



UNC CHARLOTTE

***Guide
for
Self Assessment
of
Internal Controls***

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The Internal Audit Department

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TABLE OF CONTENTS

TOPIC	PAGE
Introduction	3
Internal Control Overview	4
Elements of Internal Control	5
Public Record Advisory	7
Internal Control Self Assessment Questions	
A. Integrity and Ethical Values	8
B. Management Philosophy and Operating Style	8
C. Organizational Structure	9
D. Assignment of Authority and Responsibility	9
E. Human Resource Policies and Procedures	9
F. General Financial	10
G. Cash Handling	10
H. Payroll	11
I. Safeguarding Assets	12
J. Administration of Sponsored Programs	12
K. Change and Petty Cash Funds	13
L. Information Technology Management	13
M. Purchasing	14
N. Miscellaneous Operations	15

Self-Assessment of Internal Controls

Introduction

The UNC Charlotte Guide for Self-Assessment of Internal Controls is a tool adapted from the annual requirement administered to all state agencies by the Office of the State Controller (OSC). The purpose of the OSC annual assessment is to assist in confirming the presence of a sound system of internal controls. This guide provides a streamlined set of questions intended to provide a vice chancellor, dean, associate dean, department chair, or department/center/agency/activity director with a self assessment tool that will guide him or her along the path of compliance with the many local, state and federal requirements to which we must adhere.

The guide is intended to be a companion tool to the Department Review Guide Self Assessment Version. You should complete the Internal Controls self assessment first to identify those operational areas into which you need to look more closely. Some of the questions do not apply to every unit on campus. If this is the case for you, then answer "N/A" (not applicable). For those questions for which you are not sure of an answer or don't know the answer, write "D/K" (don't know). After completing this guide, refer to the Department Review Guide and conduct a more in-depth assessment of your internal operations in those areas marked "No" or "D/K."

The Department Review Guide asks a series of specific questions whose answers will complete a picture of how your unit performs in each area against the stated objective for that function. At the end of each section are the same two questions: "What did you find?" followed by "Did you meet the stated objective?" For those areas where you do not feel you meet the stated objective, use the Specific Subject Matter Reference Listing to seek guidance and advice on how to correct the issues that you have developed.

Appendix A provides both a guide and a template to the 2013 version of the COSO Controls framework broken down by component. This guide is more in-depth and more free-form than the questionnaire sections.

The Internal Audit Department recommends that you complete your initial assessments within the first six months of your assignment to a management position and periodically thereafter. The tools can also be used as a "desk reference" by administrative staff and as orientation tools for New Employees. Any questions concerning the construction or content of either review guide should be addressed to the Internal Audit Department using the [consulting and advising request form](#) found on our website.

Internal Control Overview

The following section regarding internal control is taken from the May 2013 Internal Control – Integrated Framework Executive Summary published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Defining Internal Control

Internal control is defined as follows:

Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

This definition reflects certain fundamental concepts. Internal control is:

- Geared to the achievement of objectives in one or more categories—operations, reporting, and compliance
- A process consisting of ongoing tasks and activities—a means to an end, not an end in itself
- Effected by people—not merely about policy and procedure manuals, systems, and forms, but about people and the actions they take at every level of an organization to affect internal control
- Able to provide reasonable assurance—but not absolute assurance, to an entity's senior management and board of directors
- Adaptable to the entity structure—flexible in application for the entire entity or for a particular subsidiary, division, operating unit, or business process

This definition is intentionally broad. It captures important concepts that are fundamental to how organizations design, implement, and conduct internal control, providing a basis for application across organizations that operate in different entity structures, industries, and geographic regions.

An effective system of internal control demands more than rigorous adherence to policies and procedures: it requires the use of judgment. Management and boards of directors' use judgment to determine how much control is enough. Management and other personnel use judgment every day to select, develop, and deploy controls across the entity. Management and internal auditors, among other personnel, apply judgment as they monitor and assess the effectiveness of the system of internal control.

Components of Internal Control

Internal control consists of five integrated components:

Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, develop retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.

Risk Assessment

Every entity faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed. A precondition to risk assessment is the establishment of objectives, linked at different levels of the entity. Management specifies objectives within categories relating to operations, reporting, and compliance with sufficient clarity to be able to identify and analyze risks to those objectives. Management also considers the suitability of the objectives for the entity. Risk assessment also requires management to consider the impact of possible changes in the external environment and within its own business model that may render internal control ineffective.

