

# **Internal Controls Toolkit**

Protecting Your Business from Fraud & Errors

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Power Up 2025 Business Education Series

## **Contents**

- Internal Controls Checklist
- Internal Controls Self-Assessment

# Internal Controls Self-Assessment

Rate each item: 0 = No / Not Implemented | 1 = Partial | 2 = Fully Implemented

## Governance & Ethical Culture

- ☐ 0 ☐ 1 ☐ 2 Code of Ethics is written, communicated, and enforced
- ☐ 0 ☐ 1 ☐ 2 Leadership models integrity ("Tone at the Top")
- ☐ 0 ☐ 1 ☐ 2 Employees trained on ethics and fraud awareness
- ☐ 0 ☐ 1 ☐ 2 Clear policies on conflicts of interest
- ☐ 0 ☐ 1 ☐ 2 Safe and anonymous channels for whistleblowing

## Segregation of Duties

- ☐ 0 ☐ 1 ☐ 2 No single employee controls a transaction from start to finish
- ☐ 0 ☐ 1 ☐ 2 Different individuals approve, record, and reconcile transactions
- ☐ 0 ☐ 1 ☐ 2 Bank reconciliations performed by someone not handling cash
- ☐ 0 ☐ 1 ☐ 2 Separate user accounts and passwords for financial systems
- ☐ 0 ☐ 1 ☐ 2 Dual signatories required for large disbursements

## Cash Handling & Receipts

- ☐ 0 ☐ 1 ☐ 2 Cash deposits made daily and verified by two individuals
- ☐ 0 ☐ 1 ☐ 2 Receipts issued for all transactions involving cash
- ☐ 0 ☐ 1 ☐ 2 Bank reconciliations performed monthly and reviewed
- ☐ 0 ☐ 1 ☐ 2 Surprise cash counts conducted periodically
- ☐ 0 ☐ 1 ☐ 2 Cash drawers balanced at end of shift/day

## Disbursements & Payments

- ☐ 0 ☐ 1 ☐ 2 Invoices approved by authorized person before payment
- ☐ 0 ☐ 1 ☐ 2 Payments made only to approved vendors (vendor list maintained)
- ☐ 0 ☐ 1 ☐ 2 Supporting documentation required for all disbursements
- ☐ 0 ☐ 1 ☐ 2 Use of corporate credit cards restricted and monitored
- ☐ 0 ☐ 1 ☐ 2 Credit card statements reviewed and reconciled monthly

## Payroll & HR

- ☐ 0 ☐ 1 ☐ 2 Personnel files securely maintained

- ☐0 ☐1 ☐2 Payroll prepared by someone other than those approving timesheets
- ☐0 ☐1 ☐2 Changes to pay rates and employees reviewed by management
- ☐0 ☐1 ☐2 Termination of employees includes deactivation of system access
- ☐0 ☐1 ☐2 Regular review of payroll reports for ghost employees

### **Expense Reimbursements**

- ☐0 ☐1 ☐2 Written policy on reimbursable expenses
- ☐0 ☐1 ☐2 Receipts required for all reimbursements
- ☐0 ☐1 ☐2 Approvals required for expense reports
- ☐0 ☐1 ☐2 Random audits of expense reports conducted periodically

### **Vendor Management & Procurement**

- ☐0 ☐1 ☐2 New vendors vetted and approved by management
- ☐0 ☐1 ☐2 Segregation of purchasing and receiving functions
- ☐0 ☐1 ☐2 Periodic review of vendor list for duplicates or unusual vendors
- ☐0 ☐1 ☐2 Contracts reviewed by legal/management before signing
- ☐0 ☐1 ☐2 Purchasing card (P-card) use restricted and monitored

### **Information Security & IT Controls**

- ☐0 ☐1 ☐2 Regular backups of financial data
- ☐0 ☐1 ☐2 Access to financial systems restricted to authorized users
- ☐0 ☐1 ☐2 Passwords regularly updated; multi-factor authentication used
- ☐0 ☐1 ☐2 Anti-virus and anti-malware software up to date
- ☐0 ☐1 ☐2 Employee IT security training conducted regularly

### **Monitoring & Oversight**

- ☐0 ☐1 ☐2 Monthly financial statements reviewed by management/board
- ☐0 ☐1 ☐2 Bank and credit card reconciliations performed monthly
- ☐0 ☐1 ☐2 External audit or review conducted annually (if applicable)
- ☐0 ☐1 ☐2 Fraud risk assessment performed periodically
- ☐0 ☐1 ☐2 Internal audit program or self-assessment process in place

### **Documentation & Record Retention**

- ☐0 ☐1 ☐2 Written financial policies and procedures maintained

- ☐ 0   ☐ 1   ☐ 2   Records retained in accordance with legal and regulatory requirements
- ☐ 0   ☐ 1   ☐ 2   Audit trail maintained for all key financial transactions
- ☐ 0   ☐ 1   ☐ 2   Secure storage of sensitive documents (physical and electronic)
- ☐ 0   ☐ 1   ☐ 2   Regular review of recordkeeping practices

### **Scoring Guidance:**

Add up your total score. Higher scores indicate stronger internal controls.

Suggested interpretation:

80-100: Strong controls in place

60-79: Reasonable controls but some gaps

Below 60: High risk - review and improve immediately

# Internal Controls Checklist

## Protecting Your Business from Fraud & Errors

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