## Internal Controls Over Financial Reporting
## Self-assessment Tool

# Control Environment

**Legend:**

■ = Successfully meets standard.

■ = Does not meet standard, but making satisfactory progress towards attainment.

■ = Does not meet standard; underlying issues have not been addressed

N/A = Not applicable

Assessment For Period Ending: _____

_____
Reviewer's Signature

Date: _____

| Control Objectives |
|---|

As public servants, it is our responsibility to use taxpayers' dollars in the most effective and efficient way possible while adhering to applicable laws and regulations. This document does not address all possible circumstances that need to be considered when establishing internal controls or assessing risk. Each government is responsible for reviewing its business practices and processes to determine where risks exist and where and how controls can be established to mitigate them.

Financial reporting control objectives are as follows:

1.  Recorded transactions are valid (existence).

2.  All valid transactions are recorded; none are omitted (completeness).

3.  Transactions are recorded in the proper fiscal period (cut-off).

4.  Transactions are in compliance with applicable laws and policies (rights & obligations).

5.  Transaction amounts are accurately valued or calculated (valuation).

6.  Transactions are properly classified to the correct fund and account (classification).

| Description of Control | ■ | ■ | ■ | N/A | Comments / Responsible Individual |
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| **Integrity and Ethical Values** | | | | | |
| 1. Does previous experience with the entity indicate financial integrity among management and personnel? | | | | | |
| 2. Has a code of conduct been adopted that addresses acceptable business practices? | | | | | |
| 3. Does the code of conduct address policy for potential conflicts of interest? | | | | | |
| 4. Are these policies adequately communicated to employees? | | | | | |
| 5. Do management and staff comply with the department's policies and procedures? | | | | | |
| 6. Does management discuss internal controls at management and other staff meetings? | | | | | |

| Description of Control | <span style="background:green"> </span> | <span style="background:yellow"> </span> | <span style="background:red"> </span> | N/A | Comments / Responsible Individual |
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| 7. Does the entity have an updated internal control plan? | | | | | |
| 8. Is the internal control plan communicated to applicable personnel? | | | | | |
| 9. Does management reward employees for following good internal control practices? | | | | | |
| 10. Is there a procedure in place for employees to report suspected violations of policies? | | | | | |
| 11. Does management take appropriate disciplinary action when necessary to enforce the code of conduct? | | | | | |
| 12. Is the entity aware of applicable federal or state grant provisions and requirements? | | | | | |
| 13. Does the entity know to follow the applicable federal grant guidelines if they are more stringent than the entity's normal policies and procedures? | | | | | |
| 14. Do significant pressures exist to not exceed budgeted amounts because of taxpayer initiatives, election promises, or similar political considerations? | | | | | |
| **Commitment to Competence** | | | | | |
| 15. Does previous experience with the entity indicate competence among management and key personnel? | | | | | |
| 16. Does the entity define the tasks that make up a particular job? | | | | | |
| 17. Does the entity analyze and document the knowledge and skills needed to perform jobs? | | | | | |
| 18. Does the entity provide for applicable training of its employees? | | | | | |
| 19. Are the personnel responsible for ensuring compliance with federal and state laws, knowledgeable and experienced in administering these programs? | | | | | |
| 20. Do accounting personnel have the background, education and experience appropriate for their duties? | | | | | |
| 21. Do accounting personnel appear to understand the duties and procedures applicable to their jobs? | | | | | |

| Description of Control | | | | N/A | Comments / Responsible Individual |
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| 22. Do accounting personnel appear to have sufficient expertise in selecting and applying applicable accounting principles? | | | | | |
| 23. Do accounting supervisors appear to have sufficient expertise to review accounting transactions for accuracy and compliance with rules and regulations? | | | | | |
| 24. Do accounting supervisors frequently prepare reports or reconciliations to verify the accuracy of financial transactions processed? | | | | | |
| **Governing Body/Audit Committee** | | | | | |
| 25. Does a governing body exist? If yes: (Answer A-C) | | | | | |
| A) Are there regular meetings of the governing body to set policies and objectives and review the entity's performance? | | | | | |
| B) Are the minutes of such meetings prepared and signed on a timely basis? | | | | | |
| C) Has the governing body been informed about and approved all of the federal and state grants the entity is to or has received? | | | | | |
| 26. Does an audit committee exist? If yes: (Answer A-D) | | | | | |
| A) Does the audit committee represent an informed, vigilant and effective overseer of the financial reporting process and the entity's internals control structure? | | | | | |
| B) Has the governing body written a charter for the audit committee, outlining its duties and responsibilities? | | | | | |
| C) Does the audit committee assist the governing body in maintaining a direct line of communication with the entity's internal and external auditors? | | | | | |
| D) Does the audit committee have resources and authority to discharge their responsibilities? | | | | | |
| **Management Philosophy and Operating Style** | | | | | |
| 27. Does the entity have a mission statement, objectives and goals? | | | | | |
| 28. Is this information communicated to applicable personnel? | | | | | |
| 29. Are management and operating decisions determined at appropriate levels? | | | | | |

