

Control Environment Evaluation Questionnaire

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

Agency _____

Date _____

Evaluator _____

This questionnaire contains a series of yes or no questions for consideration in management's evaluation of the control environment. The list is not considered exhaustive, but merely as a starting point for analysis. Not all questions will be applicable to all agencies. Management is encouraged to modify or add questions as needed. Based on the evaluation of the control environment, management may consider opportunities for improving the control environment. Suggested steps to develop the control environment are in "Developing the Control Environment" in the Control Environment section: [\[Link\]](#)

Yes | No | N/A

- | | | | | |
|-----|-----|-----|----|--|
| ___ | ___ | ___ | 1. | Are the State of Indiana Employee Handbook, the State Ethics Code, and other statewide policies emphasized to employees by management? |
| ___ | ___ | ___ | 2. | If applicable, is an agency code of conduct communicated prominently throughout the agency? |
| ___ | ___ | ___ | 3. | Is the agency code of conduct periodically updated and reviewed (i.e., the code of conduct reviewed on an annual basis)? |
| ___ | ___ | ___ | 4. | Does the agency have an anonymous and confidential Whistleblower policy for communicating and receiving information regarding fraud, errors in financial reporting and misrepresentation or false statements made by management? |
| ___ | ___ | ___ | 5. | Have transactions been executed in accordance with the agency code of conduct and approved written policies and procedures? |
| ___ | ___ | ___ | 6. | Does management analyze and document the knowledge and skills required to accomplish tasks? |
| ___ | ___ | ___ | 7. | Are job responsibilities formally documented and reviewed annually by management and other individuals in a position of influence over financial reporting? |
| ___ | ___ | ___ | 8. | Has management established overall objectives in the form of a mission statement, goals, or other written operating statement(s)? |

Control Environment Evaluation Questionnaire

(Continued)

Yes | No | N/A

- ___ ___ ___ 9. Have objectives been clearly communicated to all employees?
- ___ ___ ___ 10. Are objectives established for key areas (i.e., operations, financial reporting, compliance, etc.)?
- ___ ___ ___ 11. Are policies and procedures consistent with statutory authority?
- ___ ___ ___ 12. Are operations performed in accordance with statutes governing the public agency?
- ___ ___ ___ 13. Does senior management review financial results and performance measures regularly?
- ___ ___ ___ 14. Are unusual variances between budget and actual examined?
- ___ ___ ___ 15. Does the agency compare its actual performance with its goals and objectives?
- ___ ___ ___ 16. Does management follow-up on audit findings?
- ___ ___ ___ 17. Are written policies and procedures for all major areas periodically reviewed and approved by leadership and readily available for use by all employees?
- ___ ___ ___ 18. Is there an organizational chart that clearly defines the lines of authority and responsibility?
- ___ ___ ___ 19. Does senior management review and update the organizational structure of the agency?
- ___ ___ ___ 21. Is monitoring of the agency's operations adequate?
- ___ ___ ___ 22. Are specific limits established for certain types of transactions and delegations clearly communicated and understood by employees within the agency?
- ___ ___ ___ 23. Have specific lines of authority and responsibility been established to ensure compliance with Federal and State laws and regulations?
- ___ ___ ___ 24. Does management understand the concept and importance of internal controls, including division of responsibility?

Control Environment Evaluation Questionnaire

(Continued)

Yes | No | N/A

- ___ ___ ___ 25. Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?
- ___ ___ ___ 26. Are responsibilities segregated so that no single employee controls all phases of a transaction?
- ___ ___ ___ 27. Are there adequate policies and procedures for authorization and approval of transactions at the appropriate level?
- ___ ___ ___ 28. Are sufficient training opportunities to improve competency and update employees on new policies and procedures available?
- ___ ___ ___ 29. If known areas of knowledge are limited, has help been enlisted from peers, auditors, or outside consultants to identify alternatives and suggest solutions?
- ___ ___ ___ 30. Have managers been provided with clear goals and direction from the governing body or top management?
- ___ ___ ___ 31. Is information (i.e., findings, recommendations, etc.) provided by external auditors considered and acted upon in a timely manner?
- ___ ___ ___ 32. Does management ensure compliance with the State's and/or agency's personnel policies and procedures concerning hiring, evaluating, promoting, compensating, and terminating employees?
- ___ ___ ___ 33. Are job descriptions (and other documents that define key position duties/requirements) current, accurate and understood?
- ___ ___ ___ 34. Are employees cross-trained to ensure the uninterrupted performance of personnel functions?
- ___ ___ ___ 35. Does the agency have mechanisms in place to anticipate, identify, and react to risks presented by changes in government, economic, industry, regulatory, operating, or other conditions that can affect the achievement of the agency's goals and objectives?
- ___ ___ ___ 36. Is risk identification incorporated into management's short-term and long-term forecasting and strategic planning?

Control Environment Evaluation Questionnaire
(Continued)

Opportunities for Improvement

Based on answers to self-evaluation questions, management should list improvements that must be made to ensure a sufficient control environment, focusing on key controls first.

Controls to be improved:

REFERENCE COPY