

Office of the State Controller

Self-Assessment of Internal Controls

Control Environment

Objectives and Risks

Agency _____

Year-End _____

Objectives

Management attitude recognizes the importance of and commitment to the establishment and maintenance of a strong system of internal control as communicated to employees through actions and words.

Organizational structure units are clearly defined to perform the necessary functions and determine that appropriate reporting relationships have been established.

Personnel are qualified and properly trained for the functions in order for control and procedures to operate in the manner intended.

Delegation of authority or limitation of authority exists to provide assurances that responsibilities are effectively discharged.

Policies and procedures that are documented provide a basis for reviews, follow-up evaluations and audits.

Risks

- Employees unaware of internal control.
- Lack of approved policies and procedures to be followed by personnel.

- Organization chart will not be current.
- Employees unaware of reporting relationship in the organizational structure.
- Duplication of functions by units.

- Personnel not qualified to perform tasks assigned.
- Personnel not adequately trained.
- Lack of continuing education for personnel.
- Job descriptions not coordinated with actual job performances.

- One employee controls all phases of a transaction.
- Management goals are not communicated to staff employees.
- Duplication of functions by employees.

- Functions are not performed uniformly among units.
- Statutory requirements not being met.
- Lack of support for functions and transactions performed.

Budgetary and reporting practices provide benchmarks by which management can measure accomplishments.

Organizational checks and balances provide authority for certain functions that minimize the potential for waste, fraud, abuse of mismanagement.

- Management does not have guidelines to measure performance.
- Management can not communicate expectations to the organizational units.
- Unusual transactions or events will not be detected.
- Management can not determine if goals are being achieved.

- The organizational units will not perform responsibilities therefore the potential for waste, fraud and abuse could occur.

Office of the State Controller
Self-Assessment of Internal Controls
Control Environment
Control Policies and Procedures

Agency _____

Year-End _____

A. Integrity and Ethical Values

Yes No N/A

- ___ ___ ___ 1. Are there written policies and internal operating procedures that have been approved by the governing body or top management?
- ___ ___ ___ 2. Does the agency have a code of ethical conduct that has been made available to all employees?
- ___ ___ ___ 3. Have transactions been executed in accordance with integrity and ethical values/codes?
- ___ ___ ___ 4. Are procedures documented, kept current and readily available for use by all employees?

B. Commitment to Competence

- ___ ___ ___ 5. Are responsibilities clearly defined in writing and communicated?
- ___ ___ ___ 6. Does management understand the knowledge and skills required to accomplish tasks?
- ___ ___ ___ 7. Does management get involved in training?

C. Management's Philosophy and Operating Style

- ___ ___ ___ 8. Does management use budget, spending plans, etc. to review the agency's performance?
- ___ ___ ___ 9. Are principal accounting records and accounting employees at all locations under the supervision of the principal accounting officer?
- ___ ___ ___ 10. Does management actively follow-up on complaints from customers/clients?
- ___ ___ ___ 11. Are policies and procedures consistent with statutory authority?
- ___ ___ ___ 12. Are the budget system and the planning process integrated?

- ___ ___ ___ 13. Are periodic (monthly, quarterly) reports on the status of actual to budget performance prepared and reviewed by top management?
- ___ ___ ___ 14. Are unusual variances between budget and actual examined?
- ___ ___ ___ 15. Are operations made in accordance with statutes governing the public entity?
- ___ ___ ___ 16. Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?
- ___ ___ ___ 17. Does the agency compare its actual performance with its goals and objectives?
- ___ ___ ___ 18. Does the agency have a functioning internal audit staff to review the operations of the agency?
- ___ ___ ___ 19. Does the internal audit staff report to an official independent of the operations under review

D. Organizational Structure

- ___ ___ ___ 20. Are there written policies and procedures for all major areas of the organization?
- ___ ___ ___ 21. Are procedures reviewed annually for possible updating?
- ___ ___ ___ 22. Is there an organization chart clearly defining the lines of management authority and responsibility?
- ___ ___ ___ 23. Is the organization chart current and accurate?
- ___ ___ ___ 24. Does the organization chart enhance work performance?
- ___ ___ ___ 25. Are all the agency's operations centralized or decentralized?
- ___ ___ ___ 26. If decentralized, is monitoring of the areas adequate?

E. Assignment of Authority and Responsibility

- ___ ___ ___ 27. Has management provided resources to ensure compliance with grant requirements and federal and state laws?
- ___ ___ ___ 28. Are sufficient training opportunities to improve competency and update employees on new policies and procedures available?
- ___ ___ ___ 29. If known areas of knowledge are limited, has help been enlisted from peers, auditors or outside consultants to identify alternatives and suggest solutions?

- ___ ___ ___ 30. Have managers been provided with clear goals and direction from the governing body or top management?
- ___ ___ ___ 31. Are responsibilities divided so that no single employee controls all phases of a transaction?

F. Human Resource Policies and Practices

- ___ ___ ___ 32. Are competent personnel recruited?
- ___ ___ ___ 33. Are accurate, up-to-date-position descriptions available?
- ___ ___ ___ 34. Are managers and employees held accountable for satisfactory completion of performance elements?
- ___ ___ ___ 35. Do all supervisors and managers have at least a working knowledge of the State's personnel policies and procedures?
- ___ ___ ___ 36. Does each supervisor and manager have a copy or access to a copy of the State's personnel policies and procedures?
- ___ ___ ___ 37. Does management ensure compliance with the department's personnel policies and procedures manual concerning hiring, training, promoting, and compensating employees?
- ___ ___ ___ 38. Has management established backup plans for sudden or significant changes in personnel?
- ___ ___ ___ 39. Are supervisors readily available to help personnel with non-routine problems?
- ___ ___ ___ 40. Do the internal auditors meet the minimum qualifications for the positions they hold?
- ___ ___ ___ 39. Are external audits performed on a periodic basis?