

Internal Controls



What are Internal Controls?

Internal controls are the policies and procedures an organization puts in place to manage risks, protect assets, ensure accurate reporting, and promote compliance.

Why have Internal Controls?

All organizations - regardless of size and structure - face risks. This can include risks of: inaccurate reporting; noncompliance; inefficient operations; fraud; financial loss; and reputational damage. The right mix of internal controls helps manage all these organizational risks.

The overall goals of internal controls are to:

- safeguard grant assets and ensure they are used solely for authorized purposes
- promote accountability, effectiveness and efficiency in operations
- provide reliable financial reporting & accounting information
- enhance compliance with requirements, laws and regulations
- reduce the risk of asset loss from fraud, carelessness, and errors

Common Examples of Internal Controls:

- *Segregation of duties* between people/departments so that no one person handles an entire process
- *Employee training* on policies and procedures & signed policy acknowledgment by employee
- *Regular updates* of policies & procedures
- *Approval and authorizations* for transactions over a set dollar amount
- *Reconciliations* comparing different sets of data to each other to check for inconsistencies
- *Access controls* to limit access to sensitive information, both physical and electronic access
- *Monitoring & oversight* to review and catch any problems
- *Quality assurance* reviews to assess adherence to policies and procedures

Internal Controls Frameworks

 <p>“Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)</p> <p>https://www.coso.org/ - Click on “Guidance” for list of topics</p>	 <p>“Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States, also known as “The Green Book” from the Government Accountability Office</p> <p>https://www.gao.gov/greenbook</p>
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Federal Funding

Federal uniform guidance requires grantees to: “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” These internal controls should be in compliance with guidance in one of the two frameworks listed above. Buncombe County has adopted COSO for our internal controls framework.

See 2 CFR 200.303: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.303>