



**CLIENT MEMO  
INTERNAL CONTROL CHECK-UP LIST**

<b>Control Environment</b>	<b>Personnel</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
A code of conduct or ethics policy exists.				
Key areas of authority and responsibility are clearly defined and communicated throughout the organization.				
Management and employees are made familiar with the entity's policies and practices with regard to ethics, accepted business practices, and positive control environment.				
Management/owner follows the existing internal controls, policies and procedures.				
Management takes appropriate disciplinary action in response to departures from approved policies and procedures or violations of the code of conduct.				
Procedures or activities are 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.				
Management is present daily or appoints a supervisor in his/her absence.				
Turnover of management and supervisory personnel is monitored, and the reasons for turnover are evaluated.				
Management regards the accounting function as means for monitoring and exercising control over the entity's various activities.				
The Company uses adequate accounting software.				
Accounting personnel are reasonably qualified for their positions.				



<b>Control Environment (Continued)</b>	<b>Personnel</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Accounting records are maintained on a current basis.				
Reports generated by accounting software are reviewed by management.				
There is a structure for assigning ownership of data, including who is authorized to make and/or modify transactions.				
There is no single individual capable of exerting substantial influence over the entity's affairs.				
<b>Human Resource</b>				
There are formal procedures for the hiring and retention of employees.				
There are screening procedures for job applicants, particularly for employees in managerial positions or positions with access to assets susceptible to misappropriation.				
Job performance and competencies are periodically evaluated and reviewed with each employee.				
Management demonstrates a commitment to provide sufficient accounting and financial personnel to keep pace with the growth and/or complexity of the entity's activities.				
<b>General Computer Controls</b>				
Management/Owner is responsible for reviewing and approving IT plans and priorities.				
IT management conducts regular risk assessments and addresses noted risks appropriately.				



<b>General Computer Controls (Continued)</b>	<b>Personnel</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
A backup and data retention policy/schedule exists, specifying how often backups are to be performed, how long they are to be retained, and where the backup media is to be stored.				
File server backups are performed daily to minimize the risk of lost or corrupted data. Backup tapes or other media are secure and accessible only by authorized personnel.				
Data recovery procedures are tested at least once annually to ensure data integrity and recovery.				
Procedures exist and are followed to ensure timely action relating to requesting, establishing, issuing, suspending, modifying, and closing user accounts.				
When user access rights are established, modified, removed or suspended, the access rights of these users are reviewed in a timely manner and in accordance with properly authorized requests from management.				
User access rights (network, application, and database) are granted on a need-to-know, need-to-do basis and are reviewed periodically for appropriateness.				
Controls over network security, such as firewalls, routers, terminal service devices, wireless security and intrusion detection are in place.				
Physical access to computer room, file/communication servers, off-line data storage and other sensitive storage is appropriately restricted to authorized personnel.				
Server and workstations are password protected and these passwords are updated periodically.				

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