I. Purpose: To guide OCHE in the development and maintenance of a financial internal control framework that will support the achievement of OCHE’s strategic objectives.

II. Authority and Applicability: This policy applies to all OCHE employees and ensures OCHE’s compliance with MOM Policy 399 – Internal Controls.

III. Source: This policy and corresponding procedures are based on and incorporate information from the Standards for Internal Control in the Federal Government (Green Book) and COSO Internal Control – Integrated Framework, which are referenced in MOM Policy 399 – Internal Controls.

IV. Definitions:
Risk: Anything that endangers the achievement of OCHE’s strategic objectives.

Internal Control: Internal control is an ongoing process designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal controls help ensure:
- Operations are effective and efficient.
- Assets are safeguarded.
- Reliability and integrity of financial and non-financial information is maintained.
- Compliance with applicable federal, state, and local laws and regulations is achieved.
- Goals and objectives are accomplished.

V. Policy:
A. The Commissioner recognizes the need for, and the value of, a strong system of internal control, and is therefore committed to maintaining a system of internal control.
B. The Commissioner and Deputy Commissioners are responsible for ensuring OCHE establishes a system of internal control.
C. The internal control committee will be responsible for supporting the implementation of internal controls and establishing accountability.
D. The internal control committee will be responsible for working with deputy commissioners and their staff on a continuous basis to design, document, maintain, and update internal controls.
E. An individual from the internal control committee will serve as OCHE’s internal control officer (ICO) and will be responsible for developing controls that could materially affect financial reporting.

VI. Procedures
A. Implementing the System of Internal Control
   As required by Policies and Procedures MOM Policy 399 - Internal Controls, all state agencies are responsible for having management document the assessment of internal control. OCHE’s process for identifying, assessing, and addressing risks and developing internal controls is further outlined in the Financial Internal Control Plan. (If you need help accessing this policy please contact the Executive Assistant, OCHE Office IT/Web Manager, or the MUS Internal Auditor.)

B. Monitoring the System of Internal Control
   Internal Audit - The internal audit function for the MUS is responsible monitoring internal control processes designed by management to ensure they are adequate and functioning as intended. Therefore, internal controls may be subject to review by the MUS Internal Auditor.
External Audit - All levels of internal control may be subject to examination by external auditors. External audits include federal or state audits (e.g. Legislative Audit Division) and can include financial, compliance, operational, or information system audits.