



## 20.26 Information and Communication

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### 20.26.10

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### Information and communication overview

Information and communication are necessary for an agency to carry out its internal control responsibilities to support the achievement of its objectives. Management uses relevant and quality information from both internal and external sources to support the functioning of internal control.

Communication is the continual, iterative process of obtaining and sharing necessary information.

- **Internal communication** is the means by which information is disseminated throughout the agency, flowing up, down, and across the agency.
- **External communication** enables incoming communication of relevant external information and provides information to external parties in response to requirements and expectations.

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### Information and communication principles

There are three principles relating to information and communication.

13. The agency obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The agency communicates with external parties regarding matters affecting the functioning of internal control.

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**Principle 13 – Uses relevant information**

The agency obtains or generates and uses relevant, quality information to support the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Identifies information requirements** – Management designs a process that uses the agency’s objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the needs of both internal and external users. Management defines the information requirements and relevant level of specificity for all users.

Management identifies information requirements in an iterative and ongoing process that occurs throughout an effective internal control system. As change in the agency and its objectives and risks occurs, management changes information requirements as needed to meet these modified objectives and address these modified risks.

- **Captures relevant data from reliable sources** – Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent.

Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

- **Processes data into information** – Management processes the obtained data into quality information that supports the internal control system. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management uses the quality information to make informed decisions and evaluate the agency’s performance in achieving key objectives and addressing risks.

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**Principle 14 – Communicates internally**

The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Communicates internal control information** – A process is in place to communicate required information to enable all employees to understand and carry out their internal control responsibilities.
- **Communicates with those charged with governance** – Communication exists between management and those charged with governance so that both have information needed to fulfill their roles with respect to the agency’s objectives.
- **Provides separate communication lines** – Separate communication channels are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective. For example, management may have formal or informal channels in addition to the statewide whistleblower program.
- **Selects relevant methods of communication** – The methods of communication consider the timing, audience, and nature of the information.

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**Principle 15 – Communicates externally**

The agency communicates with external parties regarding matters affecting the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Communicates to external parties** – Processes are in place to communicate relevant and timely information to external parties. External parties include other agencies, regulators, customers and suppliers, financial analysts, external auditors, and the general public.
- **Enables incoming communications** – Open communication channels allow input from external parties, providing management and those charged with governance with relevant information.

- **Communicates with the oversight body** – Information resulting from assessments conducted by external parties is communicated to the oversight body.
- **Provides separate communication lines** – Separate communication channels are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication to supplement normal channels. For example, management may have formal or informal channels in addition to the statewide hotline program.
- **Selects relevant method of communication** – The method of communication considers the timing, audience, cost, nature of the communication and legal, regulatory, and fiduciary requirements and expectations.