Control Activities

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Information and Communication

Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the means by which information is disseminated throughout the organization, flowing up, down, and across the entity. It enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously. External communication is twofold: it enables inbound communication of relevant external information, and it provides information to external parties in response to requirements and expectations.

Monitoring Activities

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning. Ongoing evaluations, built into business processes at different levels of the entity, provide timely information. Separate evaluations, conducted periodically, will vary in scope and frequency depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations. Findings are evaluated against criteria established by regulators, recognized standard-setting bodies or management and the board of directors, and deficiencies are communicated to management and the board of directors as appropriate.

Public Record Advisory

The Office of Legal Affairs has reviewed this document and recommended that all who complete this self assessment, either in writing or by electronic means, be cognizant of the Public Record provisions of Chapter 132 of the NC General Statutes. A completed copy may constitute a Public Record releasable to the general public upon proper request. This should not discourage anyone from using or completing the self assessment, since its intent is to display a willingness to assess our operations against established standards and to determine where improvements need to be made. Users are encouraged to consult the Office of Legal Affairs if queried by external parties on its contents.

Bolded questions identify critical controls. A critical control is a control that will prevent or detect an error in the event that all other controls fail.

Internal Control Questionnaire

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

A. Integrity and Ethical Values

____ ____ 1. Are all employees in your unit aware of the University's policies concerning ethical behavior (i.e., [Code of Ethical Conduct](#), [Conflict of Interest](#), [Use of University Equipment](#))?

____ ____ 2. Are the expectations of ethical conduct communicated to all personnel in the unit?

____ ____ 3. Are unit personnel reminded of the anonymous or confidential means to report suspected improper activities as described in [Policy Statement #803](#)?

____ ____ 4. Are [Conflicts of Interest](#) (for EPA faculty and staff) and [Secondary Employment](#) (for SPA staff) identified and assessed according to university policy?

B. Management's Philosophy and Operating Style

____ ____ 5. Has management established overall objectives in the form of a mission statement, goals or other written operating statement(s)?

____ ____ 6. Do you compare actual performance with current goals and objectives on a monthly basis?

____ ____ **7. Are financial management performance measures routinely reviewed by senior management?**

____ ____ 8. Are unusual variances between the planned budget and actual expenditures examined and explained?

____ ____ 9. Does management promote a safety conscious environment and report potentially dangerous conditions to the appropriate agency for correction?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

C. Organizational Structure

____ ____ **10. Are written departmental policies and procedures periodically reviewed and approved by senior management and readily available for use by all employees?**

____ ____ **11. Is there an organizational chart that clearly defines the lines of management authority and responsibility?**

____ ____ 12. On at least an annual basis, does senior management review and update the organizational structure of the unit?

D. Assignment of Authority and Responsibility

____ ____ 13. Are sufficient training opportunities available to improve competency and update employees on new policies and procedures?

____ ____ **14. Are specific limits established for certain types of transactions and delegations clearly communicated and understood by employees within the unit?**

E. Human Resource Policies and Practices

____ ____ 15. Are individuals held accountable for satisfactory completion of performance elements described in their work plans?

____ ____ 16. Are job descriptions (and other documents that define key position duties/requirements) current, accurate and understood?

____ ____ 17. Have eligible supervisors attended LEAD (Leadership Enhancement And Development) training sponsored by the Human Resources Department?

____ ____ 18. Do all supervisors ensure subordinate staff members are aware of available training opportunities and encourage professional development activities?

____ ____ 19. Do those in your unit with supervisory duties have at least a working knowledge of the [University's HR policies and procedures](#)?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

____ ____ **20. Do appropriate supervisors conduct required annual evaluations based on current job descriptions and submit on time to Human Resources?**

____ ____ 21. Are employees cross-trained to ensure the uninterrupted performance of critical functions?

____ ____ **22. In accordance with PIM 34, are terminated employees interviewed upon departure to ensure that all keys, equipment, credit cards, etc. are returned by the departing employee?**

F. General Financial

____ ____ 23. Are appropriate department staff familiar with UNC Charlotte's [Financial Management Guidelines](#)?

____ ____ 24. Within your unit, are the duties for authorizing purchases, submitting requisitions, receiving goods, approving invoices and reconciling accounts separated between two or more employees?

____ ____ **25. Are reconciliations prepared on a regular basis comparing unit accounts against system reports and reviewed by someone other than the preparer?**

____ ____ 26. Are monthly telephone bills reviewed for accuracy and are all toll calls reviewed to identify personal long-distance phone calls requiring reimbursement?

