

TOPIC	INTERNAL CONTROL	SUB-SECTION 30.20.10
SECTION	REQUIREMENTS	ISSUANCE DATE November 26, 2013
SUB-SECTION	AGENCY RESPONSIBILITIES	REVISED - 2018

AGENCY RESPONSIBILITIES

While each state employee has personal responsibility for maintaining internal controls, the agency head is ultimately responsible and must assume ownership for internal control. All agency management must support the agency's internal control philosophy, promote compliance, and maintain control within their areas of responsibility. Chief financial officers have key oversight and policy enforcement roles over fiscal matters. Other agency managers may hold lead responsibility for compliance with non-financial aspects of laws, directives, policies, procedures, and the code of ethics.

The agency head should designate a senior manager as the internal control officer. This person has the responsibility for coordinating the overall agency-wide effort of evaluating, improving, and reporting on internal controls. A risk assessment of agency internal control systems is to be made annually, and an internal control evaluation is to be made when the risk assessment indicates a high level of risk associated with an agency internal control system.

Agencies have the flexibility to assign the appropriate staff for completing the risk assessments and internal control evaluations required by this policy. The internal control officer establishes the staffing plan for these assessments and reviews.

Internal auditors hold essential responsibilities for assessing, testing, and reporting on internal control. Internal auditors provide valuable consultative services with regard to control design, function, and assessment. However, they cannot relieve management of its responsibility. Agency management may use the internal auditor's analysis of internal control in management's assessment of internal controls; but the internal auditor's work cannot be substituted for management's independent analysis and documentation of agency internal control. Internal auditors are limited to serving as independent evaluators and verifiers of internal control components and management performance in maintaining internal control.

Agencies are to maintain adequate written documentation for activities conducted in connection with risk assessments, internal control reviews, and follow-up actions. This documentation is to be available for review by agency management, the Office of State Auditor, and DFA.

Annually, each agency director and chief financial officer shall sign and submit a letter to DFA-OFM certifying that internal controls within the agency have been evaluated in accordance with guidelines established. This letter will report the results of the agency's compliance, including an attached summary description of material internal control weaknesses and significant deficiencies, if any, and a brief corrective action plan.