

COUNTY OF YOLO

**INTERNAL CONTROL STANDARDS
*COSO FRAMEWORK 2013***



Issued by:

**Chief Financial Officer Howard Newens, CIA, CPA and
Internal Audit Manager Mary Khoshmashrab, MSBA, CPA
June 2016**

COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013

TABLE OF CONTENTS

I.	<u>PURPOSE</u>	<u>1</u>
II.	<u>PUBLIC ACCOUNTABILITY</u>	<u>3</u>
III.	<u>RESPONSIBILITIES</u>	<u>4</u>
IV.	<u>INTERNAL CONTROL.....</u>	<u>5</u>
V.	<u>STANDARDS OF INTERNAL CONTROL.....</u>	<u>6</u>
VI.	<u>GETTING STARTED.....</u>	<u>15</u>
VII.	<u>ASSESSING RISK</u>	<u>16</u>
VIII.	<u>DESIGNING INTERNAL CONTROL</u>	<u>16</u>
IX.	<u>IMPLEMENTING INTERNAL CONTROL</u>	<u>16</u>
X.	<u>EVALUATING INTERNAL CONTROL</u>	<u>17</u>
XI.	<u>IMPROVING INTERNAL CONTROL</u>	<u>17</u>

COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013

I. PURPOSE

These standards reflect recent changes made in 2013 to a widely used internal control framework. The *Internal Control – Integrated Framework* (2013) issued by the Committee on Sponsoring Organization of the Treadway Commission (COSO). These internal control standards shall conform to COSO Framework 2013.

Internal control is a process, effected by the Board of Supervisors, management, and other personnel, designed to provide reasonable assurance of financial accountability.

The County Administrator, management team and the Chief Financial Officer are responsible for fostering adequate internal controls to achieve accountability; the County's Internal Auditor shall issue and maintain *Internal Control Standards* for countywide application.

The primary purpose of this publication is to establish internal control standards for county departments and special districts governed by the Yolo County Board of Supervisors.

The secondary purpose is to provide the tools for the departments and districts to establish and maintain these internal controls.

These standards will be revised from time to time to reflect changes in the County control environment.

II. PUBLIC ACCOUNTABILITY

The Board of Supervisors and the County elected officials are accountable to their constituents, State officials and the public at large in conducting the affairs of the County. County executive management including appointed department heads are also accountable to the public.

These levels of accountability contain four basic elements, which form the essence of **public accountability**:

1. Effectiveness: achieving the County's goals
2. Efficiency: making optimal use of scarce resources
3. Compliance: observing restrictions on the use of resources and complying with mandates
4. Reporting: periodically demonstrating accountability for the stewardship of resources placed in their care.

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Elected officials, County executive management, and department heads are responsible for maintaining sufficient internal controls to obtain reasonable assurance that the county and department goals are achieved efficiently and in compliance with laws. Reasonable assurance of public accountability is achieved by maintaining strong internal controls within the County government, at least equivalent to the *Internal Control Standards* issued by the County's Internal Auditor.

This publication prescribes standards of internal control that conform to the *Internal Control – Integrated Framework* (2013) issued by the Committee on Sponsoring Organization of the Treadway Commission (COSO) that help to achieve adequate public accountability.

The publication also recommends methods to develop and maintain the optimum level of internal control.

PUBLIC ACCOUNTABILITY
Effectiveness and Efficiency of Operations
Compliance with applicable Laws and Regulations
Reliability of Financial and Non-Financial Reporting

III. RESPONSIBILITIES

County Administrator, executive management, and department heads are primarily responsible for establishing and maintaining the necessary internal control to ensure adequate public accountability.

The County's Internal Auditor is responsible for providing expert advice to management. The County's internal auditors shall regularly monitor compliance with the *Internal Control Standards*, assess the risk of insufficient accountability countywide, and make recommendations for improvements.

The Board of Supervisors has the ultimate responsibility for public accountability, and thus, the ultimate responsibility for ensuring that there is adequate internal control to achieve accountability.

Other advisors such as the independent auditors and other expert consultants can assist management and the Board in discharging their responsibilities

IV. INTERNAL CONTROL

Internal Control is broadly defined as a **process**, effected by an entity's directors, managers and other personnel, designed to provide **reasonable assurance** regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of **operations**
- Reliability of financial and performance **reporting**
- **Compliance** with applicable laws and regulations

Why Is Internal Control Important, Internal control helps management achieve the mission of the agency and prevent or detect improper activities. The cost of fraud cannot always be measured in dollars. Improper activities erode public confidence in the government.