____ ____ 27. Are travel authorizations obtained prior to commencing official travel?

____ ____ 28. Do travel reimbursement forms reflect only authorized business travel expenditures?

____ ____ 29. Are travel reimbursements properly reviewed by the traveler's supervisor, approved and submitted within 30 days of the conclusion of reimbursable travel?

G. Cash Handling

____ ____ 30. Does your department provide a standard University receipt to the payee when funds are received for the University?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

____ ____ **31. Are all cash receipts, including currency, checks and credit card payments, appropriately recorded and deposited intact into an authorized fund and account with the University Cashier's Office in accordance with the requirements of the Daily Deposit Act and University policies?**

____ ____ 32. Are duties of opening mail, processing cash received by mail, deposit work-up, and actually making the deposit separated among at least 2 different individuals (i.e., one individual is not responsible all these activities)?

____ ____ 33. Are the duties of collecting, processing, and depositing cash receipts performed by someone other than the person doing the monthly fund reconciliation?

____ ____ 34. Are keys to cash boxes and/or restricted files limited to the minimum number of essential employees and kept secure at all times?

____ ____ 35. Are all external bank accounts established only through the University Controller?

H. Payroll

____ ____ **36. Are individual employee time and attendance records prepared and signed by each SPA FLSA-Subject employee for each pay period?**

____ ____ **37. Does an employee's supervisor, or another designated individual who has specific knowledge regarding the hours worked by the employee, review and approve the individual time sheets within 2 weeks? ([See PIM 54](#))**

____ ____ 38. Are overtime hours, compensatory time, and other special benefits (on-call, shift premium) reviewed and approved by the employee's supervisor?

____ ____ 39. Are employees required to submit leave slips whenever they are absent from work?

____ ____ 40. Does each employee's supervisor approve leave slips and forward the original to Payroll?

____ ____ 41. Are individual employees encouraged to use Banner Self Service to track leave taken and address discrepancies with the Payroll Office?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

I. Safeguarding Assets

____ ____ 42. Are all department personnel reminded of their individual responsibilities related to University property as described in [Policy Statement #601.15](#)?

____ ____ **43. Does each piece of capital equipment have an inventory control tag and its location recorded with the Fixed Assets Officer?**

____ ____ 44. Has the department or college established a local tracking procedure for critical assets (e.g., laptops, digital cameras, and video projectors) not recorded as capital equipment?

____ ____ 45. Do department personnel safeguard University assets through use of appropriate security measures (e.g. locking desks, filing cabinets, offices, etc.)?

____ ____ 46. Is the Fixed Asset Officer notified of capital equipment that is scrapped, stolen, sold, traded in, loaned out, transferred or turned in as surplus?

____ ____ 47. Does the Department maintain records of University property on loan to an employee and use these records to ensure that all loaned University property (e.g., keys, laptop computers, cameras, cell phones, etc.) is returned prior to the employee's termination date or before transferring to another department?

J. Administration of Sponsored Programs

____ ____ **48. Are effort reports prepared and submitted on a regular basis in accordance with University requirements ([Policy Statement #60.1](#))?**

____ ____ 49. Do effort reports reflect actual effort applied to sponsored programs, and not payroll distribution or appointment status (unless it is identical to actual effort)?

____ ____ 50. Are effort reports certified by the individual whose effort is being reported, or by someone with direct knowledge of the effort expended?

____ ____ **51. Are supply and equipment purchases using grant funds made in accordance with sponsoring agency and federal rules and according to the approved grant budget?**

____ ____ 52. Are payments to vendors or subrecipients consistent with the contract or budgeted amount?

____ ____ 53. Does the Department maintain a central file location for the required

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

documentation related to grants (matching expenditures, time & effort reporting, etc)?

K. Change and Petty Cash Funds (applies only to departments with issued funds)

____ ____ 54. Is the change fund or petty cash fund balanced regularly to ensure cash and receipts equal the issued amount?

____ ____ 55. Are employees prohibited from using the change fund or petty cash fund to make loans (IOU's), or to cash personal or payroll checks?

____ ____ **56. Is the change fund or petty cash kept locked in a secure location except when being used to accept funds or transact business?**

____ ____ 57. Is the change fund or petty cash fund authorized balance assessed at least annually for the appropriateness to the supported activity (e.g., not too large or too small)?

L. Information Technology Management

____ ____ 58. For locally managed and maintained applications, is there documentation on the basic construction and functionality of the application and baseline performance data for future comparisons?

____ ____ 59. For locally managed and maintained applications, are there documented procedures that govern requesting, approving, granting and reviewing user access?

____ ____ 60. For locally managed and maintained applications, are there documented procedures that govern testing, approving and installing changes to the program software?

