

Guidelines for Arkansas Sheriffs

SHERIFF'S FINANCIAL RECORD KEEPING AND DISTRICT COURT ACCOUNTING LAW



BASIC OFFICE PROCEDURES
AS REQUIRED BY ARKANSAS CODE

SELECTED LEGISLATIVE ACTS PERTAINING
TO THE SHERIFF'S OFFICE

Arkansas Legislative Audit

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www.arklegaudit.gov

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SHERIFF'S OFFICE BASIC FINANCIAL RECORDKEEPING PROCEDURES
IN ACCORDANCE WITH ARKANSAS CODE

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Introduction

Concerning the finances of the Sheriff's Office, there can be no more important issue than proper internal controls.

Your first priority, as it concerns the financial business of the Sheriff's Office, is to create an environment that makes it as difficult as possible for any single person to take advantage of the accounting system and thereby perpetrate fraud. That is what internal control is all about. You cannot base your accounting system on an evaluation of your bookkeeper's integrity.

A pillar of good internal control is proper segregation of duties. Areas to address when segregating duties include, but are not limited to, the following:

- Receipting
- Preparing and making the deposit
- Reconciling
- Approving the reconciliation
- Posting the journals
- Signing and co-signing disbursements
- Initiating purchases
- Receiving goods
- Assigning custody of investments
- Maintaining capital asset records

Avoid situations in which only one person has access to **ALL** accounting and financial duties.

Once you have established an environment of proper accounting controls, the next step is to be vigilant in maintaining them. Without complete and accurate financial records and inventory controls, the function of your office will not be complete.

Your primary focus may be in areas other than financial, but as Sheriff, you remain responsible and accountable for the financial activities of your office. Hopefully, this manual will provide guidance for maintaining your accounting records.

- I. Basic Accounting Procedures (Ark. Code Ann. §§ 14-25-101 – 14-25-108, 14-25-112, 16-10-201 – 16-10-211)**
- A. If the Sheriff collects bonds and fines for District/Circuit Court, a bank account to be used exclusively for these bonds and fines is required.
 - B. The following is a list of other bank accounts that may be maintained.
 - 1. Fees (Required Account) - To account for fees collected that, in turn, are remitted to the County Treasurer.
 - 2. Communications Facility and Equipment – Used to maintain Sheriff’s portion of fees, phone commissions, and commissary profit.
 - 3. Commissary – To account for prisoner commissary activity.
 - 4. Drug Buy – To receive buy funds from the Treasurer that have been appropriated by the Quorum Court and disburse those funds to the individual officers’ cash buy funds.
 - 5. Seizure – Ark. Code Ann. § 5-64-505(e)(2)(C) authorizes the Sheriff to deposit seized monies not needed for evidence in an interest bearing account to await disposition.
 - 6. Probation Fees – To account for probation fees collected that, in turn, are remitted to the County Treasurer.
 - C. A separate cash receipts and disbursements journal is to be maintained for each bank account (see example at [Exhibit 1](#)).
 - D. A bank reconciliation is to be prepared monthly for each bank account (see example at [Exhibit 2](#)). Reconciliation must be approved by someone other than the preparer.
 - E. The Bond and Fine Account will probably have a balance of cash at the end of each month. For this account to be reconciled, the balance must be identified to receipts issued but not yet remitted to the District Court Clerk.
 - F. Receipts (Ark. Code Ann. §§ 14-25-108, 16-10-207)
 - 1. Receipts must be prenumbered and should be personalized with, at minimum, the name of the county.
 - 2. A printer’s certificate is to be retained to verify the range of receipts purchased.
 - 3. A different set of receipts is to be maintained for each bank account.

I. Basic Accounting Procedures (Ark. Code Ann. §§ 14-25-102 – 14-25-108, 14-25-112, 16-10-201 – 16-10-211) (continued)

F. Receipts (Ark. Code Ann. §§ 14-25-108, 16-10-207) (continued)

4. Receipts for bonds and fines are issued in the name of the violator and upon collection of monies. Receipts should also indicate the name of the person paying the bond if someone other than the violator tenders payment.
5. Receipts are to indicate the method of payment used: cash, check, money order, or credit card.
6. Receipt numbers are to be written on the face of checks received.
7. Voided receipts should be clearly marked as VOID, and all copies of voided receipts should remain attached in the receipt book.
8. If an electronic receipting system is used, the system must be in compliance with the Information Systems Best Practices Checklist provided by the Legislative Joint Auditing Committee.

G. Deposits (Ark. Code Ann. §§ 14-25-103, 16-10-207)

1. All deposits are to be made intact (i.e., in the same form and manner as received upon collection). In the case of the Bond and Fine Account, deposits should be made daily. Check cashing for accommodation purposes should not be allowed.
2. Deposit slips are to indicate the range of receipts issued being deposited.

H. Disbursements (Ark. Code Ann. §§ 14-25-104, 16-10-204)

1. Pre-numbered checks are required.
2. Dual signatures (the Sheriff's and one other authorized signature) are required for disbursements from the Bond and Fine Account.
3. Voided and spoiled checks are to be retained and clearly marked "VOID."

II. Arkansas District Court Accounting Law (Ark. Code Ann. §§ 16-10-201 – 16-10-211)

A. All of the above requirements concerning bank accounts are to be met.

B. An overview of District Court Accounting Law requirements

1. Uniform traffic citations issued for violations of all municipal and state laws

a. The law requires an original and three copies:

Hard Copy - Violator

White Copy - Office

Yellow Copy - District Court Clerk

Pink Copy - Remains in Citation Book

b. Citations are to be pre-numbered and a printer's certificate retained.

c. All copies of voided or spoiled citations are to be attached to the hard copy and remain in the citation book.

d. Sheriff's Office copy of a citation is to be filed alphabetically or numerically.

e. A citation book log is to be maintained. Officers should sign out individual citation books in numerical sequence and sign in the books upon completion of all citations therein. The citation log should list all citations in stock by book and number range within that book (see example at [Exhibit 3](#)).

f. Completed citation books are to be filed immediately with the District Court Clerk.

g. Electronic citation systems must be in compliance with the Information Systems Best Practices Checklist provided by the Legislative Joint Auditing Committee.

2. The Sheriff's Office is responsible for issued citations that will be processed through the County Division of District Court.

3. Citations are accumulated in the Sheriff's Office by court date.

a. These citations are issued by Sheriff's deputies, State Troopers outside of any incorporated area of the county, and possibly other law enforcement agencies such as Game and Fish, Highway Police, etc.

b. It is very important to establish a deadline to turn in issued citations to the Sheriff's Office.

II. Arkansas District Courts Accounting Law (Ark. Code Ann. §§ 16-10-201 – 16-10-211) (continued)

B. An overview of District Court Accounting Law requirements (continued)

4. Accumulated citations are entered on an arrest report (see example at [Exhibit 4](#)).
5. At least 7 business days before the court date, the appropriate arrest report should be totaled and a check made out to the District Court Clerk for the amount of that particular arrest report only. A copy of the arrest report, accompanied by payment, should be delivered to the District Court Clerk.
6. Installment payments may be authorized only by the presiding judge.
 - a. If so designated by Ark. Code Ann. § 16-13-709, installment payments are collected by the Sheriff's Office and remitted to the Court Clerk as collected. They are to be added to the arrest report for the week's court in which they are collected.
 - b. If the Sheriff's Office collects installment payments, installment payment ledger cards are to be maintained. These cards are actually duplicates of the Court Clerk's records. Installment payment records maintained by the Court Clerk and the Sheriff's Office should be reconciled monthly (see example at [Exhibit 5](#)).
 - c. In addition to the fine and any other assessments, an installment fee of \$10.00 per month shall be assessed on each person who is authorized to pay a fine on an installment basis, per Ark. Code Ann. § 16-13-704.

C. Computer Software

1. You may choose to purchase a commercially-available software package to assist in maintaining your bond and fine records. However, please be aware that all systems do not comply with the requirements of District Court Accounting Law. Do not rely on the representations of the salesperson. Ensuring compliance remains **YOUR** responsibility.

Updates of an existing software system or a replacement of an existing one should also be evaluated for compliance.

2. If a computer system is utilized for bookkeeping purposes, it is recommended that the attached Arkansas Legislative Audit Information Systems Best Practice Checklist be reviewed.

II. Arkansas District Courts Accounting Law (Ark. Code Ann. §§ 16-10-201 – 16-10-211) (continued)

- D. All District Court Accounting laws apply unless your District Court has been granted an exemption by the Legislative Joint Auditing Committee. Details of such an exemption can be provided by your District Court Clerk or by contacting Arkansas Legislative Audit.

III. Drug Enforcement Funds - (Ark. Code Ann. §§ 14-21-201 – 14-21-204)

- A. A Drug Enforcement Fund may only be established by Quorum Court ordinance. The fund is subject to audit by, and accounting records are to be maintained in the manner established by Arkansas Legislative Audit.
- B. The maximum amount allowed in the fund is \$50,000 (includes bank account **AND** any cash buy funds).
- C. The source of all funds deposited in this account shall be appropriated by the Quorum Court. No other funds from other sources, including seized property, shall be deposited into the fund.
- D. Funds are to be kept in a separate bank account and administered by the County Sheriff.
 - 1. Revenues are to be receipted on pre-numbered receipts in the same manner as any other account.
 - 2. Disbursements are to be made by pre-numbered check in the same manner as any other account.
 - 3. A cash receipts and disbursements journal is to be maintained in the same manner as any other account.
- E. Very specific restrictions for the use of these funds are provided in Ark. Code Ann. § 14-21-202.
- F. Drug enforcement funds may be distributed to a designated officer in charge of the funds and/or an undercover officer.
 - 1. For funds disbursed to a designated officer in charge of the funds, a “Cash on Hand Report” should be maintained. Pre-numbered checks drawn to the custodian of the fund and cashed for subsequent disbursement to an undercover officer would be entered as debits on this report. Cash remitted to the undercover officer would be entered as a credit on this report. The balance on this report would be the amount of cash on hand with the fund custodian at any given time (see example at [Exhibit 6](#)).

