COSO 2013

Implementation at NYSDOT

ENTERPRISE RISK MANAGEMENT BUREAU

NEW YORK STATE DEPARTMENT OF TRANSPORTATION

Pre- COSO 2013

- Self-Assessment Approach for IC Reviews
- Improvement Opportunities/ Business Planning
- KPMG Overview of COSO 2013 Framework

NYSDOT's Game Plan

➤ Satisfy Multiple Objectives

- Perform gap analysis: COSO 2013
- Incorporate payment process controls review: OSC Certification
- Implement Internal Control and Risk Database System (ICARDS):DOB Certification

ERM

COSO 2013 Gap Analysis

➢ Used tools from KPMG Study Guidance and COSO

➢ Assessed existing IC program

➢ Mapping worksheet comparing IC Review to COSO's 17 principles

➢ Identified improvement opportunities

Improvement Opportunities

➢Incorporate COSO 2013 changes into IC Reviews

- Modified IC Review form
- Expanded questions to align with 17 principles: fraud, system security and data quality
- Document Internal Control Improvements

Improvement Opportunities

➢ Develop IC Review – Payment Process

- Policies &Procedures
- Separation of Duties
- Authorization & Approvals
- Verification & Reconciliation
- Monitoring
- Documentation
- Data Quality
- Quality Assurance

Comprehensive Documentation

NYSDOT Internal Control Review

Date Due:

Division	Engineering		
Office	Environment	**Bureau**	Landscape Archtecture
Bureau Director	Shelah La Duc	**Contact number**	518-485-2434
Date:	11/19/15		

To provide reasonable assurance NYSDOT will achieve established objectives, it is important managers periodically assess the system of internal control. Internal controls are implemented by management to identify and respond to risks which may impact the ability to achieve program objectives.

Please respond to the following statements by placing an "X" in the appropriate box. Include explanations or additional information regarding answers selected, if appropriate, in the space provided.

The Control Environment is the actions, policies, values, and management styles that influence and set the tone your day-to-day activities, and includes management's attitude towards responsible leadership and integrity, ethical behavior, accountability, employee development, and the sharing of information and knowledge.

Please consider whether the following exist or have been implemented in your program Area:		Yes	No	Unsure	N/A
1-1	There is an up-to-date organizational chart showing each employee	X			
1-2	Lines of authority are clearly defined	X			
1-3	Management override of established controls is prohibited and/or closely monitored		X		
1-4	Influence from elected officials, industry groups or other state agencies, is documented and/or monitored (project sunlight, lobbying law and guidelines, etc.)	X			
1-5	Staff have the necessary level of autonomy/control over decision making to perform their job effectively			X	
1-6	A succession plan is in place for essential functions to ensure business continuity		X		
1-7	Each employee has an accurate and up-to-date individual performance program	X			
1-8	Written performance reviews are completed annually for each employee on a timely basis	X			
1-9	There are training opportunities for employees to improve their job performance	X			
1-10	Staff are cross-trained on essential job duties		X		
1-11	Staff are provided with feedback and guidance on job tasks and management expectations	X			
1-12	Each employee has been provided with Department and job performance materials such as job descriptions, Time and Attendance Handbook, bulletins, notices and written procedures			X	

Form ERM02
1/15

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Internal Control Review
Transactional Functions

Date Due:

Division:			
Office:		**Bureau:**	
Person Completing Review:		**Contact Number:**	
Function:			
Goals and Objectives:			

This review is intended to help managers consider the controls that are implemented to manage the work and provide reasonable assurance the goals and objectives of a function will be achieved. Managers should assess whether the following areas of control are a component of the existing business process, and identify areas of control weakness and opportunities for testing.

Policies and Procedures

Policies and procedures (Directive Controls) are critical to the daily operations of the Department. They provide methods and processes employees rely on to perform their jobs. They provide specific direction and help form the basis for decisions made every day. Without policies and procedures, conflict can occur, poor decisions can be made and harm can come to the Department's reputation. Further, efficiency and effectiveness can be adversely affected.

