



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – January 14, 2019

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## Berkshire County District Attorney's Office

For the period July 1, 2016 through March 31, 2018





Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

January 14, 2019

District Attorney Andrea Harrington  
Berkshire County District Attorney's Office  
7 North Street  
Pittsfield, MA 01201

Dear Ms. Harrington:

I am pleased to provide this performance audit of the Berkshire County District Attorney's Office. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2016 through March 31, 2018. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Berkshire County District Attorney's Office for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump  
Auditor of the Commonwealth

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>OVERVIEW OF AUDITED ENTITY .....</b>	<b>2</b>
<b>AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....</b>	<b>4</b>
<b>DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE.....</b>	<b>9</b>
<b>1. The Berkshire County District Attorney's Office's internal control plan does not comply with the         Comptroller of the Commonwealth's Internal Control Guide.....</b>	<b>9</b>
<b>2. Some forfeited funds were not remitted to BCDA in a timely manner. ....</b>	<b>11</b>
<b>APPENDIX A .....</b>	<b>14</b>
<b>APPENDIX B .....</b>	<b>15</b>

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## LIST OF ABBREVIATIONS

BCDA	Berkshire County District Attorney's Office
CTR	Comptroller of the Commonwealth
DAMION	District Attorney Management Information Office Network
ERM	enterprise risk management
ICP	internal control plan
IT	information technology
MMARS	Massachusetts Management Accounting and Reporting System
OSA	Office of the State Auditor
VWAP	Victim Witness Assistance Program

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## EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has performed an audit of the Berkshire County District Attorney's Office (BCDA) for the period July 1, 2016 through March 31, 2018. In this audit, we examined BCDA's compliance with Section 5 of Chapter 258B of the General Laws for the Victim Witness Assistance Program. We also examined BCDA's internal control plan (ICP); compliance with Chapter 647 of the Acts of 1989; budget and budgeting practices; and internal controls over expenses, inventory, and forfeited funds.

BCDA's newly appointed District Attorney, who was sworn in on March 15, 2018, requested this transition audit after the retirement of the prior District Attorney, who had served since 2004. Transition audits are typically requested by newly elected or appointed officials to obtain an understanding of an organization's financial situation and any areas needing corrective action and improvement.

Below is a summary of our findings and recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">9</a></b>	BCDA's ICP does not comply with the Comptroller of the Commonwealth's Internal Control Guide.
<b>Recommendations</b> <b>Page <a href="#">10</a></b>	<ol style="list-style-type: none"><li>1. BCDA should immediately update its ICP to include all the critical components of enterprise risk management.</li><li>2. BCDA should establish policies and procedures for annually updating its ICP, as well as monitoring controls to ensure that these policies and procedures are adhered to.</li></ol>
<b>Finding 2</b> <b>Page <a href="#">11</a></b>	Some forfeited funds were not remitted to BCDA in a timely manner.
<b>Recommendations</b> <b>Page <a href="#">12</a></b>	<ol style="list-style-type: none"><li>1. BCDA should periodically communicate to Assistant District Attorneys that it is their responsibility to notify the chief of Appeals and BCDA's director of Fiscal Affairs of all forfeitures ordered by court motion in a timely manner.</li><li>2. BCDA should modify its policies to require that all motions for forfeiture be recorded in the District Attorney Management Information Office Network to allow for the tracking of all forfeited funds.</li></ol>

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## OVERVIEW OF AUDITED ENTITY

The Berkshire County District Attorney's Office (BCDA) was established under Sections 12 and 13 of Chapter 12 of the Massachusetts General Laws, which provide for the administration of criminal law and the defense of civil actions brought against the Commonwealth in accordance with Chapter 258 of the General Laws. BCDA serves 2 cities and 30 towns<sup>1</sup> in western Massachusetts and operates from a superior court, three juvenile courts, and three district courts. BCDA represents the Commonwealth at bail hearings, at commitment proceedings related to criminal matters, at rendition proceedings, during the presentation of evidence in all inquests, and for all appeals to the state's Appeals Court and Supreme Judicial Court. It also assists in the investigation of a variety of criminal activities. During fiscal years 2017 and 2018, BCDA had 56 employees and received state appropriations of \$4,184,794 and \$4,218,329, respectively.

