Purpose: Agency-wide Control Environment Self-Assessment Tool
Target Audience: Agency Senior Management
Frequency of Review/Completion: Annually

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	**CONTROL ENVIRONMENT: Integrity and Ethical Values**
1	Agency management fosters and encourages an agency culture that emphasizes the importance of integrity and ethical values.	Agency senior management has set the proper "tone at the top" by emphasizing the importance of ethical behavior through formal and informal communication, including implementation of the Code of Conduct Policy.	1. Management fosters and encourages ethical behavior through training and communication (e.g., ethics/code of conduct training). 2. The agency head and other applicable senior staff have signed the code of conduct certification. 3. Ethics-related communications and training materials are periodically re-evaluated and updated as necessary.					- MS 43A.38, Code of Ethics - MS 16C.04, Code of Ethics for Procurement - MMB Operating Policy and Procedure 0103-01, *Code of Conduct for Employees with Accounting, Auditing, Financial Reporting, or Tax Filing Duties*
2	The agency's positive culture promotes appropriate moral and ethical behavior in dealings with co-workers. Employees know what kind of behavior is acceptable.	Agency management has communicated appropriate ethical and moral behavioral standards, disciplinary actions for unacceptable behavior and a method for employees to comfortably report questionable behavior.	1. Applicable employees have current Code of Conduct certifications on file. 2. All employees are made aware of the Code of Ethics statute.* 3. The types of disciplinary actions that can be taken are widely communicated, including penalties for misappropriation or misuse of funds. 4. The agency has established a communication mechanism for employees to raise ethical concerns or potential Code of Conduct violations without fear of retaliation. Employees are made aware of both internal and external (e.g., MMB Human Resources, OLA, etc.) resources for seeking advice on ethical/code of conduct issues. 5. The agency has a formal internal process for investigating and resolving alleged wrongdoings, conflicts of interest or code of conduct concerns from employees, recipients, customers, vendors and other outside parties. 6. As necessary, management takes appropriate action in response to conflicts of interest, ethical and Code of Conduct violations.					- MS 13.09 *Data Practices, Penalties* - MS 15.43 *Acceptance of Advantage by State Employee, Penalty* - MS 43A.38, *Code of Ethics* - MS 609.456, Subd. 2, *Theft, embezzlement, or unlawful use of public funds or property* - Minnesota Rules 3900.9500, *Reporting and Investigating Conflicts of Interest* - MMB Operating Policy and Procedure 0103-01, *Code of Conduct for Employees with Accounting, Auditing, Financial Reporting, or Tax Filing Duties*

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Page 1 of 11

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3	Management has a sound basis for setting and monitoring-budgets and does not pressure employees to circumvent budget statutes, rules and instructions.	Management sets appropriate agency budgets and spending plans based on direct appropriations and reasonable estimates of dedicated revenues. Management actively monitors budget variances to ensure spending does not exceed allowable limits and money appropriated by law is only used for its intended purpose.	Budget 1. The agency has explicit legal authority to collect all planned sources of revenue and make all planned expenditures. 2. All planned revenues and expenditures are consistent with legislative intent and recorded in the state's accounting and procurement system or approved subsystem. 3. All legal funding sources are recognized, with accurate direct appropriation amounts and revenue estimates that are reasonable and represent the most likely scenario. 4. The agency's spending plan is structurally balanced, such that all known obligations are included and adequately funded within available resources. 5. Budgets and spending plans contain adequate resources to meet federal and state requirements for matching funds, maintenance of effort, and earmarking goals. 6. Agency cash flow requests for capital expenditures and federal funds reflect realistic cash flow needs. Monitoring 7. Management has procedures and reporting mechanisms in place to monitor variances from the spending plan and dedicated revenue estimates. Corrective action is taken as needed. 8. Management takes full responsibility for potential budget variances by developing and revising contingency plans as needed.					- MS 16A.10, *Budget Preparation* - MS 16A.14, *Subd.3, Spending Plans* - MS 16A.095, *Subd. 2a, Budget System Mutual Cooperation* - MS 16A.138, *Officials Not to Exceed Appropriation* - MS16A.139, *Misappropriation of Money* - 31 CFR Part 205, Rules for Federal-State Funds Transfers - MMB Policy and Procedures 0306-01, Appropriations and 0901-02 Fiscal Year-End Closing Transactions - MMB Annual Budget & Accounting Instructions - MMB Biennial and Supplemental Budget Instructions Memos
4	The agency provides the legislature and other oversight bodies with timely and accurate information to allow monitoring of agency activities.	Financial and operational or/program reports to the legislature, federal agencies and the public are proper and accurate (not intentionally misleading).	1. Internal and external reports are based on verifiable information. * 2. Appropriate management reviews occur prior to report submission to parties outside the agency. *					

