

Internal Controls as Insurance

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AO Contact for Vol 11

Discussion Topics



I need someone well versed in the art of torture – do you know PowerPoint?

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Discussion Topics

- What is the Purpose of Internal Controls?
- Why do we have Internal Controls?
- Internal Control Standards – Govt. & Priv. Sec.
- Roles and Responsibilities of Judiciary Personnel

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What is the Purpose of Internal Control?

- They provide management reasonable assurance of
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
 - Compliance with applicable policy, laws, and regulations
- They ensure for management that activities and transactions are happening consistently with regulations and management intent.

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Why are there Internal Controls?

- Delegations
 - Director's
 - Chief Judge/FPD/CUE
- Protection of Staff

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Why else?

- Records completion of activities
- *Insures* that staff are acting within their authorities
- Assists with a self assessment
- Avoids/Remediates of errors
- Required of all businesses - private sector & government

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Standards for Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring

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Standards for Internal Control

- **Control Environment**
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring

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Control Environment

- Refers to the Organization's Integrity, Ethics, Values, Competence
- Foundation for the internal control program
- CUEs and FPDs play a leadership role in clarifying expectations about how business is to be conducted. A strong internal control environment involves all employees at all levels, beginning with the senior managers who define the rules and procedures to be followed. ([Vol 11, § 140\(a\)\(1\)](#))

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Standards for Internal Control

- Control Environment
- **Risk Assessment**
- Control Activities
- Information & Communication
- Monitoring

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Risk Assessment

- Risk identifies where vulnerabilities are – where more attention might be warranted
- Risks include new systems, personnel with new assignments, compensating controls, etc. ([Vol 11, §180.50](#))
- SA Tool has basic self assessment
- Management is most knowledgeable and assesses constantly

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Standards for Internal Control

- Control Environment
- Risk Assessment
- **Control Activities**
- Information & Communication
- Monitoring

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Control Activities

- Procedures that insure transactions are completed in accordance with regulations and management direction
- Judiciary
 - Nationally - Vol 11
 - Locally – Internal Control Manual
- CUEs and FPDs are responsible for establishing and maintaining written internal control procedures (internal control manual) consistent with the applicable requirements in this volume of the Guide. ([Vol. 11, §180.20](#))

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Control Activities

- Sample Internal Control Manuals
 - Small court
 - Large court
 - Court with shared administrative services

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Standards for Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- **Information & Communication**
- Monitoring

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Information & Communication

- Relevant and reliable data/information to support decision-making

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Standards for Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- **Monitoring**

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Monitoring

- Assessment of a control program's performance over time
- Two Aspects
 - **Ongoing**: approval/review of transactions
 - **Snapshot**: annual self assessment & cyclical audits
- The point when court units/FPDOs check to see if the controls are working as expected

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Monitoring

- The cyclical and other audits also provide assurance to the Director regarding:
 - Accurate financial reporting
 - Appropriate execution of delegations

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Roles and Responsibilities

What is your role:

- Becoming (you & your staff) familiar with policies, procedures, and regulations.
- Taking care to maintain a system of internal control.
- Participating in Internal Control activities.
- Proposing (you & your staff) new or improved controls as processes change.
- Performing job functions efficiently and effectively.
- Identifying where Vol 11 is unclear or inconsistent

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Judiciary Internal Control Areas

- Financial Mgmt
- Procurement
- Property Mgmt
- Human Resources
- Info Systems & Security
- Budget Mgmt
- Postage
- Jury Mgmt
- Facilities Mgmt
- EPA Program

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Technical Revisions

- **What are technical revisions**
 - Vol 11 changes due to changes in subject matter volume
 - Clarifying existing policy language
 - Removing long lists and inserting reference to subject matter volume
- **Transmitting Vol 11 Technical Revisions**

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Technical Changes to Vol 11

9/2/2015 Transmittal

ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS

WASHINGTON, D. C. 20544

Date: 9/2/15

GUIDE TO JUDICIARY POLICY

TRANSMITTAL 11-003 VOLUME/PART 11 CHAPTER(S) 8, 9, 11

TO: Chief Judges, United States Courts
Circuit Executives
Federal Public/Community Defenders
District Court Executives
Clerks, United States Courts
Chief Probation Officers
Chief Pretrial Services Officers
Senior Staff Attorneys
Chief Circuit Mediators
Bankruptcy Administrators
Circuit Librarians

