

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”

- Warren Buffett



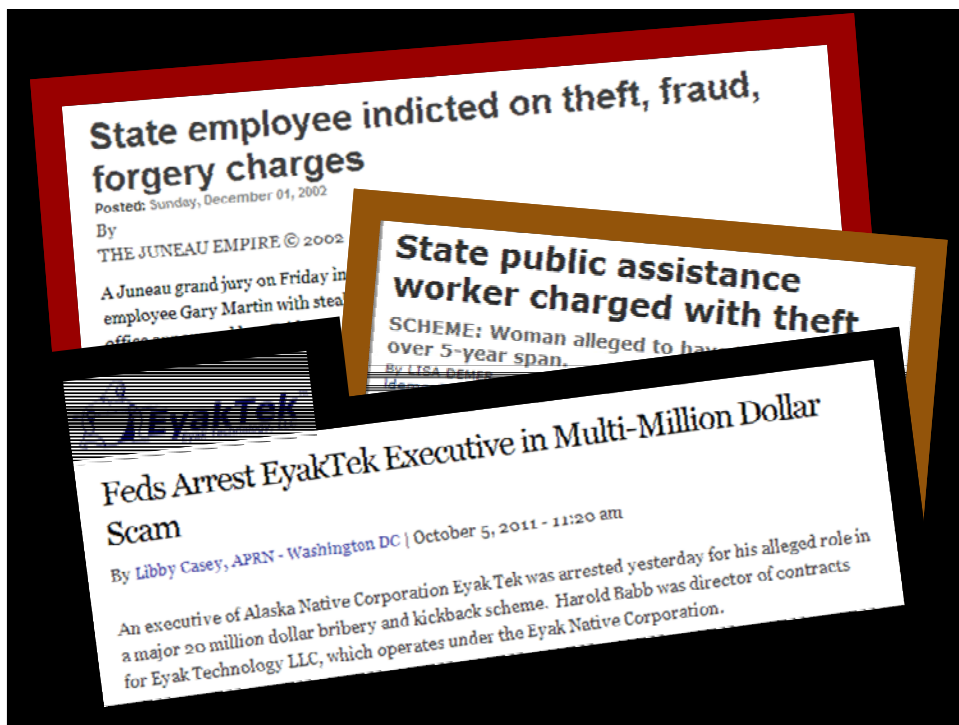
Internal Controls - an Overview

Weak
internal
controls
resulted in

scandals with...



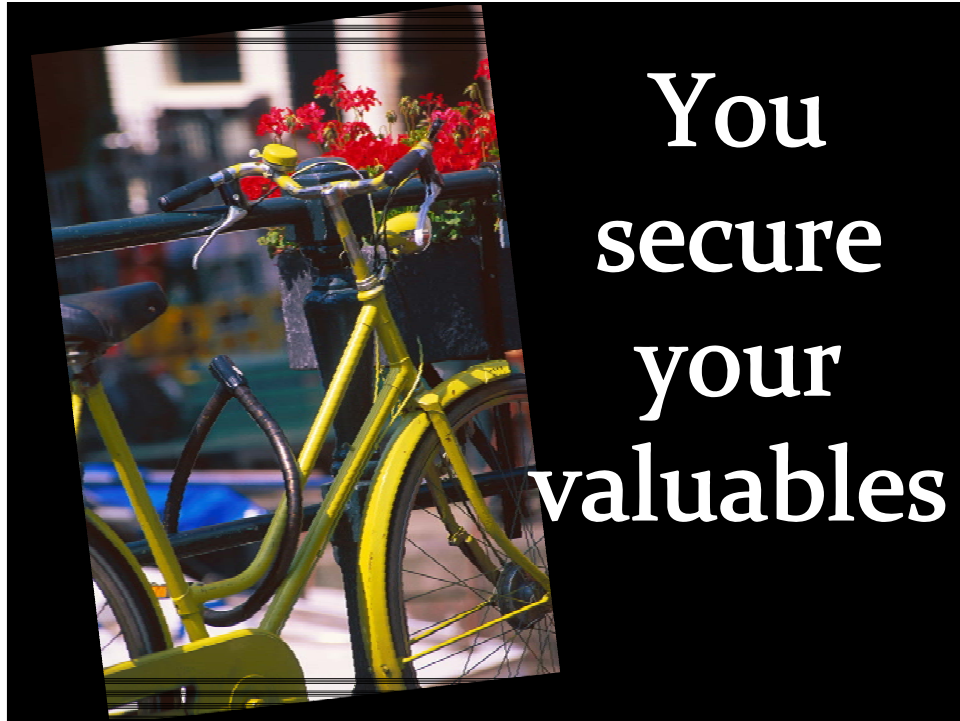
Think it
can't happen
here?