Integrity and Ethical Values: Conclusions Reached and Actions Needed

CONTROL ENVIRONMENT: Management's Philosophy and Operating Style

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5	Agency employees have a clear understanding of the organization's mission, goals and objectives.	The agency's mission, goals and objectives are formally communicated to all employees.	1. The agency has a formal mission statement, goals and objectives.* 2. The agency's mission statement, objectives and goals are communicated to employees.*					
6	Employees understand how their job duties and responsibilities help to promote a strong internal control environment.	Management communicates expectations for control activities to all employees. All employees are aware of their duties relating to internal control and compliance.	1. Employees have access to policies and procedures related to their job duties.* 2. Agency policies and procedures are up-to-date and match actual operating practices.* 3. Agency policies and procedures are compliant with state and federal program requirements.* 4. Appropriate backup exists for critical functions, including employee cross-training of critical tasks.*					
7	Management looks externally for opportunities to improve the internal control process.	Management actively monitors outside resources for internal control best practices or trends.	1. Management routinely monitors relevant external sources and makes improvements to processes and internal control processes as appropriate. External sources may include:* - New federal/state laws and regulations - GAO federal program audits & alerts - MMB, OET and Admin updated guidance and policies - MMB Internal Control Bulletins - OLA Audit Reports - Professional organizations - Applicable peer groups Note: In place of internal monitoring, agencies may have a resource outside the agency that provides updates/alerts on one or more of the sources listed above.*					
Management's Philosophy and Operating Style: Conclusions Reached and Actions Needed								

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			CONTROL ENVIRONMENT: Organizational Structure					
8	The agency's organizational structure facilitates coordination and flow of information throughout the agency.	The agency's organizational structure is appropriate and communicated throughout the organization.	1. The agency has an up-to-date organizational structure that appropriately reflects reporting lines and is organized in the interest of economy and efficiency.* 2. An accurate and updated organizational structure showing key areas of responsibility is available to all employees.*					
9	The agency is able to maintain its priority services during an event that might threaten to disrupt those services.	The agency has developed plans to maintain priority services in the event of a disruption.	1. The agency has performed a risk assessment and business impact analysis on its operations to identify critical functions, recovery timeframes and necessary resources, such as staffing, IT, equipment and physical location requirements. 2. The agency's recovery strategy has been tested to ensure it meets recovery time and recovery point objectives. 3. The agency's continuity plans are documented and periodically reviewed, tested and updated. 4. The agency has identified, prioritized and ranked their government services according to MMB Service Continuity guidance. 5. The agency understands it's role and responsibility in the event of a disaster or prolonged disruption of government services. 6. Employees have been educated and informed of their role or responsibility during a disaster or prolonged disruption of government services.					- MS 15.06, subd. 6(3) Appointment of Department Heads; Terms; Deputies - OET Policy, *Continuity of Operations* - Governor's Executive Order 7-14, *Updating State Agency Emergency Planning* - MMB Administrative Policy 5.4, *Time Off in Emergencies*
Organizational Structure: Conclusions Reached and Actions Needed								

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colspan 9	CONTROL ENVIRONMENT: Assignment of Authority and Responsibility							
10	The agency assigns authority and delegates responsibility to the proper personnel to achieve the agency goals and objectives.	Authority and responsibility are clearly assigned. Responsibility for decision-making is clearly linked to the assignment of authority, and individuals are held accountable accordingly. There is an appropriate balance between delegation of authority at lower levels to "get the job done" and the involvement of senior-level personnel.	1. Formal delegations of duties are signed and on file. 2. Position descriptions clearly indicate authority and decision-making responsibilities.*					- MS 15.06, Subd. 6 Appointment of Department Heads; Terms; Deputies. - MS 16C.03, Subd. 16, Delegation of Duties (for purchasing and contracting). - MS 43A.36 *Relations with Other Agencies and Jurisdictions* (designation of agency personnel officer) - MMB Administration Procedure 36, *Delegation of Authority*

