



Internal Controls

COSO and the Public Sector

Meaning

WHAT ARE INTERNAL CONTROLS

- First line of defense and the best mechanism to safeguard our assets and resources.
- Ensure that the right people are using the right tools to accomplish the right thing in the right way.



Value to your agency

WHAT ARE THE BENEFITS OF INTERNAL CONTROLS

- accomplish your mission
- reduce opportunities for fraud
- ensure public confidence
- prevent loss of funds or other resources
 - establish standards of performance
 - preserve integrity
 - avoid negative publicity
 - protect all employees



Examples of internal controls

WHAT DO INTERNAL CONTROLS LOOK LIKE

- written policies and procedures
- employee handbook
- code of conduct/code of ethics
- onboarding and offboarding checklists
- training
- performance metrics
- unique usernames and passwords
- access controls (system and physical)
- dual signatures on checks
- receipts for travel reimbursements
- incident response procedures
- transaction approvals
- status dashboards
- separation of duties
- continuity of operations plan
- supervisor review
- bank reconciliations/budget reviews
- automated workflows
- standardized documentation
- physical inventories
- using chain of command to report problems/errors

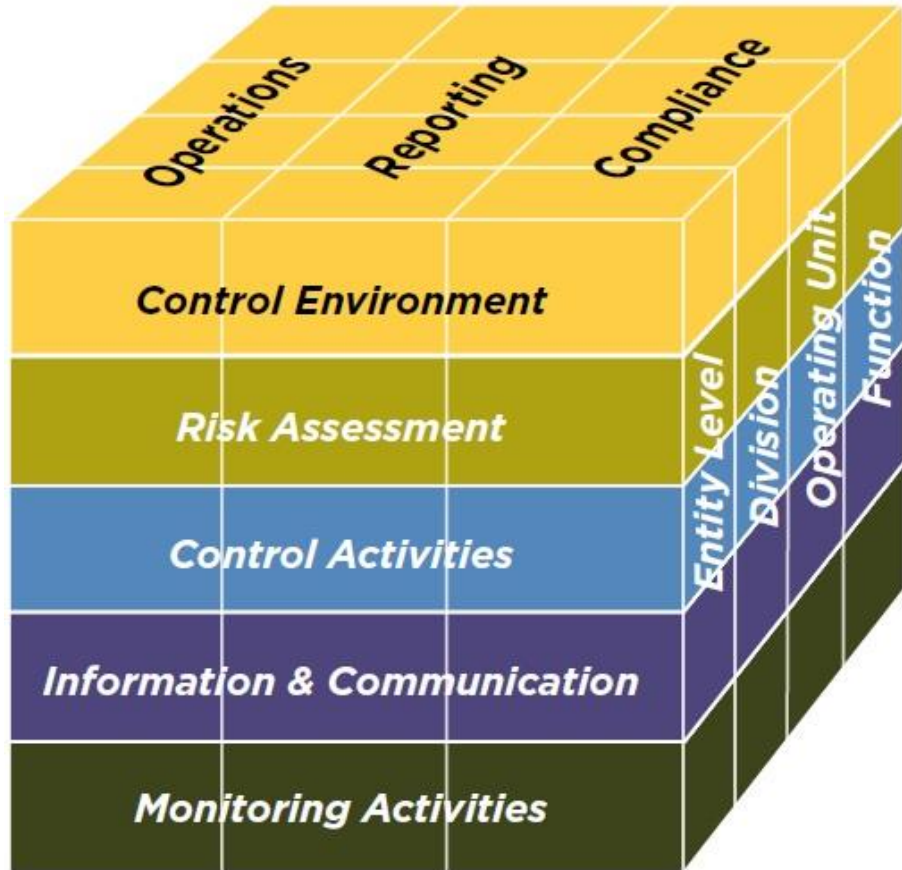
COSO



**Report of
the National Commission on
Fraudulent Financial Reporting**

October 1987

COSO



Control Environment

•1.1. Demonstrates commitment to integrity and ethical values

•2. Exercises oversight responsibility

•3. Establishes structure, authority and responsibility

•4. Demonstrates commitment to competence

•5. Enforces accountability

•Risk Assessment

•6. Specifies suitable objectives

•7. Identifies and analyzes risk

•8. Assesses fraud risk

•9. Manages risk during change

•Control Activities

•10. Selects and develops control activities

•11. Selects and develops general controls over technology

•12. Deploys controls through policies and procedures

•Information & Communication

•13. Uses relevant information

•14. Communicates internally

•15. Communicates externally

•Monitoring Activities

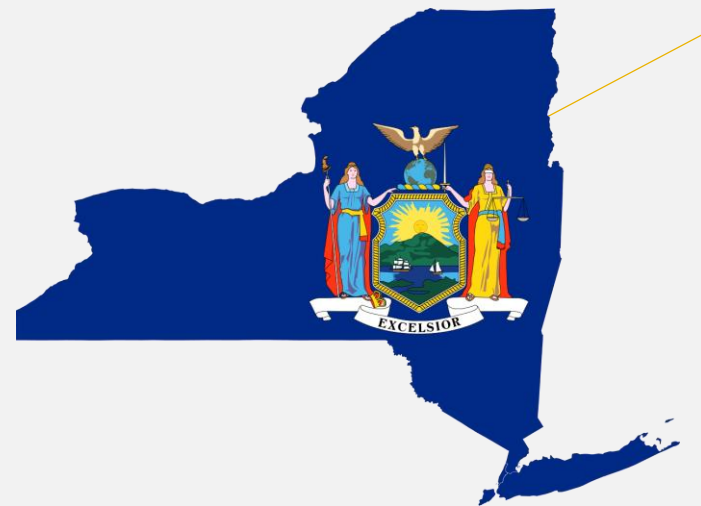
•16. Conducts ongoing and/or separate evaluations

