**Internal Control – Self Assessment Checklist**



**1. Control Environment**

1. Demonstrate Commitment to Integrity and Ethical Values
2. Exercise Oversight Responsibility
3. Establish Structure, Responsibility, and Authority
4. Demonstrate Commitment to Competence
5. Enforce Accountability

**2. Risk Assessment**

1. Define Objectives and Risk Tolerances
2. Identify, Analyze, and Respond to Risks
3. Assess Fraud Risk
4. Identify, Analyze, and Respond to Change

**3. Control Activities**

1. Design Control Activities
2. Design Activities for the Information System
3. Implement Control Activities

**4. Information and Communication**

1. Use Quality Information
2. Communicate Internally
3. Communicate Externally

**5. Monitoring**

1. Perform Monitoring Activities
2. Evaluate Issues and Remediate Deficiencies

Evaluation the factors below using the 5 to 1 scale, where **5 means Completely Agree** and **1 means Completely Disagree**

**Section 1 – Control Environment**

**1 - Demonstrate Commitment to Integrity and Ethical Values**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Tone at the top. | Management demonstrates the importance of integrity and ethical values through their directives, attitudes, and behavior. |  |  |  |  |  |
| 1. Standards of conduct. | Management establishes standards of conduct to communicate expectations concerning integrity and ethical values. |  |  |  |  |  |
| 1. Adherence to standards of conduct. | Management establishes processes to evaluate performance against the entity’s expected standards of conduct and evaluates adherence to the standards of conduct. |  |  |  |  |  |

**2 – Exercise Oversight Responsibility**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Oversight structure. | There is an oversight body that oversees operations, provides constructive feedback to management, and informs decision-making to ensure that objectives are met and in alignment with the entity’s integrity and ethical values. |  |  |  |  |  |
| 1. Oversight for the internal control system. | The oversight body oversees management’s design, implementation, and operation of the internal control system, including the control environment, risk assessment, control activities, information and communication, and monitoring. |  |  |  |  |  |
| 1. Input for remediation and deficiencies. | The oversight body provides input to management’s plans for remediation of deficiencies in the internal controls and is responsible for overseeing the remediation of deficiencies. |  |  |  |  |  |

**3 – Establish Structure, Responsibility, and Authority**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Organizational structure. | Management establishes an organizational structure that is appropriate to plan, execute, control, and assess its ability to achieve its objectives. Lines of reporting are clear and defined at all levels so that communication can flow down, across, up, and around. |  |  |  |  |  |
| 1. Assignment of responsibility and delegation of authority. | Management assigns responsibilities and delegates authority to key roles throughout the office/unit. |  |  |  |  |  |
| 1. Documentation of the internal control system. | Management develops and maintains documents of its internal control system so that the components of internal control can be designed, implemented, and operate effectively. |  |  |  |  |  |

**4 – Demonstrate Commitment to Competence**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Expectations of competence. | Management establishes responsibilities and expectations that are clearly defined in writing and communicated as appropriate. |  |  |  |  |  |
| 1. Recruitment, development, and retention of individuals. | Management recruits, develops, and retains competent personnel to achieve desired objectives. |  |  |  |  |  |
| 1. Succession and contingency plans and preparation. | Management defines succession plans to address the need to replace competent personnel over the long term, as well as contingency plans to address the need to respond to sudden personnel changes that could compromise the internal control system. |  |  |  |  |  |

**5 – Enforce Accountability**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Enforcement of accountability. | Management holds personnel accountable for performing internal control responsibilities through mechanisms such as performance appraisals and disciplinary actions. |  |  |  |  |  |
| 1. Consideration of excessive pressures. | Management evaluates pressure on personnel and reduces or rebalances workloads when necessary. |  |  |  |  |  |

**Section 2 – Risk Assessment**

**6 – Define Objectives and Risk Tolerances**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Definition of objectives. | Management defines objectives in specific and measurable terms to enable the design of internal control for related risks. |  |  |  |  |  |
| 1. Definitions of risk tolerances. | Management defines the acceptable level of variation in performance relative to the achievement of objectives. |  |  |  |  |  |

**7 – Identify, Analyze, and Respond to Risks**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Identification of risks. | Management has a process for analyzing risks, including both inherent and residual risk, and considers internal and external risk factors. |  |  |  |  |  |
| 1. Analysis of risks. | Management has a process to estimate the significance of the identified risks and their effect on achieving the defined objectives. |  |  |  |  |  |
| 1. Response to risks. | Management has specific actions to respond to the analyzed risk. |  |  |  |  |  |