Please consider whether the following exist or have been implemented in your program Area:		Yes	No	Unsure	N/A
8-1	Policies and procedures specific to this function are clearly documented and provided to employees and stakeholders				
8-2	Policies and procedures specific to this function are assigned to ensure compliance with regulations, laws, etc.				
8-3	Policies and Procedures accurately reflect business process				
8-4	Procedural steps are followed by all employees responsible for implementation				
	In what instances are procedures not followed and why?				
8-5	Employees are encouraged to provide feedback or recommendations for process improvements				
8-6	Employees responsible for procedure implementation are involved in its development, evaluation, or improvement (across program areas and regions)				

In the space below, provide additional information/explanation for those questions in which "No", or "Unsure" have been selected. What are the possible impacts?

Control activities are those actions established by policies and procedures, and are in place to help identify, prevent or reduce (manage) risks. There are three types of control activities: Preventive controls are designed to deter the occurrence of an undesirable event; Detective controls, which are designed to identify undesirable events that do occur, and alert management to take corrective action; and Directive controls which direct how work is done.

Form ERM02-c

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NYSDOT Mapping Worksheet

Internal Control Review Mapping Sheet

Bureau:	
ERM Analyst:	
Date:	

Description	Yes	No	Unsure	N/A	Comments/Concerns
Control Environment: Are the actions, policies, values, and management styles that influence and set the tone for day-to-day activities, and includes managements' attitude towards responsible leadership and integrity, ethical behavior, accountability, employee development, and the sharing of information and knowledge.					
1.1 Integrity and Ethical Values – organization demonstrates a commitment to integrity and ethical values. IC Review Q: 1-4, 9-11					
1.2 Independent Board of Directors IC Review Q: 1-4					
1.3 Roles and Responsibilities – Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives IC Review Q: 1-1, 1-2, 1-3, 1-5, 9-5 * 1-3 – Alert Internal Audit of No/Unsure					
1.4 Commitment to Competence – the organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.					

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COSO 2013 Compliance

Monitoring: Ongoing evaluations, separate evaluations or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to affect the principles within each component, is present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner, with serious matters reported to senior management and to the board.					
5.1 Ongoing and Separate evaluations of components IC Review Q: 3-3, 4-1, 4-2, 4-3, 4-4, 8-26, 8-27, 8-28, 8-47, 9-14, 9-15, 9-16, 9-24, 9-28, 9-29					
5.2 Reporting of deficiencies in control – the organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management as appropriate IC Review Q: 4-1, 4-4, 9-13, 9-14, 9-28, 9-30, 9-31, 9-34					

GENERAL IC REVIEW

Overall Assessment: Are all components present? Are the principles satisfied?

Component	Present? If no ➡	Compensating Control	Analysis
Control Environment			
Risk Assessment			
Control Activities			
Information and Communication			
Monitoring Activities			
Conclusion:			

The program area..........
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Improvement Opportunities

➢ Improved Risk Management
- • Risk form & guidance documents
- • Meetings to discuss risks
- • Corrective Action Plans
- • Enterprise Risk Management Program
- • NYS Cyber Security Risk Management Initiative

Improvement Opportunities

➢ Improved QA/QC Program Monitoring

- Met w/managers: document objectives, controls and risks
- Annual reports: Improvement recommendations
- Facilitated meetings and Action Plans to monitor initiatives

Improvement Opportunities

➢ Implemented ICARDS (database)
- Functions/Objectives
- Risks (program area & enterprise)
- IC Improvements
- CAPs & Status Updates
- QA/QC Program Information
- Tracking of IC Reviews
- Easy Reporting Capabilities

Next Steps 2016

➢ Fraud Risk Assessment Program
- Identify functions in NYSDOT Inventory
- Assess threats and opportunities
- Evaluate controls
- Manage risk

Questions?

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