- Internal control is a process. It is a means to an end, not an end in itself.
- Internal control is not merely documented by policy manuals and forms. Rather, it is put in by people at every level of an organization.
- Internal control can provide only reasonable assurance, not absolute assurance, to an entity's management and board.
- Internal control is geared to the achievement of objectives in one or more separate but overlapping categories.

Internal Control- Local Government

As a result of the passing of AB1248, The State Controller has issued Internal Control guidelines that are applicable to local government. "AB 1248 is a bill that is designed to strengthen public confidence in that layer of government that most frequently touches their lives – local government." internal control standards include separation of powers between budgeting and check-writing, avoiding potential conflicts of interest in hiring or contracting, and other measures designed to protect the integrity of a local government's finances. The State Controller guidelines that are applicable to local government can be found at www.sco.ca.gov/pubs_guides.html. The COSO Framework 2013 Internal Control Standards are consistent with the State Controller's guidelines.

What Internal Control Can Do

- Help achieve performance goals and objectives
- Help prevent loss of resources
- Help ensure reliable reporting
- Help ensure compliance with laws and regulations

What Internal Control Cannot Do

- Internal Controls can only help an entity achieve its goals and objectives
- They cannot change inherently poor management or shifts in government policy
- They cannot provide absolute assurance, only reasonable assurance

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

- They cannot prevent simple errors or mistakes
- They can be circumvented

V. STANDARDS OF INTERNAL CONTROL

The following five elements of control standards and 17 principles shall be considered and adopted by all County management and staff around county operations.

Summary of Updates

Codification of 17 principles embedded in the original Framework

Control Environment	<ol style="list-style-type: none">1. Demonstrates commitment to integrity and ethical values2. Exercises oversight responsibility3. Establishes structure, authority and responsibility4. Demonstrates commitment to competence5. Enforces accountability
Risk Assessment	<ol style="list-style-type: none">6. Specifies relevant objectives7. Identifies and analyzes risk8. Assesses fraud risk9. Identifies and analyzes significant change
Control Activities	<ol style="list-style-type: none">10. Selects and develops control activities11. Selects and develops general controls over technology12. Deploys through policies and procedures
Information & Communication	<ol style="list-style-type: none">13. Uses relevant information14. Communicates internally15. Communicates externally
Monitoring Activities	<ol style="list-style-type: none">16. Conducts ongoing and/or separate evaluations17. Evaluates and communicates deficiencies

1. Control environment

This refers to the general environment in which employees carry out their responsibilities. It includes the ethical values set by management, management operating philosophy and style, the organizational culture and structure. The tone set at the top pervades all other activities in the department.

The following five principles shall be considered:

1. The organization demonstrates a commitment to integrity and ethical values.
2. The Board of Supervisors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013

4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

2. Risk assessment

This refers to the process of identifying and analyzing the potential risks associated with the achievement of management objectives:

The following four principles shall be considered:

6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.
9. The organization identifies and assesses changes that could significantly impact the system of internal control.

3. Control Activities

These refer to the policies and procedures that management has established to mitigate the effect of the risks identified. These policies and procedures include performance measurements, benchmarks, authorizations, restrictions on access to assets and records, reviews, reconciliations, verifications, and segregation of incompatible duties.

The following three principles shall be considered:

10. The organization selects and develops control activities that contribute to the mitigation of risk to the achievement of objectives to acceptable levels.
11. The organization selects and develops general control activities over technology to support the achievement of objectives.
12. The organization deploys control activities through policies that establish what is expected and written procedures that put policies into place according to the business environment.

4. Information and Communication

Relevant information about the organization and its operation should be identified, captured and communicated to appropriate personnel to ensure that they carry out their responsibilities effectively. This is done through meetings, memoranda, policies and procedures manuals and management reports.

COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013

The following three principles shall be considered:

13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal controls.
14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The organization communicates with external parties regarding matters affecting the function of internal control.

5. Monitoring

The functioning of internal control should be monitored to ensure its effectiveness over time. This is accomplished through: (1) on-going monitoring activities such as regular review of exception reports or continual quality assurance programs, or (2) periodic evaluations such as risk and control assessment, and management audits.

The following two principles shall be considered:

16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and board of directors, as appropriate.

The next five sections provides a points of focus (drill down) that supports each principle and are intended to provide helpful guidance to assist management in designing, implementing and conducting internal control, and in assessing whether relevant principles are present and functioning in their environment. However, while the framework defines 77 points of focus, it does not require separate evaluations of whether all 77 are in place. It is up to management to identify and consider if their or other characteristics are important in their organization.