In addition to its legal and investigatory activities, BCDA operates several programs that provide education and other services to the public and to people involved in the criminal justice system. During our audit, we examined BCDA's administration of its Victim Witness Assistance Program (VWAP).

### VWAP

BCDA operates a VWAP that provides services to victims and witnesses of crimes, and their family members, in accordance with Section 5 of Chapter 258B of the General Laws (see [Appendix A](#)). BCDA started its VWAP in 1984. During our audit period, the program had 10 full-time employees: 8 advocates, a program director, and an assistant director.

Section 5 of Chapter 258B of the General Laws requires that victims/witnesses of crimes receive the following services: court appearance notifications; information related to witness fees, victim compensation, and restitution; escorts and transportation; case process notifications; employer intercession; expedited return of property; protection; family support, including child and other dependent care services; waiting facilities; and social service referrals.

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1. The cities are North Adams and Pittsfield, and the towns are Adams, Alford, Becket, Cheshire, Clarksburg, Dalton, Egremont, Florida, Great Barrington, Hancock, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mount Washington, New Ashford, New Marlborough, Otis, Peru, Richmond, Sandisfield, Savoy, Sheffield, Stockbridge, Tyringham, Washington, West Stockbridge, Williamstown, and Windsor.

The VWAP advocates tell victims and witnesses about the court process and their rights. In addition, BCDA advocates work with victims and/or witnesses throughout the court process to ensure that they receive proper notification of court events, support, and services to which they are entitled.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of the Berkshire County District Attorney's Office (BCDA) for the period July 1, 2016 through March 31, 2018.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Does BCDA's Victim Witness Assistance Program (VWAP) provide assistance throughout the court process to victims and witnesses of crimes as required by Section 5 of Chapter 258B of the General Laws?	Yes
2. Does BCDA have an updated internal control plan (ICP) that was developed in accordance with the Comptroller of the Commonwealth's (CTR's) Internal Control Guide?	No; see Finding <u>1</u>
3. Does BCDA comply with Chapter 647 of the Acts of 1989 by reporting all instances of unaccounted-for variances, losses, shortages, or thefts of funds or property to OSA?	Yes
4. Does BCDA have proper budgeting practices in place to ensure that its annual funding is sufficient to meet its operational needs through the end of the fiscal year?	Yes
5. Does BCDA ensure that its financial activities, such as expenditures and Commonwealth credit card use, are allowable and in accordance with its policies and procedures?	Yes
6. Does BCDA manage forfeited funds in accordance with its established policies and procedures?	No; see Finding <u>2</u>
7. Is BCDA's information technology (IT) inventory accurately accounted for?	Yes



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To achieve our objectives, we gained an understanding of BCDA's internal controls that we deemed significant to our audit objectives by reviewing applicable laws, regulations, and agency policies and procedures, as well as conducting interviews with BCDA's staff and management.

Additionally, we performed the procedures described below.

## **VWAP**

We obtained from the District Attorney Management Information Office Network (DAMION) system<sup>2</sup> a list of all 4,238 court cases that were opened from July 1, 2016 through March 31, 2018 and involved a victim and/or witness. Using a statistical sampling method, with a confidence level of 95% and tolerable error rate of 5%, we selected a random sample of 60 court cases. We obtained the case file, including case notes and documents related to program requirements, for each selected case. We confirmed the types of services requested by victims/witnesses, reviewed supporting documents for all services provided, and determined whether BCDA complied with Section 5 of Chapter 258B of the General Laws.

## **ICP**

We obtained BCDA's most recent ICP from agency officials. We also obtained CTR's Internal Control Guide, reviewed the ICP checklist therein, and compared the checklist to BCDA's ICP to determine compliance.

