



## Clearing the way

### Highlights

- Monitoring your internal control system is similar to periodically reviewing your investment portfolio.
- You should reassess your controls after any significant change.
- Actively monitoring your internal control system helps reduce risk and clears the way to fulfill your agency's mission.

You have set up your retirement savings account and established your investment portfolio mix (stock/bond split). Congratulations! Now just sit back, relax and count down the years until retirement. If only it was that easy! Unfortunately, many factors can change over time that will directly affect your portfolio, such as your time frame, risk tolerance, the economy, and politics.

Although there are many philosophies on how to manage one's retirement savings, most experts agree a proactive and systematic approach works best. Using a "set it and forget it" method can result in an unbalanced portfolio and increased risk. Worse yet, you may put your retirement in jeopardy, making you work longer and delaying your dreams of retiring to that sunny beach in the Bahamas!

The same holds true for internal control systems. There is a saying in the internal control world that "if you leave internal controls alone, they will go away." Since risks evolve and new risks arise, failing to monitor your internal control system can lead to control gaps and increased risk for your agency. By actively managing your internal control system through monitoring, you can reduce your agency's risk while also clearing the way to fulfill your agency's objectives and goals.

There is no set timetable to review your agency's internal control system, just as there is no set time to review your investment portfolio. However, you should reassess existing controls after any significant changes in your operating environment, both externally and internally. Likewise, it is

important to review your investment portfolio after a geopolitical change (e.g. the recent United Kingdom vote to leave the European Union, a.k.a. Brexit) to see if your portfolio needs rebalancing.

Some changing circumstances to pay close attention to are:

- New legislation or law changes
- Significant change(s) in the operating environment
- New leadership or key personnel
- Change(s) in information technology

Just like taking the time to review your investment portfolio can help assure you are on track for retirement, actively managing your internal control system through monitoring will clear the path for your agency to achieve its mission.

*Suggested action steps:* Periodically monitor your existing controls, paying close attention after external or internal changes occur. Consider using the [Ongoing Change Indicators for Completed Risk Assessments Questionnaire](#) as a tool to help you determine whether your internal control systems need reassessment. Update existing control activities and related policies and procedures, as needed, to close any gaps created by the change(s).

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