

Process	Sub-Process	What (Objective)	Why (Risk or Exposure)	RETURN TO MENU	How (Applicable Controls)	Control Number
J Finance	J4 Guarantees, Derivatives and Foreign Exchange	Management is aware of the use of any embedded financial derivatives and/or guarantees. Relevant information is communicated appropriately.	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated financial impacts.		Management is made aware of any guarantees prior to execution. Relevant information is communicated appropriately.	J4-1.1.1
		Financial guarantee transactions and related costs are properly documented, recorded, updated and reconciled in central repository in a timely manner to ensure accurate financial reporting.	Incorrect guarantee documentation, processing, and execution may result in inaccurate financial reporting.		Approved financing / other supporting documentation are on file with Finance for each Guarantee or Guarantee program.	J4-2.1.1
			Lack of knowledge of guaranteed loans may result in unaccounted debt / liability and related interest expense.		Written Guarantees are reconciled quarterly with bank confirmations for limits, amounts utilized and default status, either from lending institutions or beneficiaries, to ensure the record accuracy.	J4-2.2.1
					There is a mechanism in place to ensure that all guarantees are identified and known by Finance.	J4-2.2.2
			Guarantees may not be accurately valued.		All financial guarantees are valued and reviewed quarterly.	J4-2.3.1
				There is a feedback mechanism to limit guarantees issuances in the event of a default.	J4-2.3.2	
		Financial guarantee records are appropriately safeguarded.	Loss or unauthorized changes may not be detected.		Access to guarantee records is appropriately restricted and is reviewed by management at least annually.	J4-3.1.1
		The use of Financial Derivatives is approved and is in compliance with the County's financial policies.	Agreements may not be compliant with the derivative policy and unauthorized hedging activities may take place, resulting in stand alone derivatives and unanticipated impact on earnings.		All currency and commodity risk management programs (including hedge strategies, derivative tools, accounting treatment) are approved by Finance Management.	J4-4.1.1
					Management is made aware of any derivatives prior to execution. Relevant information is communicated appropriately.	J4-4.1.2
			Derivative authorizations may not be updated and financial institutions may not be notified of changes. This may result in the misappropriation of County funds.		Derivatives are approved by authorized individuals Finance and County Management.	J4-4.2.1
					Derivative authorizations / official signatures are updated when personnel change and the list is reviewed and communicated to the financial institutions in a timely manner.	J4-4.2.2
		Foreign Exchange or Commodity derivative and exposure is effective, correctly valued, and properly disclosed / presented.	Derivative instruments' valuation and hedge effectiveness may be incorrectly calculated, resulting in inaccurate financial reporting.		Configuration, interfaces, models, spreadsheets, formulas and market data for any applicable systems and/or programs used to transact and value derivative activity is designed, implemented, maintained and reviewed for accuracy.	J4-5.1.1
		Highly complex accounting related to derivatives and hedging instruments is properly performed, recorded and reported.	Financial statements and/or disclosures may be materially misstated if this accounting work is not performed correctly.		Sufficient Derivatives accounting expertise is in place in Finance and is provided to those responsible for managing/ implementing derivative and hedging programs in the form of 1) up-front technical implementation guidance and 2) ongoing execution monitoring.	J4-6.1.1
		Derivatives and hedging instruments are recorded properly in the financial statements; disclosures for external financial reporting are accurate and complete.	Derivative valuation may be incorrectly calculated.		Derivative valuations are accurate and agree to supporting documentation.	J4-7.1.1
					Any modification to derivative contracts are appropriately authorized by management.	J4-7.1.2
			Material misstatements or errors may not be detected.		Derivative and hedging instruments are reviewed to ensure postings to general ledger accounts are correct and appropriate.	J4-7.2.1
		Foreign currency and exchanges are accounted for.	Published consolidated financial statements may not be in compliance with accounting standards and may contain material errors relative to conversion from foreign currencies to US dollars.		Foreign currency remeasurement and translation is performed monthly in accordance with County policy using correct published internal translation rates and such rates are reviewed for reasonableness.	J4-8.1.1