____ ____ 61. For locally managed and maintained servers, have environmental and physical security assessments been performed and appropriate mitigating measures implemented?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

____ ____ 62. For locally managed and maintained web servers, are there documented procedures that govern management and review of page content to ensure compliance with University standards?

____ ____ **63. For locally managed and maintained servers, are there documented procedures for routine data backup, disaster recovery and business continuity?**

____ ____ 64. For locally managed and maintained servers, are there documented procedures for regular review of access and error logs to detect potential security issues?

____ ____ 65. Does the department or college have a standard security briefing for faculty or staff traveling away from campus with University IT equipment (laptops, I-pads, etc.)?

____ ____ 66. Does the department or college have a standard security briefing for faculty or staff using University IT equipment from home (teleworking)?

____ ____ **67. Are individual users reminded of compliance expectations with University Information Technology policies and required to complete the [online security awareness training modules](#)?**

M. Purchasing

____ ____ 68. Are department staff members with purchasing responsibilities familiar with the University's [online Purchasing Manual](#)?

____ ____ 69. Is the Purchasing Department consulted before contracts are signed?

____ ____ **70. Are purchase orders or contracts approved by appropriately designated officials before issuance?**

____ ____ **71. Are changes to contracts or purchase orders subject to the same controls and approvals as the original agreement?**

____ ____ 72. Are purchases using University funds made only for valid business purposes?

____ ____ 73. Are all purchases using University funds delivered directly to the department (e.g., no purchases are delivered to addresses other than the University)?

YES NO (Write N/A if Not Applicable, D/K for Don't Know)

____ 74. Are vendor invoices checked for accuracy and agreement with purchase orders, contract terms, receiving reports, etc, to ensure proper payment?

____ 75. Are invoices received by the department submitted to Accounts Payable for payment in a timely manner?

____ 76. Are P-card purchases reviewed by the designated official(s) for appropriate University purpose and accurate expense accounting?

N. Miscellaneous Department Operations

____ 77. Have all members of the department been briefed within the last 180 days on the unit Continuity of Operations Plan (COOP) and individual preparedness measures?

____ **78. Has the building emergency evacuation plan been disseminated to all employees and tested at least annually?**

____ 79. Are documents maintained for the appropriate time period and disposed as prescribed by University retention policy ([Policy #605.3](#))?

____ 80. Have any of your employees been designated as "essential employees" under the provisions of [Policy Statement 701](#) and [Personnel Information Memorandum #12](#), and are these employees aware of this designation?

Introduction

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has issued the updated *Internal Control—Integrated Framework (Framework)* and a companion document: *Internal Control over Financial Reporting – Illustrative Tools for Assessing Effectiveness of a System of Internal Control (Illustrative Tools)*. It is expected that organizations will customize the templates presented in *the Illustrative Tools* to match the facts and circumstances in their particular organizations. To help organizations customize the templates for their assessment process and organization, this file is an extract of only the blank templates from the *Illustrative Tools*.

The form and use of the templates are explained in the Introduction to the *Illustrative Tools*; they should not be used without reading and understanding that chapter. Also, please refer to the *Framework* when using these templates, particularly, Chapter 2, Objectives, Components, and Principles, and Chapter 3, Effective Internal Control.

The templates are designed to present only a summary of assessment results. They are not an integral part of the *Framework*, and they may not address all matters that need to be considered when assessing a system of internal control. Further, they do not represent a preferred method of conducting and documenting an assessment. Their purpose is limited to illustrating one possible assessment process based on the requirements for effective internal control set forth in the *Framework*.

Four different templates are included:

- Overall Assessment—Summarizes management's determination of whether each of the components and relevant principles is present and functioning and components are operating together in an integrated manner.
- Components—Summarizes management's determination of whether each component and relevant principles are present and functioning. A template for each of the five components is included.
- Principles—Summarizes the controls to effect principles and management's determination of whether each relevant principle is present and functioning. A template for each of the seventeen principles is included.
- Deficiencies—A log of all identified internal control deficiencies that can be leveraged in the evaluation of components and principles, and can enable the internal control deficiencies to be aggregated.

