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MEMORANDUM

TO : The Service Directors
Administrative Service
Climate Change Service
Financial and Management Service
Foreign-Assisted and Special Projects Service
Human Resource Development Service
Internal Audit Service
Knowledge and Information Systems Service
Legal Affairs Service
Policy and Planning Service
Strategic Communication and Initiatives Service

FROM : The Assistant Secretary
Finance, Information Systems and Mining Concerns

SUBJECT : **AGENCY-LEVEL CONTROLS CHECKLIST**

DATE : **AUG 23 2023**

This refers to the attached letter of Atty. Edson M. Yambot, Audit Team Leader, DENR-CO, requesting for the accomplishment/updating of the Agency-Level Control Checklist template. This request is in connection with Commission on Audit's (COA) audit of accounts and transactions of the DENR-CO for CY 2023.

Please submit the accomplished checklist to the COA not later than August 24, 2023 in hard and soft copies **with duly supported documents (Means of Verification)**. The e-copy shall be sent to email address oa1coadenrco@gmail.com. You may download the e-copy of the checklist template from this link <https://bit.ly/DENRControlChecklist2023>.

Should you have further clarification, you may directly coordinate with COA. Kindly furnish this Office with your outputs for monitoring purposes.

For your appropriate action.


ENGR. NONITA S. CAGUIOA



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
NATIONAL GOVERNMENT AUDIT SECTOR
CLUSTER 8- AGRICULTURE AND ENVIRONMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES I
Visayas Ave., Diliman, Quezon City

Office of the Auditor – Audit Team NCR-01

August 11, 2023

Secretary MARIA ANTONIA YULO LOYZAGA
Department of Environment and Natural Resources
Visayas Ave., Diliman, Quezon City

Attention: **IMELDA R. DELA CRUZ**
OIC Director, Financial and Management Service

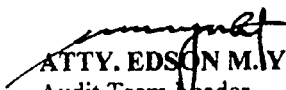
CHERYL LOISE T. LEAL
OIC Director, Policy and Planning Service

Dear Secretary Loyzaga:

In line with our audit of accounts and transactions of the Department of Environment and Natural Resources – Central Office (DENR-CO) for the calendar year (CY) 2023, may we request for the accomplishment of the attached Agency-Level Controls Checklist template duly supported with the necessary documents.

We appreciate your immediate response on this request. Kindly submit in both hard and soft copies and send the accomplished/updated templates at oa1coadenrco@gmail.com on or before August 25, 2023.

Very truly yours,


ATTY. EDSON M. YAMBOT
Audit Team Leader
DENR-CO

EMY:ajg
Letter re updating of FAM templates

AGENCY-LEVEL CONTROLS CHECKLIST

Agency/Project : Department of Environment and Natural Resources – Central Office
 Audit Period : January 1 to December 31, 2023

Internal Control Component	Yes	No	NA	Remarks
I. Control Environment				
1. Management demonstrates personal and professional integrity and ethical values.				
1.1 Management should establish and communicate the integrity and ethical values of the agency.				
a) Management's actions influence others to behave and respond in ways that are deemed valuable and appropriate to their agency's outcomes.				
b) Management promotes the primacy of public interest in the performance of duties.				
c) Management develops, regularly reviews, and updates manual that addresses expectations regarding agency's practices and ethical behaviors; disciplinary policies and procedures; and methods of reporting fraud, other misconduct, etc.				
d) Management's commitment to integrity and ethical behavior is communicated effectively throughout the agency, both in words and deeds. This may be achieved through oral communications in meetings, via one-on-one discussions, and by example in day-to-day activities.				
e) Management and staff are familiar with the importance of high ethics and controls.				
f) Existing and new employees are provided with the code of ethics/conduct.				
g) There are appropriate policies regarding agency's practices, conflicts of interest, and code of conduct that are established and communicated.				
h) The agency conducts value development programs for its officials and employees in order to strengthen their commitment to the public.				
i) The following subjects, among others, are included in the agency's programs and other parallel efforts on value development: <ul style="list-style-type: none"> • Ethical and moral values; • Rights, duties, and responsibilities of public servants; and • Socio-economic conditions prevailing in the country. 				
1.2 Management and staff should exhibit a supportive attitude toward internal control at all times throughout the agency.				
a) The head of agency or the governing body shows concern for integrity and ethical values.				
b) The agency adopts innovative programs and continually conducts experimentation/research on measures to motivate officials and employees in raising the level of observance of public ethical standards.				
c) There is a mechanism in place to regularly educate and communicate to management and employees the importance of internal controls, and to raise their level of understanding of controls.				
1.3 Every officer and employee in the agency should maintain and demonstrate personal and professional integrity and ethical values, and has to comply with the applicable code of conduct at all times.				
a) Management acts to remove or reduce incentives, opportunities, or temptations that may prompt personnel to engage in dishonest, illegal, or unethical acts.				
b) Coverage of ethical dilemmas, ethical failures, and ethical successes are included in the agency's newsletter, bulletin, or other printed forms.				
c) All employees are aware that all forms of fraudulent acts against the agency will result in administrative and criminal investigations.				
d) The agency conducts continuing refresher courses, seminars, and/or workshops to promote high standards of ethics in the public service.				
e) There is a committee or officer designated to conduct investigation over disciplinary matters.				
f) The agency promulgates rules and regulations governing expeditious, fair, and equitable judgment of employees' complaints or grievances in accordance with the policies enunciated by the Civil Service Commission (CSC).				
g) The head of agency or the governing body ensures that the policy on fiscal responsibility is faithfully adhered to in all the financial affairs, transactions, and operations of the agency.				
2. Management sets the "tone at the top."				