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11	Management ensures that agency information is appropriately protected against loss, corruption or misuse.	Management establishes appropriate levels of access and security over electronic and hard copy information.	1. Employee access is limited to data or information necessary to perform their jobs. 2. Mitigating control procedures are documented and performed whenever segregation of duties cannot be systematically or manually enforced in sensitive processes, such as cash receipts, cash disbursements and payroll functions. 3. Data that is not public is clearly identified and protected. Employees are adequately trained in the Data Practices Act and other relevant standards. Data request procedures are documented and accessible to employees. 4. Only information applicable to the agency's responsibilities is collected and retained; extraneous information is disposed of appropriately. 5. Up-to-date record retention schedules are maintained, and records are disposed of according to state law. 6. Management has appropriate security policies and tools in place to protect electronic and hard copy information and assets. Examples include: - Computer system authentication and access procedures that limit employee and authorized third party access to systems, applications and networks. - Security management incident procedures, including notification to the OET of active security incidents that potentially pose a risk to the state as a whole. - Security and limited access procedures covering hard copy information (e.g., sensitive documents, checks, etc.).					- MS 13.03, Subd. 2; 13.05, Subd. 1,3,5, & 8; 13.055; MN *Data Practices* - MS 15.17, Subd. 2, *Official Records* - MS 16E.01, OET *(IT oversight, leadership & direction)* - MS 138.17, Subd. 7, *Government Records* - MR 1205.0800, *Classification of Data* - MR 1205.1100, *Training* - MR 1205.1300, *Administering Private & Confidential Data* - Administration Policy FMR-1I-01, *Records Mgt* - OET Standard, *Computerized Info. Resources Security* - OET Policy, *IS Incident Mgmt* - OET Policy, *Portable Computing Devices* - OET Policy, *Ent. Security Tech. Control* - MMB HR045, *SEMA4 Security* - MMB Statewide Policy, *Telecommuting* - MMB Operating Policy and Procedure 1101-07, *Security and Access*

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12	Valuable assets are appropriately safeguarded.	Assets that are particularly vulnerable to loss, theft, damage, or unauthorized use, such as cash, securities, supplies, inventories, and equipment, are physically secured and access to them controlled.	1. Physical safeguarding policies and procedures have been developed, implemented and communicated to all employees.* 2. Assets such as cash, securities, supplies and inventories are periodically counted, compared to control records and exceptions examined.* 3. Cash, checks and negotiable securities are maintained under lock and key and access restricted access strictly controlled.* 4. Forms such as blank checks and purchase orders and sequentially pre-numbered, physically secured, and access strictly controlled.* 5. Mechanical check signers and signature plates are physically protected and access strictly controlled.*					
13	Agency facilities are protected against unauthorized physical access.	Agency facilities contain appropriate physical security to protect employees, agency information and valuable assets.	1. Access to agency facilities is controlled via locks, access cards, guards, and/or other physical controls as appropriate.* 2. Access to premises and facilities are controlled by card access devices, guards and/or other physical controls as appropriate.* 3. Agency information and vulnerable assets are properly safeguarded in areas that are open to the public.* 4. Access to facilities are restricted and controlled during non-working hours.*					
Assignment of Authority and Responsibility: Conclusions Reached and Actions Needed								
CONTROL ENVIRONMENT: Human Resource Policies and Practices								
14	Agency management strives to recruit and retain competent people to carry out agency mission, goals and objectives.	Management follows human resource policies that promote consistent practices to recruit and retain competent people.	1. Policies and procedures are in place for hiring, evaluating, promoting, compensating, disciplining, and terminating employees. 2. Applicable employees receive formal performance evaluations at least annually. 3. Appropriate remedial action is taken when performance expectations are not met.					- MS 43A, *State Personnel Management* - MS 43A.20, *Performance Appraisal and Pay* - MMB Administrative Procedures - Bargaining units and plans

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Human Resource Policies and Practices: Conclusions Reached and Actions Needed								
CONTROL ENVIRONMENT: Commitment to Competence								
15	Management ensures new hires have the appropriate level of knowledge and skills needed to satisfactorily perform their jobs.	Agency management has identified and defined the tasks required to accomplish particular jobs and fill various positions.	1. Minimum qualifications are determined before hiring commences. 2. Vacant positions are filled based on the expectations of that position. 3. Background checks are conducted on candidates for employment as appropriate.*					- MS 43A.01, *Merit Policies* - MS 43A.09, *Recruitment* - MS 43A.10, Subd. 2a, *Selection Process; Eligibility to Compete* - MS 43A.14 *appointments* - Minnesota Rules 3900.3200, *Public Notice* - Minnesota Rules 3900.4500, Subp. 1, *Assessment of Applicants* - MMB Administrative Procedure 9B. *Employee Notice of Vacancy Announcements* - MMB Administrative Procedure 10A, *Requisition, Referral & Selection* - MMB Administrative Procedure 14, *Appointments* - MMB Administrative Procedure 20, *Job Clarification/Performance Appraisal* - Bargaining Unit Agmts