## **Chapter 647**

To assess whether BCDA complied with Chapter 647 of the Acts of 1989, which requires BCDA to report any "unaccounted for variances, losses, shortages or thefts of funds or property" to OSA, we interviewed key BCDA personnel to obtain an understanding of how these types of losses are reported. We then obtained copies of all Chapter 647 reports filed by BCDA during the audit period and compared them to all police reports of thefts or shortages of funds or property filed by BCDA during this period to ensure that all thefts that were reported to the police were also reported to OSA.

To further assess whether BCDA had identified any variances, losses, shortages, or thefts of funds or property during the audit period, we reviewed the monthly reconciled bank statements for the bank account used to deposit forfeited funds and the annual physical inventory reports generated during the audit period for both IT and non-IT inventory.

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2. DAMION is BCDA's case-management system. BCDA uses it to track court dates for each case.

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## Budgeting

To determine whether BCDA had proper budgeting practices in place to ensure that its annual funding was sufficient to meet its operational needs through the end of fiscal year 2018, we obtained BCDA expenditure data for fiscal years 2017 and 2018 from the Massachusetts Management Accounting and Reporting System (MMARS). We also obtained and reviewed spending plans submitted by BCDA to the state Legislature for fiscal years 2017 and 2018 and interviewed key BCDA personnel involved in budgeting. We used the spending plans developed by BCDA to determine whether the budgeted amounts were sufficient for actual spending for fiscal year 2017. We used BCDA's fiscal year 2018 spending plan to create spending estimates through the end of fiscal year 2018 and compared the estimates to actual expenditures to identify areas of deficiency.

## Expenditures

To assess whether BCDA properly administered expenses, we obtained BCDA's expenditure data for the audit period from MMARS. Using these data, we analyzed non-payroll expenditures, Commonwealth credit card purchases, and State Police overtime reimbursements.

- To test non-payroll expenditures, we selected a random nonstatistical sample of 45 expenditures (totaling \$104,509) from the total population of 822 expenditures (totaling \$833,961) recorded in MMARS during the audit period. For these expenditures, we requested the supporting documentation (financial request forms, invoices, and/or receipts) to determine whether BCDA's procurement policies were followed.
- To test Commonwealth credit card purchases, we selected a random nonstatistical sample of 35 Commonwealth credit card transactions (totaling \$3,956) from the total population of 464 transactions (totaling \$73,278) recorded on monthly credit card billing statements during the audit period. We requested the supporting documentation (invoices and/or receipts) for these purchases to determine whether they were reasonable and allowable according to CTR's Commonwealth Procurement Card Program Policy and Procedure.
- To test State Police overtime reimbursements, we selected a judgmental sample of 7 months of reimbursements (totaling \$195,471) from a population of 20 months of reimbursements (totaling \$398,608) made during the audit period from the MMARS data. For each month selected, we requested and reviewed the Overtime Hours Accumulated report submitted by the State Police to BCDA for payment to determine whether the amount submitted was approved by the District Attorney.

We used nonstatistical sampling methods for testing and therefore did not project the results of our testing to the population.

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## Forfeited Funds

Section 47 of Chapter 94C of the General Laws identifies property that is subject to forfeiture by the Commonwealth and the procedure used by District Attorneys to obtain this property. All funds used to purchase, and all proceeds from the illegal sale of, a controlled substance are subject to seizure, as detailed in Section 47(a)(5) of Chapter 94C of the General Laws. BCDA is responsible for collecting and distributing<sup>3</sup> forfeited funds. During our audit period, BCDA received \$266,631 in forfeited funds.

To determine whether BCDA maintained proper controls for monitoring and handling forfeited funds, we obtained and reviewed the list of funds received during the audit period as well as agency policies and procedures. Using the list, we selected a random nonstatistical sample of 20 forfeitures (totaling \$90,664) from a population of 76 forfeitures (totaling \$266,631) received during the audit period. From the forfeitures in our sample, we identified those that took more than 30 days to be collected by reviewing the dates the funds were deemed forfeited by the court and the dates they were deposited by BCDA.