It is important to emphasize that the COSO Framework *does not* prescribe controls to be selected, developed, and deployed for effective internal control. An organization's selection of controls to effect relevant principles and associated control elements (components) is a function of management judgment based on factors unique to the entity. Further, the points of focus is to help management consider how the principle can be successful and that the component is addressed in an organization's system of control.

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Control Environment	
Principles	Points of focus
1. The organization demonstrates a commitment to integrity and ethical values.	<ul style="list-style-type: none"> • Sets the tone at the top • Establishes standards of conduct • Evaluates adherence to standards of conduct • Addresses deviations in a timely manner
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.	<ul style="list-style-type: none"> • Establishes oversight responsibilities • Applies relevant expertise • Operates independently • Provides oversight for the system of internal control
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.	<ul style="list-style-type: none"> • Considers all structures of the entity • Establishes reporting lines • Defines, assigns, and limits authorities and responsibilities
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.	<ul style="list-style-type: none"> • Establishes policies and practices • Evaluates competence and addresses shortcomings • Attracts, develops, and retains individuals • Plans and prepares for succession
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.	<ul style="list-style-type: none"> • Enforces accountability through structures, authorities, and responsibilities • Establishes performance measures, incentives, and rewards • Evaluates performance measures, incentives, and rewards for ongoing relevance • Considers excessive pressures • Evaluates performance and rewards or disciplines individuals

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Risk Assessment		
Principles	Objectives	Points of focus
6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.	Operations Objectives	<ul style="list-style-type: none"> • Reflects management's choices • Considers tolerances for risk • Includes operations and financial performance goals • Forms a basis for committing of resources
	External Financial Reporting Objectives	<ul style="list-style-type: none"> • Complies with applicable accounting standards • Considers materiality • Reflects entity activities
	External Non-Financial Reporting Objectives	<ul style="list-style-type: none"> • Complies with externally established standards and frameworks • Considers the required level of precision • Reflects entity activities
	Internal Reporting Objectives	<ul style="list-style-type: none"> • Reflects management's choices • Considers the required level of precision • Reflects entity activities
	Compliance Objectives	<ul style="list-style-type: none"> • Reflects external laws and regulations • Considers tolerances for risk
7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.		<ul style="list-style-type: none"> • Includes entity, subsidiary, division, operating unit, and functional levels • Analyzes internal and external factors • Involves appropriate levels of management • Estimates significance of risks identified • Determines how to respond to risks
8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.		<ul style="list-style-type: none"> • Considers various types of fraud • Assesses incentive and pressures • Assesses opportunities • Assesses attitudes and rationalizations
9. The organization identifies and assesses changes that could significantly impact the system of internal control.		<ul style="list-style-type: none"> • Assesses changes in the external environment • Assesses changes in the business model • Assesses changes in leadership

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Control Activities	
Principles	Points of focus
<p>10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.</p>	<ul style="list-style-type: none"> • Integrates with risk assessment • Considers entity-specific factors • Determines relevant business processes • Evaluates a mix of control activity types • Considers at what level activities are applied • Addresses segregation of duties
<p>11. The organization selects and develops general control activities over technology to support the achievement of objectives.</p>	<ul style="list-style-type: none"> • Determines dependency between the use of technology in business process and technology general controls • Establishes relevant technology infrastructure control activities • Establishes relevant security management process control activities • Establishes relevant technology acquisition, development, and maintenance process control activities
<p>12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.</p>	<ul style="list-style-type: none"> • Establishes policies and procedures to support deployment of management’s directives • Establishes responsibility and accountability for executing policies and procedures • Performs in a timely manner • Takes corrective action • Performs using competent personnel • Reassesses policies and procedures

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Information and Communication	
Principles	Points of focus
<p>13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.</p>	<ul style="list-style-type: none"> • Identifies information requirements • Captures internal and external sources of data • Processes relevant data into information • Maintains quality throughout processing • Considers costs and benefits
<p>14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.</p>	<ul style="list-style-type: none"> • Communicates internal control information • Communicates with the board of directors • Provides separate communication lines • Selects relevant method of communication
<p>15. The organization communicates with external parties regarding matters affecting the functioning of internal control.</p>	<ul style="list-style-type: none"> • Communicates to external parties • Enables Inbound Communications • Communicates with the board of directors • Provides separate communication lines • Selects relevant method of communication

Monitoring Activities	
Principles	Points of focus
<p>16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.</p>	<ul style="list-style-type: none"> • Considers a mix of ongoing and separate evaluations • Considers rate of change • Establishes baseline understanding • Uses knowledgeable personnel • Integrates with business processes • Adjusts scope and frequency • Objectively evaluates
<p>17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.</p>	<ul style="list-style-type: none"> • Assesses results • Communicates deficiencies • Monitors corrective actions

**COUNTY OF YOLO
INTERNAL CONTROL STANDARDS
COSO Framework 2013**

Understanding and considering how controls developed and implemented by management may effect multiple principles can provide persuasive evidence supporting management’s assessment of whether components and relevant principles are present and functioning.

