

TOPIC	INTERNAL CONTROL	SUB-SECTION 30.30.31
SECTION	COMPONENTS	ISSUANCE DATE JUNE 30, 2008
SUB-SECTION	CONTROL ACTIVITIES - PURCHASING AND DISBURSEMENTS	REVISED - 2018

**CONTROL ACTIVITIES - PURCHASING AND DISBURSEMENTS**

The general objectives of an internal control system as it relates to purchasing and disbursements are as follows:

- Strategic - To ensure the agency receives the goods and services in order to carry out its mission
- Compliance - To ensure that purchases are in accordance with State laws, regulations, and procurement rules
- Operational - To ensure that only requested goods and services are accepted
- Reporting - To ensure that purchases and payments are properly authorized, executed, and recorded
- Operational - To ensure that payments are for goods and services ordered and received
- Compliance - To ensure that the State pays only agreed upon prices for goods and services
- Reporting - To ensure that goods and services are paid from the correct appropriation and budget

Control activities are the policies and procedures that help ensure that necessary actions are taken to minimize risks that would inhibit an agency from the achievement of its objectives. In order to ensure that purchasing and disbursement objectives are met, agency management must identify control activities. When establishing controls, management must determine the level of risk it is willing to assume based on such factors as agency size, the number of personnel available, and cost versus benefits. Examples of control activities are:

<u>Control Activity</u>	<u>Example</u>	<u>Control Objective</u>
Segregation of Duties	Responsibilities for purchasing are separate from approval and separate from the recording of these transactions.	To ensure that purchases and payments are properly authorized, executed and recorded
Segregation of Duties	Duties for purchasing are separate from requisitioning and receiving.	To ensure that purchases and payments are properly authorized, executed and recorded
Review and Approval	Purchases of goods and services are properly authorized ONLY by those designated with this responsibility	To ensure that purchases and payments are properly authorized, executed and recorded
Authorization	Adequate written procedures exist to ensure that goods and service are received prior to payment.	To ensure that payments are for goods and services ordered and received

**STATE OF MISSISSIPPI  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

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Review and Approval	Changes to contracts or POs require the same approvals as the original order.	To ensure that purchases and payments are properly authorized, executed, and recorded
Review and Approval	Invoices are reviewed for completeness and supporting documentation and proper authorizations (preaudit).	To ensure that purchases and payments are properly authorized, executed, and recorded
		To ensure that the State pays only agreed upon prices for goods and services
		To ensure that goods and services are paid from the correct appropriation and budget
Review and Approval	Purchasing and expenditure reports should be reviewed by an appropriate level of management.	To ensure that purchases and payments are properly authorized, executed and accounted for
		To ensure that goods and services are paid from the correct appropriation and budget
Authorization	Support documentation, such as quotes, should be maintained.	To ensure that purchases are made in accordance with State laws, regulations, and procurement rules
Segregation of Duties	The receiving clerk forwards the packing slip to the Accounts Payable Department.	To ensure that payments are for goods and services ordered and received
Reconciliation	Invoice numbers should be accurately entered on the payment voucher to ensure that duplicate payments are not made.	To ensure that purchases and payments are properly authorized, executed, and recorded
Reconciliation	Corrections to accounting records are made in a timely manner according to the MAAPP manual.	To ensure that purchases and payments are properly authorized, executed, and recorded