Internal Controls Checklist

A practical checklist for designing, testing, and assuring internal controls

COSO · ISO 31000 · King V

Controls that are documented but never tested tend to fail quietly. This checklist sets out a practical sequence for designing, implementing, testing, and assuring internal controls so that control effectiveness is demonstrable, not assumed.

A Control Framework & Design

- ☐ Define the internal control framework and governance structure
- ☐ Map controls to the risks they are intended to mitigate
- ☐ Classify controls by type — preventive, detective, or corrective
- ☐ Assign a control owner accountable for each control
- ☐ Document control design in sufficient detail to test against

B Control Implementation

- ☐ Confirm the control is operating as designed in practice
- ☐ Assign responsibility for day-to-day control execution
- ☐ Provide guidance or training to those executing the control
- ☐ Record evidence of control execution as it occurs

C Control Testing

- ☐ Define a control testing schedule based on risk rating
- ☐ Test design effectiveness — is the control capable of working
- ☐ Test operating effectiveness — is the control actually working
- ☐ Sample transactions or evidence consistently across test periods
- ☐ Document test results with supporting evidence

D Deficiency Management

- ☐ Classify control deficiencies by severity
- ☐ Distinguish control deficiencies from significant deficiencies and material weaknesses
- ☐ Assign remediation actions with clear ownership and deadlines
- ☐ Track deficiencies through to verified closure
- ☐ Escalate unresolved deficiencies to management and audit committee

E Combined Assurance Alignment

- [ ] Map which line of defence is providing assurance over each control
- [ ] Avoid duplicated testing across internal audit, risk, and compliance functions
- [ ] Identify controls with no assurance coverage at all
- [ ] Align control testing plans with the internal audit plan

F Monitoring & Reporting

- [ ] Maintain a live register of control status and test results
- [ ] Report control effectiveness to management on a defined cycle
- [ ] Present control assurance summaries to the audit and risk committee
- [ ] Track control performance trends over multiple reporting periods

G Continuous Improvement

- [ ] Review and update controls when processes or systems change
- [ ] Retire controls that no longer address an active risk
- [ ] Incorporate lessons from incidents and audit findings into control design
- [ ] Reassess the control environment at least annually