III. Drug Enforcement Funds (Ark. Code Ann. §§ 14-21-201 – 14-21-204) (continued)

F. Drug enforcement funds may be distributed to a designated officer in charge of the funds and/or an undercover officer. (continued)

2. For funds disbursed to an undercover officer, either by the cash fund custodian, as in F.1. above, or by check from the Drug Enforcement bank account, an undercover officer log book is to be maintained. The undercover officer should file a monthly Undercover Officer's Report with the Sheriff. The monthly report would be a recap of the officer's log book. When possible, invoices should be attached to the report to document disbursements, (see example at [Exhibit 7](#)).
3. The County Sheriff or the designated officer in charge of the Drug Enforcement Fund should maintain a Transaction Card on each undercover officer, regardless of the manner in which the undercover officer receives drug enforcement funds. The Transaction Card should contain the officer's name, transaction date, transaction description, transaction amount, and balance. The Transaction Card balance should be reconciled to the Undercover Officer Report balance monthly (see example at [Exhibit 8](#)).
4. Undercover Officer Reports should be filed by the undercover officer's name. As an alternative, the undercover officer may be assigned a unique number or name and the report filed accordingly. The cross indexing of code names and/or numbers to actual officers' names could be maintained in a secure location, separate from other accounting records. Records could also be similarly maintained for informants.
5. If feasible, a receipt should be obtained from an informant by the undercover officer when funds are paid to an informant (see example at [Exhibit 9](#)).

G. A note concerning Drug Enforcement Funds

Arkansas Legislative Audit (ALA) has no desire to become part of the evidence chain in any criminal case or to compromise the safety of any law enforcement officer or confidential informant. However, as established by Arkansas Code, ALA has a responsibility to audit Drug Enforcement Funds, and Sheriffs have a fiduciary responsibility to citizens to properly account for a government's funds. Although this can be a difficult line to walk, a little planning, common sense, and reason will go a long way in helping both ALA and you, the County Sheriff, accomplish proper accounting of Drug Enforcement Funds. The last thing ALA wants to do is disrupt your ability to enforce the law and remove a criminal from mainstream society. We must, however, do our job, just as you must do yours, and our job is to audit.

IV. Communications Facility and Equipment Fund (Ark. Code Ann. §§ 21-6-307, 12-41-105)

A. Ark. Code Ann. § 21-6-307

1. 75% of fees collected are to be deposited to County General Fund.
2. 25% of fees collected are to be deposited to Communications Facility and Equipment Fund.
3. Fund may be maintained by Sheriff and/or County Treasurer. If maintained by the Sheriff, the funds shall be invested in an interest-bearing account or CD.
4. If maintained by the Sheriff, all requirements discussed for general record keeping would apply.
5. If maintained by the County Treasurer, normal expenditure controls would apply (expenditures by claim per county appropriation).
6. Ark. Code Ann. § 21-6-307(b)(2)(C) lists allowable uses of the Communications Facility and Equipment Fund.

B. Ark. Code Ann. § 12-41-105

1. Commissions from prisoner telephone services and profits earned from prisoner commissary services are to be deposited to the County Treasury and then remitted to the Communications Facility and Equipment Fund.
2. Up to 75% of commissions and profits shall be allocated for maintenance and operation of the jail.
3. Reconciled receipts and disbursements journals for the Communications Facility and Equipment Fund shall be remitted to the County Treasurer monthly.

V. Minimum Accounting Procedures Relating to the Service of Process

A. Service of Process Ledger to be maintained by the Sheriff

The Sheriff of each County should establish, maintain, and duly record each process delivered to the Sheriff for service on a Service of Process Ledger. The Service of Process Ledger should contain, at minimum, the following information under separate columnar headings for all processes to be served by the Sheriff or other authorized employees of the Sheriff's Office (see example at [Exhibit 10](#)):

1. Date process received.
2. Case number.
3. Style of case.
4. Person to be served.
5. Issuing county.
6. Type of process (summons, subpoena, type of writ, etc.).
7. Party requesting service.
8. Service fee.
9. Date served.
10. Receipt number or notation of posting to accounts receivable ledger or notation of no charge for service.

The use of mechanical devices, which provide the same information as the Service of Process Ledger, is acceptable and encouraged where such equipment is utilized.

B. Pre-numbered Receipts

All items received by the Sheriff relating to service of process are to be formally receipted using the pre-numbered receipts or mechanical receipting devices currently in use for the various fees of the Sheriff's Office.

C. Deposit of Funds

All funds received should be promptly deposited in the respective official's fee account and paid to the County Treasurer in the manner provided by law. All deposits should be cross-referenced to the receipt numbers.

**V. Minimum Accounting Procedures Relating to the Service of Process
(continued)**

D. Credit Business (Ark. Code Ann. § 21-7-209)

1. Extending credit for fees is generally prohibited. However, Sheriffs are specifically allowed, under certain conditions, to extend credit for the payment of court costs and fees to licensed attorneys, financial institutions, improvement districts, and state and federal agencies.
2. The official should prepare and mail to each credit customer monthly, or no less than quarterly, a statement detailing the business activity for the month. This statement should be a pre-numbered, two-part form. One copy should be sent to the customer and the remaining copy retained by the official and filed numerically by month. The statement should include a specific reference to the service performed on account by the official/department and the charge for each service, with the total due on account also being reflected.

E. Accounts Receivable Ledger

An accounts receivable ledger for each credit customer should be maintained with the following columnar headings, at minimum (see example at [Exhibit 11](#)):

1. Date of service, return, receipt, or billing.
2. Style of case/receipt number.
3. Amount of fee.
4. Amount of payment.
5. Balance of account.

The receipts issued for payments of accounts should reflect the statement number from which the payment was received. The accounts receivable ledger should be posted from the Service and Process Ledger timely.

VI. Commissary Fund

- A. A Commissary Fund may be established by ordinance on the County Treasurer's books and a Sheriff's commissary bank account opened.
- B. Claims will be filed on the Treasurer's Commissary Fund for all expenditures/disbursements of the Commissary Fund, except for refunds of inmate monies. The Commissary Fund shall be appropriated by the Quorum Court.

VI. Commissary Fund (continued)

- C. All funds collected from inmates are to be deposited daily in the Sheriff's Commissary Fund bank account.
- D. All proceeds from Commissary Fund sales shall be remitted to the County Treasurer to be deposited in the Treasurer's Commissary Fund monthly.
- E. An alternative method would be to allow a private organization to operate the Commissary Fund, with approval of the Quorum Court.
- F. Debit cards can be issued to close an inmate's commissary trust account.
- G. The Legislative Joint Auditing Committee adopted the procedures below in accordance with Act 1158 of 2013 which amended Ark. Code Ann. § 14-25-112 for Sheriffs to issue debit cards to clear inmate's commissary accounts.
 - 1. Establish a written policy for the use of debit cards to close an inmate's commissary trust account.
 - 2. The amount on the debit card shall be the balance in the inmate's account.
 - 3. Debit cards shall be pre-numbered and identifiable with the inmate's account.
 - 4. The inmate shall sign a form when receiving a debit card. The form shall contain the inmate name, date, amount of debit card, debit card number, and signature of inmate. The form is to be retained by the Sheriff's office and available for audit. If possible, the inmate should change the PIN upon release.
 - 5. The Sheriff's Commissary bank account shall not be debited by any outside vendor without prior documented approval from the Sheriff's Office.
 - 6. Debit cards shall be recorded in the cash disbursement journal or ledger for the commissary fund.
 - 7. The computer software application to be used in the issuing of debit cards shall be in compliance with the Information Systems Practices Checklist provided by the Legislative Joint Auditing Committee.

VII. General Information

- A. Monthly settlements made with the County Treasurer are required by the 10th working day of the subsequent month (Ark. Code Ann. § 26-39-201).
- B. Fixed assets should be periodically observed and a detailed record maintained that lists, at minimum, a brief description, serial number, location of property, date of acquisition, cost and property item number (if a property item number system is used by the County) (Ark. Code Ann. §14-25-106).
- C. The Quorum Court may designate one county official to maintain the entire County's fixed assets records; however, the Sheriff is still required to notify this designated official at the time of all additions and deletions (including but not limited to purchases from the Communication Facility and Equipment Fund). The Quorum Court shall adopt a policy setting a dollar figure requirement for equipment to be included on the fixed asset listing; however, this does not prevent items of a sensitive nature, such as weapons, from being included on the listing (Ark. Code Ann. § 14-25-106).
- D. All voided documents (receipts, checks, citations, etc.) should remain intact, with all copies remaining in the respective book.
- E. Insufficient checks, bank errors, and other bank charges.
 - 1. Require the bank to charge all returns against the bank balance.
 - 2. Make redeposits on separate deposit slips.
 - 3. If an item is considered uncollectible, retain the returned check in your files.
 - 4. Upon receiving notice of a hot check, void the receipt written. If the individual makes his/her check good, issue another receipt.
- F. Bank Imaging

A financial institution serving as a depository of public funds and wishing to provide only imaged documents is required by Ark. Code Ann. §§ 19-2-501 – 19-2-507, 19-2-509 to meet certain requirements. One requirement is that the method chosen be approved by the Arkansas Legislative Audit.

If your financial institution is not providing all original cancelled checks, you should obtain from that institution a copy of the Arkansas Legislative Audit letter of authorization of an alternative method.