•17. Evaluates and communicates deficiencies

Component	Principle	Points of Focus
Control Environment		
1.CE	Demonstrates Commitment to Integrity and Ethical Values	
	1.CE.1	Sets the Tone at the Top
	1.CE.2	Establishes Standards of Conduct
	1.CE.3	Evaluates Adherence to Standards of Conduct
	1.CE.4	Addresses Deviations in a Timely Manner
2.CE	Exercises Oversight Responsibility	
	2.CE.5	Establishes Oversight Responsibilities
	2.CE.6	Applies Relevant Expertise
	2.CE.7	Operates Independently
	2.CE.8	Provides Oversight
3.CE	Establishes structure, authority, and responsibility	
	3.CE.9	Considers all structures of the Entity
	3.CE.10	Establishes Reporting Lines
	3.CE.11	Defines, Assigns, and Limits Authorities and Responsibilities
4.CE	Demonstrates Commitment to Competence	
	4.CE.12	Establishes Policies and Procedures
	4.CE.13	Evaluates Competence and Addresses Shortcomings
	4.CE.14	Attracts, Develops, and Retains Individuals
	4.CE.15	Plans and Prepares for Succession
5.CE	Enforces Accountability	
	5.CE.16	Enforces Accountability through Structures, Authorities, and Responsibilities
	5.CE.17	Establishes Performance Measures
	5.CE.18	Evaluates Performance Measures for Ongoing Relevance
	5.CE.19	Considers Excessive Pressures
	5.CE.20	Evaluates Performance, and Rewards or Disciplines Individuals



State of New York





What's Growing?

Top Agricultural Products in **NEW YORK**



DAIRY PRODUCTS
\$2.56B



Farm Fact: A dairy cow produces about 6.3 gallons of milk each day and 350,000 glasses of milk in a lifetime.



NYS

Internal Control Act

1987 GOVERNMENTAL ACCOUNTABILITY,
AUDIT, AND INTERNAL CONTROL ACT

- Guidelines for a system of internal controls for the state agency.
- System of internal controls and a program of internal control review for the agency.
- Clear and concise statement of the generally applicable management policies and standards.



Article 45

Internal Control Responsibilities of State Agencies

Executive (EXC)

SHARE



Section 950

Definitions

Section 951

Internal control responsibilities

Section 952

Internal audit responsibilities

Section 953

Independent audits of the executive chamber and the division of the budget

Section 954

Independent audits of the department of audit and control and the department of law





The NYS Internal Control Act

- The State Comptroller will set the standards of internal control
- The Division of the Budget will set the rules of compliance with the Act
- Agency heads will annually certify to the Division of the Budget
- The State Comptroller will periodically audit submitted certifications

- At least once every three years, there shall be independent audits of the Executive Chamber, the Division of the Budget, the Comptroller, and the Attorney General



Requirements & Reporting

INTERNAL CONTROL ACT & INTERNAL
CONTROL CERTIFICATION

Annual Summary & Certification

DOB BPRM ITEM B-350

- NYS Division of the Budget's Budget Policy & Reporting Manual item B-350 requires the **AGENCY COMMISSIONER** to certify compliance with the Internal Control Act.
- On or before **April 30 annually** you must report your agency's compliance with the Internal Control Act.





The Head of each agency shall:

- a. establish and maintain for the agency guidelines for a system of internal control that are in accordance with this article and internal control standards;
- b. establish and maintain for the agency a system of internal control and a program of internal control review. The program of internal control review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the agency's ongoing internal control;
- c. make available to each officer and employee of the agency a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency shall be expected to comply. Such statement shall emphasize the importance of effective internal control to the agency and the responsibility of each officer and employee for effective internal control;



The Head of each agency shall:

- d. designate **an internal control officer**, who shall report to the head of the agency, to implement and review the internal control responsibilities established pursuant to this section;
- e. implement education and training efforts to ensure that officers and employees within such agency have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques; and
- f. periodically evaluate the need for an **internal audit** function.



Compliance Reporting Levels





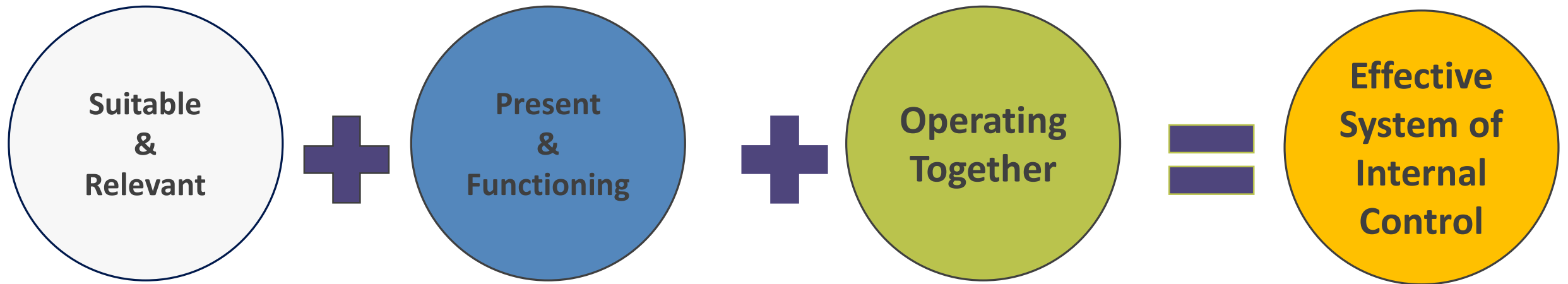
Team Effort

NYSICA reached out to all Internal Control Officers of member agencies, asking for volunteers that **1)** had implemented COSO 2013 at their agency and/or **2)** earned the COSO Internal Control Certificate.



COSO 2013

What is an effective system of internal control





The COSO 2013 Framework views all **5** components and **17** principles of internal control as suitable and relevant to all entities.

If management determines a principle is NOT suitable or relevant, management must support its determination with the rationale of how, in the absence of that principle, the associated component can be present and functioning.

