Refer to Internal Audit Programs for additional guidance on monitoring UC48/UC49 usage.

Internal Control Evaluation Worksheet
R*STARS User Class 48 (UC48) and User Class 49 (UC49)

Description of Departmental Activity: R*STARS User Class 48 (UC48)/ User Class 49 (UC49) Usage

Significant Activities / Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities / Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions / Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency / Effectiveness of Existing Internal Controls):
		Severity	Frequency			
UC48/UC49 is used to process only the types of transactions that have been approved by OFM and Treasury.	a) No system edits to prevent users from processing transactions other than those approved for use with UC48 or UC49. b) Fraud c) Employee theft and collusion d) Unauthorized and improper transactions			• (a, b, c, d) Establish policies and procedures regarding the use of UC48/UC49 and communicate policies and procedures to appropriate personnel. • (a, b, c, d) Require UC48/UC49 users to sign an agreement that states they understand their responsibilities and will adhere to UC48/UC49 policies and procedures. • (a, b, c, d) Train UC48/UC49 users and related approvers on processing transactions.		

Significant Activities / Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities / Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions / Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency / Effectiveness of Existing Internal Controls):
		Severity	Frequency			
UC48/UC49 transactions are recorded with only the comptroller object codes approved by OFM.	a) No system edits to prevent users from utilizing other comptroller object codes assigned to TC290 and TC295 (TCs assigned to UC48/UC49). b) Reports may be inaccurate with respect to classification of transactions. c) Financial statements may be misstated due to incorrect coding.			• (a, b, c) Management approves and releases transactions via UC19 or UC90. • (b, c) Retain supporting documentation for each transaction at the department level.		
UC48/UC49 transaction amounts do not exceed the offset exemption limits approved by Treasury.	a) No system edits to prevent users from processing transactions that exceed the offset exemption limit specified by Treasury. b) Legal implications from not collecting on delinquent tax liability or state debt. c) UC48/UC49 users			• (a, b, c) Enforce appropriate disciplinary actions for violations of legal or regulatory requirements. • (a, b, c) Management approves and releases transactions via UC19 or UC90. • (b, c) Legal counsel periodically reviews policies and procedures to determine		

Significant Activities / Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities / Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions / Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency / Effectiveness of Existing Internal Controls):
		Severity	Frequency			
	and/or management staff are unaware of or ignore legal/regulatory requirements and department policies.			compliance with applicable legal and regulatory requirements.		
UC48/UC49 individual and/or combined transaction amounts to a payee do not exceed the dollar threshold for 1099 reporting.	a) No system edits to prevent users from issuing payments greater than the threshold for 1099 reporting. b) No system edits to track cumulative payments made to payees that should be 1099 reportable if the payments exceed the 1099 reporting threshold. c) Reports may be inaccurate with respect to classification of transactions. d) Non-compliance with IRS 1099 regulations e) UC48/UC49 users and/or			• (a, b, e) Enforce appropriate disciplinary actions for violations of legal or regulatory requirements. • (b, c) Retain supporting documentation for each transaction at the department level. • (a, c) Mangement approves and releases transactions via UC19 and UC90. • (d, e) Legal counsel periodically reviews policies and procedures to determine compliance with applicable legal and regulatory requirements.		

Significant Activities / Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities / Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions / Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency / Effectiveness of Existing Internal Controls):
		Severity	Frequency			
	management staff are unaware of or ignore legal/regulatory requirements and department policies.					
Ensure UC48/UC49 is not used to generate multiple payments to a payee instead of registering the payee on the State's vendor file.	a) No system edits to prevent users from processing multiple payments to payees with UC48 or UC49. b) Non-compliance with IRS 1099 regulations c) Increased use of paper warrants			• (a) Retain supporting documentation for each transaction at the department level. • (a, c) Management approves and releases transactions via UC19 or UC90. • (b) Legal counsel periodically reviews policies and procedures to determine compliance with applicable legal and regulatory requirements.		
Overall Conclusion/Control System Strengths and Weaknesses						

I certify that this evaluation of the *Risks, Control Activities, and the Monitoring* components of the internal control structure, for the activity defined as R*STARS User Class 48 (UC48)/ User Class 49 (UC49) Usage, has been conducted in a reasonable and prudent manner, and I concur with the conclusions documented above as a result of this evaluation.

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Activity Level Manager Signature **Date**