We used nonstatistical sampling methods for testing and therefore did not project the results of our testing to the population.

## Inventory

To determine whether BCDA properly accounted for its IT inventory, we requested and reviewed the IT inventory list for the audit period. We used MMARS expenditure data to create a list of IT purchases that were required to be inventoried under BCDA policies. Using this list, we selected a random nonstatistical sample of 20 purchases (totaling \$35,498) from a population of 56 purchases made during the audit period (totaling \$61,421). We determined whether items purchased had been added to the agency's IT inventory list.

We used nonstatistical sampling methods for testing and therefore did not project the results of our testing to the population.

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3. Proceeds from forfeitures are usually split between a District Attorney's Office and the law enforcement department handling the criminal activity.

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## Data Reliability

From DAMION, we obtained data related to our testing of the VWAP. To determine the reliability of data from DAMION, we tested the controls BCDA had implemented over access to DAMION, as well as user roles and responsibilities. In addition, we traced a sample of cases to and from hardcopy court records for agreement.

For Commonwealth credit cards, BCDA personnel gave us an electronic transaction history downloaded from Bank of America and hard copies of all monthly Commonwealth credit card statements that BCDA received from Bank of America during the audit period. To ensure the reliability of the electronic data, we traced a sample of purchases to and from the hardcopy monthly statements. To further verify the data, we traced monthly Commonwealth credit card statement totals to monthly payments made through MMARS.

BCDA personnel gave us a list of forfeited funds on a Microsoft Excel spreadsheet, as well as the corresponding hardcopy files through which the spreadsheet was populated. They also gave us the hardcopy monthly bank statements for the bank account in which the funds were deposited. To ensure the accuracy and completeness of the spreadsheet, we traced a sample of forfeitures to and from the hardcopy forfeiture files. In addition, we traced the amounts deposited for each forfeiture file to the bank statements to ensure that the amounts deposited matched the amounts received.

BCDA currently uses Microsoft Excel to track its inventory. To ensure the accuracy, completeness, and reliability of the Excel inventory lists we received, we traced items on the lists to their physical locations and traced items from their physical locations to the lists. Based on the results of these data reliability assessment procedures, we determined that the information obtained for the audit period was sufficiently reliable for the purposes of our audit work.

In 2018, OSA performed a data reliability assessment of MMARS that focused on testing selected system controls (access controls, application controls, configuration management, contingency planning, and segregation of duties) for the period April 1, 2017 through March 31, 2018. Further, as part of our current audit, we traced the MMARS data to and from source documentation of purchases made during the audit period.

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### 1. The Berkshire County District Attorney's Office's internal control plan does not comply with the Comptroller of the Commonwealth's Internal Control Guide.

The Berkshire County District Attorney's Office's (BCDA's) internal control plan (ICP), an agency-wide document that summarizes risks and controls for all of its business processes, is not updated annually; it was last updated in June 2016. In addition, the ICP does not consider, or adequately address, four critical components of enterprise risk management (ERM): internal environment, objective setting, event identification, and control activities. Without a complete, up-to-date, and adequately documented system of internal controls, BCDA risks not meeting all of its operational objectives economically and efficiently or complying with state laws, regulations, other authoritative guidance, grants, and other contractual agreements.

Our analysis of BCDA's most recent ICP noted that the ICP does not do the following:

- contain a tone-at-the-top statement (internal environment)
- contain a department head's statement of support (internal environment)
- define goals and objectives that are aligned with the agency's mission statement (objective setting)
- identify risks that may prevent the agency from achieving these goals and objectives (event identification)
- identify controls used to mitigate these risks (control activities)

### Authoritative Guidance

In its document *Enterprise Risk Management—Integrated Framework*, the Committee of Sponsoring Organizations of the Treadway Commission<sup>4</sup> defines ERM as follows:

*A process, effected by the entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, to provide reasonable assurance regarding the achievement of objectives.*

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4. According to [www.coso.org](http://www.coso.org), the organization "is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence."

