Office of the University controller

# Process narrative & applicable controls

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| **SUBJECT** | ***Process Name (High-level Title of Process)*** |
| **INSTRUCTIONS** | Per IU Policy, [Internal Controls (FIN-ACC-470),](https://policies.iu.edu/policies/fin-acc-470-internal-controls/index.html) “All units are responsible for ensuring [internal controls](https://controller.iu.edu/compliance/fiscal-officer/accounting-standards/internal-controls) exist for all critical operations or activities.  Financial controls must adhere to the internal control procedures outlined in the [IU Accounting Standards Book](https://controller.iu.edu/compliance/fiscal-officer/accounting-standards), including required documentation for existing and new financial activities.”  This document was established to provide an overview of the process Indiana University (IU) follows to ensure identification, applicability, compliance, and monitoring of GASB standards and will be used in conjunction with the annual financial statement audit. As such, the department/unit should complete this document to the best of their ability and conduct a review with the Office of the Controller (UCO) for recommendations and to ensure compliance. Departments are required to review and update process narratives on an annual basis for audit purposes, as changes to processes occur, and prior to the annual sub-certification process.  To complete this document, the following items should be considered and included as part of the process narrative:   * Governance structure over unit/org for fiscal responsibility * Transaction authorization * Segregation of duties * Data feeds and/or subsidiary systems used (if any) * Supervision over process * System user access * Monitoring activities – reviews and approvals (include employee titles) * Documentation/training documents & flowcharts * Accounting entries (include object code names and numbers) * Cutoff procedures to ensure transactions are recorded in the correct accounting period. |
| **INDEX NO** | *UCO will fill this information out.* |
| **SOURCE** | * *Responsible department or system.* |
| **PRIMARY CONTACT(S)** | * *Name, Title, Area of employees responsible for process and who will be able to answer questions if needed regarding below process.* |
| **REVIEW LOG** | * *List the name and date of each employee who reviews the PN* |
| **ANNUAL $ IMPACT OF PROCESS** | * *FY 23 $=* * *FY 22 $=* * *Please include the two most current fiscal years’ worth of annual $ impact and what the above $ amount represents (i.e., expense, revenue, assets, liability, etc.).* |
| **SUMMARY** | * *High-level overview of the process which will be detailed further in the below “Process Narrative” section.* * *Please indicate if the process is new or existing. If there is an existing process, please document when the process was put in place. If new, please document the projected date for implementation.* |
| **APPLICABLE GOVERNANCE** | * *Policy Links ex.* [*FIN-ACC-470 Internal Controls*](https://policies.iu.edu/policies/fin-acc-470-internal-controls/index.html) *(Please use* [*IU Policy Links*](file:///\\EWA-FMOPFP1\internal_controls$\B.%20-%20Process%20Narrative%20Templates%20&%20Guides\A.%20-%20Process%20Narratives%20by%20Scope%20Area\0.0%20-%20MASTER%20INDEX\IU%20Policy%20Links.docx) *for existing links)* * *SOPs* * *IU Accounting Standards Book* * *NACUBO/FARM Manual* |
| **PROCESS NARRATIVE** | OVERALL PROCESS NARRATIVE  * *Please reference the instructions above for items to be included in this detailed process narrative section.* * *As a general control, departments should maintain instructional documentation for all fiscal processes outside of this process narrative.* |
| **ACCOUNTING TRANSACTIONS:** | * *Document the comprehensive accounting cycle including entries or system feeds (for example inclusive of the Bursar) that impact the documented process.* * *Example of Journal Entries such as the below with a brief overview of the purpose of the entry. Please include object codes and account numbers with applicable names.*   ***Entry Overview - Purchase equipment for $5,000.***   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  |  | | | | | | | ***Account Account Name*** | |  | ***Object Code*** | ***OC Name*** | ***Debit*** | ***Credit*** | | *1020000 VP Academic Support* | |  | *7000* | *Capital Equipment* | *$5,000.00* |  | | *1020000 VP Academic Support* | |  | *8000* | *Cash in Bank* |  | *$5,000.00* | | ***Entry Overview - Generated Capitalization***  ***Account Account Name Object Code OC Name Debit Credit*** | | | | | | | | *9520075 Executive Management* | |  | *8610* | *Capital Equipment* | *$5,000.00* |  | | *9520075 Executive Management* | |  | *9899* | *Fund Balance* |  | *$5,000.00* | |
| **DEFINITIONS** | * *Define key terms, acronyms, etc.* * *“N/A” if no relative terms applicable.* |
| **CROSS REFERENCES** | * *Link to other process narratives if applicable.* * *“N/A” if no relative cross references applicable.* |
| **APPLICABLE GASB GUIDANCE** | * *UCO To Complete* * *Link to GASB Standard and/or Memo if available.* |
| **APPENDIX** | *Please use Headings to title your Appendices, Such as Appendix 1* *Once you have applied a heading style to each Appendix, link the references in your text to the appendix section below.*  *Examples include but not limited to the following:*   * *Flow charts* * *Reports utilized during the process.* |