VII. General Information (continued)

G. Controlled Substance Act (Seized and Forfeited Property - Ark. Code Ann. § 5-64-505)

1. Inventory of property seized - referred to Prosecuting Attorney

a. Confiscation report containing the following information should be prepared and filed within 48 hours:

- (1) A detailed description of the property seized, including any serial or model numbers and odometer or hour reading of vehicles or equipment.
- (2) Date of seizure.
- (3) Name and address of the person from whom the property was seized.
- (4) Reason for the seizure.
- (5) Location where the property will be held.
- (6) Seizing officer's name.
- (7) A signed statement by the seizing officer stating that the report is true and complete.

b. Within three business days, file a copy with:

- (1) Prosecuting Attorney.
- (2) Arkansas Drug Director.

c. Inventory list of seized property

A detailed listing of all seized property should be maintained to include the following (see example at [Exhibit 12](#)):

- (1) Date of seizure.
- (2) Description of property.
- (3) Serial number.
- (4) Estimated value.
- (5) Location.
- (6) Disposition.

VII. General Information (continued)

G. Controlled Substance Act (Seized and forfeited property - Ark. Code Ann. § 5-64-505) (continued)

2. Property forfeited

a. By Circuit Court order

(1) The property may be retained for official use by the law enforcement agency or the Prosecuting Attorney, except for aircraft, which must be turned over to the State Drug Director. See Ark. Code Ann. § 5-64-505 for applicable time restrictions.

(2) The property may be sold.

Proceeds of the sale and/or monies forfeited are to be deposited in the Special Asset Forfeiture Fund of the Prosecuting Attorney and distributed in the following order:

a) Satisfy any security interest or lien.

b) Pay any expenses of the sale.

c) Balance of money under \$250,000 distributed to the appropriate local and/or state law enforcement agency and/or the prosecutorial agency in a ratio proportionate to the participation in the activity that resulted in the forfeiture.

d) Balance of money over \$250,000 to the State Drug Director to be transferred to the State Treasury.

3. A Drug Control Fund is created on the books of the law enforcement agencies and the Prosecuting Attorneys. This fund is subject to audit by Arkansas Legislative Audit.

4. The Drug Control Fund of the Sheriff is maintained by the County Treasurer.

5. Twice a year, a report is due to the State Drug Director detailing all monies received and expenditures made from the Drug Control Fund.

H. Sheriff's Office may collect Circuit Court fines, if so designated by the Quorum Court (Ark. Code Ann. § 16-13-709).

VII. General Information (continued)

- I. The basic rule is that all funds coming into the hands of a public official are to be remitted to the County Treasurer (Ark. Code Ann. §§ 14-25-103, 14-14-1313).
- J. Court costs are governed by Ark. Code Ann. § 16-10-305. Generally, no costs may be assessed other than those authorized by Ark. Code Ann. § 16-10-305.
- K. Contracts and Soliciting Bids

The County Court is required to approve by County Court order all bids and contracts entered into on behalf of the County. Bids are required to be solicited on all purchases in excess of \$35,000 by Ark. Code Ann. §§ 14-22-101 – 14-22-115.

- L. Credit Card Payments

Payment of fines may be accepted by an approved credit or debit card, pursuant to Ark. Code Ann. § 16-13-706. When the offender pays fines by credit card or debit card, the court may assess the offender a transaction fee. The Quorum Court may establish a transaction fee to be charged for the collection of fines assessed in a Circuit Court for any electronic payment of a fine by an approved credit or debit card. Each governing body that contributes to the expenses of a District Court may establish the transaction fee for District Court fines (Ark. Code Ann. § 16-92-118).

- M. Unclaimed Property

Ark. Code Ann. § 18-28-201 and www.auditor.ar.gov should be referenced for guidance in handling unclaimed property. Unclaimed property would include, but not be limited to, seized items and stale-dated outstanding checks.

- N. Uniform Allowances

A policy regarding uniform allowances should be approved by the Quorum Court. In some cases, uniforms could be considered taxable income (e.g., if apparel is suitable for street wear). The Internal Revenue Service recommends reviewing the following:

- Fringe Benefit Guide – Office of Federal, State and Local Governments located at <http://www.irs.gov/government-entities/federal-state-local-governments>.
- State & Local Governments and Fringe Benefit Guide, Publication 5137 at www.irs.gov/pub/irs-pdf/p5137.pdf.

VII. General Information (continued)

N. Uniform Allowances (continued)

Additional guidance can be obtained by contacting:

Internal Revenue Service
Willie Clayton III
FSL-EO Gulf Coast Manager
(321) 441-2515

____ COUNTY SHERIFF'S OFFICE
CASH RECEIPTS JOURNAL

Date	Receipt Number	Issued To	Total	Service Fees	Commissioner's Sale	Other	Other Descriptions
01-03-18	001	A & A Attorneys	\$ 50.00	\$ 50.00			
01-05-18	002	District Court Clerk	80.00	80.00			
01-07-18	003	John Smith	50.00	50.00			
01-12-18	004	B & B Attorneys	100.00	100.00			
01-22-18	005	Void					
01-31-18	006	Jane Smith	50.00	50.00			
01-31-18	007	Jimmy Smith	50.00	50.00			
01-31-18	008	District Court Clerk	50.00	50.00			
01-31-18	009	John Q. Public	<u>5,000.00</u>	<u>500.00</u>	<u>\$ 4,500.00</u>		
Monthly Totals			<u>5,430.00</u>	<u>\$ 930.00</u>	<u>\$ 4,500.00</u>		
Year-to-date Totals			<u>\$ 5,430.00</u>	<u>\$ 930.00</u>	<u>\$ 4,500.00</u>		

____ COUNTY SHERIFF'S OFFICE
CASH DISBURSEMENTS JOURNAL

Date	Check Number	Issued To	Total	County Treasurer	Comm. Fac. & Equip. Fd.	Other	Other Descriptions
01-31-18	101	County Treasurer	\$ 697.50	\$ 697.50			
01-31-18	102	Comm. Fac. And Equip. Fd.	232.50		\$ 232.50		
01-31-18	103	Mary Jones	<u>4,500.00</u>			<u>\$ 4,500.00</u>	Commissioner's sale
Monthly Totals			<u>5,430.00</u>	<u>697.50</u>	<u>232.50</u>	<u>4,500.00</u>	
Year-to-date Totals			<u>5,430.00</u>	<u>697.50</u>	<u>232.50</u>	<u>4,500.00</u>	

NOTE: This is a sample cash receipts and disbursements journal for a fee account. For each type of account maintained, this would be the proper format. Of course, columnar headings would change to reflect types of revenues collected and types of disbursements. Monthly and year-to-date totals are required.

_____ COUNTY SHERIFF'S OFFICE
MONTHLY BANK RECONCILIATION

Bank Balance Per Bank Statement January 31, 2018 \$ 430.00

Additions:

Deposits in transit

Deductions:

Outstanding check #101 (430.00)

Adjusted Bank Balance \$.00

Balance Per Cash Receipts and Disbursements Journal \$.00

APPROVED BY: _____

COUNTY SHERIFF'S OFFICE

CITATION LOG

[illegible]

COUNTY SHERIFF'S OFFICE
ARREST REPORT
COURT DATE FEBRUARY 4, 2018

Uniform Traffic Citation Number	Violator's Name	Offense	Officer	Receipt Number	Fines and Costs	Other
A 1000	Jones, Robert	Speeding	Smith	101	49.50	
A 1001	Stewart, John	Speeding	Smith	121	49.50	
A 1053	Jackson, Thomas	DOH	Jones	116	115.50	
A 1076	Starr, Bart	No DL	Watson			
A 2001	Meredith, Don	Speeding	Meeks	105	49.50	
					<u>\$ 264.00</u>	

[illegible]

COUNTY SHERIFF'S CASH ON HAND REPORT

County Sheriff Name (Dayrider) - Maintained by County Sheriff

<u>Date</u>	<u>Transaction</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
08/01/18	Check # _____	\$1,000.00		\$1,000.00
08/01/18	Given to (Name of officer - Nightrider)		\$ 500.00	500.00
08/15/18	Check # _____	500.00		1,000.00
08/15/18	Given to (Name of officer - Nightrider)		600.00	400.00

NOTE: This report is to be used ONLY to account for "cash" activities.

UNDERCOVER OFFICER'S REPORT
FOR THE MONTH OF AUGUST, 2018

Drug Buys	Prop#/Case#	<u>SR/85B (Cocaine)</u>	\$ 600.00
Informants			200.00
Gasoline			202.00
Rent	(See Attached invoices)		
Utilities	(See Attached invoices)		
Vehicle repairs	(See Attached invoices)		
Vehicles	(See Attached invoices)		
Other (Explain)			
<u>Rock Concert Tickets</u>	(See Attached invoices)		40.00
	(See Attached invoices)		
	(See Attached invoices)		
	(See Attached invoices)		
	(See Attached invoices)		
	(See Attached invoices)		
	Total		\$ 1,042.00
Balance on hand @ August 31, 2018			\$ 58.00

Signed: m. Nightinder
(Undercover Officer)

UNDERCOVER OFFICER'S TRANSACTION CARD

Nightrider/# - Maintained by County Sheriff/Person in Charge of Fund

<u>Date</u>	<u>Transaction</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
08-01-18	Advance to officer	\$ 500.00		\$ 500.00
08-15-18	Advance to officer	600.00		1,100.00
08-31-18	Report submitted		\$ 1,042.00	58.00

RECEIPT

For, and in consideration of, the sale and delivery of the Prosecuting Attorney information and/or evidence identified as follows:

Purchase of Cocaine
Purchase of Marijuana

I hereby acknowledge receipt of \$ 200.00 paid to me by the
County Sheriff.

