***Reporting Year State Agency Name***

*** ***

***Division/Section***

******

***Contact Information for Individual Completing Form***

***First Name Last Name Email Address***

  

The Internal Environment component of Enterprise Risk Management (ERM), called Control Environment in the Green Book, consists of the five principles listed below. This component is the foundation of the internal control system and provides the discipline and structure to help an entity achieve its objectives. Proper design, implementation, and operation of each of the five principles listed below is required in order to establish an effective internal control system. The attributes highlight important characteristics related to each principle and should be considered when determining how your organization meets each principle requirement. Further explanation of this component can be found in the [Green Book](http://www.gao.gov/assets/670/665712.pdf) beginning on page 21.

***Green Book Principles and Attributes***

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
   1. Sets the tone at the top
   2. Establish standards of conduct
   3. Evaluate adherence to standards of conduct
2. The oversight body should oversee the entity's internal control system.
   1. Establish oversight structure
   2. Provide oversight for the internal control system
   3. Provide input for remediation of deficiencies
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
   1. Establish organizational structure
   2. Assign responsibility and delegate authority
   3. Document internal control system
4. Management should demonstrate a commitment to attract, develop, and retain competent individuals.
   1. Establish expectations of competence
   2. Attract, develop and retain individuals
   3. Plan and prepare for succession
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
   1. Enforce accountability
   2. Consider excessive pressures

***Instructions***

Describe below how each of the five principles outlined above have been designed, implemented, and are operating in order to establish the organization's internal environment. Additionally, please evaluate the effectiveness of each principle within the organization and provide a brief description of how and why each was found to be effective or ineffective. If found to be ineffective, please use the "MAP" tab in this workbook to document a corrective action plan with a responsible party or parties identified and an estimated completion date.

***Description of Internal Environment***

*Use this space to describe how your organization complies with the above principles.*