“...provides guidance for establishing and assessing agency internal controls in order to more effectively manage risk and maintain accountability.”
ARMICS Definition:

Ongoing process led by agency head to design and provide reasonable assurance that these types of objectives will be achieved:

- Effective and efficient operations
- Reliable financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets
Objective of ARMICS

To provide reasonable assurance of the integrity of all fiscal processes related to:

- Transactions submitted to the Commonwealth’s general ledger
- Deliverables required by financial statement directives
- Compliance with laws and regulations
- Stewardship over and safeguarding the Commonwealth’s assets

In short, to ensure fiscal accountability and safeguard the Commonwealth’s assets.
ARMICS Control Objectives

1. Strategic – to support “being recognized as the best-managed state in the nation” through internal control best practice

2. Operational – effective and efficient use of fiscal resources and other assets

3. Reporting – integrity and reliability of financial reporting

4. Compliance – compliance with applicable laws and regulations

5. Stewardship – protection and conservation of assets
Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring
Control Environment

- Management Philosophy
- Reasonable Risk
- Oversight by the BOV
- Integrity and ethical values
- Promoting ethics & appropriate conduct
- Organizational structure
- Assignment of authority and responsibility
- Work force competence
- Employee development
Risk Assessment

- The process of analyzing potential events and considering their likelihood and impact in order to determine those events’ possible affect on the achievement of UMW’s objectives.
- Management considers the mix of potential events, both expected and unexpected, relevant to UMW and its activities in the context of the UMW’s risk profile.
- Many expected events are routine, recurring and already in UMW’s programs and budgets.
- Management must assess the risk of unexpected potential events.
- Risk assessment is a continuous and repetitive interplay of actions occurring throughout UMW.
Control Activities

- Policies and procedures implemented to help ensure that risk responses are effectively completed
- Occur across UMW
- Range of activities
- Managers set up control activities to provide reasonable assurance that their objectives are met
- Categorized by the nature of the objectives to which they relate
Information and Communication

- Involves identifying, capturing and communicating relevant information
- Effective communications occurs down, across and up the agency
- From top management that internal control responsibilities must be taken seriously
- Handle risks, provide services and achieve its objectives
- Information enables change management strategy
- Information without communication has no value
Monitoring

- The process of assessing the presence, functioning and continuous improvement of internal control components

- Accomplished through ongoing management activities and/or separate evaluations

- Examined from three perspectives:
  - Ongoing activities
  - Separate comprehensive evaluations
  - Special ad hoc evaluations
# ROLES AND RESPONSIBILITIES

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<th>Group</th>
<th>Roles/Responsibilities</th>
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| **BOV & President**       | - Assume ownership for internal control philosophy  
- Provide visible and audible support for internal control issues and provide the muscle for enforcement  
- Certify ARMICS compliance to DOA |