



“If it is not documented, did it actually happen?”

- **Effective internal control structures include good documentation.**
- **Documentation ensures process consistency, efficiency and continuity.**
- **“If it is not documented, did it actually happen?”**

Most of us are not technical writers or communication specialists. As a result, creating documentation such as policies, procedure manuals and user guides may be a struggle. However, documentation is a critical part of an effective internal control structure because it helps ensure consistency, efficiency and continuity.

Consistency: State employees have diverse backgrounds and mindsets. Having procedures and the related control activities written down promotes standard operating practices.

Efficiency: The process of writing procedures helps identify control gaps and redundancies. It also serves as proof of an agency’s due diligence in addressing specific business risks.

Continuity: Documented processes provide a basis for training new employees and allows them to better understand how their tasks fit into the workflow of the entire program.

Since creating good documentation takes valuable time and resources, always start with the programs that expose your organization to the greatest risk, whether from undetected errors or from intentional fraud. Often, the programs identified as high priority for performing formal risk assessments are also those for which written documentation is most needed. Written documentation should address the complete process from beginning to end, and focus on areas where errors or fraud are likely to occur.

One goal of documentation is to specifically highlight key control activities. If a risk assessment has identified certain control activities as part of the organization’s risk mitigation strategy, it is important that those controls be documented and understood, and be applied as consistently as possible.

Documentation is ultimately considered sufficient if it:

1. Addresses specific risks of errors (or fraud) in a process and describes specific control activities implemented to prevent and detect those risks.
2. Identifies who is responsible to perform each control activity.
3. Indicates the details of how each control activity will be performed.
4. Describes what physical evidence will be maintained to prove that the control activity was performed (e.g., reviewer’s initials or copies of reconciliations).

The need for proof of the consistent application of a control activity cannot be overemphasized. It is often difficult to recreate what was actually done days, let alone months or years, after the fact. This has given rise to a common audit speculation: “If it is not documented, did it actually happen?” Having adequate documentation provides you with the evidence you need that your control activities are in place and are being consistently applied.

Suggested Action Steps: Think about the documentation that exists for your most critical, high risk programs. Assess whether you need to enhance procedures or control activity documentation in any key areas.

If you have questions, please contact Astrid Apoutou, Internal Control Specialist at or (651) 201-8078.