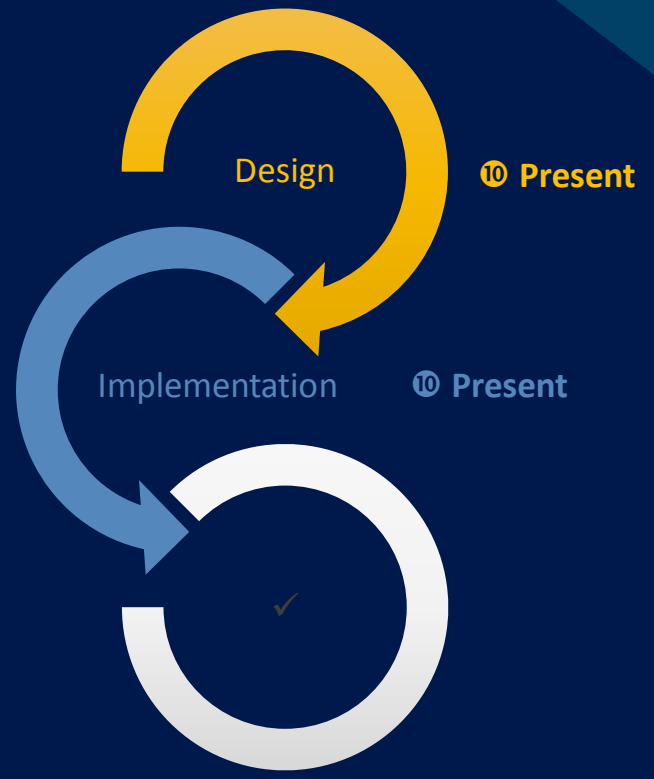


Present & Functioning

The 17 Principles

Present

The determination that each component and principle exists in the design and implementation of the system of internal control to achieve specified objectives.



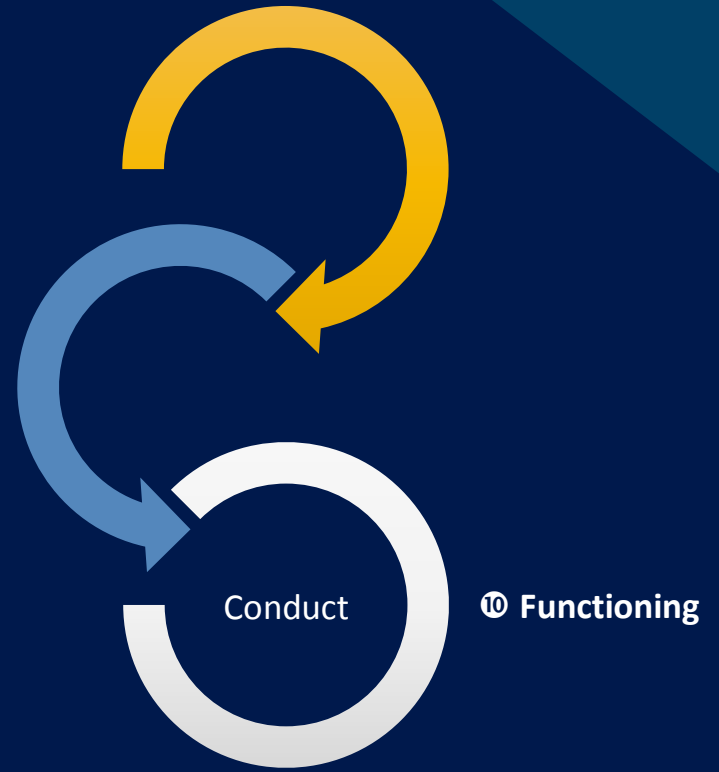


Persuasive evidence must exist that proves controls are selected and developed to effect the components and related principles.

When evaluating the design of an internal control, management determines if controls individually, and in combination with other controls, are capable of achieving an objective and addressing related risks.

Functioning

The determination that each component and principle continues to exist in the conduct of the system of internal control to achieve specified objectives.

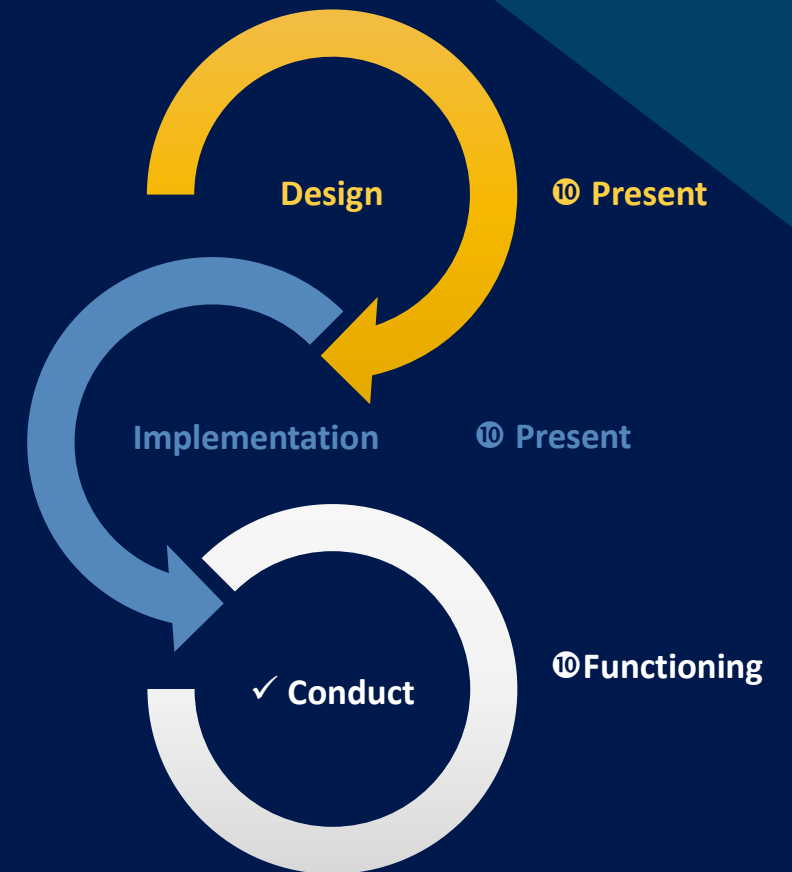




Level of Performance

A principle being present and functioning does **not** imply that the agency achieves the **highest level of performance** in applying that particular principle.