1. Overall Assessment of a System of Internal Control

Overall Assessment of a System of Internal Control			
Entity or part of organization structure subject to the assessment (entity, division, operating unit, function)			
Objective(s) being considered for the scope of internal control being assessed		Considerations regarding management's acceptable level of risk	
Operations			
Reporting			
Compliance			
		Present? (Y/N)	Functioning? (Y/N)
Control Environment			Explanation/Conclusion
Risk Assessment			
Control Activities			
Information and Communication			
Monitoring Activities			
Are all components operating together in an integrated manner? Evaluate if a combination of internal control deficiencies, when aggregated across components, represent a major deficiency* <Update Summary of Deficiencies Template as needed>			
Is the overall system of internal control effective? <Y/N>*			
Basis for conclusion			

* If it is determined that there is a major deficiency, management must conclude that the system of internal control is not effective.

2. Component Evaluation

Component Evaluation – Control Environment				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
1. Demonstrates Commitment to Integrity and Ethical Values —The organization demonstrates a commitment to integrity and ethical values.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
2. Exercises Oversight Responsibility —The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation – Control Environment

		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
3. Establishes Structure, Authority, and Responsibility —Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
4. Demonstrates Commitment to Competence —The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation – Control Environment				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
5. Enforces Accountability —The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No		Explanation/Conclusion
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Risk Assessment

		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
6. Specifies Suitable Objectives —The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
7. Identifies and Analyzes Risks —The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Risk Assessment				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
8. Assesses Fraud Risk —The organization considers the potential for fraud in assessing risks to the achievement of objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
9. Identifies and Analyzes Significant Change —The organization identifies and assesses changes that could significantly impact the system of internal control.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No		Explanation/Conclusion
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Control Activities				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
10. Selects and Develops Control Activities —The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
11. Selects and Develops General Controls over Technology —The organization selects and develops general control activities over technology to support the achievement of objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Control Activities				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
12. Deploys through Policies and Procedures – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No	Explanation/Conclusion	
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Information and Communication

		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
13 Uses Relevant Information – The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
14 Communicates Internally – The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Information and Communication				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
15 Communicates Externally – The organization communicates with external parties regarding matters affecting the functioning of internal control.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No	Explanation/Conclusion	
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Monitoring Activities				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
16 Conducts Ongoing and/or Separate Evaluations – The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
17 Evaluates and Communicates Deficiencies – The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No	Explanation/Conclusion	
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

3. Principle Evaluation

Principle Evaluation – Control Environment

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

–The organization demonstrates a commitment to integrity and ethical values.

Points of Focus

- **Sets the Tone at the Top** – The board of directors and management at all levels of the entity demonstrate through their directives, actions, and behavior the importance of integrity and ethical values to support the functioning of the system of internal control.
- **Establishes Standards of Conduct** – The expectations of the board of directors and senior management concerning integrity and ethical values are defined in the entity's standards of conduct and understood at all levels of the organization and by outsourced service providers and business partners.
- **Evaluates Adherence to Standards of Conduct** – Processes are in place to evaluate the performance of individuals and teams against the entity's expected standards of conduct.
- **Addresses Deviations in a Timely Manner** – Deviations of the entity's expected standards of conduct are identified and remedied in a timely and consistent manner.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 1

Deficiencies Applicable to Principle 1

Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity – Is internal control deficiency a major deficiency? (Y/N)	Comments/ Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency.** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 2: Exercises Oversight Responsibility

—The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.

Points of Focus

- **Establishes Oversight Responsibilities**—The board of directors identifies and accepts its oversight responsibilities in relation to established requirements and expectations.
- **Applies Relevant Expertise**—The board of directors defines, maintains, and periodically evaluates the skills and expertise needed among its members to enable them to ask probing questions of senior management and take commensurate actions.
- **Operates Independently**—The board of directors has sufficient members who are independent from management and objective in evaluations and decision making.
- **Provides Oversight for the System of Internal Control**—The board of directors retains oversight responsibility for management’s design, implementation, and conduct of internal control:
 - *Control Environment*—Establishing integrity and ethical values, oversight structures, authority and responsibility, expectations of competence, and accountability to the board.
 - *Risk Assessment*—Overseeing management’s assessment of risks to the achievement of objectives, including the potential impact of significant changes, fraud, and management override of internal control.
 - *Control Activities*—Providing oversight to senior management in the development and performance of control activities.
 - *Information and Communication*—Analyzing and discussing information relating to the entity’s achievement of objectives.
 - *Monitoring Activities*—Assessing and overseeing the nature and scope of monitoring activities and management’s evaluation and remediation of deficiencies.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 2

Deficiencies Applicable to Principle 2

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 3: Establishes Structure, Authority, and Responsibility

—Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Points of Focus

- **Considers All Structures of the Entity**—Management and the board of directors consider the multiple structures used (including operating units, legal entities, geographic distribution, and outsourced service providers) to support the achievement of objectives.
- **Establishes Reporting Lines**—Management designs and evaluates lines of reporting for each entity structure to enable execution of authorities and responsibilities and flow of information to manage the activities of the entity.
- **Defines, Assigns, and Limits Authorities and Responsibilities** —Management and the board of directors delegate authority, define responsibilities, and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organization:
 - **Board of Directors** — Retains authority over significant decisions and reviews management’s assignments and limitations of authorities and responsibilities
 - **Senior Management**—Establishes directives, guidance, and control to enable management and other personnel to understand and carry out their internal control responsibilities
 - **Management**—Guides and facilitates the execution of senior management directives within the entity and its subunits
 - **Personnel**—Understands the entity’s standard of conduct, assessed risks to objectives, and the related control activities at their respective levels of the entity, the expected information and communication flow, and monitoring activities relevant to their achievement of the objectives
 - **Outsourced Service Providers**—Adheres to management’s definition of the scope of authority and responsibility for all non-employees engaged
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 3

Deficiencies Applicable to Principle 3

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 4: Demonstrates Commitment to Competence

—The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Points of Focus

- **Establishes Policies and Practices**—Policies and practices reflect expectations of competence necessary to support the achievement of objectives.
- **Evaluates Competence and Addresses Shortcomings**—The board of directors and management evaluate competence across the organization and in outsourced service providers in relation to established policies and practices, and act as necessary to address shortcomings.
- **Attracts, Develops, and Retains Individuals**—The organization provides the mentoring and training needed to attract, develop, and retain sufficient and competent personnel and outsourced service providers to support the achievement of objectives.
- **Plans and Prepares for Succession**—Senior management and the board of directors develop contingency plans for assignments of responsibility important for internal control.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 4

Deficiencies Applicable to Principle 4

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 5: Enforces Accountability

—The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Points of Focus

- **Enforces Accountability through Structures, Authorities, and Responsibilities**—Management and the board of directors establish the mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the organization and implement corrective action as necessary.
- **Establishes Performance Measures, Incentives, and Rewards**—Management and the board of directors establish performance measures, incentives, and other rewards appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives.
- **Evaluates Performance Measures, Incentives, and Rewards for Ongoing Relevance**—Management and the board of directors align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.
- **Considers Excessive Pressures**—Management and the board of directors evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities, develop performance measures, and evaluate performance.
- **Evaluates Performance and Rewards or Disciplines Individuals**—Management and the board of directors evaluate performance of internal control responsibilities, including adherence to standards of conduct and expected levels of competence and provide rewards or exercise disciplinary action as appropriate.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 5

Deficiencies Applicable to Principle 5

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle Evaluation – Risk Assessment

Principle 6: Specifies Suitable Objectives

—The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Points of Focus

Operations Objectives

- **Reflects Management's Choices**—Operations objectives reflect management's choices about structure, industry considerations, and performance of the entity.
- **Considers Tolerances for Risk**—Management considers the acceptable levels of variation relative to the achievement of operations objectives.
- **Includes Operations and Financial Performance Goals**—The organization reflects the desired level of operations and financial performance for the entity within operations objectives.
- **Forms a Basis for Committing of Resources**—Management uses operations objectives as a basis for allocating resources needed to attain desired operations and financial performance.

External Financial Reporting Objectives

- **Complies with Applicable Accounting Standards**—Financial reporting objectives are consistent with accounting principles suitable and available for that entity. The accounting principles selected are appropriate in the circumstances.
- **Considers Materiality**—Management considers materiality in financial statement presentation.
- **Reflects Entity Activities**—External reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.

External Non-Financial Reporting Objectives

- **Complies with Externally Established Standards and Frameworks**—Management establishes objectives consistent with laws and regulations, or standards and frameworks of recognized external organizations.
- **Considers the Required Level of Precision**—Management reflects the required level of precision and accuracy suitable for user needs and as based on criteria established by third parties in non-financial reporting.
- **Reflects Entity Activities**—External reporting reflects the underlying transactions and events within a range of acceptable limits.

Internal Reporting Objectives

- **Reflects Management's Choices**—Internal reporting provides management with accurate and complete information regarding management's choices and information needed in managing the entity.
- **Considers the Required Level of Precision**—Management reflects the required level of precision and accuracy suitable for user needs in non-financial reporting objectives and materiality within financial reporting objectives.
- **Reflects Entity Activities**—Internal reporting reflects the underlying transactions and events within a range of acceptable limits.