Date: 8-21-10 Signature: John Doe

Witnessed by:

M. Nightingale

Debit slip kept in investigator's file

SERVICE OF PROCESS LEDGER
COUNTY SHERIFF'S OFFICE

Date Process Received	Case Number	Style of Case	Person to be Served	Issuing County	Type of Process	Party Requesting Service	Service Fee	Date Served	Receipt Number
06-15-18	CIV-12-100	Robb vs. Heard	Heard	Pulaski	Summons	Perry Mason	\$ 50.00	06-26-18	A/R
06-19-18	CIV-12-101	McGee vs. McGee	McGee	Pulaski	Summons	Perry Mason	50.00	06-27-18	A/R
06-20-18	CIV-12-102	Cook vs. Watson	Watson	Pulaski	Summons	Arnie Becker	50.00	06-27-18	102
06-21-18	CR-12-013	State vs. Spratt	Spratt	Pulaski	Subpoena	Hamilton Berger	50.00	06-28-18	N/C
06-29-18	CIV-12-104	Cook vs. Cook	Cook	Pulaski	Summons	Perry Mason	50.00	06-29-18	A/R

ACCOUNTS RECEIVABLE LEDGER

NAME: Perry Mason

ADDRESS: #1 Mason Centre
Los Angeles, CA 11111

PHONE NUMBER: 1-800-DEF-ENSE

Date	Style of Case/Receipt Number	Amount of Fee	Payment Amount	Balance
06-26-18	CIV-12-100	\$ 50.00		\$ 50.00
06-27-18	CIV-12-101	50.00		100.00
06-28-18	Billing Statement No. 001			
06-29-18	CIV-12-104	50.00		150.00
07-01-18	Receipt No. 105		\$ 50.00	100.00

_____ COUNTY SHERIFF'S OFFICE

SEIZED AND FORFEITED PROPERTY INVENTORY LIST

Date of Seizure	Description of Property	Serial Number	Estimated Value	Location	Disposition
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**CERTAIN ARKANSAS CODES RELATING TO THE FINANCIAL RECORDS
OF THE
SHERIFF'S OFFICE**

The following Arkansas Codes have not been reproduced for inclusion in this booklet. The list should not be considered comprehensive but should be used in conjunction with the Arkansas Code of 1987 Annotated. Copies of applicable Arkansas Code may be accessed at the following web address:

<http://www.lexisnexis.com/hottopics/arcode/default.asp>

Selected Arkansas Codes:

Ark. Code Ann. § 5-64-505

Property subject to forfeiture – procedure – disposition of property (Uniform Controlled Substances)

Ark. Code Ann. § 10-4-429

Report of security incident (requires public entities to report information systems security incidents to Arkansas Legislative Audit)

Ark. Code Ann. § 12-15-301

Sale of county-issued firearms to deputies

Ark. Code Ann. § 12-41-105

Commissions from prisoner telephone services, commissary profits
County jails – prisoner expenses and support – booking and administration fee

Ark. Code Ann. §§ 13-4-401 – 13-4-411 (Also see Ark. Code Ann. § 16-10-211)

Sheriff's office records retention schedule

Ark. Code Ann. § 14-14-113

Review of audit report by quorum court

Ark. Code Ann. § 14-14-1202

Ethics for county government officers and employees

Ark. Code Ann. § 14-14-1203

Compensation and expense reimbursements generally (including travel expense reimbursements)

Ark. Code Ann. § 14-14-1207

Reimbursement of allowable expenses

Ark. Code Ann. § 14-14-1209

Uniform and equipment allowance for sheriff's department

Ark. Code Ann. § 14-14-1313

Remittance of public funds

Ark. Code Ann. §§ 14-21-201 – 14-21-204

Drug Enforcement Fund (establishment, restrictions on use, approval of claims, accounting records)

Ark. Code Ann. §§ 14-22-101 – 14-22-115

County purchasing procedures (including bidding process; purchases in excess of \$35,000, unless exempt, should be bid)

Ark. Code Ann. §§ 14-25-101 – 14-25-108, 14-25-112

County Accounting Law (bank accounts, deposit of funds, prenumbered checks, petty cash funds, fixed asset records, reconciliation of bank accounts, prenumbered receipts, Sheriff's accounts)

Ark. Code Ann. §§ 16-10-201 – 16-10-211

Arkansas District Court Accounting Law (includes sections relating to bond and fine accounts; uniform traffic citations (including electronic traffic citations); arrest reports; collection, receipt and deposit procedures; records retention)

Ark. Code Ann. § 16-10-305

Court Costs

Ark. Code Ann. §§ 16-13-703 – 16-13-704

Court fines – installment payments

Ark. Code Ann. § 16-13-706

Credit/debit card payment of fines

Ark. Code Ann. § 16-13-709 (also see Ark. Code Ann. § 16-92-118)

Designation of responsibility for collection of fines

Ark. Code Ann. § 16-13-712

Judicial Fine Collection Enhancement Fund

Ark. Code Ann. § 16-90-119

Confiscation of deadly weapons (confiscation and disposition)

Ark. Code Ann. § 16-92-118

Electronic collection and deposit of fines

Ark. Code Ann. §§ 18-28-201, 18-28-207 – 18-28-208

Unclaimed property

Ark. Code Ann. §§ 19-2-501 – 19-2-507, 19-2-509

Requirements for photographic copies or digital images of financial transactions (bank statements, cancelled checks, etc.)

Ark. Code Ann. § 19-11-107

Data Company (requires data storage companies to return data to public entity)

Ark. Code Ann. § 21-6-307

Fee schedule for Sheriffs; Communications Facility and Equipment Fund

Ark. Code Ann. § 21-6-311

Debit card and credit card payments

Ark. Code Ann. § 21-7-209

Extending credit for court costs and fees prohibited except for licensed attorneys, financial institutions, improvement districts, state and federal agencies, and recording fees of the Commissioner of State Lands

Ark. Code Ann. § 26-39-201

Monthly settlements with the county treasurer to be on the first of each month, or within ten (10) working days thereafter

Ark. Code Ann. § 5-5-101

Disposition of contraband and seized property

Ark. Code Ann. § 27-53-210

Fee allowed for each copy of a basic accident report

CASH ADVANCES FOR TRAVEL RELATED EXPENSES

The Legislative Joint Auditing Committee, at its September 9, 2011 meeting, adopted the rules below in accordance with Act 614 of 2011 which amended Ark. Code Ann. § 14-14-1203 concerning cash advances for travel related expenses for county employees.

Each Quorum Court may by ordinance establish a travel advance fund(s). The ordinance shall set a maximum amount for the fund(s) and shall designate the custodian of each fund. The travel advance fund(s) may be maintained by the custodian(s) as a cash fund or in a bank account. The source of the funds for the travel advance fund shall be funds appropriated by the quorum court. The initial funding and any subsequent reimbursements to the fund shall be appropriated by the quorum court and subject to the disbursement procedures required by law.

After a quorum court has approved a proper ordinance establishing a travel advance fund, set the maximum amount for the fund, designated the custodian of the fund, and appropriated funds for the fund, the county judge may approve a county claim for the initial establishment of the travel advance fund. If adequate appropriations and funds are available, the travel advance fund may be replenished upon presentation and approval of a claim which will include supporting documentation as provided in the county disbursement procedures. The total amount of funds held in the travel advance fund shall not exceed the maximum amount established by the quorum court.

Accounting records shall be maintained by the custodian for the receipt, disbursement, accounting, documentation, and reconciling of funds.

The travel advance funds shall only be used to make advances of expenses associated with authorized travel by employees of the county. Upon completion of the travel, the employee shall provide documentation of the expenses associated with the travel advance to the custodian of the fund. If documentation is not provided, or if the travel advance exceeds the actual expenses incurred, the employee must repay the balance to the travel advance fund within 7 calendar days of the trip return. The county shall withhold any undocumented or excess advance not repaid within 7 calendar days of trip return from the employee's next paycheck.

Travel expenses paid from the travel advance fund shall be in accordance with the county's travel policy. Meals for travel without overnight stay must be included on employee's W-2 form.

Appendix

Arkansas Legislative Audit Information Systems Best Practices



August 2023

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PURPOSE

Arkansas Legislative Audit (ALA) establishes the following Information System (IS) Best Practices, utilized throughout industry and government, to provide practical information about internal controls and encourage entities to develop, implement, and maintain IS policies and procedures that conform to current best practices. ALA recommends entity management conduct a formal risk assessment and rely on the results of the assessment to establish which best practices are appropriate for their environment. Since each situation is unique, management should utilize these guidelines as a self-monitoring tool to understand, assess, and mitigate potential information security risks to the entity's operations and assets. These best practices should be used as a resource to improve the design of existing internal controls and to implement new policies and procedures required by changes in risk to assets and operations. These best practices **are not all-inclusive**, nor are they a replacement for locally developed internal control policies and procedures. Optimally, control policies and procedures should be described in a written document and distributed to all employees since the application of these control procedures is every employee's responsibility. Successful internal controls depend on management and staff commitment to the protection of resources.

Increased focus on critical cybersecurity controls has led ALA to research frameworks that closely align with addressing threats. The Center for Internet Security (CIS) 18 Critical Security Controls, which can be found at <https://www.cisecurity.org/controls/cis-controls-list>, will be used to reinforce and complement the IS Best Practices. Note: (If links in this document are not clickable, copy and paste into a web browser.)

Internal Controls

It is management's responsibility to ensure that the right controls are in place and that they are performing as intended. Therefore, internal controls are necessary for the effective and efficient operation of all levels of government. Internal controls are activities, policies, and procedures put in place to provide reasonable assurance that operations are achieving stated objectives. Properly designed and functioning controls help an entity adjust to ever-changing situations, changing demands, and varying threats and reduce the likelihood that significant errors or fraud will occur and remain undetected.

External auditors are not responsible for the design and effectiveness of internal controls. External auditors evaluate internal controls as part of their audit planning process. It is management's responsibility to ensure that proper internal controls are in place and perform as intended. A governing body's responsibility is to adopt written policies established by management to provide oversight, authorization, and ethical leadership. Additionally, management should be aware of the impact information technology (IT) has on the internal control framework and the challenges associated with a digital environment.

Information technology (IT) is an integrated part of state and local government financial operations and should be considered in conjunction with overall internal controls planning. IT internal controls affect many aspects of financial operations and should be implemented and reviewed in conjunction with each office, department, or functional area of responsibility.