So...
what is
internal
control?

You practice
internal
control
everyday...



You
secure
your
valuables



Reconcile
your
bank
statement, and



Keep
your
PIN



and
bank
card

separate

* at least we hope you do these things!

**All of this
is internal
control...**

**You don't call
it "*internal
control*"**

You think of
it as common
sense steps

to safeguard
your
property!

**So...how
does this
relate to**

**protecting
the State's
assets?**

Let's start
with a
definition

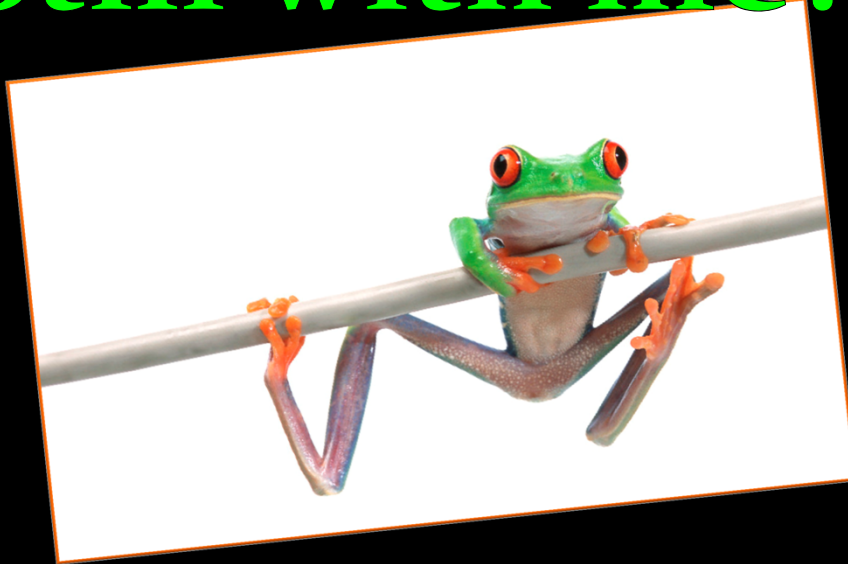
**INTERNAL
CONTROL**

It is a process
consisting of on-going tasks
by people at every level
of our organization.

It provides reasonable
assurances to management,
and the goal is to achieve:

- ✓ **Operations** effectiveness
and efficiency
- ✓ **Reporting** reliability
- ✓ **Compliance** with laws
and regulations

Still with me?



Internal
control
has five
components

1



Astronaut John W. Young,
Apollo 16, Lunar Surface,
04/21, 1972

Control Environment

This is the
foundation for
all other
components....





Management
is...

Committed to:

- integrity
- ethical values
- competence

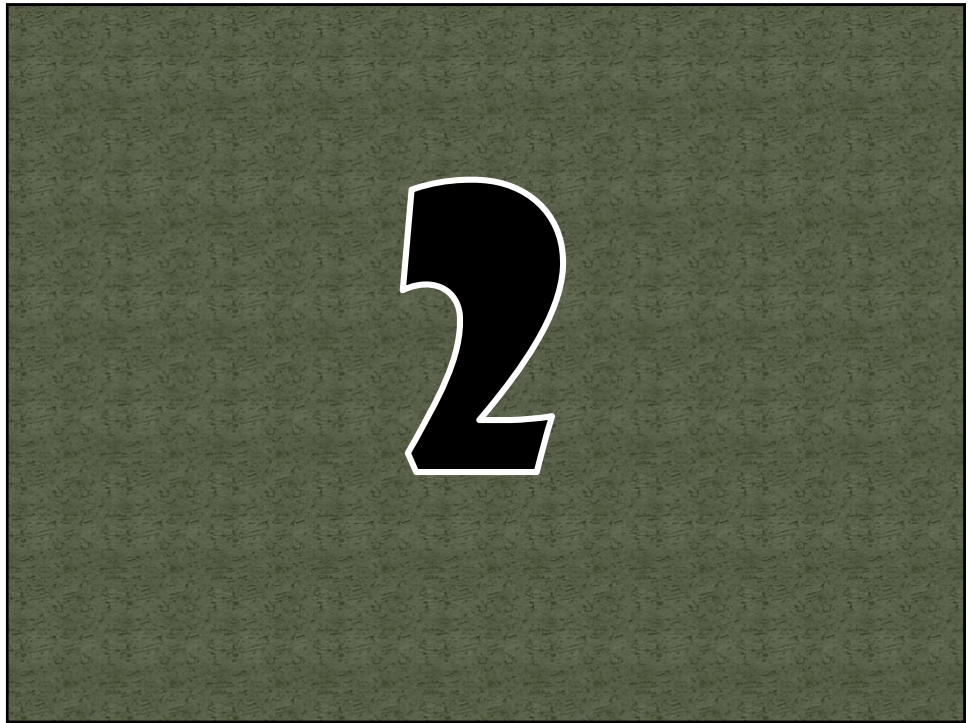


Management
will...



Establish
structure,
authority,
and be
responsible!

Management
must...





Risks can be
internal or
external



Internal risks can be:

- Staffing changes
- New systems



External Risks could be:

- Economic conditions
- Regulatory changes
- Natural disasters



Analyze for
likelihood of
occurrence, and

make a plan
for managing
these events!

3

Control Activities



Mitigate
risk!





Develop
controls
over
technology



Deploy
through policy
and procedures

4

Communication and Information



Enables people
to carry out
their
responsibilities



Key Points

Generate
relevant
Information



and
externally!