Internal Control Component	Yes	No	NA	Remarks
2.1 The "tone at the top" should reflect management's commitment, involvement, and support toward internal controls in the agency.				
a) Management creates an internal audit service as part of the internal control system.				
b) Management provides sufficient resources to carry out internal controls.				
c) Management leads by example with respect to good governance, risk management, and internal controls.				
d) Management sets a good example through its own actions and its conduct, reflecting what is proper rather what is acceptable or convenient.				
e) Values of the agency and creation of roles and responsibilities with respect to good governance, risk management, and internal controls are communicated from the top as key values of the agency.				
f) Management commits to provide appropriate attention to internal controls, including the effects of information systems processing.				
g) The head of agency or the governing body gives adequate consideration to understanding management's processes for monitoring risks affecting the agency.				
h) The head of agency or the governing body represents an informed, vigilant, and effective overseer of the financial reporting process and the agency's internal control, including information systems processing and related computer controls.				
i) The agency implements the government-wide Quality Management Program.				
j) Management shows a positive and supportive attitude toward the functions of accounting, information management systems, personnel operations, monitoring, and internal and external audits and evaluations.				
2.2 The code of conduct, counseling, and performance appraisals should support the internal control objectives and, in particular, the objective of "ethical operations."				
a) The head of agency ensures that officials and employees attend value development programs and participate in parallel value development efforts.				
b) The head of agency or the governing body ensures adherence to the principle that public office is a public trust.				
c) A code of conduct/ethics can support and enable the desired types of employee behavior and point out the consequences of violating the principles of the code.				
d) Management continually reinforces its principles in word and deed, with training programs, model behavior, and by taking appropriate actions in response to violations.				
e) The agency establishes performance evaluation system.				
2.3 Agency's policies, procedures, and practices should promote orderly, ethical, economical, efficient, and effective conduct of operations.				
a) There are control features interwoven into, and making an integral part of each system in the agency that management can use to regulate and guide its operations.				
b) The agency adopts and implements control policies and measures on the following: <ul style="list-style-type: none"> • delegation of authority and supervision; • segregation of functions for processing, reviewing, recording, custody, and approval; • access to resources and records; • completeness and integrity of transaction documents and reports; • verification of transactions; and, • reconciliation of records and data. 				
c) The agency takes appropriate measures to promote transparency and accountability in the management of public finances.				
d) The design and implementation of an agency's quality management system are influenced by the following: <ul style="list-style-type: none"> • organizational environment; • changes in that environment and the risks associated with that environment; • varying needs; • particular objectives; 				

