DEPARTMENT OF FINANCE AND MANAGEMENT
BEST PRACTICES OVERVIEW

What are Best Practices?

Best practices are simply the best way to perform a business process. Best practices represent proven methodologies for consistently and effectively achieving a business objective. Best practices are not the definitive answer to a business problem; instead they are a source of creative insight for business improvement. Adapting best practices to your specific operational needs can substantially affect performance…leading to breakthroughs that save time, enhance quality, lower costs, increase revenue, and improve audit results.

Why issue Best Practices?

This ***Best Practices*** series is intended to support and expand upon the internal controls framework as presented in the ***Internal Control Standards: A Guide for Managers***. State employees take pride in their work and want to do the "right thing" but they need to know what is expected of them and have the resources, information, and tools available to allow them to successfully carry out their responsibilities. These best practices, also called internal controls, are meant to help departments improve fiscal management and accountability within their organizations. Our goal is to compile a resource of recognized best practices in managing business risks and creating effective and efficient systems of internal control. It is the clear expectation of the Department of Finance and Management that, absent a valid business reason to the contrary, departments will strive to integrate these best practices into their business processes.

How to use these Best Practices?

Department managers are strongly encouraged to use the ***Best Practices*** as a tool (i.e. checklist) to evaluate their existing control activities and to make any requisite improvements to their department's internal control system. These ***Best Practices*** can also serve as a resource to departments when developing, or strengthening, written procedures and documentation of their business processes. While all of the best practices listed are "recommended", we recognize that often there is not a "one-size-fits-all" solution. Management may decide to not implement certain best practices because they are not applicable, redundant (due to other compensating control activities), or not cost-beneficial. Managers should document these decisions and periodically review them to ensure they have not become invalidated by changes in the department's operating environment. It is important to note that any cost-benefit impact should be assessed from a broad perspective and not limited to just the direct costs that would be incurred to implement the practice. Some of the other factors that must also be considered are the potential cost of re-work due to errors, protracted audit costs and timelines, harm to customer/vendor relations, and damage to the department's reputation.