

DIVISION CIRCULAR #29
(N/A)

DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

EFFECTIVE DATE: June 24, 2006

DATE ISSUED: June 26, 2006

(Rescinds Division Circular #29, "Internal Controls," issued January 14, 2000)

- I. **TITLE:** Internal Controls
- II. **PURPOSE:** To establish standards and guidelines for an internal control system to ensure a high quality of services and operations and to assure that the Division maintains a system of internal control that complies with Department of Human Services Administrative Order 6:12 and New Jersey Department of Treasury Circular Letter 95-11, Internal Controls.
- III. **SCOPE:** This circular applies to developmental centers, regional offices and components of the Division's central office only. It does not apply to provider agencies and entities under contract with the Division or regulated by the Department.
- IV. **POLICIES:**
 - A. The Division Director shall ensure that all entities exercise an adequate system of internal controls.
 - B. Management and supervisory personnel of the Division are responsible for the development, implementation and maintenance of adequate internal control systems for operations, contracts and services under their jurisdiction.
 - C. Division Internal Control Liaisons shall be trained in internal control procedures by the Department of the Treasury, Office of Management and Budget (OMB). The Division Internal Control Liaisons shall be responsible for training Division Internal Control procedures Coordinators and Division staff, as necessary.

V. **GENERAL STANDARDS:**

- A. Definitions – For the purpose of this circular, the following terms shall have meanings defined herein:

Control Activities means the policies and procedures that help ensure that management directives are carried out.

Control Environment means the tone of an organization, which influences the control consciousness of its employees. The control environment is the foundation for all other components of internal control because it provides discipline and structure.

Division means the Division of Developmental Disabilities.

Information and Communication means the two key elements which help management carry out its responsibilities. Management must establish a timely and effective process for relaying information.

Internal Control Certification means a document signed by the administrative head of an entity which attests to the internal controls of that entity.

Internal Control Division Liaison means that staff member appointed by the Division Director to be responsible for the coordination of Division-wide efforts of evaluation, improvement and reporting on internal controls.

Internal Control Coordinator means that staff member appointed by the administrative head of the entity to be responsible for the coordination of the evaluation, improvement and reporting of its internal control adequacy.

Internal Control Manual means a specific document originating by the OMB and issued by the liaison which incorporates Administrative Order 6:12 and Treasury Circular 95-11.

Material Weakness means a substantial deficiency as defined in the Internal Control Manual.

Monitoring means a process that an entity uses to assess the quality of its internal control performance over time.

Risk Assessment means the process that the entity must conduct to identify and assess and material weakness relevant risk to its objectives. Once this is done, management must determine how the risks should be managed.

- B. The Division shall maintain an Internal Control Manual.
- C. All coordinators are responsible to assure that the required reviews are completed, in accordance with the established schedule.
- D. All material weaknesses reported in the Internal Control Certifications must be addressed in a plan of correction which includes a timetable for completion, and the staff person(s) responsible for the plan's implementation.
- E. The Internal Control Coordinator shall submit the completed internal control packet to the Administrative head of the Entity.
- F. The Administrative Head of the Entity shall review the Packet and upon his/her approval, shall sign the Internal Control Certification form and return the Packet to the Internal Control Coordinator.
- G. All Internal Control Coordinators are required to submit the Internal Control Packet as certification of accounting, administrative and program controls to the Liaison on a specific date established by the Liaison.
- H. Each Internal Control Coordinator shall maintain all working papers, schedules, exhibits and charts utilized for the preparation of the annual certification.
- I. Based on the Internal Control Certification submitted, the Liaison shall prepare the Division's annual report for the Director's signature for submission to the Department of Human Services' Director, Office of Auditing, who shall submit to the Director of OMB on or before June 15, annually.

Carol Grant
Director