



STATE CONTROLLER'S BULLETIN

Edward Karass
State Controller

Rebecca M. Wyke, Commissioner
Administrative & Financial Services

Bulletin #05-09

SUBJECT: Internal Control Plans

DATE: January 12, 2005
TO: All Departments and Agencies
FROM: Edward A. Karass, State Controller

In order to assist all agencies in meeting the requirements for the Departmental Internal Control Plan and to ensure consistent coverage of the most pertinent financial related risks to State government, we have amplified our guidance for compliance with the new internal control law. Please refer to the document "Departmental Internal Control Plan Outline" for the following discussion. (This document is located in the Internal Control section of the Controller's website.)

Three major improvements have been incorporated into the guidance for the Departmental Internal Control Plan to facilitate the process:

1. "Control Objectives" are no longer a component of the plan. "Key Controls" now apply directly to "Risks". Feedback from agencies indicated that the "Control Objectives" intermediary level was confusing and of questionable value.
2. All of the risks listed in the document "Departmental Internal Control Plan Outline" must be addressed. The risks in the outline are intended to be comprehensive, though it is the responsibility of agencies to include unique risks relevant to your agency not addressed in the outline.
3. All of the key controls listed in "Departmental Internal Control Plan Outline" must be addressed. If you have other key controls not listed that significantly mitigate a risk, add them in.

If any of the risks and/or key controls do not apply to your agency, do not delete the risk or key control. Just indicate that it is not applicable.


Required Completion Dates

There will be a staggered series of deadlines for various components of the Departmental Internal Control Plan. You will find the schedule in the document "Plan Component Deadlines" at the Controller's website. The first deadline is February 28 for the "Cash Receipts Cycle" and "Revenue/Receivables Cycle" components of the plan.

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Also available are two example plan components from DFPS for the Cash Receipts Cycle. These demonstrate adequate controls over cash receipts given the level of risk involved. They reflect certain anticipated modifications developed as a result of our work with the agency.

As always, please feel free to contact us with questions and comments regarding compliance with the control law. We are committed to assisting you in your documentation efforts and in improving controls throughout State government.