Management exercises judgment in balancing the cost and benefit of designing, implementing, and conducting internal control.





Documentation

Persuasive evidence must exist that proves controls are selected, developed, and deployed to effect the components and related principles.

This evidence should be kept and made available upon audit.



NYSICA Implementation Guide

Examples of Present & Functioning



Control Environment

1. The agency demonstrates a commitment to integrity and ethical values.
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes - with board oversight - structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The agency demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The agency holds individuals accountable for their internal control responsibilities in the pursuit of objectives.



Principle 1: The agency demonstrates a commitment to integrity and ethical values

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none">Agency establishes a code of ethics and a code of conduct.	<ul style="list-style-type: none">The codes are published in a centralized location available to all staff.The codes are well advertised by agency leadership.	<ul style="list-style-type: none">Ethics training is targeted, on-going, and tailored to the needs of each separate group within the agency.Ethics Officer maintain an intranet site with clearly posted contact information and resources, including templates for various requests.The codes are reinforced by management.



Principle 2: The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none">The agency performs risk assessments.	<ul style="list-style-type: none">The agency commissioner (or board of directors as appropriate) reviews the assessment of risks including potential impact of changes, fraud and management override.	<ul style="list-style-type: none">The agency commissioner (or board) appropriately questions and reacts to risks identified, including developing high-level policy to address risk.



Principle 3: Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none">The agency creates a formal, documented organization structure.	<ul style="list-style-type: none">The agency issues a formal, documented organization structure.	<ul style="list-style-type: none">Current organization charts are reviewed and approved by management.The approved organization charts are made available to all agency staff.Organization charts depict clear structure, reporting lines, and authorities.



Principle 4: The agency demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none">The agency develops a training policy or annual plan(s).	<ul style="list-style-type: none">The agency administers mandatory training courses and supports continuous training and development of staff.	<ul style="list-style-type: none">Training needs are tailored to each group within the agency.Attendance/completion of training is tracked.Training courses are reviewed annually for continued relevancy and/or new offerings.Training courses are offered in a variety of formats.

Principle 5: The agency holds individuals accountable for their internal control responsibilities in the pursuit of objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none">• Management establishes performance expectations throughout the agency.	<ul style="list-style-type: none">• These expectations incorporate achieving performance measures and complying with internal control responsibilities.	<ul style="list-style-type: none">• The agency holds individuals accountable for performance measures and internal control responsibilities.• The agency periodically evaluates performance measures for suitability and relevance.



Risk Assessment

6. The agency specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
7. The agency identifies risks to the achievement of its objectives across the agency and analyzes risks as a basis for determining how the risks should be managed.
8. The agency considers the potential for fraud in assessing risks to the achievement of objectives.
9. The agency identifies and assesses change that could significantly impact the system of internal control.

Principle 6: The agency specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Agency develops a strategic plan. 	<ul style="list-style-type: none"> The strategic plan includes the agency's mission, vision, goals, and strategic priorities. 	<ul style="list-style-type: none"> The agency communicates the strategic plan to all staff. The strategic plan is published and available to all staff. Management ensures functional objectives align with the agency's strategic plan.

Principle 7: The agency identifies risks to the achievement of its objectives across the agency and analyzes risks as a basis for determining how the risks should be managed

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Management has a process to identify risks to the agency's mission. 	<ul style="list-style-type: none"> The agency performs a formal risk assessment. 	<ul style="list-style-type: none"> A risk assessment is performed annually and updated as risks change in between assessment periods. Identified risks from all levels are reviewed holistically for likelihood and impact to the achievement of agency objectives.

Principle 8: The agency considers the potential for fraud in assessing risks to the achievement of objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> • Process in place to identify possible fraud that may occur within the agency’s business process. 	<ul style="list-style-type: none"> • Fraud risks consider drivers/causes of fraud (incentives, opportunity, and pressures). 	<ul style="list-style-type: none"> • Agency performs a formal fraud risk assessment in addition to the annual risk assessment. • The agency risk assessment process includes fraud risks in the risk identification process. • Review of control activities to aid in the prevention/detection of fraud.

Principle 9: The agency identifies and assesses change that could significantly impact the system of internal control

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Agency monitors for changes in legislation and/or regulations that may impact agency operations. 	<ul style="list-style-type: none"> Agency counsel identifies and tracks legislation and/or regulations that may impact agency operations. 	<ul style="list-style-type: none"> Agency counsel provides summaries of proposed/enacted legislation and/or regulations. Agency counsel prepares comments on proposed legislation and/or regulations to appropriate parties. Agency leadership discusses the impact of the legislation and/or regulation on agency operations.



Control Activities

10. The agency selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
11. The agency selects and develops general control activities over technology to support the achievement of objectives.
12. The agency deploys control activities through policies that establish what is expected and procedures that put policies into action.

Principle 10: The agency selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Agency requires records of all business transactions. 	<ul style="list-style-type: none"> Procedures are in place for employees to maintain accurate records of all business transactions (both financial and operational) to ensure completeness and validity. 	<ul style="list-style-type: none"> Employees are aware of procedures and receive training for updated best practices and procedural changes. Management performs ongoing monitoring to ensure the completeness and validity of transactions. Internal audit performs separate evaluations to ensure the completeness and validity of transactions.

