

Internal Control Guide & Resources

Section 8 – Preparing an Internal Control Plan

An internal control plan is a description of how an agency expects to meet its various goals and objectives by using policies and procedures to minimize risk. In preparing the plan, refer to the five components. Evaluating current internal controls is the first step toward preparing an internal control plan, therefore use the information acquired throughout the evaluation to prepare the plan. Internal control plans can take many different forms, depending on the organizational structure and business practices of the organization. In general, however, the internal control plan should:

- Discuss the goals and objectives of your agency/department
- Briefly state the integrity and ethical values expected of all staff, and especially, the ethical values top management expects of itself (control environment)
- Describe the risks to meeting goals and objectives and
- Explain how the structure, policies, and procedures of the organization act to control the risk (control activities).

In a small agency, the plan might include all the department's policies and procedures. In a large department, the plan might incorporate the various policy and procedure documents by reference. As an integral part of the department's plan, however, these policies and procedures need to be reviewed and updated at least annually. Finally, the internal control plan should also include a section describing to whom the plan is distributed and another section describing how the plan is to be monitored.

State managers have an obligation to administer and safeguard the resources that are entrusted to their care. State managers are accountable not only to their immediate supervisor, but also to the legislature who appropriated the funds, program constituents, fellow state employees, and lastly to the taxpayers who provide the resources that the state uses. An internal control plan helps managers meet this vital responsibility.