CIRCULAR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO: 24-08-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1
EFFECTIVE DATE: IMMEDIATE	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 95-11-OMB
SUBJECT: INTERNAL CONTROLS		
ATTENTION: DIRECTORS OF ADMINISTRATION AND FISCAL OFFICERS		
FOR INFORMATION CONTACT: LESLIE.NOTOR@TREAS.NJ.GOV		

Agencies are responsible for developing and maintaining effective internal controls. Effective internal controls provide assurance that operational deficiencies are prevented or detected in a timely manner. Significant weaknesses in the design or operation of internal controls have the potential to adversely affect an agency's ability to achieve its objectives.

Internal control activities include policies, procedures, and mechanisms in place to help ensure that agency objectives are met. A basic element of internal control is the proper segregation of duties. Segregation of duties helps to prevent fraud, waste, and abuse in the State by considering the need to separate authority, custody, and accounting. No individual should be in a position to initiate, review, and approve the same transaction. To that end, no individual will be granted all levels of approval within the New Jersey Comprehensive Financial System (NJCFS).

Maintaining segregation of duties is especially challenging for Departments with a small number of employees. When these functions cannot feasibly be separated, more reliance must be placed on administrative oversight. A detailed supervisory review of activities is required as a compensating control activity. When these situations arise, Departments should request an exemption for approval levels to Leslie A. Notor at leslie.notor@treas.nj.gov.

Tariq Shabazz
Acting Director