

Control Environment Development Questionnaire

(An optional tool to be used in conjunction with Uniform Compliance Guidelines on Internal Controls for State and Quasi Agencies)

This is an **optional tool** that follows steps outlined in the *Uniform Compliance Guidelines on Internal Controls for State and Quasi Agencies - Part Two, Section One: Developing the Control Environment*. A similar tool is available in Excel format. Management may modify this tool to meet the needs of the agency or decide that other methods are more suitable.

Questions in italics are intended to generate ideas on the best way to improve the agency's control environment. Management may also use this tool to facilitate documentation of the control environment.

Principle One: The agency demonstrates a commitment to integrity and ethical values.

- 1. Set the Tone at the Top.** Leadership sets the tone at the top by demonstrating the importance of integrity and ethical values; leading by example; and reinforcing the commitment to do quality work.
 - *How will management set the tone at the top?*
 - _____ Discussing expected behaviors regularly at staff meetings.
 - _____ Formalizing expectations in agency and statewide documents, such as the agency mission statement, core values, and strategic plan.
 - _____ Placing importance on the State Ethics Code.
 - _____ Reinforcing expectations of compliance with State Personnel Policies.
 - _____ Other (describe)
 - *When will expectations be communicated?*
 - *How often will expectations be emphasized?*
 - *Where will expectations be documented?*

- 2. Define and Communicate Standards of Conduct.** Part of the commitment to integrity and ethical values includes defining standards of conduct to inform employees about expected behaviors.
 - *How will enterprise-wide policies and standards of conduct be communicated (for example State Personnel policies, State Ethics Code, Information Technology Resources Policy)?*

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- *How often will enterprise-wide policies be emphasized to employees?*
 - *Will the agency develop additional policies or standards of conduct (for example remote work, continuing education requirements, dress code, etc.)?*
 - *How and when will these policies be communicated?*
 - *How often will policies be emphasized?*
 - *Where will policies be documented?*
- 3. Evaluate Adherence to Standards of Conduct.** Gauging adherence to standards of conduct addresses differences between actual performance and expected standards.
- *How will standards of conduct be evaluated? How will differences between actual performance and expected standards be addressed?*
 - *What methods of reporting noncompliance are available to employees at the agency level? How do employees know these methods are available?*
 - *How will the agency communicate other available reporting channels, such as the Inspector General and the State Board of Accounts?*
 - *How will processes be documented and where will the documentation be located?*

Principle Two: Agency leadership oversees the internal control system.

- 4. Establish Oversight Structure and Procedures for the Internal Control System.** Leadership oversees the design, implementation, operation, and monitoring of the internal control system, and provides input to resolve deficiencies.
- *How will leadership oversee the internal control system?*

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_____ *Having periodic meetings and other communications with management.*

_____ *Maintaining appropriate documentation of meetings, including agendas and minutes.*

_____ *Reviewing management's internal control documentation.*

_____ *Reviewing management's corrective action plans*

_____ *Following up to ensure deficiencies have been corrected, including audit findings.*

_____ *Completing the Internal Control Certification required by FMC 6.1.*

_____ *Ensuring performance of the Annual Risk Assessment per FMC 6.2.*

_____ *Ensuring response to OMB entity-wide risk self-assessment questionnaires.*

_____ *Other (describe)*

- *How often will leadership review and discuss internal controls with management? How does management report internal control issues to leadership?*
- *How will processes be documented and where will the documentation be located?*

Principle Three: Management establishes an organizational structure, assigns responsibility, and delegates authority to achieve agency objectives.

5. Design Agency Organizational Structure. Designing the organizational structure and assigning responsibility enables the agency to plan, execute, control, and assess the achievement of objectives.

- *How will the organizational structure be documented, including assignment of authority and responsibility? How and when is the agency organizational structure explained and shared with employees?*
- *How often will job descriptions be reviewed to ensure the job descriptions clearly detail responsibilities?*
- *How will each employee be trained to understand duties and authorities?*
- *How are standard operating procedures documented and communicated to employees?*

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Principle Four: Management demonstrates a commitment to attract, develop, and retain competent individuals.

- 6. Recruit, Develop, and Retain Competent Staff.** Policies pertaining to recruitment, training, mentoring, and retention of personnel consider agency objectives and emphasize competency.

○ *What are agency plans to recruit staff and select the most qualified? How will this be accomplished?*

○ *What are agency plans for training, mentoring, and retaining employees?*

_____ *Reinforce basic minimum requirements in job descriptions.*

_____ *Document expectations in personnel performance management documents.*

_____ *Evaluate employee performance of job responsibilities.*

_____ *Develop competencies appropriate for key roles.*

_____ *Mentor by guiding performance, aligning skills with agency objectives, and helping personnel adapt to an evolving environment.*

_____ *Motivate by reinforcing expected levels of performance and desired conduct, including training and credentialing.*

_____ *Other (describe)*

○ *How will processes be documented and where will the documentation be located?*

- 7. Create Succession and Contingency Plans.** Over the long term, management defines plans relating to the replacement of personnel in key roles to enable the agency to achieve objectives through times of turnover and emergency.

○ *What will be included in management's succession and contingency plans?*

_____ *Training succession candidates through job shadowing and cross training.*

_____ *Encouraging knowledge sharing.*

_____ *Maintaining written plan documents, including standard operating procedures.*

_____ *Other (describe)*

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- *How will processes be documented and where will the documentation be located?*

Principle Five: Management evaluates performance and holds individuals accountable for their internal control responsibilities.

- 8. Promote Accountability.** Individuals are held accountable for their internal control responsibilities through a recognized, understood structure which incorporates corrective action procedures.

What agency procedures promote accountability?

- _____ *Regular meetings to verify performance of internal control responsibilities.*
- _____ *Formal performance appraisals and improvement plans.*
- _____ *Assessment and rebalancing of excessive pressures and workload through regular meetings with staff.*
- _____ *Maintaining appropriate documentation of meetings, including agendas and minutes.*
- _____ *Other (describe)*

- *How are internal control responsibilities delegated, including responsibilities related to compliance with laws and regulations?*
- *How often will performance evaluations be conducted to ensure job duties are being performed?*
- *What remedial actions are taken when performance is not adequate?*
- *How will processes be documented and where will the documentation be located?*