Ongoing monitoring – Everyone shares responsibility

Fall is a time of change. This particular fall, we are preparing for change to our Governor and many of our senior leaders within our state agencies. This is a great opportunity to review your operations and ensure proper monitoring of internal controls is occurring in all levels of the agency.

Our statewide adopted Internal Control Framework is the Green Book. There are five components in the framework that represent the highest standards in internal control. The fifth of these components is monitoring, a vital component to help internal controls remain aligned with the changing control environment, laws, resources, and risks. Monitoring is used to evaluate the internal control system and remediate identified deficiencies on a timely basis.

There are two types of monitoring, Ongoing Monitoring and Separate Evaluations. Ongoing monitoring is performed continually as part of the normal course of operations. Since ongoing monitoring is constantly performed, all levels of the organization have responsibility. Everyone must ensure internal controls remain adequate, relevant, and effective, and any identified deficiencies are corrected in a timely manner.

To be effective, ongoing monitoring begins with proper tone at the top. Through daily interactions and practices, senior leadership can reinforce and uphold the agency’s fundamental goals and work to create an atmosphere of monitoring. By establishing expectations and even identifying risks and opportunities, agency leadership provides direction for agency personnel to follow.

Managers must monitor how well the controls are functioning in their units and be aware of employee understanding of internal controls. Managers are to ensure staff are competent, training is sufficient, and agency goals are achieved.

Supervisors must monitor activities and transactions in their units to make sure staff members are performing assigned internal control responsibilities as intended. Supervisors confirm control activities operate properly and any risks are properly addressed. This confirmation occurs with regular communication, from staff to supervisors, and supervisors to senior management.

Staff should understand the importance and reason they perform control activities and be alert to report any irregularities. Staff can monitor their own work to ensure accuracy and identify and correct any errors before others review. Employee engagement in daily operations offers the best perspective for identifying risks and reporting opportunities for improvement.

Suggested action steps
- Think about and discuss with staff how all levels of employees will continue strong monitoring practices, especially as we prepare for the upcoming change in administration.
- Take a look at your Control Environment Self-Assessment Tool (CESAT) periodically and make sure you are following up with action items, especially those related to monitoring.

Questions?
Contact Steven Nyame, Internal Control Specialist