Principle 11: The agency selects and develops general control activities over technology to support the achievement of objectives

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Users must request access to systems. 	<ul style="list-style-type: none"> Users are granted access to only the system functions needed based on their role within the agency and internal control responsibilities assigned. 	<ul style="list-style-type: none"> Process in place for provisioning and deprovisioning of access requested by users. Approval levels are established based on the access level being requested. Access reviews and certifications of users are performed periodically.

Principle 12: The agency deploys control activities through policies that establish what is expected and procedures that put policies into action

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Management establishes policies that clearly outline employee responsibilities, accountability, and support the agency's objectives. 	<ul style="list-style-type: none"> Management communicates these policies to all staff. 	<ul style="list-style-type: none"> Policies are formally published documents and available to all staff. Procedures are in alignment with agency policies, documented, up-to-date, and available to applicable staff. Obtain periodic confirmations from employees confirming that policies and/or procedures have been received and understood.

Information & Communication

13. The agency obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The agency communicates with external parties regarding matters affecting the functioning of internal control.

Principle 13: The agency obtains or generates and uses relevant, quality information to support the functioning of internal control

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> The agency generates internal reports and obtains reports from external sources to conduct agency business. 	<ul style="list-style-type: none"> Internal and external reports are distributed to staff as applicable. 	<ul style="list-style-type: none"> Reports are generated timely and in a format staff can use/read easily. Internal report information is reviewed for accuracy prior to distribution. External report information is verified for accuracy prior to use. System checks/security are used to ensure information is correct and safeguarded.

Principle 14: The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Agency commissioner supports the functioning of internal control. 	<ul style="list-style-type: none"> Agency commissioner issues a clear and concise statement supporting the functioning of internal control. 	<ul style="list-style-type: none"> Statement of support of internal control is reinforced with staff annually. The statement can be a memo, address at a town hall meeting, or during meetings with agency units.

Principle 15: The agency communicates with external parties regarding matters affecting the functioning of internal control

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> A process is in place to communicate information to external parties. 	<ul style="list-style-type: none"> The agency appoints a Public Information Officer (PIO) to communicate with external parties on behalf of the agency. 	<ul style="list-style-type: none"> The PIO responds timely and appropriately to inquiries. The PIO holds press conferences or issues press releases regarding matters affecting the functioning of internal control. The agency's website contains information pertinent to the public.



Monitoring

16. The agency selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
17. The agency evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

Principle 16: The agency selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Ongoing evaluations are built into each business process. 	<ul style="list-style-type: none"> Routine reviews of key controls are performed. Periodic reconciliations. Routine monitoring of large or atypical transactions. Automated software controls/exception reports of failed transactions. 	<ul style="list-style-type: none"> Reviews are performed at regular intervals (i.e. monthly, quarterly, semi-annually, annually, as needed). Exception reports resulting from reviews are followed up by management. Significant findings and variances are routinely documented and discussed at staff meetings.

Principle 16 *continued*

Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> Separate evaluations performed by an independent party. 	<ul style="list-style-type: none"> Audits performed by the Internal Audit function. Benchmarking studies. Peer evaluations. Reviews performed by control agencies. Compliance reviews. 	<ul style="list-style-type: none"> Audit report or summary of results from the evaluation. Agency responds in writing to the issuing party. Documentation of corrective action taken when exceptions/recommendations are identified.

Principle 17: The agency evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate

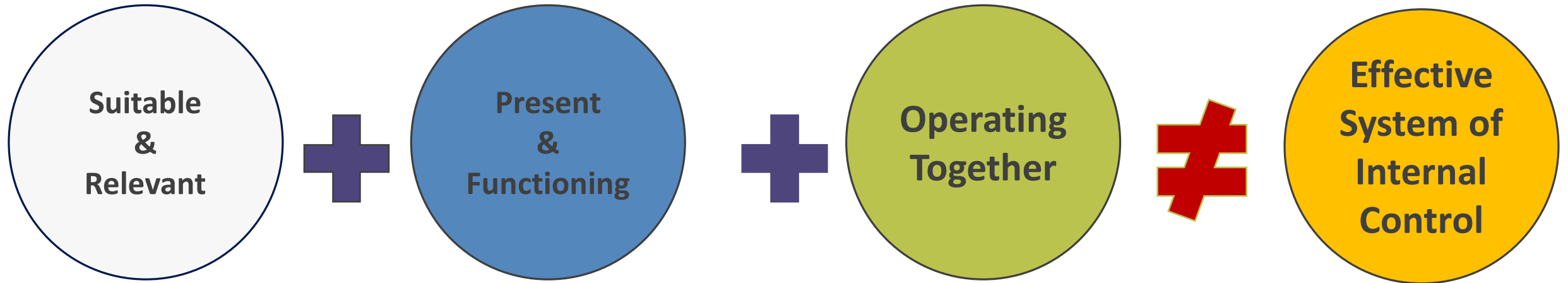
Present		Functioning
Design	Implementation	Conduct
<ul style="list-style-type: none"> A process is in place to report internal control deficiencies. 	<ul style="list-style-type: none"> Reports from Internal Control, Internal Audit, and external parties are issued to the agency commissioner and board of directors. 	<ul style="list-style-type: none"> Findings and recommendations are discussed with the issuing party and process owner. Corrective action plans are agreed upon and formally documented. Implementation status is tracked to completion. Follow-up evaluations are conducted to confirm implementation and functionality.