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To comply with the ICP checklist in the Comptroller of the Commonwealth’s (CTR’s) Internal Control Guide, an ICP must contain information on the eight components of ERM: internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring (see [Appendix B](#)). Specifically, Section B of the ICP checklist requires the following:

1. *Internal Environment . . .*
  - a. *Tone at the Top . . .*
  - b. *Department Head statement of support of the Internal Control Plan . . .*
2. *Objective Setting . . .*
  - a. *Goals and Objectives are defined, and aligned to the Mission Statement*
3. *Event Identification . . .*
  - a. *Have risks that may impede the achievement of each objective been identified? . . .*
6. *Control Activities—mitigation steps that are linked to risk events*

Additionally, CTR’s Internal Control Guide states, “At the very least, the ICP must be reviewed and updated annually.”

## **Reasons for Noncompliance**

Although the ICP itself requires the plan to be updated annually, BCDA does not have any policies and procedures that provide for this update or monitoring controls to ensure that it is done. According to BCDA officials, BCDA hired a third-party contractor to review the ICP and help identify necessary changes to ensure compliance with CTR’s Internal Control Guide in September 2017. As of September 14, 2018, BCDA’s ICP was still being reviewed by the contractor.

## **Recommendations**

1. BCDA should immediately update its ICP to include all the critical components of ERM.
2. BCDA should establish policies and procedures for annually updating its ICP, as well as monitoring controls to ensure that these policies and procedures are adhered to.

## **Auditee’s Response**

*Our ICP was last formally updated in June 2016. [At the beginning of the audit], we proactively explained that we were in the process of a complete review and possible overhaul of the entire*

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*ICP, using the Comptroller's model for a risk assessment and mitigation process. As part of our annual review in June 2017, we decided to use outside counsel to assist us in updating personnel policies and procedures that were integrated and referenced in our ICP. Although this process was started in June 2017, the first mutually convenient time for all parties to begin the review and provide staff trainings was not until December 2017 and the draft product from outside counsel was not received until June 2018. This delay in receiving the information, coupled with the transition to a new District Attorney in March 2018, further complicated the completion of the annual ICP updates as required.*

*I would like to further note that the ICP currently in place does contain strong policies, procedures and controls and the delays in updating the plan have not left the Office in any kind of jeopardy. It was our intent to further strengthen these procedures but the comprehensive updates we envisioned are a time-consuming process that we were not able to accomplish in the required time period due to the delays in obtaining policy reviews and the transition to new administration in March, 2018.*

*The results of the November 2018 general election have resulted in another change in leadership to the Berkshire [County] District Attorney's Office. We have advised the newly elected District Attorney, Andrea Harrington, of this audit finding and have begun the process of aiding her new administration on their updated Plan with the audit recommendations.*

## **Auditor's Reply**

According to CTR's Internal Control Guide, an agency's ICP should be updated at least annually. Although BCDA may have been in the process of updating its ICP during our audit period, it did not do so annually because it does not have any policies and procedures that provide for this update or monitoring controls to ensure that it is performed. Therefore, we again recommend that BCDA implement our recommendations regarding its ICP.

Based on its response, BCDA is taking measures to address our concerns in this area with the newly elected District Attorney.

## **2. Some forfeited funds were not remitted to BCDA in a timely manner.**

Our prior audit of BCDA (No. 2014-1261-3J) found that some forfeited funds were not remitted to BCDA by local law enforcement agencies until up to 232 days after cases were disposed of. During our current audit, we reviewed a sample of 20 forfeitures (totaling \$90,644). We found that 7 forfeitures (totaling \$9,027) that had been ordered by court motions were not remitted to BCDA by local law enforcement agencies until 31 to 780 days after they were ordered by a court. As a result, BCDA and local law enforcement agencies went without funds to which they were entitled for an extended period.

