

Internal Controls – September 6, 2023

The Auditor of State fully encourages an organization to establish solid internal controls to ensure financial and legal compliance. The Auditing Standard Board defines internal control as:

- A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance of achieving....
 - Reliable financial reporting
 - Effective and efficient operations
 - Compliance with laws and regulations
 - Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition

The five key components of achieving internal controls are:

- Control environment
- Information and communication
- Risk assessment
- Monitoring
- Control activities/procedures

During this week's "Wednesday's Word of the Wise" please consider how your board/department's internal controls could prevent this headline..... "\$50,000 embezzlement found at XXXXXXXX County"?

How would you answer these simple questions?

- What could go wrong?
- Could the same thing happen to us?
- How can we avoid it?

- Do we have proper segregation of duties?

As we finish the 3rd quarter of the budget year it is a good time to review your financial reports, identify errors and correct these transactions timely.

Together we can achieve internal control assurances!