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Chapter: <b>Government Accounting Policy</b>			
Directive Title: <b>INTERNAL CONTROL - GENERAL</b>			

## 1. POLICY

*S. 12 of the Financial Administration Act (FAA)* requires the Comptroller General to establish and maintain proper internal control procedures in the financial administration of the Government.

It is the policy of the Government to maintain strong and effective internal controls over the financial management of the Government's affairs.

## 2. DIRECTIVE

All departments must maintain adequate internal control systems to provide reasonable assurance on the reliability of financial reporting and in the preparation of the Public Accounts in accordance with the Generally Accepted Accounting Principles. The controls maintained by departments must meet the objectives and contain the elements of internal control that are contained in the provisions of this directive.

## 3. PROVISIONS

3.1 Proper internal control procedures on financial reporting should accomplish the following objectives:

- a) safeguard and protect government assets;
- b) produce timely, accurate and reliable reports and records;
- c) encourage efficiency, economy and effectiveness;
- d) provide reasonable assurance that applicable laws and regulations are adhered to.

- 3.2 Strong internal control is essential to ensure public funds are administered properly. Practices that contribute to good and effective internal control are:
- a) segregation of duties - financial transactions, processing and record keeping should be handled by different people;
  - b) plan of organization - where it is feasible, each individual in the organization should report to only one superior; incompatible functions should be separated; and all other principles of best practices should be adhered to;
  - c) automatic checks - the work performed by one individual will either be balanced to the work performed by another individual, or reviewed by another individual if practical. Approvals and authorizations are also part of the automatic check process;
  - d) appropriately trained and qualified staff - staff should have the appropriate qualification and experience to carry out the duties they are required to perform;
  - e) sequential control – accountable forms or other systems to maintain a numbering sequence to ensure completeness of all transactions;
  - f) reasonableness checks - transactions can be compared with pre-determined reasonable limits or standards; and
  - g) control totals – transactions entered into and processed should be totalled and the totals compared.
- 3.3 The Comptroller General has responsibility for establishing and maintaining internal controls in accordance with *S. 12 of the FAA*. In discharging this responsibility, the Comptroller General works with Deputy Heads and their Executive Finance Officers to ensure that the controls are in place which meet the objectives mentioned in 3.1 above and contain the elements of strong internal control mentioned in 3.2 above.
- 3.4 Any significant changes to internal controls must be approved by the Controller General before the change is implemented.