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| **INTERNAL CONTROLS NEWSLETTER** |
| DIVISION OF MILITARY & NAVAL AFFAIRS | Internal Control MNAG-IC | Issue 2015-1 |

**Control Activities**

In my previous newsletter, we discussed the Risk Assessment process – which need to operate throughout the Agency in order for Internal Controls to be effective. Now we’ll move on to the next component of Internal Control – Control Activities.

Control Actives are the policies, procedures, techniques and mechanisms that help reduce risk through the entity. It is also considered a method of measuring the performance of the Agency.

**Types of Control Activities**

Control Activities can be Preventive or Detective

**Preventive Activities** are designed to deter the occurrence of an undesirable event. The development of these controls involves predicting potential problems before they occur and implementing procedures to avoid them. An example of a preventive activity is segregation of duties.

**Detective Activities** are designed to identify undesirable events that do occur and alert management to what has happened. This enables management to take corrective actions timely and efficiently. An example of a detective activity is the review of a function performed.

**Incorporating Control Activities into the Agency Control Plan**

Control Activities should be occurring at all levels and functions of the Agency. Control Activities should be implemented to optimize efficiency. When implementing these activities, Management should take the following into consideration; resources needed to implement and if the Agency is capable, Adding controls to activities already in use, too many controls could impede productivity, and the allocating resources where needed.

**Common Control Activities:**

The following are some ideas that may already be being performed, or could be implemented:

* Authorization (requiring a signoff or permission before completing a function)
* Review and Approval (ensuring function is done completely and accurately)
* Verification
* Reconciliation
* Physical Security over Assets (i.e. putting Agency checks in a locked safe)
* Segregation of Duties
* Education and Training
* Performance and Evaluation

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As it relates to Ethics and Integrity, Internal Controls are the responsibility of everyone in the Agency. If you have any questions, concerns or feel that there is an area where controls can be improved – do not hesitate to contact me!

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