Identified Deficiencies

The 17 Principles

What is an effective system of internal control



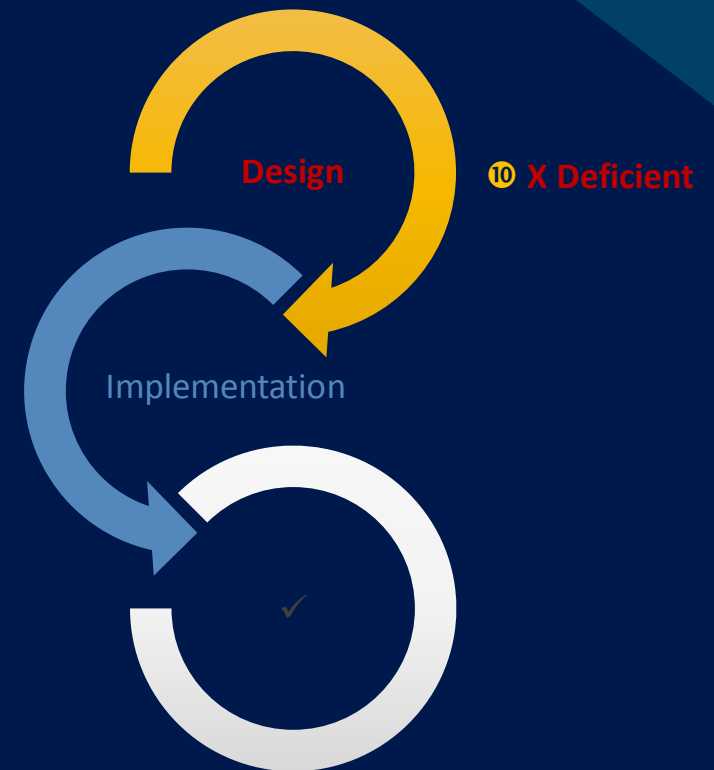


Internal Control Deficiency

Shortcoming in a component or relevant principle(s) that reduces the likelihood of the agency achieving its objectives.

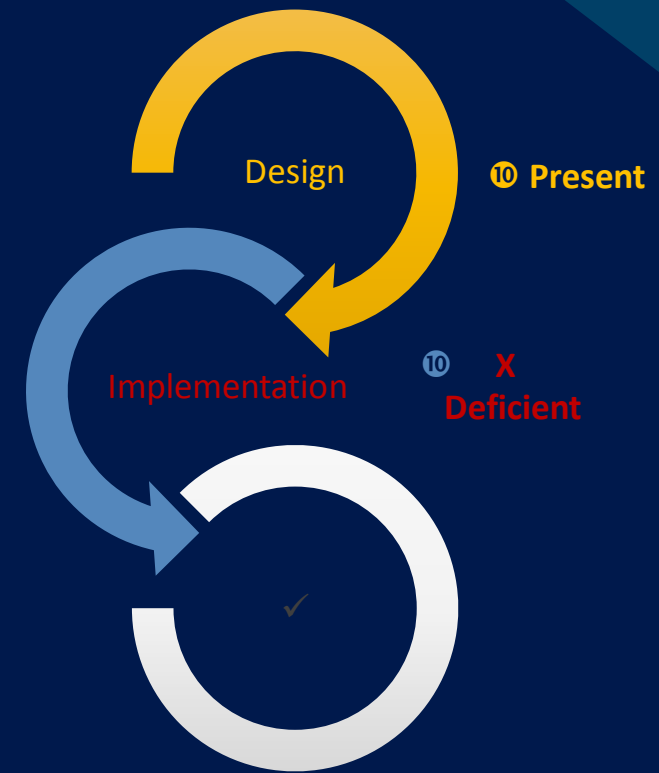
Deficiency in Design

Control necessary to meet a control objective is **missing**, or an existing control is **not properly designed** so that even if the control operates as designed, the control objective would not be met.



Deficiency in Implementation

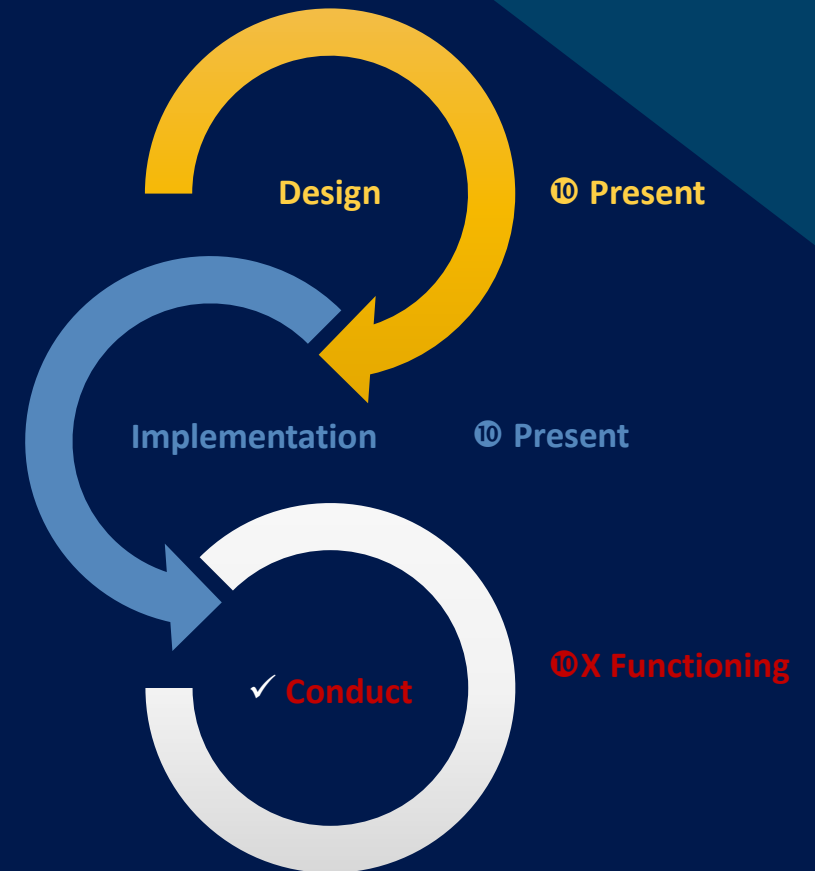
Properly designed control is **not implemented correctly** in the internal control system.