Internal Control Component	Yes	No	NA	Remarks
<ul style="list-style-type: none"> • services it provide; • processes it employ; and • size and organizational structure. 				
e) Management's development of accounting estimates tends to be conservative and is consistent with objective and fair reporting.				
f) Manuals of procedures are in use.				
g) The agency has written policies on, but not limited to, the following: <ul style="list-style-type: none"> • delegation or assumption of duties when an employee is absent; • annual vacations for all staff; • obtaining background or reference for new staff; • training programs for employees; and, • rotation of employees. 				
h) The agency requires designated official/s to regularly monitor or review compliance with the requirements of loan contracts, trust agreements, and similar contracts.				
i) The agency complies with the policies, standards, and guidelines promulgated by the CSC to promote economical, efficient, and effective personnel administration in the government.				
2.4 Personnel should be reminded periodically of their obligations under an operative code of conduct issued by the management.				
a) All employees are provided with updated code of ethics/conducts, at least yearly, and receive periodic training on the application of the code.				
b) All personnel are aware that the agency's control environment is within the framework of public service accountability, where government, its partners, and agents assume fiduciary responsibilities toward the public they serve.				
2.5 Overall performance appraisals should be based on an assessment of many critical factors, including the employees' role in effecting internal control.				
a) Management sets realistic (i.e., not unduly aggressive) financial targets and expectations for operating personnel.				
b) The agency's operating units are able to achieve the expected results and contribute to the achievement of its sectoral or societal goals.				
c) The agency establishes its Performance Evaluation System (PES) or other applicable tools based on an objectively measured output and the performance of personnel and units, such as the Performance Management System-Office Performance Evaluation System developed by the CSC.				
d) The head of agency or the governing body has evaluated on a continuing basis the quantitative and qualitative measures of its performance as reflected in the units of work measurement and other indicators of agency performance, including the standard and actual costs per unit of work.				
3. Management establishes an appropriate government organizational structure.				
3.1 The organizational structure should clearly define key areas of authority and responsibility, and establish appropriate lines of reporting.				
a) The organizational structure is appropriately centralized or decentralized given the nature of its operations, and management has clearly articulated the considerations and factors taken into account in balancing the degree of centralization versus decentralization.				
b) Key areas of authority and responsibility are defined and communicated throughout the agency.				
c) Reporting relationships have been established and have effectively provided officers or personnel concerned with the information they need to carry out their responsibilities and perform their jobs.				
d) Management periodically evaluates the organizational structure and makes changes, as necessary, in response to changing conditions.				
e) Job descriptions and performance evaluations contain specific references to internal control-related duties, responsibilities, and accountability.				
3.2 Management should develop and communicate policies to employees to ensure that they understand or are aware of the following: <ul style="list-style-type: none"> 3.2.1 their duties and responsibilities; 3.2.2 how their individual actions interrelate and contribute to the agency's objectives; 				

Internal Control Component	Yes	No	NA	Remarks
3.2.3 the authority they are delegated; and 3.2.4 how and for what they will be held accountable.				
a) Authority and responsibility are clearly defined throughout the agency and are clearly communicated to all employees.				
b) There are written job descriptions, reference manuals, or other forms of communication to inform personnel of their duties.				
c) Job descriptions clearly indicate the degree of authority and accountability delegated to each position and the responsibilities assigned.				
d) There are adequate policies and procedures for authorization and approval of transactions at the appropriate level.				
e) The head of agency or the governing body: <ul style="list-style-type: none"> • promulgates administrative issuances necessary for the efficient administration of the offices under them and for the proper execution of the laws relative thereto; • exercises disciplinary powers over officers and employees under them in accordance with law; • appoints all officers and employees of the agency (except those whose appointments are vested in the President or in some other appointing authority); and • delegates authority to officers and employees in accordance with EO No. 292 or the law creating the agency. 				
f) The authority and responsibility for the agency's operations, as may be necessary to implement the plans and programs, are adequately delegated by the head of agency or the governing body to the bureau and regional directors, or their equivalent. <ul style="list-style-type: none"> • the delegation is in writing; • it has indicated to which officer or class of officers or employees the delegation is made; and • it has vested sufficient authority to enable the delegate to discharge his assigned responsibility. 				
g) Assignment of responsibilities is clear, including responsibilities for information system processing and program development.				
h) There is an appropriate structure for assigning ownership of data, including who is authorized to initiate and/or change transactions. Ownership is assigned for each application and database within the IT infrastructure.				
i) There is an appropriate segregation of incompatible activities (i.e., separation of accounting for, and access to assets).				
3.3 Management should develop and maintain documentation of its internal control system to facilitate the establishment and communication of the <i>who, what, where, and why</i> of internal control execution.				
a) Job descriptions and performance evaluations contain specific references to internal control-related duties, responsibilities, and accountability.				
b) Levels of authority and responsibility are documented by way of written policy and, more generally, through the agency's organizational chart.				
c) Employee job descriptions clearly document the authority level of each employee.				
4. Management exhibits commitment to competence.				
4.1 Management should establish policies and procedures in hiring staff with the necessary skills and knowledge.				
a) Existing policies and procedures have resulted in recruiting and developing competent and trustworthy people, necessary to support an effective internal control structure.				
b) The agency establishes, administers, and maintains qualification standards.				
c) The establishment, administration, and maintenance of qualification standards are with the assistance and approval of the CSC.				
d) The degree of qualifications of an officer or employee is determined based on the qualification standards of a particular position.				
e) The qualification standards express the minimum requirements for a position in terms of education, training and experience, civil service eligibility, physical fitness, and other qualities required for successful performance.				

