

Client Agency Policy & Operations Manual

SECTION: 10 Overview

NUMBER: SCS-10-010

TITLE: Policy and Procedure Manual Overview

EFFECTIVE DATE: 7-29-02

APPROVED: Signature on File with the State Controller's Division.

**PURPOSE and/or
RESULTS DESIRED:**

The purpose of these policies is to provide written guidelines to assist client agencies to operate effectively and efficiently with limited State resources and maintain compliance with all state and federal requirements.

AUTHORITY:

[ORS 291.015](#) Fiscal responsibilities of department; delegation of fiscal functions.

[OAM 10.10.00.PO](#) Internal Control: Management's Responsibilities.

[OAM 10.10.00.PR](#) Internal Control: Management's Responsibilities.

APPLICABILITY:

Client agencies assigned and/or contracting for accounting, budgeting, and financial reporting services with the State Controller's Division, DAS.

POLICY:

Effective internal control policies and procedures promote accountability, facilitate achievement of client agency goals and objectives, and ensure compliance with state and federal laws, rules, and regulation.

GUIDELINES:

I. Client Agency Responsibility

- A. Client agency heads are responsible for establishing and maintaining internal controls designed to achieve:
 - 1. Effectiveness and efficiency
 - 2. Reliability and accuracy of financial reporting
- B. Client agency heads will develop, implement and enforce all state and client agency policies in order to ensure the responsible stewardship of state and agency resources.

II. Policies and Procedures

- A. Client agency heads and board and commission members should be committed to achieving strong controls through actions related to client agency organization, personnel practices, communication, protection and use of resources, and general leadership.
- B. Effective internal control policies and procedures address the following components:
 - 1. Control environment is the foundation for all other components of internal control, providing discipline and structure. An environment of control influences

or is influenced by:

- i. Organizational structure,
 - ii. Assignment of authority and responsibility,
 - iii. Human resources policy,
 - iv. Management operating style,
 - v. Ethical behavior, and
 - vi. Commitment to competence.
2. Risk assessment is the identification and analysis of risks relevant to the achievement of client agency objectives. Client agency heads have a responsibility to identify and mitigate key operating risks.
 3. Control activities are the policies and procedures that help ensure management directives are carried out (i.e. separation of duties and physical controls). They reflect the client agency's risk mitigation strategy by:
 - i. Directing client agency staff,
 - ii. Preventing misuse of state resources, and
 - iii. Detecting when misuse occurs.
 4. Information and communication are the identification, capture and exchange of information in a form and time frame that enable people to carry out their responsibilities.
 5. Monitoring is a process established and/or facilitated by management that assesses the quality of internal controls over time, including ongoing internal checks and external audits and reviews.