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Chapter: <b>Accounting for Expenditures</b>			
Directive Title: <b>ACCOUNTING CONTROLS - GENERAL PRINCIPLES</b>			

## 1. POLICY

Accounting controls must be in place to exercise accountability over public monies or assets. The controls in the accounting systems (manual or automated) are used to record, verify, report, generate and/or execute financial transactions, and for the management and control of assets, liabilities and assets held in trust.

## 2. DIRECTIVE

The accounting systems of the Government of Nunavut shall have adequate accounting controls to ensure the accuracy and authority of all information provided.

Departments must ensure the financial systems have sufficient and comprehensive controls to prevent and reduce the risk of loss, error, misuse or fraud to an acceptable level.

A risk and controls review must be performed and documented for a new financial system, and whenever there are significant modifications to an existing financial system. Qualified, independent and objective parties must carry out the review.

The scope of a risk and controls review depends on the nature and complexity of the financial system. A comprehensive review includes project management, systems development, general environmental controls and application-based controls.

A financial system must receive the approval of the Comptroller General prior to being placed into production. The Comptroller General on the recommendation of the Director of Corporate Services will approve implementation of a new financial system and enhancements to an existing financial system.



The department's Director of Corporate Services has overall responsibility for the ongoing operation of financial systems.

Departments that require a financial system to interface with other systems must establish proper and integrated processes to secure financial information.

Where the financial system interfaces with the Corporate Financial Information System (FIS), agreement must be established between the department and FIS that interface requirements have been tested and are working correctly before the system is moved into production.

For a financial system that interfaces with FIS, a copy of the financial system's risk and controls report must be made available to the Office of the Comptroller General (OCG) on request.

Departments must ensure financial system documentation is sufficient in detail to enable effective system maintenance. This documentation must be completed prior to system implementation.

Departments must establish and maintain an inventory of their financial systems. The inventory must be updated annually to capture any additions or changes, and be made available to OCG upon request.

### **Accounting Control Techniques**

#### Design and Documentation of the System

The responsibilities of a position or section should be segregated so that one position or section may verify the output of another, where necessary. Forms should be designed to minimize clerical errors or omissions and to show evidence of work done and to facilitate data entry.

System manual must provide clear instructions on procedures and controls, roles and responsibilities, should establish the basis for accounting control.

#### Sequence Controls

Numerical sequence control is one of the controls to ensure completeness at any stage of processing. This technique may be accomplished by pre-numbered forms or assigning a sequential number to each transaction.

#### Control Totals Maintained during Processing



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## FINANCIAL ADMINISTRATION MANUAL

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Control totals established at one stage and independently verified later are a necessary method of controlling accuracy. This technique is most frequently applied to the dollar value of transactions in the system.

Batch Control: The Financial Information System requires that similar input documents be grouped together and submitted into the system with an accompanying control total. The system independently accumulates a total value of transactions and compares this to the total of the details submitted.