Internal Control Component	Yes	No	NA	Remarks
4.2 Management should establish policies and procedures that current staff receives adequate ongoing training, mentoring, and supervision.				
a) Personnel have sufficient competence and training necessary for their assigned level of responsibility or the nature and complexity of the agency's mandate.				
4.3 Management should establish policies and procedures in determining the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control.				
a) Job performance is periodically evaluated and reviewed with each employee.				
4.4 Management should have defined succession and contingency plans for key roles in the agency so it can continue to achieve its objectives, whether there are sudden personnel changes or just the need for training personnel for the long-term replacement of critical positions.				
a) Management develops a manual that addresses continuity plan for succession and contingencies.				
b) Management establishes criteria for employee retention and considers the effect to operations if a large number of employees are expected to leave or retire in a given period.				
c) Management develops contingency plans to ensure that candidates for succession are trained for assuming the target role so that internal controls will not lapse.				
5. Management establishes human resource policies and practices.				
5.1 Management should establish human resource policies and practices, incorporating the methods by which people are hired, trained, evaluated, compensated, and promoted.				
a) Policies and procedures are clear and these are issued, updated, and revised on a timely basis. They are effectively communicated to personnel at decentralized and/or foreign locations.				
b) The mission, goals, and objectives of the agency are clearly communicated to all personnel.				
c) Background checks are conducted on candidates for employment.				
5.2 Hiring and staffing decisions should exemplify assurance that individuals recruited have the integrity, proper education, and experience required to carry out their jobs; and that the necessary formal, on-the-job, and ethics trainings are provided.				
a) There are trainings/orientations for new employees, or current employees when starting a new position, to discuss the nature and scope of their duties and responsibilities. Such trainings/ orientations include a discussion of specific internal controls they are responsible for.				
b) Management demonstrates commitment to provide personnel with sufficient accounting and financial training, to keep pace with the growth and/or complexity of the agency.				
c) Employees receive guidance, review, and on-the-job training from supervisors to help ensure proper workflow and processing of transactions and events, reduce misunderstandings, and discourage wrongful acts.				
5.3 Management should enforce transparency in recruitment, performance appraisal, and promotion processes.				
a) Openness of the selection processes should be secured, by publishing both the recruitment rules and vacant positions, to help realize ethical human resource management.				
b) There are screening procedures for job applicants.				
c) Management formulates and enforces a system of measuring and evaluating periodically and objectively the performance of the agency, and submits the same annually to the required authority.				
d) Management provides appropriate bases for compensation, promotion, and fair incentives to help ensure integrity and adherence to ethical values.				
II. RISK ASSESSMENT				
6. Management identifies and defines objectives and risk tolerance in specific and measurable terms.				
6.1 Management defines objectives in specific and measurable terms.				
a) Agency objectives are established, communicated, and monitored.				
b) The key elements of the agency's strategic plan are communicated throughout the agency.				
c) All employees have a basic understanding of the agency's overall strategy, strategic plan, and objectives.				