Compliance Objectives

- **Reflects External Laws and Regulations**—Laws and regulations establish minimum standards of conduct which the entity integrates into compliance objectives.
- **Considers Tolerances for Risk**—Management considers the acceptable levels of variation relative to the achievement of compliance objectives.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 6

Deficiencies Applicable to Principle 6				
Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 7: Identifies and Analyzes Risk

—The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

Points of Focus

- **Includes Entity, Subsidiary, Division, Operating Unit, and Functional Levels**—The organization identifies and assesses risks at the entity, subsidiary, division, operating unit, and functional levels relevant to the achievement of objectives.
- **Analyzes Internal and External Factors**—Risk identification considers both internal and external factors and their impact on the achievement of objectives.
- **Involves Appropriate Levels of Management**—The organization puts into place effective risk assessment mechanisms that involve appropriate levels of management.
- **Estimates Significance of Risks Identified**—Identified risks are analyzed through a process that includes estimating the potential significance of the risk.
- **Determines How to Respond to Risks**—Risk assessment includes considering how the risk should be managed and whether to accept, avoid, reduce, or share the risk.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 7

Deficiencies Applicable to Principle 7

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 8: Assesses Fraud Risk

—The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Points of Focus

- **Considers Various Types of Fraud**—The assessment of fraud considers fraudulent reporting, possible loss of assets, and corruption resulting from the various ways that fraud and misconduct can occur.
- **Assesses Incentive and Pressures**—The assessment of fraud risk considers incentives and pressures.
- **Assesses Opportunities**—The assessment of fraud risk considers opportunities for unauthorized acquisition, use, or disposal of assets, altering of the entity's reporting records, or committing other inappropriate acts.
- **Assesses Attitudes and Rationalizations**—The assessment of fraud risk considers how management and other personnel might engage in or justify inappropriate actions.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 8

Deficiencies Applicable to Principle 8

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 9: Identifies and Analyzes Significant Change

—The organization identifies and assesses changes that could significantly impact the system of internal control.

Points of Focus

- **Assesses Changes in the External Environment**—The risk identification process considers changes to the regulatory, economic, and physical environment in which the entity operates.
- **Assesses Changes in the Business Model**—The organization considers the potential impacts of new business lines, dramatically altered compositions of existing business lines, acquired or divested business operations on the system of internal control, rapid growth, changing reliance on foreign geographies, and new technologies.
- **Assesses Changes in Leadership**—The organization considers changes in management and respective attitudes and philosophies on the system of internal control.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 9

Deficiencies Applicable to Principle 9

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle Evaluation – Control Activities

Principle 10: Selects and Develops Control Activities

—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Points of Focus

- **Integrates with Risk Assessment**—Control activities help ensure that risk responses that address and mitigate risks are carried out.
- **Considers Entity-Specific Factors**—Management considers how the environment, complexity, nature, and scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.
- **Determines Relevant Business Processes**—Management determines which relevant business processes require control activities.
- **Evaluates a Mix of Control Activity Types**—Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.
- **Considers at What Level Activities Are Applied**—Management considers control activities at various levels in the entity.
- **Addresses Segregation of Duties**—Management segregates incompatible duties, and where such segregation is not practical management selects and develops alternative control activities.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 10

Deficiencies Applicable to Principle 10

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 11: Selects and Develops General Controls over Technology

—The organization selects and develops general control activities over technology to support the achievement of objectives.

Points of Focus

- **Determines Dependency between the Use of Technology in Business Processes and Technology General Controls**—Management understands and determines the dependency and linkage between business processes, automated control activities, and technology general controls.
- **Establishes Relevant Technology Infrastructure Control Activities**—Management selects and develops control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of technology processing.
- **Establishes Relevant Security Management Process Control Activities**—Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity’s assets from external threats.
- **Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities**—Management selects and develops control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve management’s objectives.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 11

Deficiencies Applicable to Principle 11

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 12: Deploys through Policies and Procedures

—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Points of Focus

- **Establishes Policies and Procedures to Support Deployment of Management’s Directives**—Management establishes control activities that are built into business processes and employees’ day-to-day activities through policies establishing what is expected and relevant procedures specifying actions.
- **Establishes Responsibility and Accountability for Executing Policies and Procedures**—Management establishes responsibility and accountability for control activities with management (or other designated personnel) of the business unit or function in which the relevant risks reside.
- **Performs in a Timely Manner**—Responsible personnel perform control activities in a timely manner as defined by the policies and procedures.
- **Takes Corrective Action**—Responsible personnel investigate and act on matters identified as a result of executing control activities.
- **Performs Using Competent Personnel**—Competent personnel with sufficient authority perform control activities with diligence and continuing focus.
- **Reassesses Policies and Procedures**—Management periodically reviews control activities to determine their continued relevance, and refreshes them when necessary.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 12

