Anybody have a map? Navigating the control environment.

Highlights
- Good documentation cannot compensate for a weak control environment.
- The control environment is crucial to the effective implementation of an agency internal control system.
- A strong control environment starts with an organizational culture of honesty, integrity, and ethical behavior.
- All levels of the agency must work together to create a positive agency culture.

Going beyond documentation.
Agencies are often told to focus on documentation. You may have even heard, "if it's not written down, it didn’t happen." That’s in part because internal control and audit fields rely on documentation. Documentation, including the development of written policies and procedures are a part of how agency management provides reasonable assurance that operations are "going according to plan." Good documentation enhances the internal control system, but it cannot compensate for a weak control environment.

Does anybody have a map?
Creating a proper control environment is crucial to the effective implementation of an agency internal control system. So what is a control environment? You cannot see or touch your control environment which can make it difficult to understand. You won’t find your control environment on a map or in an agency report. The control environment is pervasive and influences all agency decisions and activities. So when your control environment is strong (or weak), everyone knows it. The control environment is a high level gauge of how seriously management takes its responsibility for internal controls and how well it is meeting this responsibility.

Start with an ethical organizational culture.
A strong control environment starts with an organizational culture of honesty, integrity, and ethical behavior. You have probably heard the phrase "tone at the top." This phrase means agency heads must provide the leadership to establish and guide a comprehensive internal control framework. This is management's critical internal control responsibility. Management has the map and drives agency culture through words and most importantly through actions. When management demonstrates strong support for internal controls, the agency as a whole is likely to practice good internal controls.

It takes everyone.
While the tone at the top is important, all levels of the agency must work together to maintain a strong control environment. The effectiveness of an agency’s internal control structure is dependent upon the values of the employees who design, implement, monitor, and perform internal control processes.

Suggested action steps
Think about your agency. How does your agency create a strong control environment? How might your agency improve its control environment in the short term? In the long term? What does it look like to you when agency management demonstrates a commitment to internal controls? What values does your agency have and how do you reflect those values in your day-to-day work?

Questions?
If you have questions, please contact Angelina M. Barnes at 651-201-8119.