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16	New hires are aware of the agency's mission, goals, objectives and expected ethical behavior. They clearly understand their responsibilities and the expectations of their jobs.	Responsibilities and expectations are clearly communicated to new employees.	1. The agency has agency-specific standard procedures for new employee orientation, including communicating the agency mission, goals, objectives, the state's code of ethics statute, and relevant policies. * 2. New employees sign certifications of agreement to comply with Code of Conduct, as applicable. 3. New employees receive and sign a position description upon hiring. 4. New employees receive feedback during their probationary period.					- MS 43A.38, *Code of Ethics* - MMB Operating Policy and Procedure 0103-01, *Code of Conduct for Employees with Accounting, Auditing, Financial Reporting, or Tax Filing Duties* - MMB Administrative Procedure 20, *Job Clarification/Performance Appraisal*
17	The agency continually seeks to improve or maintain employee knowledge and skills.	The agency provides training and coaching in order to help employees maintain and improve competence for their jobs.	1. Formal and/or on-the-job training is provided to ensure employees are properly prepared to perform their job duties. 2. New managers and supervisors receive appropriate training to prepare them for their new responsibilities (e.g., manager/supervisor development core training). 3. Employees have up-to-date position descriptions that clearly reflect their job duties. 4. Development plans are on file for all employees if needed, to improve present performance, prepare the employee for new responsibilities, or if requested by the employee. 5. Employees receive/obtain information and training about internal controls, as it pertains to one's position, role, and responsibilities to enable each employee to contribute effectively to maintaining an effective internal control system.					- MS 43A.21, *Training Programs* - MMB Administrative Procedure 20, *Job Clarification/Performance Appraisal* - MMB Administrative Procedure 21, *Employee Training and Development* - MMB Administrative Procedure 21D, *Work-Training* - MMB Operating Policy 0102-01, *Internal Control*
Commitment to Competence: Conclusions Reached and Actions Needed								

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			CONTROL ENVIRONMENT: Oversight Groups					
18	Management values opportunities to improve internal controls and correct deficiencies.	Management places a high degree of importance on audits and audit reports, including reports issued by the Legislative Auditor's Office.	1. Management has a plan to develop, document, implement and continuously monitor a comprehensive internal control system. 2. Management requires full cooperation with legislative and external auditors who are acting in their capacity to examine official accounting records, financial reports, or tax filings. 3. Management has established follow-up procedures to ensure that appropriate change or corrective actions have occurred in a timely manner. 4. Management has developed corrective action plans, including the name of the person responsible and a target date for resolution, for all internal control weaknesses reported by legislative or other auditors. 5. Management has periodically communicated progress on audit resolution to Minnesota Management and Budget. 6. Management reports evidence of unlawful employee actions promptly in writing to the Legislative Auditor, as required.					- MS 3.978, Subd. 2, *Duty to Aid Legislative Auditor* - MS 10.47, *Long-distance telephone misuse* - MS 16A.057, Subd. 5, *Internal Controls and Internal Auditing* - MS 43A.39, Subd. 2, *Substantial violations of the code of ethics* - MS 609.456, Subd. 2, *Theft, embezzlement, or unlawful use of public funds or property.* - MMB Operating Policy and Procedure 0103-01, *Code of Conduct for Employees with Accounting, Auditing, Financial Reporting, or Tax Filing Duties* - MMB Operating Policy and Procedure 0102-01, *Internal Control*

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19	Management performs top level reviews of actual performance	Within the agency, performance measures and indicators are in place to monitor and review actual performance of operations and programs to planned or expected results.	1. Management tracks major agency achievements and compares these to plans, goals and objectives. Significant differences are analyzed and corrective actions taken as necessary.* 2. If applicable, internal controls are monitored via the internal audit function. The internal audit function is independent of the areas being audited. Audit recommendations are monitored and followed up for appropriate and timely resolution.* 3. Management monitors sub-recipient spending of federal awards, including ensuring independent audits.					- OMB Circular A-133.225 and .400 - 31 USC 7502(f)(2)(B)
20	The agency actively engages with the legislature, oversight committees and/or oversight boards.	The agency provides the legislature, grantors, other oversight boards, and the public sufficient information to allow independent review and appraisal of agency operations.	1. The agency publishes and distributes all reports required by statute and grantor program requirements. 2. Agency officials meet regularly with the legislature, oversight committees and/or oversight boards to discuss major issues affecting operations, internal control, performance and other major agency activities and programs.*					- MS 15.063, Biennial Reports; Submission - MS 43A.04, Subd. 1a(6)

Oversight Groups: Conclusions Reached and Actions Needed

CONTROL ENVIRONMENT: GENERAL CONCLUSIONS REACHED AND ACTIONS NEEDED

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