The COSO Framework 2013 describes the role of controls in an environment to effect principles not which controls are to be selected.

The following charts provide examples of how various controls developed and implemented by management can address more than one control component and impact the success or failure of a principle underscored within a single control component.

Example - How various controls can address more than one control component and the impact the success or failure of a principle underscored within a single control component

Component	Control Environment		
Principle	1 The organization demonstrates a commitment to integrity and ethical values.		
Controls embedded in other components may effect this principle	<p>Human Resources review employees' confirmations to assess whether standards of conduct are understood and adhered to by staff across the entity</p> <p style="text-align: center;"><i>Control Environment</i></p>	<p>Management obtains and reviews data and information underlying potential deviations captured in whistleblower hot-line to assess quality of information</p> <p style="text-align: center;"><i>Information & Communication</i></p>	<p>Internal Audit separately evaluates Control Environment, considering employee behaviors and whistleblower hotline results and reports thereon</p> <p style="text-align: center;"><i>Monitoring Activities</i></p>

129

Example - How various controls can address more than one control component and the impact the success or failure of a principle underscored within a single control component

Component	Monitoring Activities		
Principle	16. Evaluates and communicates deficiencies		
Controls embedded in other components may effect this principle	<p>Internal Audit separately evaluates the Organization's Control Environment, performs test of controls and reports the results to the Management, Board and the Public regarding the effectiveness of controls.</p> <p style="text-align: center;"><i>Monitoring Activities</i></p>	<p>Management and Key staff perform an annual review over current practices to ensure alignment with written policies and procedures and updates to reflect changes, as necessary.</p> <p style="text-align: center;"><i>Control Activities</i></p>	<p>In a joint effort, Management and Internal Audit's perform a risk assessment every three years and prepares a report to the Board and the Public.</p> <p style="text-align: center;"><i>Risk Assessment</i></p>

VI. GETTING STARTED- Gaining an understanding.

The Management should consider internal controls in context. An entity's size, organization culture, nature of business, diversity of operations, methods of processing and maintaining information, and applicable legal and regulatory requirements should be considered.

Management should understand that controls should be designed to be an integral part of all processes. Controls are not isolated management tools. The controls should integrate performance measure activities with other improvement efforts. Controls are part of a cycle ingrained in each of the business processes; planning, budgeting, management, accounting, and auditing.

Controls consideration should include a review of manual and automated systems and assure controls are developed to assure safeguarding of resources to prevent and detect waste, loss, misuse and misappropriation.

Controls should be effective and efficient. The cost of the control should not be more than the benefit derived.

To get started management should encourage a culture that includes the following traits (*See Control Environment Component, principles, and points of focus*).

1. Set an ethical tone at the top
2. Promote strong and effective controls
3. Establish a whistleblower policy that is consistent with the County's
4. Prevent reprisals against whistleblowers
5. Provide ethics and fraud training
6. Implement a confidential tip hotline or drop box
7. Create a culture of doing the right thing

Management should implement the following steps to perform a review, assess risk, develop, implement or improve the organization's strong system of control, and process for ongoing monitoring within their organization.

1. Organize the process (*risk assessment component*)
2. Segment your department (*risk assessment component*)
3. Conduct a risk assessment (*risk assessment component*)
4. Develop a control plan (*control activity component*)
5. Conduct the review (*control activity component*)
6. Take corrective action (*control activity, information & communication component*)
7. Track corrections (*monitoring activity component*)
8. Report the results (*information and communication component*)
9. Performs ongoing monitoring (*monitoring activity component*)

VII. ASSESSING RISK

The method to assess the effect of such risk factors involves five steps:

1. Identify the operational processes and their component steps.
2. Determine what can go wrong (risk exposures) in each step of the processes.
3. Estimate the likelihood of the threats materializing.
4. Estimate the magnitude of each threat.
5. Determine the materiality of the risk exposures based on their likelihood and potential effect (low, medium, high).

Every five years the County's Division of Internal Audit will facilitate a countywide risk assessment. However, the County department staff should perform a risk assessment on an as-needed basis at the department, division, or program specific level. The assessment should consider the principles and points of focus identified in the risk assessment component identified in this document. The risk assessment process should be well documented and retained in accordance with the County's record retention policy (*refer to the risk assessment component in this document*).