| Description of Control | <span style="background:green"> </span> | <span style="background:yellow"> </span> | <span style="background:red"> </span> | N/A | Comments / Responsible Individual |
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| 30. Does management ask employees for their suggestions on how to improve processes? | | | | | |
| 31. Has management given a high priority to its internal control structure? | | | | | |
| 32. Does management emphasize meeting the budget and/or other financial and operating goals? | | | | | |
| 33. Does management take an active role in the financial reporting of the entity? | | | | | |
| 34. Is the entity meeting its financial obligations? | | | | | |
| 35. Does management review audit recommendations and take appropriate corrective action? | | | | | |
| 36. Is management willing to adjust the financial statements for misstatements that approach a material amount? | | | | | |
| 37. Is there a plan for the future development of new information systems and acquisition of hardware? | | | | | |
| 38. Is this plan reviewed and approved by senior management within the office, division or department? | | | | | |
| 39. Does management review audit recommendations and take appropriate corrective action? | | | | | |
| **Organizational Structure** | | | | | |
| 40. Is there an organization chart clearly defining the lines of management authority and responsibility? | | | | | |
| 41. Is the organization chart current and accurate? | | | | | |
| 42. Is the organizational structure appropriate for the size and complexity of the entity? | | | | | |
| 43. Are there formalized policies and procedures for all major operations of the entity? | | | | | |
| 44. Are policies and procedures for authorizations established at a reasonably high level? | | | | | |
| 45. Does the governing body and management stress adherence to such policies and procedures? | | | | | |
| 46. Have specific line of authority and responsibility been established to ensure compliance with applicable laws and regulations? | | | | | |
| **Methods of Assigning Authority and Responsibility** | | | | | |
| 47. Is there a clear assignment of responsibility and delegation of authority to deal with such matters as organizational goals and objective, operating functions and regulatory requirements? | | | | | |

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| 48. Is management actively involved in supervision of the various functions? | | | | | |
| 49. Are channels of communications (from top down and from bottom up) being utilized? | | | | | |
| 50. Has fiscal authority been formally delegated to specific management personnel? | | | | | |
| 51. Does management understand the concept and importance of internal controls, including the division of responsibility? | | | | | |
| 52. Has management clearly communicated the scope of the authority and responsibility to deal with information system management? | | | | | |
| 53. Has the entity identified an individual that is responsible for coordinating the various federal, state and local programs within the entity? | | | | | |
| 54. Do you perform periodic audits of sub recipient financial operations in compliance with OMB Circulars A-110 or A-133 regulations? | | | | | |
| 55. If independent audits of sub recipients are performed, do you require their submission for your review? | | | | | |
| **Personnel Policies and Practices** | | | | | |
| 56. Does management check credentials and references of new employees? | | | | | |
| 57. Are confidentiality agreements required for employees who come in contact with confidential information? | | | | | |
| 58. Does the workload of the accounting employees facilitate the preparation of reliable accounting records? | | | | | |
| 59. Is turnover of key fiscal personnel relatively low? | | | | | |
| 60. Are vacations mandatory for financial personnel? | | | | | |
| 61. Are duties rotated when employees are on vacation? | | | | | |
| 62. Are policies regarding personal use of computer equipment and software clearly stated? | | | | | |
| 63. Does the entity have an information security officer? | | | | | |
| 64. Does the entity have a formal information systems security policy? | | | | | |
| 65. Are information system policies and expectations clearly communicated to all employees? | | | | | |

| Description of Control | <span style="color:green">■</span> | <span style="color:#FFD700">■</span> | <span style="color:red">■</span> | N/A | Comments / Responsible Individual |
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| 66. Does the workload permit information system personnel to perform their internal control responsibilities? | | | | | |
| 67. Is the information system work force relatively stable (low turnover)? | | | | | |
| 68. Is there a policy regarding ownership of in-house developed software and data? | | | | | |
| 69. Do the information system personnel practices include policies to maintain security upon termination of employment? | | | | | |
| 70. Are there written job descriptions for each employee (including information system personnel) delineating specific duties, reporting relationships, and constraints? | | | | | |
| 71. Does management ensure compliance with the department's personnel policies and procedures concerning hiring, training, promoting, and compensating employees? | | | | | |
| 72. Are sufficient training opportunities available to improve competency and update employees on new policies and procedures? | | | | | |
| 73. Are employees cross-trained to ensure the uninterrupted performance of personnel functions? | | | | | |