



## Is maintaining internal control systems like yardwork?

### Highlights

- Maintaining an effective internal control system is, in some ways, like keeping a nice looking yard.
- Sustaining effective internal controls requires strategy and planning, monitoring, and corrective action, if needed.
- Use the annual internal control system certification “season” as a continuous improvement opportunity for your agency.

Ahhh, the look and smell of freshly mowed grass. Nothing suggests spring has arrived like the buzzing of lawn mowers and weed trimmers in the neighborhood. Well, that and the long list of yard projects you have slated for the growing season ahead.

Spring in Minnesota happens to coincide with the annual internal control certification “season.” Every executive branch agency is in the process of reassessing its control environment, and if applicable, updating risk assessment plans. State law requires these assessments and the certification.

Maintaining an effective internal control system is, in some ways, like keeping a nice looking yard. State managers and internal control staff, like home owners with yards to maintain, know lemonade tastes best when sipped after crossing a major project off the to-do list. It would be even more satisfying if you never again had to revisit or update those projects. Unfortunately, both agency managers and homeowners understand how fleeting the gratification is for a just-completed internal control or yard project. Changes occur constantly, and those changes mean additional work to keep internal controls functioning effectively, or yards looking good. As a result, both pursuits require strategy and planning, monitoring, and corrective action, if needed.

Just like preventing a hodge-podge lawn, you need a plan and strategy to ensure internal control projects align with the agency’s overall mission and objectives. Also, both agencies and homeowners operate with finite resources. To prevent wasted time and money, projects need

reasonable scopes, adequate resources, and proper implementation.

On-going monitoring is also critical. Agency managers and homeowners alike know that change is inevitable. It may be easy to monitor your yard for changes, as you see it almost daily as you come and go. However, continuous monitoring for control system changes is less apparent and therefore more challenging. As a result, agencies need to formally coordinate monitoring for control system changes across business units and management levels. Employee turnover in key staff or leadership positions, new information technology, and new legislation or program requirements are examples of change scenarios that should trigger management review and updating of existing control activities and documentation.

Finally, both agency staff and homeowners need to take immediate corrective action when needed. Just as a pest infestation in your yard will not go away on its own, neither will control weaknesses resolve themselves. Therefore, immediate corrective actions, including updating policies and procedures, new control activities, or other applicable internal control-related updates are the obvious and necessary reaction to any significant business environment changes or identified control weaknesses.

**Suggested Action Steps:** Think about using the annual internal control system certification “season” to begin a continuous improvement opportunity for your agency. Make a commitment to monitor and update your agency’s internal controls and control documentation throughout the year, as significant changes occur, versus only during the annual certification season.

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