**8 – Assess Fraud Risk**

| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Types of fraud. | Management considers the types of fraud that can occur (e.g., fraudulent financial reporting, misappropriation of assets, corruption), as well as other forms of misconduct (such as waste and abuse). |  |  |  |  |  |
| 1. Fraud risk factors. | Management considers fraud risk factors (incentive/pressure, opportunity, and attitude/rationalization) and uses this information to identify fraud risk. |  |  |  |  |  |
| 1. Response to fraud risks. | Management performs a risk analysis to identify fraud risk and responds to fraud risk so they are effectively mitigated. |  |  |  |  |  |

**9 – Identify, Analyze, and Respond to Change**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Identification of change. | Management identifies significant changes to internal and external conditions that have already occurred, or are expected to occur, and that could significantly impact the internal control system. |  |  |  |  |  |
| 1. Analysis of and response to change. | Management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. |  |  |  |  |  |

**Section 3 – Control Activities**

**10 – Design Control Activities**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Response to objectives and risk. | Management designs policies, procedures, techniques, and mechanisms in response to the program office’s objectives and risks to achieve an effective internal control system. |  |  |  |  |  |
| 1. Design of appropriate types of control activities. | Management designs appropriate types of control activities (i.e., management of human capital, physical control over vulnerable assets, access restrictions to records, etc.) for its internal control system. |  |  |  |  |  |
| 1. Design of control activities at various levels. | Management designs control activities for appropriate coverage of objectives and risks. |  |  |  |  |  |
| 1. Segregation of duties. | Management considers segregation of duties in designing control activity responsibilities to help prevent fraud, waste, and abuse in the internal control system. |  |  |  |  |  |

**11 – Design Activities for the Information System**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Design of the entity’s information system. | Management designs the office’s information system and the use of information technology to respond to the office’s objectives and risk. |  |  |  |  |  |
| 1. Design of appropriate types of control activities. | Management designs appropriate types of general control activities (e.g., security management, physical access, contingency planning, etc.) and application control activities (controls over processing, input, output, etc.) in the information system. |  |  |  |  |  |
| 1. Design of information technology infrastructure. | Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology. |  |  |  |  |  |
| 1. Design of security management. | Management designs control activities (e.g., access rights to data) for security management of the office’s information system for appropriate access by internal and external sources. |  |  |  |  |  |
| 1. Design of information technology acquisition, development, and maintenance. | Management designs control activities over the acquisition, development, and maintenance of information technology. |  |  |  |  |  |

**12 – Implement Control Activities**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Documentation of responsibilities through policies. | Policies exist that document the control activities utilized by the office. |  |  |  |  |  |
| 1. Periodic review of control activities. | Management periodically reviews the control activities for effectiveness. |  |  |  |  |  |

**Section 4 – Information and Communication**

**13 – Use Quality Information**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Identification of information requirements. | Management identifies the information required to support the internal control system. |  |  |  |  |  |
| 1. Relevant data from reliable sources. | Management obtains the relevant data from reliable internal and external sources in a timely manner. |  |  |  |  |  |
| 1. Data processed into quality information. | Management processes the obtained data and uses it to inform the internal control system. |  |  |  |  |  |

**14 – Communicate Internally**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Communication throughout the entity. | Management communicates information throughout the entity using established reporting lines, ensuring that communication flows to all levels of the organization (down, across, up, and around). |  |  |  |  |  |
| 1. Appropriate methods of communication. | Management selects the appropriate method for communicating internally after considering the relevant factors (i.e., audience, nature of the information, etc.). |  |  |  |  |  |

**15 – Communicate Externally**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Communication with external parties. | Management communicates with, and obtains quality information from, external parties (i.e., contractors, grantees, general public, etc.) using established reporting lines. |  |  |  |  |  |
| Appropriate methods of communication. | Management selects the appropriate method for communicating externally after considering the relevant factors (i.e., audience, nature of the information, cost, etc.) |  |  |  |  |  |

**Section 5 – Monitoring**

**16 – Perform Monitoring Activities**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Establishment of a baseline. | Management assesses the current state of the internal control system, compared against the intended design of the internal control system. |  |  |  |  |  |
| 1. Internal control system monitoring. | Management monitors the internal control system through on-going monitoring and periodic separate evaluations (e.g., self-assessments, audits). |  |  |  |  |  |
| 1. Evaluation of results. | Management evaluates and documents the results of on-going monitoring and separate evaluations to identify internal control issues. |  |  |  |  |  |

**17 – Evaluate Issues and Remediate Deficiencies**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assessment Factor** | **Indication of Controls** | **1** | **2** | **3** | **4** | **5** |
| 1. Reporting of issues. | Management and personnel identify internal control issues and report the issues through established reporting lines on a timely basis. |  |  |  |  |  |
| 1. Evaluation of issues. | Management evaluates and documents internal control issues and determines appropriate corrective actions for deficiencies. |  |  |  |  |  |
| 1. Corrective actions. | Management completes and documents corrective actions to remediate internal control deficiencies on a timely basis. |  |  |  |  |  |