Internal Control Component	Yes	No	NA	Remarks
6.2 Management considers internal expectations and external requirements when defining objectives.				
a) In establishing the internal context, the agency considers an understanding of the following: <ul style="list-style-type: none"> • capabilities of the agency in terms of resources and knowledge; • information flows and decision-making processes; • internal stakeholders; • objectives and the strategies that are in place to achieve them; • perceptions, values, and culture; • policies and processes; • standards and reference models adopted by the agency; and • structures. 				
6.3 Management considers the risk tolerances in the context of the agency's applicable laws, regulations, and standards.				
a) Management considers how much risk it is willing to accept when setting strategic direction and strives to maintain risk within those levels.				
b) Management has a risk assessment framework in place.				
c) The agency's risk assessment is fully integrated into the other components of risk management process, which includes the following: <ul style="list-style-type: none"> • communication and consultation; • establishing the context; • risk assessment (comprising risk identification, risk analysis, and risk evaluation); • risk treatment; and • monitoring and review. 				
7. Management identifies, evaluates, and assesses agency's risks.				
7.1 Management identifies all risks that may occur (internal or external factors) at both the agency and activity levels.				
a) Management identifies the causes and sources of the risk (hazard in the context of physical harm), events, situations, or circumstances which can have a material impact upon objectives and the nature of that impact.				
b) Management identifies the likelihood of the risks happening and the impact or consequence when these happen.				
c) Management reviews the risk assessment and considers actions to mitigate the significant risks identified.				
d) Management considers the presence (or absence) and the effectiveness of any existing controls in determining the risk's consequences and probabilities.				
e) In establishing the external context, Management considers familiarization with the environment in which the agency and the system operates, including the following: <ul style="list-style-type: none"> • cultural, political, legal, regulatory, financial, economic, and competitive environment factors whether international, national, regional, or local; • key drivers and trends having impact on the objectives of the agency; and • perceptions and values of external stakeholders. 				
f) Internal audit service (or another group within the agency) performs periodic (at least annual) risk assessment.				
7.2 Management adopts appropriate tools for the analysis and assessment of risks.				
a) Management develops an adequate mechanism for identifying operations risks, including those resulting from the following: <ul style="list-style-type: none"> • entering new programs or lines of operation; • offering new products and services; • privacy and data protection compliance requirements; and • other changes in the agency, economic, and regulatory environment. 				
b) Management performs periodic review to anticipate and identify routine events or activities that may affect the agency's ability to achieve its objectives and address them.				
7.3 Management considers the potential risks related to fraud and corruption.				
a) Management designs an overall risk response and specific actions for responding to fraud risks.				

Internal Control Component	Yes	No	NA	Remarks
b) Management includes fraud risk management programs as part of the agency's governance structure.				
c) Management assesses fraud risk exposure periodically to identify specific potential schemes and events that the agency needs to mitigate.				
d) Management establishes prevention mechanisms and techniques to avoid potential key fraud risk events and, where feasible, to mitigate possible impacts on the agency.				
e) Management establishes detection techniques to uncover fraud events when preventive measures fail or unmitigated risks are realized.				
f) Management establishes a reporting process to solicit input on potential fraud, and a coordinated approach to investigation and corrective action should be used to help ensure potential fraud is addressed appropriately and timely.				
g) There are processes to ensure that accounting department is aware of significant transactions with related parties, so it can determine if such transactions are appropriately accounted for and disclosed.				
8. Management determines appropriate response to the identified, evaluated, and assessed agency's risks.				
8.1 Management designs appropriate response to the relevant agency's risks.				
a) The head of agency or governing body oversees and monitors the risk assessment process and takes action to address the significant risks identified.				
8.2 Management identifies, analyzes, and responds to significant changes that could impact the internal control system.				
a) The accounting department has a process for identifying and addressing changes in IPSAS/PFRS, as well as for approving changes in accounting principles and policies.				
b) There are groups or individuals who are responsible for anticipating or identifying changes with possible significant effects on the agency.				
c) There are processes in place to inform appropriate levels of management about changes with possible significant effects on the agency.				
d) Management reports to the head of agency or the governing body on changes that may have a significant effect on the agency.				
e) There are processes to ensure that the accounting department is aware of changes in the operating environment, so it can review the changes and determine what, if any, effect the change may have on the agency's accounting practices.				
f) There are channels of communication between the accounting department and/or individual(s) in charge of monitoring regulatory rules, so the accounting department is aware of regulatory changes that could affect the agency's accounting practices.				
g) The head of agency or the governing body reviews and approves significant changes in the agency's accounting practices.				
h) Management works with the agency's independent auditors or other third party experts to determine if it is addressing complex changes in IPSAS/ PFRS appropriately.				
i) Budgets/forecasts are updated during the year to reflect changing conditions.				
III. CONTROL ACTIVITIES				
9. Management designs control activities which are appropriate, consistently functioning according to plan throughout the period, cost-effective, comprehensive, reasonable, and directly related to the control objectives.				
9.1 Controls are in the right place and commensurate to the risk involved.				
a) Management establishes policies and procedures to address risks and to achieve the agency's objectives.				
b) Management identifies all relevant objectives and associated risks for each significant activity, in conjunction with conducting the risk assessment and analysis function.				
c) Management identifies the actions and control activities needed to address the risks and directs their implementation.				
9.2 Controls are complete, practicable, and directly addressing the identified control objectives.				
a) Management establishes control activities pertaining to top-level management review, human resources management, information systems management, physical asset management, and performance measurement				

