[Collapse All](#)]

Asset Management

- ▶ [Item 1](#): Changes, transfers, and deletions of assets are recorded promptly in unit equipment inventory records.
- ▶ [Item 2](#): University property control decals are promptly affixed to equipment as required by University guidelines.
- ▶ [Item 3](#): If scheduled for completion during the past year, the unit has conducted its equipment inventory in accordance with University guidelines and submitted required reports to the Property Control Office.
- ▶ [Item 4](#): The unit has completed a physical inventory of its *merchandise for resale* and reconciled the results with its financial record in accordance with established University policies and procedures. (Note: This control applies only to units that sell merchandise to customers.)
- ▶ [Item 5](#): University equipment has not been physically removed from campus for disposal or transfer prior to receiving authorized approval in compliance with University policies and procedures and State regulations.
- ▶ [Item 6](#): Cash under the control of the unit is managed in accordance with University policies and procedures established for cash controls.
- ▶ [Item 7](#): Funds, property, and other assets and resources (including the University P-Card and T-Card) are safeguarded against waste, loss, unauthorized use, and misappropriation.

www.obfs.uillinois.edu/accounting-financial-reporting/fciaa/fiscal-control-internal-auditing-act-certification/

Accounting & Financial Reporting

OBFS » Accounting & Financial Reporting » FCIAA » Fiscal Control and Internal Auditing Act Certification

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Forms

FAQs

Who To Ask

Fiscal Control and Internal Auditing Act Certification

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No one is permitted to remove from the buildings and grounds any property belonging to the University unless all relevant policies and procedures are followed. This includes removal of property designated as recycling and applies to all unneeded equipment regardless of historical cost, tagging status, or inclusion in Banner Fixed Assets.

Resource: Transfers and Disposals for Property Accounting
[OBFS Policies and Procedures Manual, 12 Property Accounting](#)

- ▶ [Item 6](#): Cash under the control of the unit is managed in accordance with University policies and procedures established for cash controls.






Fiscal Control and Internal Auditing Act (FCIAA) Certification

These Web-based courses provide an overview of what FCIAA certification is, why it is important, and how the process occurs.

The FCIAA certification process is role-based; if you are a Submitter or Approver in the FCIAA application, take the online FCIAA Training for Submitter and Approver. If you have another role in the FCIAA application, take the FCIAA Training for Other Roles course.

Job Aids



-  [FCIAA Roles](#) [updated: 10/31/19]
-  [Managing Users in FCIAA](#) [updated: 10/31/19]
-  [Identifying Material Weaknesses](#) [updated: 10/31/19]

NOTE: You will need [Adobe Flash Player](#) and JavaScript enabled in your browser to watch the training courses below. This training is best viewed using Firefox, Safari, or Chrome web browser.

Online Training

- [FCIAA Training for Submitters and Approvers](#) [updated: 8/28/2020]
- [FCIAA Training for Other Roles](#) [updated: 8/28/2020]

Webinars

-  [FCIAA Overview](#) [updated: 11/15/19]
-  [FCIAA - Keeping Your Department Out of the Newspaper Webinar Slides](#) [posted: 12/4/17]

<https://www.obfs.uillinois.edu/training/materials/accounting/#fciaa>



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