Deficiency in Conduct

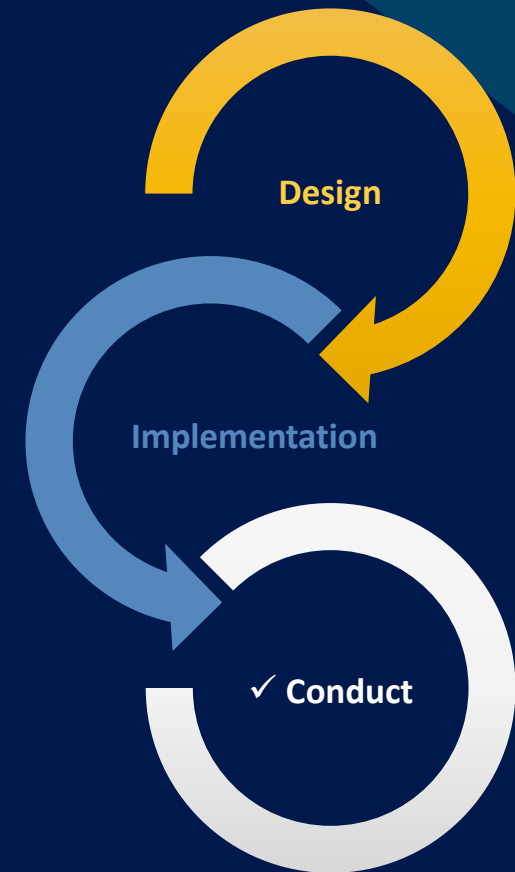
Properly designed control **does not operate as designed**, or when the person performing the control **does not possess the necessary authority or competence** to perform the control effectively.



Level of Performance

A principle being present and functioning does **not** imply that the agency achieves the **highest level of performance** in applying that particular principle.

Management exercises judgment in balancing the cost and benefit of designing, implementing, and conducting internal control.





Major Deficiency

Refers to an internal control deficiency, or combination of deficiencies, that severely reduces the likelihood that the agency can achieve its objectives.

When a major deficiency exists, the agency **cannot conclude** that it has met the requirements for an effective system of internal control.



- A major deficiency in one component or principle cannot be mitigated to an acceptable level by the presence and functioning of another component or principle.
- Deficiencies are evaluated both on an individual basis and in the aggregate.
- Management considers the correlation among different deficiencies or groups of deficiencies when evaluating their significance.



Operating Together

The determination that all five components collectively reduce, to an acceptable level, the risk of not achieving an objective.



Roles & Responsibilities

EVERYONE HAS A ROLE IN THE SYSTEM
OF INTERNAL CONTROLS

Internal Control Officer

REPORTS TO THE AGENCY HEAD

- **Critical member** of the agency's **leadership** team
- **Sufficient authority** to act on behalf of the agency head in **implementing** and **reviewing** the agency's internal control program.
- **Broad knowledge** of the agency's **operations**, **personnel** and policy **objectives**.
- **Establish and maintain an internal control review program** to ensure internal controls are in place and for promoting compliance with agency policies, procedures, and applicable laws, rules, and regulations.
- **Educate and train** agency staff on internal controls and control concepts.

Agency Head

COMMISSIONER / SUPERINTENDENT /
BOARD OF DIRECTORS

- **Discuss** with agency leadership the state of the agency's **system** of **internal control** and provide **oversight** as needed.
- **Establish its policies and expectations** of how members should provide oversight of the agency's internal control system.
- **Be apprised** of **risks** to the achievement of the **agency's objectives**, internal control **deficiencies** identified, and how management assesses the **effectiveness** of internal controls.
- **Challenge agency leadership**; ask questions, as necessary; and **seek input** and **support** from internal control officers, internal auditors, external auditors, and others as needed.

Agency Leadership

- Create a positive control environment that supports strong governance, ethical values, integrity, competence, morale, and structure throughout the agency.
- Set the agency's expectation for internal controls, ensuring management is aware of those expectations, and evaluating management's effectiveness at maintaining and supporting the system of internal controls.
- Focus monitoring activities on the major divisions of the agency and place emphasis on monitoring the achievement of the agency's goals.

Directors and Managers

- **Ensure employees** have the necessary **skills, knowledge,** and **training** to reasonably ensure they can carry out their work.
- **Develop internal controls** for compliance with agency policies and procedures as well as applicable laws, rules, and regulations.
- **Periodically review their processes and procedures** to ensure that proper internal controls are in place and being followed.
- **Introduce new controls and strengthen internal controls** when weaknesses or opportunities for improvement are identified.
- **Focus monitoring activities** on assessable units with emphasis on achieving the agency's goals.

Supervisors

- **Ensure** internal controls are **operating as intended** for compliance with agency policies and procedures as well as applicable laws, rules, and regulations.
- **Implement new internal controls or strengthen existing controls** when weaknesses or opportunities for improvement are identified.
- **Monitor activities and transactions in their unit** to ensure that staff members are performing their assigned responsibilities, control activities are functioning properly, the unit is accomplishing its goals, the unit's control environment is appropriate, communication is open and sufficient, and risks are identified and properly addressed.

Staff

- **Understand internal controls and control concepts** supporting the system of internal controls within their unit.
- **Comply with agency policies and procedures** as well as applicable laws, rules, and regulations.
- **Monitor their own work** to ensure it is done properly.
- **Correct errors identified** before work is referred to higher levels for review.

Director of Internal Audit

REPORTS TO THE AGENCY HEAD

- **Assess the adequacy and effectiveness** of agency internal controls and **reporting weaknesses and opportunities for improvement** to management as they are identified.

Internal Audit **must be independent of the activities that are audited**. For this reason, in most instances, Internal Audit **cannot properly perform** the role of Internal Control Officer.