To execute responsibilities effectively, management needs to understand how an integrated internal control framework should work. Standards for Internal Control in the Federal Government "Green Book," which may be found at <https://www.gao.gov/greenbook>, may also be adopted by state and local governmental entities.

Assessing Risk

Each governmental entity has its own unique set of circumstances and risks that affect the design and implementation of internal controls. Before determining which controls should be implemented, entities should conduct a formal risk assessment to identify, analyze, and respond to risk potential, fraud, or errors occurring and remaining undetected.

After identifying risks, entities should implement controls to mitigate or reduce those risks. During the design process, the relationship between the cost of implementing controls and the benefits gained should be considered. When it is not practical or cost-effective to implement certain controls, other controls should be considered as ways to mitigate risk.

Monitoring

Identifying risks and implementing effective controls will not protect assets and produce reliable financial information if management and employees do not follow established procedures. Policies and procedures should be regularly reviewed to confirm that controls are being executed as designed. It is also important to consider feedback received from employees. Some control procedures may appear to be good solutions to an identified risk; however, once implemented, they may cause unforeseen problems or inefficiencies. At the same time, other activities may not appear to need controls, yet upon further analysis, some type of control may be warranted.

While this document is intended to establish minimum levels of compliance for auditing purposes, **it is not all-inclusive**. Because the IT environment is dynamic and ever-changing, these guidelines will be modified periodically to reflect industry changes as closely as possible. Guidelines have been generalized, where possible, to allow for broad application to various types and sizes of entities. Current IT trends, business processes, and cost considerations specific to the individual entity should be considered when applying these guidelines.

INTRODUCTION

General and Application Controls are the two main types of control activities applicable to the IS environment. All IS controls throughout industry may be broadly categorized as such and are presented here as follows:

Part One: General Controls

General Controls are established to provide reasonable assurance that the information technology in use by an entity operates as intended to produce properly authorized, reliable data when needed and that the entity is in compliance with applicable laws and regulations. Typically, General Controls include the following elements:

IS Management	(Best Practices 1-1)
Contract/Vendor Management	(Best Practices 1-2)
Network Security	(Best Practices 1-3)
Wireless Networking Security	(Best Practices 1-4)
Physical Access Security	(Best Practices 1-5)
Logical Access Security	(Best Practices 1-6)
Disaster Recovery/Business Continuity	(Best Practices 1-7)

Part Two: Application Controls

Application Controls relate to the transactions and data produced by each computer-based automation system; they are, therefore, specific to each application. Application controls should be designed to ensure the confidentiality, completeness, and accuracy of accounting records and the validity of entries made. Typically, Application Controls contain the following elements:

Data Input	(Best Practices 2-1)
Data Processing	(Best Practices 2-2)
Data Output	(Best Practices 2-3)
Application-Level General Controls	(Best Practices 2-4 through 2-7)

Part Three: Other Technology

To manage risk with other technology, entities need to understand the technology and its associated risks. Risk can be managed by being technologically proficient and establishing practices related to governance. Other technology elements include:

Electronic Signatures and Digital Signatures	(Best Practices 3-1)
Payment Cards (Debit or Credit)	(Best Practices 4-1)
Bring Your Own Device (BYOD)	(Best Practices 5-1)
Electronic Banking	(Best Practices 6-1)

Note: Items underlined have been modified since the last published date of February 2023.

Modification may include wording being reordered, changed, or added.

BEST PRACTICES – GENERAL CONTROLS

IS Management

1-1: IS management must ensure adequate internal controls are in place to achieve the organization's established and developing goals and objectives.

1-1.1: Develop an IS Department organizational chart, and update it as the environment changes.

1-1.2: Conduct a formal, organization-wide risk assessment utilizing a standard risk assessment framework to:

- Identify “what could go wrong” events that are a result of malicious or unintentional acts that can lead to negative consequences.
- Determine the levels of cybersecurity risk and the probability of exposure or loss resulting from a security event or data breach of the organization.
- Dedicate adequate resources to implement safeguards to mitigate risks.
- Conduct a risk assessment that involves engaging employees at all levels to identify risks and the ways those risks affect organizational objectives.

IS management should monitor and manage ongoing risks associated with the use of information technology, gain an understanding of current practices, and involve end users in addressing these risks and mitigating negative impacts.

1-1.3: Develop and maintain a process to identify and address hardware and software security vulnerabilities.

1-1.4: Develop and maintain a formally-approved IS Operational Policy and Procedure Manual. The manual may be one or more documents and should be reviewed and updated annually and as the operating environment changes.

1-1.5: Ensure that the duties of software developers and end users are distinctly segregated and clearly documented.

1-1.6: Develop policies and procedures addressing non-business use of entity equipment, facilities, and Internet services. Require employees to sign a computer use policy. This policy should clarify that information processed and stored on government computers is not considered private. Stipulate that computers and other government resources should not be used for personal purposes, the policy may allow for incidental personal use, and outline penalties for misuse of equipment.

1-1.7: Develop and maintain an up-to-date inventory of all hardware devices attached to the network physically, virtually or remotely. Ensure only authorized devices are allowed to connect. Establish a process to identify and address unauthorized devices. Include information about the asset (location, tag number, owner, operating system, IP, and MAC address, if applicable). Review and update bi-annually.

1-1.8: Develop and maintain an accurate inventory of all software running on your systems and network, as well as discover any unauthorized and unmanaged software and prevent it from being installed or executed. Include vendor name, version, install date, and asset tag, if appropriate. Review and update bi-annually.

1-1.9: Obtain proper replacement insurance for production software and hardware/equipment.

1-1.10: Establish and maintain a data management policy/process that addresses data sensitivity, ownership, retention periods, location, storage, and disposal.

1-1.11: Develop and document database and network backup processes to include how often data are backed up and how copies of backups will be maintained.

1-1.12: Assign and communicate database and network backup responsibilities to designated staff.

- 1-1.13: Establish access to an environmentally safe, geographically separate, and secure off-site location to retain database and network backups.
- 1-1.14: Establish and formally document the frequency of backups, ensuring that minimum industry standards (i.e., daily, weekly, monthly, annually) are met. Backups should occur daily for critical processes or at longer intervals based on the significance of the information and the rate of changes.
- 1-1.15: Establish and formally document the method of backup:
- a. Full Back up: All files and software.
 - b. Incremental Backup: Files that have changed since the previous backup.
 - c. Differential Backup: All the data that have changed since the last full backup.
 - d. Mirror Backup: Straight copy of the selected folders and files at a given instant in time.
 - e. Maintain offline copies of backups in case a cyberattack renders online files unusable.
- 1-1.16: Ensure that the selected backup process and retention policy are in compliance with laws and regulations. Retention policy may include retaining periodic snapshots of data backups in the event data becomes corrupted and contaminates the backup.
- 1-1.17: Maintain documented security configuration standards for all hardware and software. Review and update documentation annually or when significant enterprise changes occur that could impact this safeguard.
- 1-1.18: Routinely copy operating system software, application software, hardware configurations, and production information to backup media based on frequencies set by management. This applies to all systems (e.g., local area network [LAN] or wide area network [WAN] servers, client/server database servers, special-purpose computers, etc.).
- 1-1.19: Frequently test data backups to ensure data can be restored and recoverable. Also, ensure backup settings comply with entity policies.
- 1-1.20: Establish and maintain an inventory of both user and administrative accounts. The inventory, at a minimum, should contain the person's name, username, start/stop dates, and department.
- 1-1.21: Ensure administrator/super user accounts are limited and properly approved.
- 1-1.22: Develop a breach notification policy that requires individuals to be notified when there is a security breach of a system and confidential information is compromised. Officials and employees may not understand or be prepared to fulfill their legal obligations to notify affected individuals if confidential information is compromised, or is reasonably believed to have been compromised, and a security breach notification policy has not been established and adopted.
- 1-1.23: Regularly evaluate network availability and reliability and provide ongoing improvements to services and security as needed.
- 1-1.24: Establish and maintain a formal cybersecurity awareness program that ensures end users are aware of current and emerging cybersecurity threats, the importance of protecting assets, and the related risks.
- 1-1.25: Make employees aware of social engineering threats, which are attacks carried out by persuading authorized users or administrators to reveal confidential information to people they don't know over the phone or through emails from unknown parties. Employees should be trained to never open or download suspicious attachments.

1-1.26: Periodically host cybersecurity training for employees. Examples of relevant discussion and training topics include but are not limited to:

- a. Table top discussions on cybersecurity or security policy review.
- b. Emerging cybersecurity threats.
- c. Trending social engineering methods.
- d. Limiting the types of sensitive information collected, transported, and stored.
- e. Hazards of viruses, malware, ransomware, and spyware.
- f. Accessing malicious websites.
- g. Downloading files from the Internet or simply clicking links.
- h. Embedded email links and downloading attachments that may appear reasonably valid.

1-1.27: Establish a formal Security Incident Response plan. This document should outline the plan for responding to information security incidents. Due to the wide variety of security incidents that an organization could face and the rapid advancement of threats, this document should be designed to provide guidance for responding to security incidents; determining the scope and risk of security events; and ensuring an appropriate response to information security incidents, including communication of incidents to the appropriate parties. For information on developing a security incident plan, refer to NIST 800-61 revision 2.

1-1.28: Arkansas Act 260 of the 2021 Regular Session states that a public entity, or contractual provider of a public entity, must disclose, in writing, an initial report of the known facts of the security incident to the Legislative Auditor within five business days after learning of the security incident. Additionally, the public entity shall provide regular updates. A report, update, notification, or list created or maintained under this section is exempt from the Freedom of Information Act (FOIA) as a security function under Ark. Code Ann §25-19-105(b)(11).

