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FISCAL POLICIES MANUAL

GENERAL INFORMATION: INTERNAL CONTROLS

INTRODUCTION

Internal controls are a management processes for keeping an entity (agency, division, department, program or college) on course in achieving its organizational goals. A management control system, including comprehensive internal controls, should provide reasonable assurance that entity objectives are being met. The objectives fall into the following separate but related categories:

- Effective and efficient operations
- Reasonable use of public funds
- Compliance with applicable laws, rules, and regulations

MANAGEMENT'S RESPONSIBILITY

In order to assist agency management, the State Controller's Office has developed a Statewide Management Control System (MCS). Every agency should have a copy of the MCS Policy Manual, the Internal Control Checklist, and the Evaluation Toolkit. [Click here to download these documents from the State Controller's Web site.](#)

Agency management should complete the MCS Toolkit and Checklist in its annual evaluation of management controls. The results are to be included in the attestation letter that is submitted to the State Controller at the end of each fiscal year.

Questions regarding the Management Control System should be directed to the Office of the State Controller, Division of Statewide Accounting, Bureau of Reporting and Review at 334-3150.

Other sources of information on internal controls:

- American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards #55 - Consideration of Internal Control in a Financial Statement Audit.
- AICPA Statements on Auditing Standards #78 - Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55.
- AICPA Statements on Auditing Standards #94 - The Effect of Information Technology on the Auditor's Consideration of Internal Control in a Financial Statement Audit.
- Control Objectives for Information and Related Technology (COBIT).