The department's management and staff should consider the department's elements of risk appetite.

- Acceptable balance of growth, risk and return
- Related to overall strategy
- Guides resource allocation
- Incorporates the concept of risk tolerance
- Type of events – economic, natural environment, political, social, technological, personal
- Management decisions- infrastructure, personnel, process, technology
- Consider both past and future
- Consider events from top-down and bottom-up
- Determine major sources of risk- inherent risk, control risk, detection risk

The department's management and staff should decide how to address risk, mitigate risk, and document the risk assessment process.

The next step after assessing risk is to design controls to mitigate it.

VIII. DESIGNING INTERNAL CONTROL

The purpose of an internal control is to reduce the risk exposures that threaten public accountability to a reasonable level (*refer to the control activity and information and communication component in this document*).

There are four steps for designing an effective and efficient internal control:

1. Understand the risk to be mitigated: specifically, the cause of the threat should be identified and the materiality of the threat should be estimated.
2. Identify the activity (i.e., the control) which would reduce the risk to an acceptable level. This activity should eliminate or nullify the cause of the threat.
3. Estimate the cost of implementing and maintaining the control and ensure that it does not outweigh the expected benefit.
4. Establish that activity as an internal control: the control should be described in sufficient detail (who, what, when) to allow its implementation.

IX. IMPLEMENTING INTERNAL CONTROL

Once an internal control has been designed it should be implemented through two mechanisms (*refer to the control activity, information and communication, and monitoring activity component in this document*).

1. Communication: The control should be documented and communicated to all employees and managers concerned. Typically, the responsible manager informs employees of the new control via a memorandum and the control is incorporated into a formal document such as a policy and procedure manual.

Any subsequent modification to the control should be similarly communicated to staff.

Internal control fails most often when the proper information is not communicated to the appropriate personnel.

2. Monitoring: Internal control deteriorates over time if not properly maintained. Therefore, management should periodically check the functioning of internal control through various actions such as:
 - Continual monitoring through a quality assurance unit.
 - Periodic "check-up" of the internal control structure through a self-assessment process.
 - Focused reviews of specific operational areas through management audit.

The involvement of top-level management in internal control matters is crucial to the effectiveness of the internal control. Management involvement sets the tone at the top and determines whether the control environment is conducive to the effective functioning of the internal control.

X. EVALUATING INTERNAL CONTROL

An internal control may be well designed and properly installed initially, but may lose its effectiveness and efficiency with time due to changes in the environment. Therefore, periodic check-ups are necessary to keep the internal control fine-tuned.

The best time to check up on internal control is when everything seems to run smoothly. The worst time is during or after a crisis. A crisis tends to distort normal perspective and the ensuing reaction will often result in the installation of inefficient controls (*refer to the control activity and monitoring activity component in this document*).

Four aspects of internal control should be assessed:

1. Is it valid, that is, would it reduce the risk identified?
2. Is it established, that is, is it established as a formal activity by management?
3. Is it effective, that is, has it been operating as intended?
4. Is it efficient, that is, does the risk reduction provided by the control justify the cost of maintaining the control?

The answers to these questions should be based on:

- Examination of current and past records.
- Observation of activities.
- Interviews with knowledgeable and reliable personnel.

A negative answer does not always mean that the control activity fails or should be modified; there may be other compensating factors that work to shore up the apparently deficient control.

The assessment can be done for specific controls according to the Example Control Evaluation Method outlined in Appendix C. The assessment can also be done expeditiously through the use of generic questionnaires such as the one in Appendix B. Appendix A recommends a work program for such a project.

XI. IMPROVING INTERNAL CONTROL

The next step after evaluating internal control is to find ways to improve it.

- If the control was not valid, then it should be redesigned.

- If the control was not properly established then it should be re-communicated to the proper parties.
- If the control was not effective, that is, was not operating as intended then the cause should be identified and eliminated.
- If the control was not efficient then it should be modified to ensure that the benefit outweigh the cost.

Control activities are often interrelated and the combined effect of a group of control activities may be greater than the sum of the effects. Because of this synergy, optimum improvement often requires considering groups of controls rather single control activities.

Therefore, the best way to improve internal control after an evaluation is to develop a plan for improvement that packages the modified and new controls into congruent groups of activities, rather than trying to fix each internal control separately.

If you have any questions or would like additional guidance please contact the County's Division of Internal Audit.

The State Controller guidelines that are applicable to local government can be found at www.sco.ca.gov/pubs_guides.html.