A Security Incident Reporting form can be found at www.arklegaudit.gov

Contract/Vendor Management

- 1-2: Outsourced IT vendors must adhere to laws, regulations, and the organization's policies and procedures.**
- 1-2.1: Review all contracts before approval to ensure compliance with Ark. Code Ann. § 10-4-424 granting Arkansas Legislative Audit access and authority to audit computer applications supplied by vendors. Additionally, ensure business processes and any applicable legal requirements are adequately addressed and documented.
 - 1-2.2: Establish a service level agreement for the maintenance and support of each contract, specifically defining performance expectations for each party.
 - 1-2.3: Confirm that the vendor is a going concern. Ensure that provisions are made to hold application source code in escrow.
 - 1-2.4: Limit vendor access to entity resources. Log access, monitor vendor activity, and review for appropriateness.
 - 1-2.5: Vendors of cloud computing services or other types of hosted solutions should comply with ALA IS Best Practices and the State of Arkansas information security standards through service level agreements and contracts and provide a Service Organization Control Report (SOC), if available.
 - 1-2.6: Prior to transferring data or application services to or from a cloud computing environment, it is vital to understand applicable laws, regulations, duties, and responsibilities imposed on both management and the vendor (e.g., data ownership, data stewardship, data retention, data protection, jurisdictional issues, disclosures).

Network Security

- 1-3: Network security ensures that network architecture includes controls over hardware, software, and data.**
- 1-3.1: Establish a network security policy that is clearly documented and formally approved. Ensure that the policy describes potential security risks (identified in sections 1-1.2) and clearly communicates risks to users. Policies should be kept current through regular review and updated to address emerging security threats.
 - 1-3.2: Ensure that network devices (e.g., firewalls, routers, etc.) are appropriately placed and configured to adequately protect both internal and external access to devices, applications, and services.
 - 1-3.3: Implement DNS (Domain Name System) filtering to block malicious websites and filter out harmful or inappropriate content.
 - 1-3.4: Limit physical and logical access to network devices (e.g., firewalls, routers, servers, etc.), and ensure that changes to these devices are properly managed. Establish policies for proper tracking, authorization, testing, and approval of changes.
 - 1-3.5: State of Arkansas governmental entities should transition to the government-restricted ".gov" top-level domain. The .gov domain establish itself as a trusted source for online services, such as a website or email. The .gov domain identifies an entity as a government agency, improves security and trust in services provided at any level of government, and is available at no cost at <https://get.gov/registration/>.
 - 1-3.6: Implement email authentication technology to protect users from spam, phishing scams, and other malicious emails.
 - 1-3.7: Ensure a process exists to identify, detect, and address unauthorized assets on the network.

- 1-3.8: Obtain anti-virus, anti-malware, and advanced persistent threat software and provide for their continued use. Ensure programs are set for automatic updates and scan devices on an established schedule. Scan any media that is inserted into hardware (e.g., USB and external hard drives). Ensure that the network security policy covers the use of external devices (e.g., USB drives, Smart Devices, etc.).
- 1-3.9 Establish and maintain a process for performing internal and external network vulnerability scanning, including a remediation process to address critical risks identified.
- 1-3.10: Develop remote access authentication policies and procedures and encryption protocols (considering the risks identified above). Consider the use of virtual private networking (VPN) technology. Include procedures for usage restrictions, configuration/connection requirements, implementation guidance for each type of remote access allowed, and monitoring and handling of questionable activity.
- 1-3.11: Establish encryption methods for sensitive data transmitted externally and across the network, including procedures for keeping protocols current and effective.
- 1-3.12: Ensure that all IT administration duties outsourced to a vendor are evaluated for associated risks. Vendor access to your network should be restricted only to files and applications needed to perform the vendor's duties. The contract with the vendor should provide that the vendor agrees to perform services in compliance with the entity's security policies and legal requirements.
- 1-3.13: Ensure operating systems are set to automatic updates. Turning off or rebooting computers regularly supports the installation of updates and refreshes system resources. Updates and patches for server operating systems are critical and should be reviewed and updated on a regular schedule.
- 1-3.14: Enable and monitor network audit logs to identify potential misuse of system resources or information. Logging activities shall include regular monitoring of system access to prevent attempts at unauthorized access and confirm access control systems are effective.
- 1-3.15: Consider a defense-in-depth methodology by implementing multiple layers of security to protect data, networks, and systems. Successive layers of defense mechanisms can reduce the risk of a successful attack by someone with malicious intent. A combination of controls ensures that systems do not become overly dependent on any one control or layer of security and provides added protection in case a layer of security fails to function properly or does not prevent or stop a threat to your data or systems.

Wireless Networking Security**1-4: Wireless security provides a secure network connection to prevent harm to the network and inappropriate access to resources.**

- 1-4.1: Establish security policies and procedures that ensure wireless usage restrictions, configuration, connection, and password requirements, as well as implementation guidance for wireless access, are appropriate. Policies and procedures should identify information resources that should and should not be available to users and the types of communications that are prohibited, especially when sensitive and/or critical data are involved. Address the use of wireless technology to ensure compliance with IEEE 802.11i Security Standard. Document policies to include the risks (identified above) associated with this technology, and ensure that policies are clearly communicated to users.
- 1-4.2: Ensure that the Administrator credentials and Service Set Identifier (SSID) are changed from the default value and a naming convention that excludes all identifiable information about the entity and the technology in use. The SSID name should be communicated to entity employees but not publicly broadcast.
- 1-4.3: Establish routine application of security patches for wireless access devices, ensuring that upgrades are applied as released.
- 1-4.4: Maintain an inventory of authorized access points (APs), and periodically conduct site inspections to determine that no unauthorized APs are in use.
- 1-4.5: Establish physical security controls over wireless network devices to prevent unauthorized access, such that all devices are secured with locking mechanisms or kept in a restricted area where access is granted to authorized personnel only.
- 1-4.6: Review perimeter (external) security established in sections 1-3.2, and ensure that the risks identified for wireless networking (see section 1-4.1) are adequately addressed in the placement and configuration of network devices.
- 1-4.7: Ensure that entity-approved guest access only allows Internet browsing, require guest users to agree to terms of use, and state that user activity on the wireless network is monitored.

Physical Access Security

1-5: Physical access security controls are implemented to protect system resources and the facilities used to support their operation.

1-5.1: Develop a Physical Access Security Policy based on the criticality of network devices and their physical placement. The policy should include access key/keycard management; authorization procedures for visitors, new employees, contractors, etc.; and provisions for removing access for terminated employees, consultants, security professionals, etc.

1-5.2: Ensure that the server room and data processing areas are adequately restricted to authorized personnel and located in a discreet area inaccessible to outsiders.

1-5.3: Implement the following physical security controls:

- a. Entrance and exit controls.
- b. Visitor escorting.
- c. Vendor escorting.
- d. Logging of entry and exit dates and times.
- e. Surveillance cameras.

1-5.4: Implement the following environmental controls, where possible:

- a. Fire suppression system.
- b. Smoke detector.
- c. Temperature/Humidity monitor.
- d. Adequate ventilation and air conditioning systems.
- e. Uninterruptible power supply (UPS).
- f. Emergency power generator.
- g. Raised floor.
- h. Water detection.

1-5.5: Develop specific procedures to ensure that terminated employee access is immediately disabled and to control issuance/revocation of access keys/keycards. Conduct an annual key/keycard inventory to identify those with physical access to facilities and to determine that terminated employee access has been properly removed. If unauthorized access exists, rekey doors, and change security codes to reestablish proper authentication.

1-5.6: Develop a monitoring system for physical access, ensuring that access violations are detected and that both violations and corrective actions are documented.

1-5.7: Ensure that any data storage device, workstations, or other mobile equipment no longer in operation are reformatted/wiped based on current data sanitization methodologies or that the hard drive is physically destroyed to minimize the risk of exposure. Any paper documents containing personally identifiable information that are no longer in use should be shredded to minimize the risk of exposure.

Logical Access Security

1-6: Logical access security controls defend IT systems and data by verifying and validating the identity of authorized users.

1-6.1: Develop and document a Logical Access Security Policy, based on identified risk areas (identified in sections 1-1.2), to protect high-risk system resources. The policy should establish user identification, authentication, and account control mechanisms as well as protect system administration tools and utilities from unauthorized access. Include provisions for monitoring access security best practices to ensure policies remain current.

1-6.2: Establish user security access on the principle of least privilege, allowing only authorized access for users (or processes acting on behalf of users) that are necessary to accomplish assigned duties in accordance with the entity's business process and functions.

- 1-6.3: Establish a process for granting access to enterprise assets upon new hire and role change that ensures proper authorization of changes and additions to user accounts. Include a periodic review of user access security by resource owners (e.g., elected officials, directors, or their designees). Investigate questionable authorizations. Access to security administration and other sensitive system resources should be limited to only users with a documented business purpose; all unnecessary and unauthorized accounts (e.g., system/admin default, guest, terminated users, etc.) should be investigated to be removed or disabled.
- 1-6.4: Ensure that, at a minimum, the following password parameters for logical security controls are required:
- a. User identification and a password are required.
 - b. Users are systematically forced to change passwords on a periodic, recurring basis for not more than 90 days.
 - c. Passwords are systematically required to be composed of a mixture of alpha and numeric characters and a minimum of 8 characters, with no repeating characters.
 - d. New users are forced by the system to change their initially assigned password.
 - e. A password history file systematically prevents the reuse of at least the last five passwords.
 - f. The user account is locked after three unsuccessful login attempts and remains locked until reset by an administrator or in a reasonable period of time.
 - g. Computer session timeout after a reasonable period of no activity, requiring user authentication to restore the session.
 - h. Passwords are not revealed to anyone, including management, help desk personnel, security administrators, family members, or co-workers.
 - i. Management establishes and monitors the user Security Event Log.
 - j. Implement multi-factor authentication (MFA) for all users' accounts and devices.

