

3 Key Takeaways for Evaluating Your Internal Controls

The Uniform Guidance (UG) and the 2016 Office of Management and Budget (OMB) 2 CFR 200, Subpart F — Compliance Supplement emphasize the importance of internal controls and a culture of compliance. Part 6 specifies characteristics of internal control that should reasonably ensure compliance with federal awards.

Consider these points when evaluating your institution's internal controls:

UNIQUE ENVIRONMENT

The UG encourages each institution to implement internal controls that fit its unique circumstances. Internal controls will vary based on your institution's research portfolio, risk tolerance, institutional history and enterprise structure.

BALANCE

Institutions must strike a balance between controls and an acceptable level of risk to ensure cost-effective, efficient operations. To determine if your internal control structure strikes the right balance, consider the control's effectiveness and whether the benefits of the control outweigh its cost.

CULTURE OF COMPLIANCE

Develop a "culture of compliance" at your institution by weaving compliance into your institution's mindset. Compliance, operational efficiency and customer service should be emphasized and prioritized by executive leaders and management.

