

# Minnesota Management & Budget Statewide Procedure

Minnesota Management & Budget, Internal Control & Accountability  
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## Control Environment Procedure

### Objective

To ensure that state agency assets are safeguarded, resources are properly used, and financial information is reliable. The control environment is one component of the Internal Control Integrated Framework, and is vital to an effective internal control system. It provides discipline and a foundational structure for internal control within an organization. The development and annual assessment of the control environment helps management evaluate their overall control environment, determine how well it is performing, and identify any needed improvements.

### General Procedures

Step	Action	Responsible Party	Timeline
1.	Establish a team to evaluate and document the agency's control environment. Senior management involvement in this process is critical to its success.	Agency Head/Agency Management	Annually
2.	Perform a thorough assessment of the agency's current control environment. Develop an action plan appropriate to address needed enhancements or improvements. Document the assessment by using MMB's Internal Control & Accountability's Control Environment Tool ( <a href="http://www.mmb.state.mn.us/ic-control-env.">http://www.mmb.state.mn.us/ic-control-env.</a> ) or some other similar assessment tool.	Agency Head/Agency Management	Annually
3.	Identify individuals within your organization who are to be held responsible and accountable for timely resolution/implementation of identified control environment deficiencies or action plans.	Agency Head/Agency Management	Annually
4.	Ensure that the control environment documentation is organized, easily accessible, regularly reviewed, and updated.	Agency Head/Agency Management	Annually
5.	Complete and sign the Control Environment Certification form and return it with a copy of your agency's completed Control Environment Tool to MMB's Internal Control & Accountability Unit.	Agency Head/Agency Management	July 31 <sup>st</sup> Annually
6.	Monitor progress on implementing the identified control environment action plans. Reassess annually and update as appropriate.	Agency Head/Agency Management	Ongoing

### Forms

Control Environment Tool: (<http://www.mmb.state.mn.us/ic-control-env>)

MMB Agency Head Control Environment Certification Form, Fiscal Year 2012  
(<http://www.mmb.state.mn.us/ic-control-env>)

**Related Policies and Procedures**

MMB Operating Policy 0102-01, Internal Controls  
(<http://www.mmb.state.mn.us/doc/statewide-financial/ch1/0102-01.pdf>)

Instructions for Evaluating & Documenting an Agency's Control Environment  
(<http://www.mmb.state.mn.us/ic-control-env>)