

TOPIC	INTERNAL CONTROL	SUB-SECTION 30.30.50
SECTION	COMPONENTS	ISSUANCE DATE September 8, 2009
SUB-SECTION	MONITORING	REVISED - 2018

### **MONITORING**

Monitoring is a process that assesses the quality of the internal control structure's performance over time. It involves assessment by appropriate personnel of the design and operation of controls and taking necessary actions. Monitoring takes place on an ongoing basis as well as through periodic reviews or evaluations.

Monitoring is built into normal, recurring operating activities, is performed on a real-time basis, reacts dynamically to changing conditions, and is ingrained in the agency. Monitoring often stems from regular management activities, which might involve analysis, comparison of information from multiple sources, and dealing with unexpected occurrences. Management monitors through functions such as internal audits, the budget process, and performance evaluations. The monitoring process also includes an analysis of whether exceptions are reported and resolved quickly.

By focusing on relationships, inconsistencies, or other relevant observations, managers perform monitoring to determine if there are any deficiencies requiring corrective action within their area of responsibility. They should identify issues and follow up with others to determine what action is necessary, if any.

A deficiency may signify a weakness, whether the weakness is perceived, potential, or real. Deficiencies provide management an opportunity to strengthen the internal control system. The way senior management responds to these reported breakdowns affects the success of the system as a whole. Agency managers and staff should be encouraged to identify deficiencies in internal control, as this reflects positively on the agency's commitment to recognizing and addressing management problems.