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| **INTERNAL CONTROLS NEWSLETTER** |
| DIVISION OF MILITARY & NAVAL AFFAIRS | Internal Control MNAG-IC | Issue 2013-2 |

In my last newsletter, I gave a brief overview of Internal Controls and some basic examples of internal controls that we run into everyday at DMNA. This newsletter will focus on the five components of internal control. The fundamental principles of internal control are rooted in well established techniques and practices. These techniques and practices can best be understood as internal control if they are placed in the following five basic components of internal control:

1. **CONTROL ENVIRONMENT**

Control Environment is the attitude toward internal control and control consciousness established and maintained by the management and employees of DMNA. A positive control environment is created by management and is maintained by employees of DMNA. The control environment encompasses governance, ethical values and integrity, management operating style and philosophy, competence, morale, supportive attitude, mission and structure.

1. **COMMUNICATION**

Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Information should be communicated to management and other employees who need it in a form and within a time frame that helps them carry out their responsibilities.

1. **ASSESSING AND MANAGING RISK**

Risk should be assessed and managed through a DMNA-wide effort to identify, evaluate and monitor those events that threaten the accomplishment of DMNA’s mission.

1. **CONTROL ACTIVITIES**

Control activities are tools – both manual and automated – that help identify, prevent or reduce the risks that can impede accomplishment of the organization’s objectives. Management should establish control activities that are effective and efficient.

1. **MONITORING**

Monitoring is the review of DMNA’s activities and transactions to assess the quality of performance over time and to determine whether controls are operating as designed. Management should focus monitoring efforts on internal control and achievement of the organization’s mission.

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**INTERNAL CONTROL TRAINING**

Currently, all DMNA employees are registered for the training; Internal Controls – Controlling Risk in the Workplace. The training is available on the Statewide Learning Management System (SLMS), and will help government employees focus on the purpose of their jobs and understand the importance of avoiding errors, preventing fraud, and reducing waste in New York State government. To access the training, login to SLMS, click my learning and launch the internal controls training. The training is due December 13, 2013.

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