

What are Internal Controls?

A control is any action by the board, management, and staff to enhance risk management and increase the likelihood that established objectives and goals are achieved. It is management's responsibility to plan, organize, direct and control the performance of various actions to provide reasonable assurance that objectives and goals are achieved.

Why do we establish internal controls? Management is trying to control risk.

What are control processes? Control processes are policies, procedures, and activities that are designed by management to control risk.

What is the benefit of internal controls? To contain risk within an acceptable level management is willing to accept.

What is the control environment? It is the attitude and actions of the board and management.

- Management's philosophy and operating style.
- Integrity and ethical values of all staff.
- How the organization is structured.
- Assignment of authority to staff.
- CCS policies and regulations.
- Competency of staff.

What are some primary controls?

- **Preventive controls** – these controls are in place to try and prevent something from happening.
 - Proceeds from athletic events are required to be counted in the presence of two individuals and deposited at the bank as a night drop in order to prevent theft of school monies.
 - Athletic equipment is required to be locked up after each use in order to prevent theft of school athletic equipment.
- **Detective controls** – these controls are in place to let us know an unwanted event has occurred.
 - Athletic equipment \$500 or greater is required to be physically counted and compared to a fixed asset inventory list annually to detect equipment theft.
 - Ticket management reports need to be submitted to Student Activities within five days after the event to detect if there is a problem with an athletic event deposit.