

CONTROL ENVIRONMENT QUESTIONNAIRE

Entity: EarthWear Clothiers
Balance Sheet Date: 31/12/2013
Completed by: SAA Date: 30/9/13
Reviewed by: DRM Date: 15/10/13

COMMUNICATION AND ENFORCEMENT OF INTEGRITY AND ETHICAL VALUES

The effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer and monitor them. Integrity and ethical values are essential elements of the control environment, affecting the design, administration and monitoring of other components. Integrity and ethical behaviour are the product of the entity's ethical and behavioural standards, how they are communicated and how they are reinforced in practice.

	Yes, No, N/A	Comments
Have appropriate entity policies regarding matters such as acceptable business practices, conflicts of interest and codes of conduct been established, and are they adequately communicated?	Yes	<i>The permanent work papers contain a copy of EarthWear's conflict-of-interest policy.</i>
Does management demonstrate the appropriate 'tone at the top,' including explicit moral guidance about what is right or wrong?	Yes	<i>EarthWear's management maintains high moral and ethical standards and expects employees to act accordingly.</i>
Are everyday dealings with customers, suppliers, employees and other parties based on honesty and fairness?	Yes	<i>EarthWear's management maintains a high degree of integrity in dealing with customers, suppliers, employees and other parties; it requires employees and agents to act accordingly.</i>
Does management document or investigate deviations from established controls?	Yes	<i>To our knowledge, management has not attempted to override controls. Employees are encouraged to report attempts to bypass controls to appropriate individuals within the organization.</i>

COMMITMENT TO COMPETENCE

Competence is the knowledge and skills necessary to accomplish tasks that define the individual's job. Commitment to competence includes management's consideration of the competence levels for particular jobs and how those levels translate into requisite skills and knowledge.

Does the company maintain formal or informal job descriptions or other means of defining tasks that comprise particular jobs?	Yes	<i>EarthWear has formal written job descriptions for all supervisory personnel, and job duties for non-supervisory personnel are clearly communicated.</i>
Does management determine to an adequate extent the knowledge and skills needed to perform particular jobs?	Yes	<i>The job descriptions specify the knowledge and skills needed. The Human Resources Department uses this information in hiring, training and promotion decisions.</i>
Does evidence exist that employees have the requisite knowledge and skills to perform their job?	Yes	<i>Our prior experiences with EarthWear personnel indicate that they have the necessary knowledge and skills.</i>