



Policy Area: **Internal Control**

Title: Responsibility for Internal Control

Effective Date: 7/1/2008

Authority: North Carolina General Statute §143D-7 provides that “The management of each State agency bears full responsibility for establishing and maintaining a proper system of internal control within that agency.”

Policy: Agency management may not delegate its responsibility for establishing and maintaining a proper system of internal control. Agency management must establish and reinforce a strong control environment through practice and action which embodies these principles:

- Sound integrity and ethical values, particularly of top management;
- Where appropriate, a board which understands and exercises oversight responsibility related to internal control;
- A management philosophy and operating style which supports achieving effective internal control;
- An organizational structure which supports effective internal control;
- Retention of individuals competent in matters subject to internal control;
- Management and employees are assigned appropriate levels of authority and responsibility to facilitate effective internal control; and
- Human resource policies and practices are designed and implemented to facilitate effective internal control.

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