Internal Control Component	Yes	No	NA	Remarks
9.3 Controls are complied with by all employees involved and not bypassed in the absence of key personnel.				
a) Management establishes policies to ensure that duties are logically divided or segregated (whether manually or through appropriate set up of information technology [IT] applications) among different people to reduce the risk of fraud or inappropriate actions.				
b) The organizational charts and written job descriptions adequately define the lines of authority, duties, and accountability of all personnel.				
c) The IT organizational chart clearly reflects areas of responsibility and lines of reporting and communication.				
9.4 The cost of implementing the control does not exceed the benefits derived.				
a) Management sets clear objectives in terms of budget and other financial and operating goals. These objectives are clearly written and communicated throughout the agency, and are actively monitored.				
10. Management develops control activities which include a range of diverse policies and procedures.				
10.1 Management develops and undertakes diverse range of policies and procedures needed to address risks in achieving agency's objectives.				
a) Management develops policies, and procedures including the following: <ul style="list-style-type: none"> • top level reviews and performance; • authorization and approval procedures; • segregation of duties; • control over access to resources and records; • verifications; • reconciliations; • reviews of operations, processes and activities; • management of human capital; • establishments of controls for physical assets and vulnerable assets; and • documentations. 				
10.2 Management designs control activities at the appropriate level of agency's organizational structure.				
a) There is an appropriate segregation of incompatible activities (e.g., separation of accounting functions from access to assets; IT operation functions separate from systems and programming; and database administration function separate from applications and systems programming).				
b) Management designs its control activities at the agency level, transaction level, or both, depending on the level of precision needed to ensure achievement of objectives and address risks in the operations.				
c) Management designs a variety of transaction control activities for operational processes which include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.				
11. Management develops effective information technology control activities.				
11.1 Management designs an effective information system and use of information technology.				
a) Management designs appropriate general and application controls to ensure proper operations of agency's information systems.				
11.2 Management designs appropriate type of control activities to help ensure complete and accurate information processing.				
a) Management creates a plan and establishes a structure that clearly describes the agency's security management program and policies, and the procedures that support it, including procedures for the secured storage and disposal of sensitive information.				
b) Management designs controls that limit or detect access to computer resources (data, programs, equipment, and facilities) to safeguard against loss, unauthorized modification, and disclosure.				
c) Management designs controls that prevent unauthorized programs or modifications to existing programs.				
d) Management designs controls that limit and monitor access to the powerful programs and sensitive files that control the computer hardware and secure applications supported by the system.				
e) Management establishes policies, procedures, and organizational structure to prevent one individual from controlling all key aspects of computer-related				