FROM: James C. Duff *James C. Duff*

RE: INTERNAL CONTROL

This transmittal provides notice of changes to the Guide to Judiciary Policy, Vol. 11 (Internal Control):

[Chapter 8 - Postage](#)
[Chapter 9 - Jury Management](#)
[Chapter 11 - Electronic Public Access Program](#)

Some of the revisions were implemented to reflect existing—or previously approved changes to—policy in the subject matter Guide chapters. Most of them, though, are merely editorial in nature, designed to clarify existing policy requirements. The significant changes are detailed in the Redline Comparison below.

Questions regarding this transmittal may be directed to the Office of the Deputy Director, at 202-502-1300.

- Ch 8: Postage
- Ch 9: Jury Mgmt
- Ch 11: EPA Program

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Technical Changes to Vol 11

12/23/2015 Transmittal

ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS

WASHINGTON, D. C. 20544

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GUIDE TO JUDICIARY POLICY

TRANSMITTAL 11-004 VOLUME/PART 11 CHAPTER(S) 3-5, 10

TO: Chief Judges, United States Courts
Circuit Executives
Federal Public/Community Defenders
District Court Executives
Clerks, United States Courts
Chief Probation Officers
Chief Pretrial Services Officers
Senior Staff Attorneys
Chief Circuit Mediators
Bankruptcy Administrators
Circuit Librarians

FROM: James C. Duff *James C. Duff*

RE: INTERNAL CONTROL

This transmittal provides notice of changes to the Guide to Judiciary Policy, Vol. 11 (Internal Control):

[Chapter 3 - Procurement](#)
[Chapter 4 - Property Management](#)
[Chapter 5 - Human Resources](#)
[Chapter 10 - Facilities Management and Access](#)

Certain revisions were implemented to reflect existing—or previously approved changes to—policy in the subject matter Guide chapters. Most of the changes, however, are merely editorial in nature, designed to clarify existing policy requirements. The significant changes are detailed in the Redline Comparison below.

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- Ch 3: Procurement
- Ch 4: Jury Mgmt
- Ch 5: EPA Program
- Ch 10: Fac Mgmt & Access

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Technical Changes to Vol 11

- 6/13/2016 Transmittal
- Ch 1: Overview
- Ch 7: Budget Mgmt

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Rev. 02/93

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GUIDE TO JUDICIARY POLICY

TRANSMITTAL 11-005 VOLUME/PART 11 CHAPTER(S) 1, 7

TO: Chief Judges, United States Courts
Circuit Executives
Federal Public Defenders
District Court Executives
Clerks, United States Courts
Chief Probation Officers
Chief Pretrial Services Officers
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Chief Circuit Mediators
Bankruptcy Administrators
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FROM: James C. Duff 

RE: INTERNAL CONTROL

This transmittal provides notice of changes to the Guide to Judiciary Policy, Vol. 11 (Internal Control):

[Chapter 1 – Overview](#)
[Chapter 7 – Budget Management](#)

Certain revisions were implemented to reflect existing—or previously approved changes to—policy in the subject matter Guide chapters. Most of the changes, however, are merely editorial in nature, designed to clarify existing policy requirements. The significant changes are detailed in the Redline Comparison below.

In Chapter 1, definitions relating to internal control were added and other non-substantive edits were implemented for consistency, clarification, and to remove repetition.

In Chapter 7, clarifying language was added. FAS-T references were changed to “the accounting system.” links were added for separation of duties defined outside of this chapter, and the applicability of this guidance to federal public defender offices was clarified. The record retention requirement was given its own section to eliminate repetition throughout the chapter. Other repetitive information was also eliminated.

Questions regarding this transmittal may be directed to the Office of the Deputy Director, at 202-602-1300.

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Upcoming Technical Revisions

- Shortly
 - Ch 2 – Financial Mgmt

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Exposure Draft

- Ch 6 – Information Technology
 - Technical Revisions
 - Significant reorganization
 - Changes in language for consistency with Vol 15

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JIFMS Updates

- Discussing implications of JIFMS policy on internal controls
- Will develop draft policy and circulate

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Implementing Internal Controls



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Implementing Internal Controls

Thank you

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