How to make internal controls effective

WHAT YOU CAN DO TO HELP

- Create a positive control environment
- Emphasize the importance of effective internal controls
- Encourage timely responses to internal control requests
- Hold all staff, at all levels, accountable
- Support internal control training

Key Points

TAKEAWAYS FROM TODAY

- Always think about creating and strengthening internal controls in everything that the agency does.
- Build a community of internal control experts. Create a tone and culture that encourages everyone to identify risk and confront it with controls.
- Always make internal controls part of the discussion. At the beginning, during, and after all projects and changes.





NYSICA has published these documents on the Library tab of our website: www.nysica.com



New York State Internal Control Association

Home

Upcoming Events

Library

NYSICA Board/Message From the President

Gallery

more...





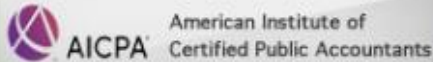
ERM Integrated Framework Update

[Learn More](#)

SPONSORING ORGANIZATIONS:



Thought Leaders in Accounting



American Institute of Certified Public Accountants



financial executives international



The Association of Accountants and Financial Professionals in Business



Guidance

Governance and Operational Performance

- [COSO in the Cyber Age: Report Offers Guidance on Using Frameworks to Assess Cyber Risks \(2015\)*](#)
- [Improving Organizational Performance and Governance: How the COSO Frameworks Can Help \(2014\)*](#)
- [Enhancing Board Oversight: Avoiding Judgment Traps and Biases \(2012\)*](#)

**Thought Papers*

Guidance on Internal Control

[Purchase Internal Control — Integrated Framework \(2013\)](#)

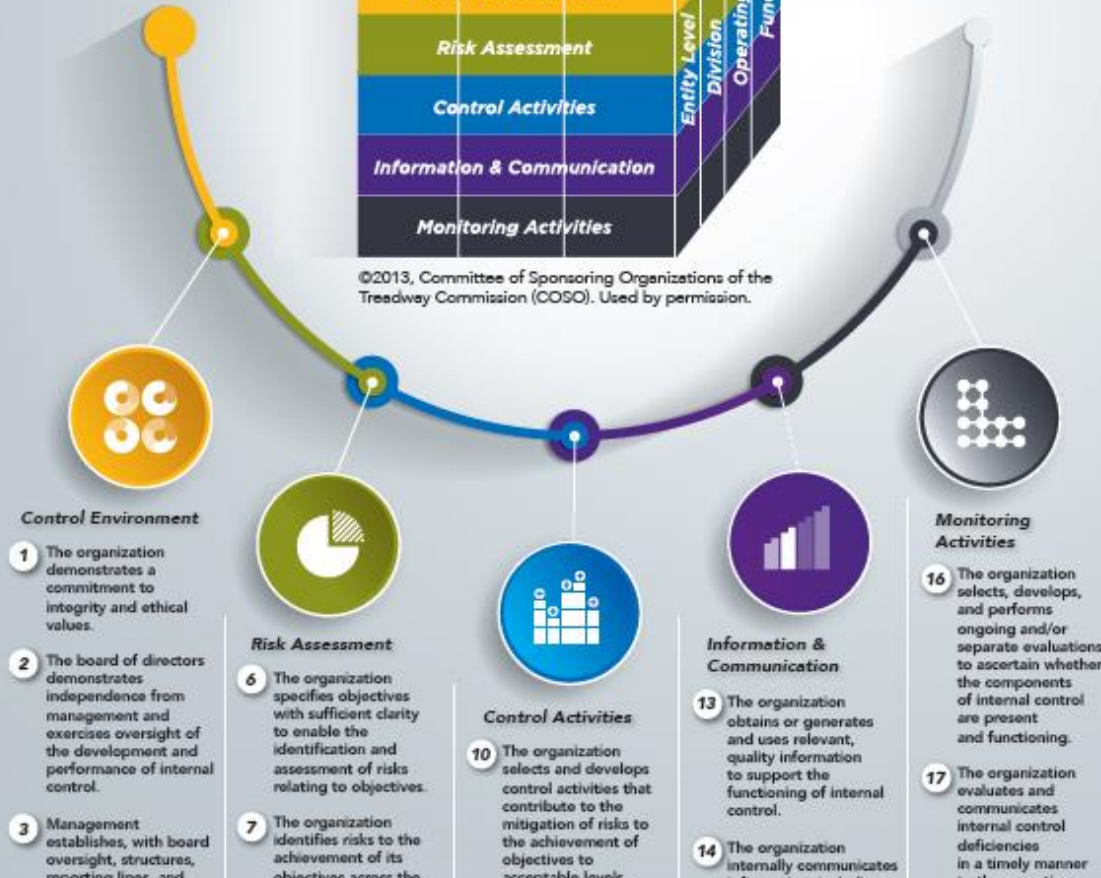
- [Poster of Internal Control — Integrated Framework Principles \(English\)](#)
- [Poster of Internal Control — Integrated Framework Principles \(Italian\)](#)
- [Implementation Guide for the Healthcare Provider Industry \(2019\)](#)
- [Leveraging COSO Across the Three Lines of Defense \(2015\)*](#)
- [The 2013 COSO Framework & SOX Compliance: One Approach to an Effective Transition \(2013\)](#)
- [Purchase Guidance on Monitoring Internal Control Systems \(2009\)](#)
- [Internal Control Over Financial Reporting — Guidance for Smaller Public Companies \(2006\)](#)
- [Internal Control Issues in Derivatives Usage \(1996\)](#)



COSO Internal Control — Integrated Framework Principles



©2013, Committee of Sponsoring Organizations of the Treadway Commission (COSO). Used by permission.



Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values.
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3 Management establishes, with board oversight, structures, authorities, responsibilities, and competencies.

Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- 7 The organization identifies risks to the achievement of its objectives across the organization.

Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Information & Communication




- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
- 14 The organization internally communicates

Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner.



Thank You

-  New York State Internal Control Association
-  Mary.Peck@nyserda.ny.gov
-  www.nysica.com