

Internal Controls at a Glance

Tips for Developing Effective Internal Controls

A Tip Sheet for Federal Award Recipients

Effective Internal Controls are the basis for strong financial systems and processes that prevent fraud, waste, and abuse. HRSA offers the following tips to award recipients on how to effectively manage and protect federal funds.



Commit to Integrity and Competence

Do your mission and value statements reflect a tone of integrity? Management should act with integrity and lead by example. They should demonstrate respect for and adherence to program compliance requirements, ensure that staff are properly trained and competent, and employ managers with clear lines of responsibility.



Be Risk-Aware

Has your organization identified and assessed the risks of complex operations, programs, or projects? Risk awareness means that management understands and assesses the organization's risks and plans for them. The organization should also consider the potential for fraud in its risk assessment.



Mitigate Risks

Does your organization have alternative controls if separation of duties is not possible, such as outsourcing accounts payable or payroll, or splitting personnel time in functional areas? Management is responsible for controlling access to computer systems, reviewing processing exceptions, and separating duties so that one person cannot control an entire transaction. Management should develop clearly written operating policies and procedures.



Support Your Internal Controls

Does your organization provide timely, accurate information to those who need it? Management should have established channels for communication (i.e., staff meetings, newsletters, etc.), as well as channels to report concerns. Effective information systems should be used to maintain accountability and review performance. In addition, these systems should separately identify federal and non-federal transactions, as well as sources of funds and allocations for all transactions.



Measure Success

Does your organization conduct internal audits and self-assessments, especially for compliance with federal requirements? Organizations with strong internal control systems regularly evaluate the effectiveness of internal controls and correct deficiencies in a timely manner.

For more information on managing your HRSA grants, check out the [Manage Your Grant](#) webpage. For more information on internal controls for organizations who expend federal funds, please see [Part 6 of the Compliance Supplement](#).