Internal Control Component	Yes	No	NA	Remarks
operations, and thereby conducting unauthorized actions or gaining unauthorized access to assets or records.				
f) Management designs a service continuity plan to ensure that when unexpected events occur, critical operations continue without interruption; are promptly resumed; and critical and sensitive data are protected.				
g) Management designs application controls that ensure data to be considered are authorized, converted to an automated form, and entered into the application in an accurate, complete, and timely manner.				
h) Management designs application controls that ensure data are properly processed by the computer, and files are updated correctly.				
i) Management designs controls that ensure files and reports generated by the application reflect transactions or events that actually occurred; reflect accurately the results of processing; and the reports are controlled and distributed to the authorized users.				
IV. INFORMATION AND COMMUNICATION				
12. Management develops and maintains reliable and relevant financial and non-financial information.				
12.1 An array of pertinent, reliable, and relevant information should be identified.				
a) Management obtains and identifies internally generated information, critical to achieving the agency's objectives, including information relative to critical success factors.				
b) Management obtains and communicates to all, any relevant external information that may affect the achievement of its missions, goals, and objectives.				
c) Agency is able to prepare accurate and timely financial reports, including interim reports.				
12.2 Information should be captured and communicated in a form/content and timeframe that enable people to carry out their internal control roles and other responsibilities.				
a) Relevant information are identified, captured, and communicated in a form/content and timeframe that enable personnel to carry out internal controls and other responsibilities.				
b) Management's objectives in terms of budget and other financial and operating goals are defined and measurable.				
c) Management uses communication methods which may include policy and procedure manuals, management directives, memoranda, bulletin board notices, internet and intranet web pages, videotaped messages, e-mails, and speeches.				
d) Management obtains information that is summarized and presented appropriately, and provides pertinent information while permitting a closer inspection of details as needed.				
e) Management develops a mechanism that ensures information will be available on a timely basis to allow effective monitoring of events, activities, and transactions and to allow prompt reaction.				
f) Actual results are measured against agency's specific objectives.				
12.3 Transactions and events must be promptly recorded, properly classified, and fully and clearly documented.				
a) There is a clearly identifiable audit trail within the agency.				
b) There is a sufficient level of coordination between the accounting and information system processing functions/ departments.				
12.4 Information systems deal not only with quantitative and qualitative forms of internally generated data, but also with information about external events, activities, and conditions necessary for informed decision-making and reporting.				
a) The agency's financial management ensures and monitors user involvement in the development of programs, including the design of internal control checks and balances.				
b) The agency's officers and employees concerned receive both operational and financial information to help them determine whether they are meeting the strategic and annual performance plans, and the agency's goals for accountability of resources.				
13. Management communicates information throughout the agency.				
13.1 Information can be communicated in a verbal, written, and/or electronic form.				
a) There is a process to quickly disseminate critical information throughout the agency, when necessary.				

Internal Control Component	Yes	No	NA	Remarks
13.2 Communication occurs in all directions – flowing down, across, and up the agency – throughout all components and the entire structure.				
a) The lines of authority and responsibility (including lines of reporting) within the agency are clearly defined and communicated.				
b) Policies and procedures are established for, and communicated to personnel at decentralized locations (including foreign operations).				
c) Communication flows down, across, and up the agency, throughout all components and the entire structure.				
d) Employees believe they have adequate information to complete their job responsibilities.				
e) Employees' specific duties are clearly communicated to them, and they understand the relevant aspects of internal control, how their roles fit into it, and how their work relates to the work of others.				
f) Employees are informed that when the unexpected occurs in performing their duties, attention must be given not only to the event but also to the underlying cause, so that potential internal control weaknesses can be identified and corrected before these can do further harm to the agency.				
g) Acceptable behavior versus unacceptable behavior and the consequences of improper conduct are clearly communicated to all employees.				
h) Personnel have a means of communicating information upstream within the agency through someone other than a direct supervisor, and there is a genuine willingness to listen on the part of management.				
i) Mechanisms exist to allow the easy flow of information down, across, and up the agency; and easy communications exist between/among functional activities such as between procurement activities and production activities.				
14. Management communicates information with external parties.				
14.1 Management provides adequate means of communicating with, and obtaining information from external parties.				
a) The agency provides a citizen's charter showing procedures or flow of documents.				
b) The chart is posted in conspicuous places in the department, office, or agency for the information and guidance of all concerned.				
c) All information are classified, summarized, and disseminated on a regular basis.				
d) The agency establishes mechanisms to gather feedback and suggestions on the efficiency, effectiveness, and economy of frontline services.				
14.2 Management establishes separate reporting line, where it is necessary.				
a) Confidential and sensitive information are restricted to those individuals who need them.				
b) Personnel understand that there will be no reprisals for reporting adverse information, improper conduct, or circumvention of internal control activities.				
c) There is a process for employees to communicate improprieties. The process is well communicated throughout the agency.				
d) The process allows for anonymity of individuals who report possible improprieties.				
e) There are processes for reporting improprieties and actions taken to address them to senior management, the head of agency, or the governing body.				
14.3 Agency's method of communication considers the audience to be reached, the nature and availability of the information, the cost, and the legal or regulatory requirements.				
a) Ownership is assigned to a member of management to help ensure that agency responds appropriately, timely, and accurately to communications with customers, vendors, regulators, and other external parties.				
b) The agency institutes mechanisms by which clients may adequately express their complaints, comments, or suggestions such as in hotline numbers, short message service, or information and communication technology.				
c) The agency communicates frequently with its constituents or the public it serves and stakeholders to ensure continual understanding of their requirements, needs, and expectations.				
d) The head of agency or the governing body establishes measures and standards that will ensure transparency of, and openness in public transactions; e.g.,				