5

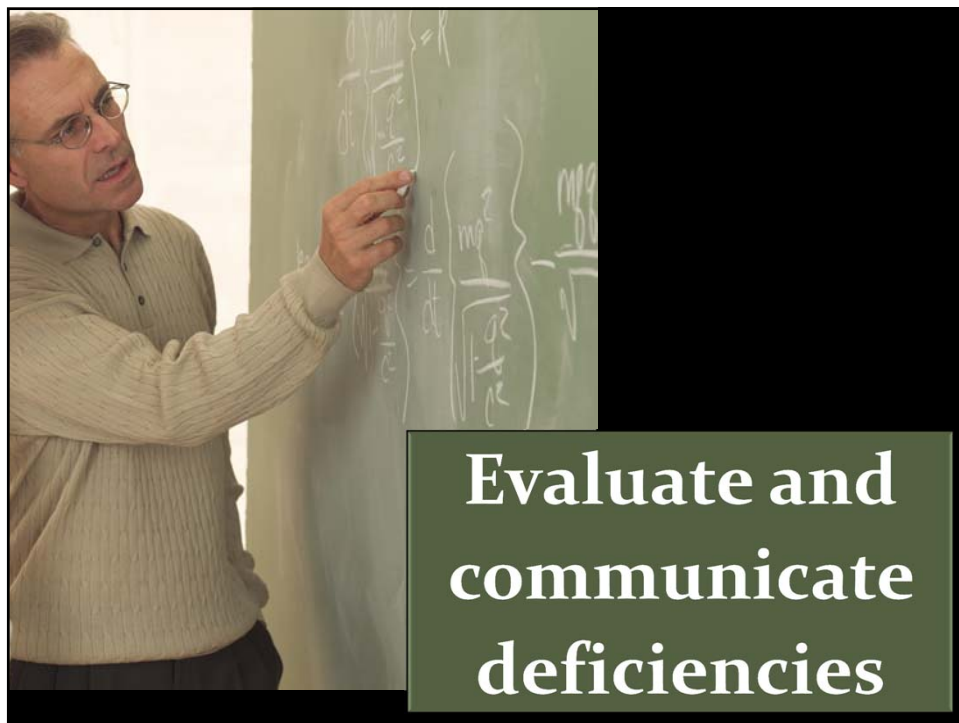
Monitoring



Evaluate
on-going
activities

...and modify
as necessary



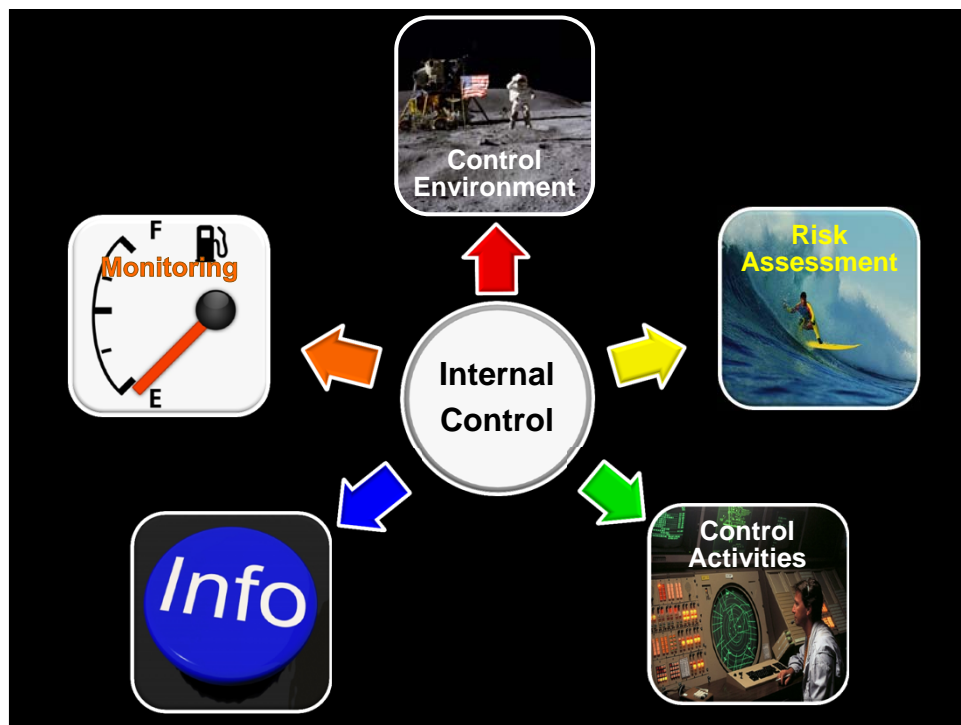


Who is
responsible
for internal
control?

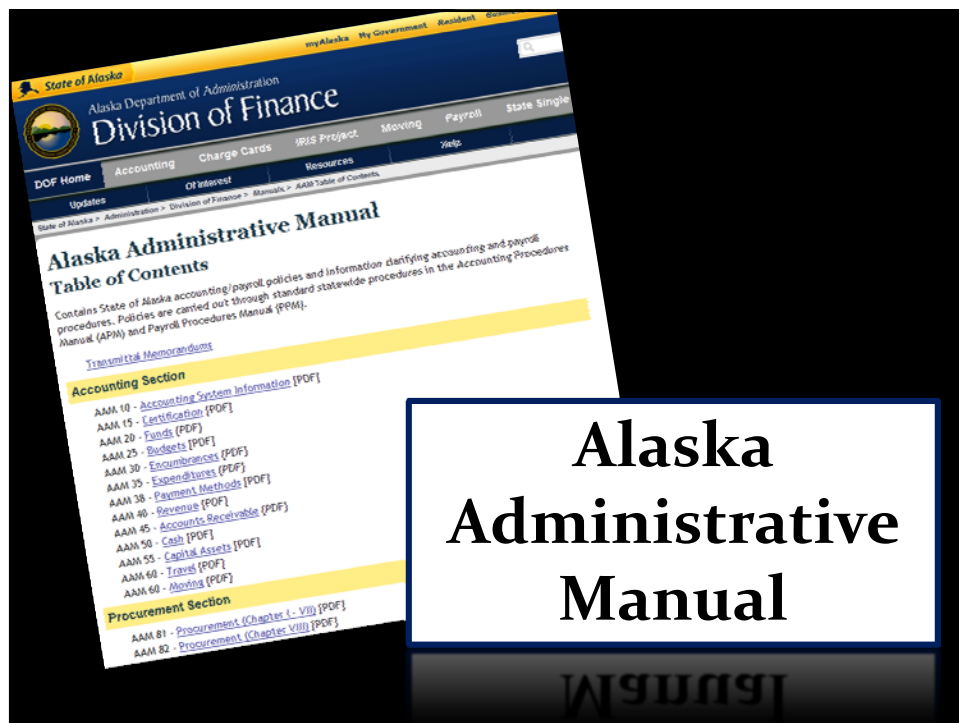
All employees are!



So, to recap...



For more
information
on internal
control





Report
internal
control
concerns to...

- Your department's leadership team
- The State Accountant (465-5616)

Protection for
Whistleblowers
AS 39.90.100 - .150

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The End