



## POLICY DIRECTIVE

Policy:	<b>DOC 1.2.4 INTERNAL CONTROLS</b>
Effective Date:	12/15/2008 <span style="float: right;">Page 1 of 2</span>
Revision Date(s):	08/14/2020; 04/24/2026
Signature/Title:	/s/ Eric Strauss, Director

### I. POLICY

The Department maintains internal control functions that provide management data concerning the adequacy and effectiveness of the Department's internal controls and the quality of operating performance compared to established standards and management expectations.

### II. APPLICABILITY

All divisions, facilities, and programs of the Department.

### III. DEFINITIONS (see Glossary)

### IV. REQUIREMENTS

#### A. Internal Control Program

1. The internal control program requires written plans and practices to determine whether the Department's network of risk management and control adequately ensures that:
  - a. the Department complies with the *Montana Operations Manual (MOM) 399, Internal Control Guidebook*;
  - b. risks are appropriately identified and addressed through internal control assessments;
  - c. significant financial, managerial, and operating information is accurate, reliable, and timely;
  - d. employee actions comply with policies, procedures, standards, regulations and applicable laws;
  - e. resources are acquired economically, used efficiently, and protected effectively; and
  - f. Department goals, plans, and objectives are clearly defined and identified.
2. The internal control officer will ensure that written documentation of the Department's internal control system of reporting is on file and available for review by agency administrators and auditors.
3. The internal control testing team will assist in the testing effort and report all findings to the internal control officer.
4. The internal control program staff will demonstrate independence and objectivity by:
  - a. providing report findings directly to the Department's management team on an annual basis;
  - b. reporting any conflicts of interest to the internal control officer to provide reasonable assurance of impartial and unbiased assessments; and
  - c. ensuring accountability by removing a staff member from the affected area of review if the staff member's independence or objectivity may be compromised in the performance of duties.

#### B. Internal Control Evaluation and Monitoring Plan

1. The Evidence-Based Practices Compliance Unit maintains an annual *Internal Control Evaluation and Monitoring Plan* for the Department based upon the following factors:

- a. risk assessments of critical systems;
  - b. reviews of internal, financial, and administrative systems and plans;
  - c. past internal audit experience; and
  - d. review of the risks inherent with the implementation of new processes.
2. The *Internal Control Evaluation and Monitoring Plan* will include:
- a. an annual risk assessment that uses a flexible testing plan that identifies potential risks;
  - b. a draft report to include, at minimum, objectives, scope conclusions, recommendations, notes of quality performance, and expectations and opportunities for improvement;
  - c. a review of the draft report with the Internal Control Committee at the completion of testing; and
  - d. a corrective action plan that outlines how the internal risks will be corrected.
3. The Internal Control Officer will ensure:
- a. written documentation of the Department's internal control systems is on file and accessible by agency personnel and auditors;
  - b. the Department's quantitatively and qualitatively material internal control systems are evaluated at least annually or more often as conditions warrant;
  - c. the results of audits and recommendations to improve agency internal controls are promptly evaluated by the Evidence-Based Practices Compliance Unit Supervisor and Internal Control Committee and that appropriate measures are implemented on a timely basis; and
  - d. all action determined by the Department as necessary to correct or otherwise resolve matters will be addressed by the Department.

## **V. CLOSING**

Questions about this policy should be directed to the Evidence-Based Practices Compliance Unit.

## **VI. REFERENCES**

A. *Montana Operations Manual (MOM) 399, Internal Control Guidebook*

## **VII. FORMS**

*Overall Internal Control Process and Evaluation Document*