Note 1: Most operating systems and applications have configurable password settings that systematically require passwords to conform to the requirements listed above. Password settings are not considered enforced unless systematically required.

Note 2: Any deviations from established password best practices are evaluated on a case-by-case basis.

- 1-6.5: Ensure that Security Event Logs are reviewed for violations. Document identified violations and associated corrective actions as a part of incident handling procedures.
- 1-6.6: Other technologies for user identification and authentication, such as biometrics (e.g., fingerprint verification, signature verification) and use of hardware tokens (e.g., smart cards) are available and should be considered, if appropriate.
- 1-6.7: Systems using both user ID/password and ID/biometrics should enforce the same password parameters described at 1-6.4.
- 1-6.8: Restrict administrator privileges from running on workstations. Running in administrator mode increases exposure to security threats, which can lead to the entire network being compromised; administrative mode should be disabled by default or, at a minimum, protected with strong credentials and utilized only when necessary to perform administrator functions.

Disaster Recovery/Business Continuity

1-7 : Disaster recovery/business continuity planning refers to the plans, policies, procedures, and technical measures that enable the recovery of IT operations after an unexpected incident. Organizations should develop a Disaster Recovery and Business Continuity plan so that the effects of a disaster will be minimized. Adequate planning addresses how to maintain their status as a going concern: keeping critical functions operating in the event of disruptions, both large and small.

1-7.1: Document and approve a Disaster Recovery and Business Continuity Plan that, at a minimum, achieves the following:

- a. Ensures that disaster recovery roles and responsibilities are clearly defined.
- b. Includes detailed technical instructions and procedures for restoring mission-critical processes and systems (i.e., networking, operating system, and critical applications).
- c. Identifies the alternate work/office location and the offsite backup storage facility.
- d. Includes necessary contact information for employees, vendors, etc.
- e. Ensures manual operating procedures and resources are in place in the event IT operations are unavailable.
- f. Includes application-level contingency planning (established in section 2.7).
- g. Covers all systems and operational areas.
- h. Has been approved by appropriate governance.
- i. Includes details concerning how the plan will be periodically tested.

1-7.2: Ensure that a copy of the Disaster Recovery/Business Continuity Plan is stored at the off-site backup location. A copy should also be available to management and employees in either electronic or hardcopy form.

1-7.3: Ensure that the Disaster Recovery/Business Continuity Plan is relevant, addresses current risk, and is reviewed and updated annually and as conditions and risk change.

1-7.4: At least annually, conduct and document rotating test scenarios of the Disaster Recovery/Business Continuity Plan to the fullest extent possible. Document in sufficient detail and evaluate test results, updating the plan as necessary.

Note: Effective July 1, 2021, management of the Arkansas Continuity of Operations Program (ACOOOP) will transfer from the Department of Transformation and Shared Services (TSS) Division of Information Services (DIS) to the Arkansas Division of Emergency Management (ADEM) due to the recent approval of Act 70 of 2021.

Several formats, guidance documents, and other assistance are available for writing and maintaining continuity plans. One example is the FEMA Continuity Plan Template and Instructions for Non-Federal Entities found at this link: https://www.fema.gov/pdf/about/org/ncp/coop/continuity_plan_non_federal.pdf

BEST PRACTICES – APPLICATION CONTROLS

Data Input

2-1: Data input controls are necessary to validate the integrity of data entered into an application.

2-1.1: Ensure that a properly designed database has been established to reduce redundancies and ensure effective transaction processing. Poor data quality may lead to the failure of system controls, process inefficiencies, and/or inaccurate reporting.

[Example: The County Financial Manual may supply the data structure incorporated into the automated system and followed by users who classify data and perform data entry.]

Manual and/or automated controls should be incorporated into the data structure to prevent the following:

- a. Recording or processing of duplicate transactions.
- b. Unpopulated data fields.
- c. Data formatting inconsistencies.
- d. Improper coding to departments, business units, or accounts.

2-1.2: Establish input approval and review policies and procedures. Management should have procedures to identify and correct any errors that occur during the data entry process, providing reasonable assurance that errors and irregularities are detected, reported, and corrected:

- a. Ensure that data input is done in a controlled manner (e.g., proper authorization controls exist, both systematic and manual).
- b. Ensure that all inputs have been processed and accounted for.
- c. Ensure checks and receipts are systematically pre-numbered and sequenced.
- d. Ensure an audit trail is available and enabled with sufficient detail to identify the transactions and events as they happen by tracking transactions from their source.
- e. Identify and investigate missing or unaccounted-for source documents or input transactions.
- f. Periodically review audit logs to evaluate the extent and status of data errors and changes.
- g. Require exception resolution monthly and ensure all exceptions are resolved before year-end closing.

Data Processing

2-2: Data processing controls provide an automated means to ensure processing is complete, accurate, and authorized.

2-2.1: Ensure that processing errors are identified, logged, and resolved and that incorrect information is identified, rejected, and corrected for subsequent processing. Edit reports should be produced by the system at critical processing stages to provide a means to trace transactions from beginning to end. (e.g., check runs, transaction posting, etc.), and corrections should be required before associated processes are completed.

- a. Database transactions or table logs should be available to compare to source documents.
- b. Processing logs should be available to identify incomplete or incorrectly processed transactions.
- c. Transaction processing overrides should be tracked and monitored.
- d. Application should perform edit and validation checks during data processing.
- e. Warning and error messages should be produced during all processing phases.
- f. Transactions with errors should be rejected or suspended from processing until the error is corrected.

2-2.2: Management should have policies and procedures in place to identify and correct any errors that occur during the data entry process. These policies and procedures should reasonably assure that errors and irregularities are detected, reported, and corrected timely:

- a. Ensure that data input controls are in place (e.g., proper authorization controls exist, both systematic and manual).
- b. Periodically review user error logs to evaluate the extent and status of data errors.
- c. Ensure that all data inputs have been processed and accounted for.
- d. Investigate missing source documents or data transactions.
- e. Require data exception resolution before year-end closing.

2-2.3: Establish procedures to ensure that periodic and timely reconciliations and error corrections are performed between the subsidiary and general ledgers.

2-2.4: Establish monitoring procedures to include:

- a. Reconciling data inputs to data processed.
- b. Maintaining a processing log and reviewing for unusual or unauthorized activity.
- c. Monitoring all overrides to transactions.

2-2.5: Ensure that the software/application has the capability to prevent alteration of data when they are transferred from one process to another.

2-2.6: Ensure that the application has the capability to resume processing at the point of interruption.

Data Output

2-3 : Data output controls ensure the integrity and reliability of output information as well as the accuracy and timely distribution of all output produced.

2-3.1: Develop procedures for system output and reporting to ensure:

- a. Consistency of content, format, and availability with end users' needs.
- b. Sensitivity and confidentiality of data.
- c. Appropriate user access to output data.

2-3.2: Establish procedures to enable business process monitoring and tracking of results. Review system-generated reports to ensure the integrity of production data and transaction processing. Review should be performed timely and periodically.

2-3.3: Establish procedures to ensure that output complies with applicable laws and regulations and that legally required reporting is complete and accurate. Review system-generated reports to assure the integrity of production data and transaction processing. Reviews should be performed timely and periodically.

Application-Level General Controls***Application Security Management***

2-4: Application security management identifies criteria and techniques associated with the design and use of applications that can be modified to respond to the entity's changing needs.

2-4.1: Identify transactions for financial processes and sub-processes that application security policies should address. Develop a security policy for financial applications that achieves:

- a. Establishes security administration procedures.
- b. Develop an application access structure based on the principle of least privilege.
See 1-6.2
- c. Outlines ongoing security role management (including monitoring and maintenance procedures).
- d. Addresses the roles, responsibilities, and monitoring of third-party vendors.
- e. Ensures that access security updates, additions, and deletions are properly authorized and supported by a documented business purpose.
- f. Periodically verifies that only authorized users have access and that their access privileges are appropriate for their job functions.
- g. Addresses encryption of application data (including authentication credentials), both stored and transmitted.
- h. Establishes procedures for documenting security and verification of data for both internal and external system interfaces.
- i. Coordinates with overall network security policy.
- j. Analyzes application deficiencies and documents corrective action taken.

2-4.2: Ensure that application access controls (e.g., unique user ID, password configuration, etc.) align with network access security policies established in sections 1-6.

2-4.3: Ensure that public access to applications is controlled by:

- a. Restricting access to production systems and data.
- b. Distinct security policy covering public access workstations that appropriately restricts access.

2-4.4: Establish procedures for auditing and monitoring application security, including the following:

- a. Identification and logging of security exceptions and violations.
- b. Set up logging and other parameters to notify administrators of security violations as they occur.
- c. Periodic review of exception reports and recommended corrective action by management and security administrators.

2-4.5: Ensure that physical access to application resources has been secured and addressed by security policies as outlined in sections 1-5.

Application Configuration Management

2-5: Configuration management establishes and maintains the integrity of the application throughout its life cycle.

2-5.1: Establish controls over programming to ensure that changes to application functionality in production are authorized and appropriate and that unauthorized changes are detected and reported promptly.

Segregation of Duties

2-6: Segregation of duties is a basic internal control that attempts to ensure that no single individual has the authority to execute two or more conflicting transactions.

2-6.1: Ensure that management has identified and documented incompatible activities and transactions based on identified business process and application security risks. Ensure that application security policies address these areas and that users are systematically prevented from executing incompatible transactions. See 1-6.2.

2-6.2: Small governments with limited staff and resources have a reduced capacity to segregate duties. Therefore, it may not be practical or cost-effective to segregate conflicting duties in these cases. Compensating controls should be designed to reduce the risk of error or fraud not being detected. Confirm that user access to transactions or activities that have segregation of duties conflicts are appropriately controlled.

