



## Control during shutdown recovery

- Reinforce standard internet control activities during shutdown recovery.
- Internal control considerations during recovery include safeguarding assets and resuming reconciliations.
- Significant transactions processed during the interruption should be independently reviewed for propriety and adequate documentation.

The shutdown is over! Employees are back to work, anxious to put the entire experience behind them. However, it may not be that easy. The effects of the shutdown on business processes and transactions will be felt long into the future.

It is important that internal controls be considered as the state reestablishes its regular routines. Some internal control activities may have been suspended during the interruption. Now is the time to reinforce to all employees that the abbreviated or shortcut procedures applied during the shutdown are no longer in effect, and all standard control activities should be resumed.

As you begin to restore agency services, make sure that assets, including any incoming receipts or other deliveries, continue to be safeguarded while awaiting processing. Arrange for the orderly review, approval, and processing of accumulated transactions, including contract violation justifications or late payment penalty calculations, if applicable. All backlogged transactions should be processed by the close of the books in late August, if possible.

Also, verify that regularly scheduled reconciliations have resumed and will be brought up-to-date. Reconciliations are an essential detective control, providing an important way to identify and correct errors. Make sure that your reconcilers are especially diligent during this time and encourage them to question and thoroughly investigate any unusual transactions or items.

Special attention should be given to the agency's payroll transactions. It was important that only employees deemed critical got paid for time worked and that employees worked only on critical tasks during the shutdown. Now the focus changes to getting those

employees deemed not critical back on the payroll. Supervisors should carefully review employee rosters and return dates. Funding sources for all employees should also be verified for accuracy, especially for critical employees who performed tasks different than their normally assigned duties, prompting a temporary funding change, during the shutdown.

Finally, each agency must establish a process to retroactively review significant financial activity that occurred during the shutdown. This review should be done by an independent person to validate the necessity, reasonableness, and propriety of the transactions. All financial activity during the shutdown must be adequately documented, including appropriate explanations for any emergency spending.

This is certainly not a complete list of all shutdown recovery internal control considerations. Each agency should perform its own risk assessment and emphasize controls over its highest risk activities during the recovery period.

*Suggested Action Steps:* Think about what you need to do right now to maintain good internal controls during shutdown recovery. Make a commitment to set aside time in the near future to review significant transactions processed during the shutdown for propriety and adequate documentation.

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