Deficiencies Applicable to Principle 12

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle Evaluation—Information and Communication

Principle 13: Uses Relevant Information

—The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Points of Focus

- **Identifies Information Requirements**—A process is in place to identify the information required and expected to support the functioning of the other components of internal control and the achievement of the entity's objectives.
- **Captures Internal and External Sources of Data**—Information systems capture internal and external sources of data.
- **Processes Relevant Data into Information**—Information systems process and transform relevant data into information.
- **Maintains Quality throughout Processing**—Information systems produce information that is timely, current, accurate, complete, accessible, protected, and verifiable and retained. Information is reviewed to assess its relevance in supporting the internal control components.
- **Considers Costs and Benefits**—The nature, quantity, and precision of information communicated are commensurate with and support the achievement of objectives.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 13

Deficiencies Applicable to Principle 13

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle.* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 14: Communicates Internally

—The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Points of Focus

- **Communicates Internal Control Information**—A process is in place to communicate required information to enable all personnel to understand and carry out their internal control responsibilities.
- **Communicates with the Board of Directors**—Communication exists between management and the board of directors so that both have information needed to fulfill their roles with respect to the entity's objectives.
- **Provides Separate Communication Lines**—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.
- **Selects Relevant Method of Communication**—The method of communication considers the timing, audience, and nature of the information.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 14

Deficiencies Applicable to Principle 14

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle.* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 15: Communicates Externally

—The organization communicates with external parties regarding matters affecting the functioning of internal control.

Points of Focus

- **Communicates to External Parties**—Processes are in place to communicate relevant and timely information to external parties including shareholders, partners, owners, regulators, customers, and financial analysts and other external parties.
- **Enables Inbound Communications**—Open communication channels allow input from customers, consumers, suppliers, external auditors, regulators, financial analysts, and others, providing management and the board of directors with relevant information.
- **Communicates with the Board of Directors**—Relevant information resulting from assessments conducted by external parties is communicated to the board of directors.
- **Provides Separate Communication Lines**—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.
- **Selects Relevant Method of Communication**—The method of communication considers the timing, audience, and nature of the communication and legal, regulatory, and fiduciary requirements and expectations.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 15

Deficiencies Applicable to Principle 15

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle Evaluation—Monitoring Activities				
Principle 16: Conducts Ongoing and/or Separate Evaluations				
—The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.				
Points of Focus				
<ul style="list-style-type: none"> • Considers a Mix of Ongoing and Separate Evaluations—Management includes a balance of ongoing and separate evaluations. • Considers Rate of Change—Management considers the rate of change in business and business processes when selecting and developing ongoing and separate evaluations. • Establishes Baseline Understanding—The design and current state of an internal control system are used to establish a baseline for ongoing and separate evaluations. • Uses Knowledgeable Personnel—Evaluators performing ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated. • Integrates with Business Processes—Ongoing evaluations are built into the business processes and adjust to changing conditions. • Adjusts Scope and Frequency—Management varies the scope and frequency of separate evaluations depending on risk. • Objectively Evaluates—Separate evaluations are performed periodically to provide objective feedback. • (Other entity specific points of focus, if any) 				
Summary of Controls to Effect Principle 16				
Deficiencies Applicable to Principle 16				
Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.

Principle 17: Evaluates and Communicates Deficiencies

—The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Points of Focus

- **Assesses Results**—Management and the board of directors, as appropriate, assess results of ongoing and separate evaluations.
- **Communicates Deficiencies**—Deficiencies are communicated to parties responsible for taking corrective action and to senior management and the board of directors, as appropriate.
- **Monitors Corrective Actions**—Management tracks whether deficiencies are remediated on a timely basis.
- (Other entity specific points of focus, if any)

Summary of Controls to Effect Principle 17

Deficiencies Applicable to Principle 17

Identification No.	Internal control deficiency description	Evaluate preliminary deficiency severity: (Consider whether other controls to effect this principle compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Preliminary Severity—Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
Evaluate deficiencies within the principle:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered within the principle, represent a major deficiency** <Update Summary of Deficiencies Template as required>		<Explanation>		
Evaluate the principle using judgment.**		Y/N	Explanation/Conclusion	
Is the principle present?				
Is the principle functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the principle is not present and functioning and the system of internal control is not effective.



***Guide
for
Self Assessment
of
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Developed and Provided by
The Internal Audit Department

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