Internal Control Component	Yes	No	NA	Remarks
biddings, purchases, other internal transactions, including contracts, status of projects, and other matters involving public interest.				
e) The head of agency or the governing body establishes information system that will inform the public of the following: <ul style="list-style-type: none"> • policies, rules, and procedures; • work programs, projects and performance targets; • performance reports; and • all other documents classified as public information. 				
f) The Citizens' Charter is posted at its office's main entrance or at the most conspicuous place, and in the agency's Seal of Transparency.				
g) The Citizens' Charter includes the following information: <ul style="list-style-type: none"> • Vision and mission of the government office or agency; • Identification of the frontline services offered and the clientele; • The step-by-step procedure to obtain a particular service; • The officer or employee responsible for each step; • The maximum time to conclude the process; • Document/s to be presented by the client with a clear indication of the relevance of said document/s; • The amount of fees, if necessary; • The procedure for filing complaints in relation to requests and applications, including the names and contact details of the officials/ channels to approach for redress; • Allowable period for extension due to unusual circumstances (i.e., unforeseen events beyond the control of government office or agency concerned); and • Feedback mechanisms, contact numbers to call, and/or persons to approach for recommendations, inquiries, suggestions, as well as complaints. 				
h) There is a process for tracking communications with customers, vendors, regulators, and other external parties.				
V. MONITORING ACTIVITIES				
15. Management establishes and operates activities to monitor the internal control system, and evaluates the results.				
15.1 Management establishes a baseline to monitor the internal control system.				
a) The agency provides routine feedback and monitoring of performance and control objectives strategies.				
b) The agency has plans for periodic evaluations of control activities in critical operational and support systems.				
c) Procedures are in place to monitor if controls are overridden and to determine if the override was appropriate.				
d) Management reviews control processes to ensure that the controls are being applied as expected.				
e) Issues, information, and feedback concerning internal control raised at trainings, seminars, planning sessions, and other meetings are considered and used by management to address problems or strengthen the internal control structure.				
15.2 Management considers ongoing monitoring activities, separate evaluations, or a combination of both, in the conduct of assessment.				
15.2.1 Ongoing activities				
a) The agency establishes an internal audit service.				
b) The internal audit function is independent (in terms of authority and reporting relationships) of the activities it audits.				
c) The internal audit unit regularly assesses the effectiveness of the internal controls.				
d) The monitoring of internal control occurs in the course of the normal, recurring operations of the agency.				
e) The scope of activities of internal audit service is appropriate, given the nature, size, and structure of the agency.				

Internal Control Component	Yes	No	NA	Remarks
f) The scope of planned activities of internal audit service is reviewed in advance by the head of agency or the governing body.				
g) The methodology used may include self-assessments using checklists, questionnaires, or other similar devices/tools.				
15.2.2 Separate evaluations				
a) There has been a recent quality assurance review of the internal audit function by an external party such as, but not limited to, the Commission on Audit auditors.				
b) The external party conducting the assessment gains sufficient understanding of the agency's missions, goals, objectives, and its operations and activities.				
c) The external party gains an understanding of how the agency's internal control is supposed to work and how it actually works.				
d) The external party analyzes the results of the evaluation/ assessment against established criteria.				
16. Management takes appropriate actions on the findings and recommendations of audit and other reviews.				
16.1 Deficiencies noted during ongoing monitoring or through separate evaluations are communicated to those positioned to take necessary action.				
a) Management is responsive to the findings and recommendations of audits and other reviews aimed at strengthening internal control				
b) Executives with the proper authority evaluate the findings and recommendations, and decide upon the appropriate actions to take to correct or improve control.				
c) Policies/procedures are in place to assure that corrective action is taken, on a timely basis, when control exceptions occur.				
16.2 The findings and recommendations of audits and other reviews are adequately and promptly resolved.				
a) All reported potential improprieties are reviewed, investigated, and resolved on a timely manner.				
b) Management is kept informed through periodic reports on the status of audit and reviews resolution so that it can ensure the quality and timeliness of individual resolution decisions.				

Note: Please provide documents for all "Yes" answers.

Prepared by:

Reviewed by:

(Signature over printed Name)

(Signature over printed Name)

(Position/Designation)

(Position/Designation)

(Date)

(Date)