

Questions About Your Corporate Governance and Internal Control Practices

Preface

Subject: Self-assessment to quantitatively score your corporate governance and Internal Control practices

Ten tough self-assessment questions, developed by the Internal Control Institute, follow to help you make a quick self-assessment of your corporation's governance and control risk. Answer the questions, then total your "yes" responses to develop a risk score. An interpretation of your risk score follows the questionnaire:

Number	Item	Response	
		Yes	No
1.	If your independent auditors had prepared your financial statements, would they be the same as the statements prepared by your corporation?		
2.	If your internal auditors did not have any constraints placed on them, would their audit program be the same as the audit program they are currently following?		
3.	Does your corporation perform a quantitative assessment of the risks associated with your corporation's corporate governance and internal control practices (i.e., a risk assessment that produces a quantitative score)?		
4.	Does your corporation perform a quantitative assessment of your level of compliance to the COSO internal control framework (i.e., an assessment that produces a quantitative score)?		
5.	Has your corporation provided your Directors and Officers (D&O) insurance carrier a detailed assessment of your governance and control risks so you can obtain the lowest D&O premium available?		
6.	Do your auditors (i.e., independent and internal) believe that the information provided investors is easily understandable <u>AND</u> fairly presents the company's financial performance including accounting practices?		
7.	Would you trust your CEO to manage all the assets of a retired relative?		
8.	Do you believe your CEO's compensation package is fair based on the current and projected financial performance of the corporation?		
9.	Does your corporation have a corporate wide training program that teaches <u>every</u> employee the principles of corporate governance and internal control?		
10.	Do you believe that if your corporate management engaged in activities such as violating accounting or auditing standards; made liberal and potentially incorrect interpretations of accounting practices; or pressured subordinates or auditors to cover up or ignore improper practices that the employees in your corporation would report that management behavior to the appropriate corporate authorities?		
Total number of "yes" responses:			

Use this table to interpret your score

Number of yes responses	Interpretation of score
0 to 3	Inadequate governance and control practices. It would be difficult to show compliance with the Sarbanes-Oxley Act and the COSO control framework.
4 to 6	Minimal governance and control practices. Much improvement needed to meet intent of the Sarbanes-Oxley Act and the COSO control framework.
7 to 8	Good governance and control practices. Improvement would be helpful in moving your corporation to a world-class governance and control model.
9 to 10	World-class governance and control model. Your corporation should be eligible for a significant reduction in your Directors and Officers premium through the Internal Control Institute.

The Internal Control Institute (ICI) is the only organization worldwide devoted exclusively to internal control and corporate governance and provides:

- Quantitative assessments on the performance of independent auditors, internal auditors, executive management, the Board of Director including the audit committee and the adequacy of internal control based on the COSO framework.
- A company-wide internal control training program designed to meet the communication component of the COSO framework.
- An internal control certification program.
- A framework for teaching, building, and assessing internal control.
- A means to reduce your Directors and Officers Insurance premium.

For information on ICI's products and services, visit our website at www.internalcontrolinstitute.com or call Michael Pregmon, Jr., Ph.D., President, at 407-472-4424. or mpregmon@internalcontrolinstitute.com

