



Internal Control Tips from the Internal Audit Department

Types of Control Activities

Control activities are actions, supported by policies and procedures that, when carried out properly and in a timely manner, manage or reduce risks.

Controls can be either preventive or detective. The intent of each type is different. Preventive controls attempt to deter or prevent undesirable events. They are proactive in nature.

Detective controls attempt to detect undesirable events. They provide evidence that an error or loss has occurred, but do not prevent it from happening in the first place.

Both types of controls are necessary in an effective internal control system. Examples of both types of controls include:

Preventive	Detective
Approvals, authorizations & verifications	Reconciliations
Security of assets (locks, access controls)	Security of assets (periodic counts or inventories)
Segregation of duties	Reviews, analyses, variance analyses

Another type of controls apply to information systems. These controls can be both preventive and detective and fall into two categories – general controls and application controls.

General controls commonly include controls over data center operations, system software acquisition and maintenance, information security, system access, disaster recovery and application system development and maintenance. These controls are designed to maintain the integrity and availability of information processing functions, networks and associated applications.

Application controls are programmed steps within application software that are designed to help ensure the completeness and accuracy of transaction processing, authorization and validity. These controls apply at the application level and include input controls, processing controls and output controls specific to each individual application program. They can be programmed into the software or performed manually outside the software.

For more information about this or any internal control matter, please contact the Internal Audit Department at 407-317-3200, 2002897 or Internal.Audit@ocps.net.