

INTERNAL CONTROL REPORTING**20060**

(Revised 09/13)

Pursuant to FISMA (GC 13405), the head of each state entity shall, on a biennial basis but no later than December 31 of each odd-numbered year, conduct an internal review and prepare a report on the adequacy of their entity's systems of internal accounting and administrative control in accordance with the guidance provided by Finance. The report shall identify any material inadequacy or material weakness in an entity's systems of internal accounting and administrative control that prevents the head of the entity from stating that the entity's systems comply with FISMA. The submission should consist of a transmittal letter and the review report on internal accounting and administrative control.

For entities that report to an Agency Secretary, the transmittal letter and review report should be addressed and sent to the Agency Secretary. The entity should e-mail copies of the transmittal letter and review report to the Legislature, State Auditor, Governor's Office, Director of Finance, State Library, State Controller's Office, State Treasurer's Office, and Attorney General. Refer to Audit Memo on the Finance website for instructions.

For entities that do not report to an Agency Secretary, the transmittal letter and review report should be addressed and e-mailed to the Director of Finance at FISMAHotline@dof.ca.gov. The entity should e-mail copies of the transmittal letter and review report to the Legislature, State Auditor, Governor's Office, State Library, State Controller's Office, State Treasurer's Office, and Attorney General. Refer to Audit Memo on the Finance website for instructions.

Within 30 days after the report is submitted, the entity will provide to the Director of Finance at FISMAHotline@dof.ca.gov a plan and schedule for correcting the identified inadequacies and weaknesses described in the entity's report. The plan will be updated and submitted every six months until all corrections are completed.

The state entity head must investigate any allegation that an employee provided false or misleading information in connection with the review of an entity's system of internal control or in connection with the preparation of the biennial report. The state entity head must submit a report on all the allegations made and the actions taken to resolve them to the Director of Finance within 90 days of receiving the allegation.

All internal reviews are to be completed in accordance with the guidance provided by Finance. The management of each entity is responsible for conducting the review, identifying risks and controls, mitigating the identified risks, and reporting the results. Internal audit units may support this effort by reviewing the design and operating effectiveness of the entity's controls, in accordance with appropriate standards as required by GC 13886.5. The review shall examine internal accounting control and fiscal compliance practices in use at the time of the review.

Tools, templates, Audit Memos, and other guidance are available on the Finance website at <http://www.dof.ca.gov/osae/fisma/>. Questions on the review and reporting processes can be addressed to Finance's FISMA Hotline e-mail address at FISMAHotline@dof.ca.gov.