- a. Access to incompatible activities is assigned only when supported by a business need.
- b. User access authorizations are periodically reviewed by management for segregation of duties conflicts, considering the position, process changes, and updating access to current job assignments.
- c. Users with segregation of duties conflicts are documented, and their activity is monitored and reviewed periodically via transaction and auditlogs.
- d. Management retains documentation that the segregation of duties risk has been mitigated through effective compensating controls.
- e. A segregation of duties grid is developed by using the "roles and responsibilities" or security master report function within software applications.

Application Contingency Planning

2-7: Application contingency planning provides procedures and capabilities for recovering a major application or general support system. See Disaster Recovery/Business Continuity at 1-7.

2-7.1: Determine mission-critical functions performed by the financial applications, documenting associated key data and programs. Identify the impacts of automated process disruption and maximum allowable outage times for each application, and establish recovery time objectives.

2-7.2: Set a backup retention policy for each application based on recovery time objectives. Ensure that backup intervals support necessary restoration periods. Current application programs and data should be copied according to this policy and securely stored at a geographically distant off-site location.

2-7.3: Establish manual procedures for continuing operations during outage times for the critical functions identified in sections 2-7.1. Incorporate the application-level contingency planning and procedures (including backup policy) into the organization's Disaster Recovery/Business Continuity Plan.

2-7.4: Provide for periodic testing of the application contingency planning. Include documentation of test scenario results and corrective actions (including resulting changes to the plan) to be incorporated into organization-wide Disaster Recovery/Business Continuity Plan testing.

BEST PRACTICES – OTHER TECHNOLOGY

Electronic Signatures and Digital Signatures

3-1: Electronic confirmation of signatures is used to authenticate the content of a document.

- 3-1.1: If electronic signatures or digital signatures are used, management must understand the technology and associated risks. Develop and implement controls to address risks identified, and comply with applicable laws and regulations.
- 3-1.2: Resources include the following: Electronic Signatures in Global and National Commerce Act (15 USC § 7001); Arkansas Electronic Records and Signatures Act (Ark. Code Ann. § 25-31-101); Uniform Electronic Transactions Act or UETA (Ark. Code Ann. § 25-32-101); and Arkansas Department of Information Systems Electronic Signature Standard SS-70-011.
- 3-1.3: Ensure that implementation of the electronic equivalent of a written signature, which can be recognized as having the same legal status as a written signature, provides adequate security. A digitized written signature can easily be copied from one electronic document to another, with no way to determine whether it is legitimate. Electronic signatures, on the other hand, are unique to the message being signed and will not verify if they are copied to another document.
- 3-1.4: A software application that creates a signature on checks and affixes the signature to the check should have an associated access control mechanism. The access control mechanism should only be known by the check custodian and signatory.
- 3-1.5: Electronic signature disks or any other forms of electronic, digitized, or facsimile signatures should be in a secured location under the control of the signatory. The use of signature disks or other electronic, digitized, or facsimile signatures should only be used under the direct approval of the official (or deputy) whose signature is on the disk.

Payment Cards (Debit or Credit)

4-1: Payment cards enable the owner (cardholder) to make a payment by electronic fund transfer.

- 4-1.1: If payment cards are accepted for payment, management must understand the technology and associated risks; develop and implement controls to address the risks identified; and comply with applicable laws, regulations, and industry standards.
- 4-1.2: Develop and maintain written comprehensive policies and procedures that cover the process by which payment cards are accepted and payment card data are processed. Policies and procedures should include but are not limited to:
 - a. Segregation of duties.
 - b. Physical security.
 - c. Storage, transmission, and disposal of the payment card information.
 - d. Employee criminal background checks.
 - e. Technology security policies and procedures.
 - f. Incident response plan.
- 4-1.3: Adherence to industry standards includes credit card brands' compliance programs and the Payment Card Industry (PCI) Data Security Standards (DSS).

Bring Your Own Device (BYOD)

- 5-1: Bring Your Own Device (BYOD) is the use of personal electronic devices to access entity systems, data, and resources. Such devices include but are not limited to, smartphones, tablets, laptops, and similar technologies.**
- 5-1.1: If BYOD is allowed, management must understand the technology and associated risks, develop and implement controls to address the risks identified, and comply with applicable laws and regulations.
 - 5-1.2: Ensure the use of the device security features, such as a PIN, password/passphrase, and automatic lock to help protect the device when not in use.
 - 5-1.3: Keep the device software up to date. Devices should be set to update automatically.
 - 5-1.4: Activate and use encryption services and anti-virus protection if your device features such services. Install and configure tracking and/or wiping services, such as Apple's "Find My iPhone," Android's "Where's My Droid," or Windows' "Find My Phone," if the device has this feature.
 - 5-1.5: Remove promptly after use any entity information stored on your device, including deleting copies of attachments to emails, such as documents, spreadsheets, and data sets.
 - 5-1.6: Remove all entity information from your device and return it to the manufacturer's settings before you sell, exchange, or dispose of your device.
 - 5-1.7: Promptly report to entity management if your device is lost or stolen or its security is compromised.
 - 5-1.8: Establish a comprehensive BYOD policy that provides standards and rules of behavior for the use of personally-owned devices. This policy must be adhered to in order to access organizational resources.

Electronic Banking, Electronic Commerce, and other Electronic Transfer of funds

- 6-1: Electronic banking and other electronic funds transfer (EFT) enables bank customers to perform account management and financial transactions over the Internet that directly, or indirectly, affect funds held by the bank. Despite security controls, there is no absolute way to guarantee the safety of online electronic transactions. Entities should comply with applicable laws and research and understand the risks involved before commencing online electronic transactions.**
- 6-1.1: Develop comprehensive written policies and procedures for all electronic transactions (e-transactions), online banking, and EFT activities. Policies and procedures should include statutory and other legal requirements and responsibilities as well as, but not limited to:
 - a. Documentation of proper segregation of functions (i.e., the initiator cannot be an approver, etc.).
 - b. Online banking and EFT activities utilized.
 - c. Personnel who initiate, approve, transmit, record, review, or reconcile e-transactions.
 - d. Personnel who approve e-transactions.
 - e. Personnel who transmit e-transactions.
 - f. Personnel who record e-transactions.
 - g. Personnel who review and reconcile e-transactions.
 - h. Prompt removal or changes to access security for local and online access.
 - i. Properly maintain all documentation to support transactions for historical review and audit purposes.
 - 6-1.2: Establish a dedicated "hardened" computer with only applications/services loaded that are necessary to perform online banking transactions. This computer should not be used for any other purpose. In cases where a dedicated computer is not available, entities must be able to reduce online banking risks to an acceptable level through a combination of other controls.
 - 6-1.3: Install antivirus, anti-spyware, malware, and adware detection software that is current and set to automatically update.

- 6-1.4: Ensure all updates and patches to operating systems, and hardware drivers are applied timely.
- 6-1.5: Install firewalls and intrusion detection and prevention systems with continuous monitoring. Any unauthorized and/or suspicious behavior, traffic, or unnecessary file types should be investigated and, if necessary, blocked using access control lists in conjunction with a firewall.
- 6-1.6: Employ multi-factor authentication, if possible. Require unique login ids and complex passwords, and ensure computers and browsers are configured to not save passwords. Keep passwords confidential.
- 6-1.7: Limit Internet access to only business-related programs. Frequently delete browsing history, temporary Internet files, and cookies. In the event the system is compromised, minimal information would be captured by a hacker or malware program.
- 6-1.8: Check that the session is secure before undertaking any online banking.
- 6-1.9: Monitor and reconcile bank accounts daily (when feasible).
- 6-1.10: Periodically (daily, weekly, monthly) review accounts for unauthorized or suspicious activity, and report immediately.
- 6-1.11: Ensure written agreements with banks and/or other payment solutions are reviewed by legal counsel.
- 6-1.12: Ensure written agreements with banks provide appropriate controls for all electronic funds or wire transfers.
- 6-1.13: Ensure the computer is disconnected from the Internet by unplugging the Ethernet/DSL cable when not in use.
- 6-1.14: Employ dual-authorization of transactions, enforced by bank security where possible (requiring at least two user accounts to submit and approve electronic transactions).
- 6-1.15: Disallow online account management functions (such as adding users or modifying user security). Account changes should be conducted in person, or at least in writing, with the bank.
- 6-1.16: When possible, implement the use of out-of-band transaction verification (such as text messages or other security messages to an approver with the entity). Take advantage of other system alerts including:
 - a. Balance alerts.
 - b. Transfer alerts.
 - c. Password change alerts.
 - d. Login failure alerts.
- 6-1.17: Ensure that blank check stock, check reorder forms, canceled checks or check images, and signature stamps are properly safeguarded.
- 6-1.18: Use a clearing bank account when paying electronically rather than paying directly from the primary account.
- 6-1.19: Establish transaction and daily limits to lower loss potential.
- 6-1.20: Consider the cost-benefit of obtaining cybersecurity and data breach insurance.
- 6-1.21: Restrict browser(s) to sites necessary for EFT.
- 6-1.22: Ensure that users performing banking transactions use only non-administrative user accounts.

6-1.23: Implement the use of fraud controls, when possible and feasible, to ensure that the bank only processes authorized transactions, Features to consider include:

- a. Positive Pay.
- b. Reverse Positive Pay.
- c. ACH Positive Pay.
- d. ACH Debit Block and Debit Filters.
- e. Direct Deposit.

Instruct financial institutions to deny and return all nonconforming transactions as the default procedure.

6-1.24: Implement the use of a processing calendar with the bank, if possible, to ensure the bank only processes transactions on pre-determined days throughout the year.

6-1.25: Comply with all security requirements outlined in the service level agreement with the bank and all other prudent security measures.

6-1.26: Allow electronic delivery of statements and account information. Ensure any statements or documents containing account information are properly maintained.

6-1.27: Limit access to sensitive information, and never share confidential information, tax IDs, Social Security numbers, or account numbers via email.

6-1.28: Establish procedures to verify new or altered employee payroll direct deposit information. Changes should be verified directly with the employee.