## Authoritative Guidance

The Forfeited Property Procedures in BCDA's ICP state,

*When a forfeiture order (court orders or copy of docket sheet ordering forfeiture) is received, the [Assistant District Attorney] **must** provide the certified copy to the Director of Fiscal Affairs and provide a **second copy** to the Chief of Appeals.*

According to the procedures, upon receipt of the forfeiture order, the director of Fiscal Affairs works with the police department to obtain the forfeited funds, ensure distribution to the appropriate police department, and deposit BCDA's portion "in the 'sweep account' set up by the State Treasury at a local bank for these purposes."

Because forfeited funds are in cash, not recording them within one bank cycle (30 days, or one month) increases the risk of theft or loss.

## Reasons for Issues

In our previous audit, we determined that the delays in the remittance of forfeited funds resulted from completed cases not being reconciled with forfeited funds in the District Attorney Management Information Office Network (DAMION) system. In response to that finding, BCDA amended its internal control policies regarding the administration of forfeited funds to require reconciliation of forfeiture orders and funds to DAMION to ensure that funds could be properly monitored, received in a timely manner, and reported accurately. However, BCDA's revised policy did not account for the recording in DAMION of forfeitures made by court motions before the dismissal of cases.

Assistant District Attorneys did not deliver certified copies of all court motions to the appropriate BCDA personnel to facilitate the transfer of these funds in a timely manner. BCDA officials told us they believed this was because the Assistant District Attorneys needed to be periodically reminded to notify BCDA's director of Fiscal Affairs promptly of forfeited funds. During our audit period, BCDA did provide training on this issue to the Assistant District Attorneys, and according to our audit testing, notifications of forfeitures made by court motions became timelier.

## Recommendations

1. BCDA should periodically communicate to Assistant District Attorneys that it is their responsibility to notify the chief of Appeals and BCDA's director of Fiscal Affairs of all forfeitures ordered by court motion in a timely manner.



2. BCDA should modify its policies to require that all motions for forfeiture be recorded in DAMION to allow for the tracking of all forfeited funds.

### **Auditee's Response**

*We acknowledge that there have been delays from date of order to deposit and have made improvements in procedures to reduce that time since the prior audit. We are looking at modifications to the current DAMION system that will allow better tracking of orders at all stages of prosecution including motion hearings. We would like to note that some delays from order to deposit are due to appeals filed by the defendants or the need to resolve matters with co-defendants who may have claim to the same forfeited funds and will be more diligent in noting this on orders so reasons for any such delays will be readily apparent. The importance of adhering to the established forfeiture procedures for Assistant District Attorneys is also stressed in the onboarding process.*

## APPENDIX A

### Section 5 of Chapter 258B of the Massachusetts General Laws

*Each district attorney shall create and maintain, to the extent reasonably possible and subject to the available resources, a program to afford victims and witnesses of crimes the rights and services described in this chapter. Those services shall include but not be limited to the following:*

- (a) court appearance notification services, including cancellations of appearances;*
- (b) informational services relative to the availability and collection of witness fees, victim compensation and restitution;*
- (c) escort and other transportation services related to the investigation or prosecution of the case, if necessary;*
- (d) case process notification services;*
- (e) employer intercession services;*
- (f) expedited return of property services;*
- (g) protection services;*
- (h) family support services including child and other dependent care services;*
- (i) waiting facilities; and*
- (j) social service referrals.*

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## APPENDIX B

### Requirements of the Internal Control Plan Checklist in the Comptroller of the Commonwealth's Internal Control Guide

*An internal control plan should have a statement of awareness and compliance with Chapter 647 guidelines in addition to the eight ERM components.*

- A. *Statement of Compliance with Chapter 647*
- B. *Evidence of ERM Components—does it include all principles related to each Component?*
  - 1. *Internal Environment—Leadership demonstrates a commitment to integrity, ethical values and competence*
    - a. *Tone at the Top, Mission Statement, Ethical Expectations, Standards and Adherence to Conduct*
    - b. *Department Head statement of support of the Internal Control Plan*
    - c. *Is the ICP readily available, distributed and communicated throughout the organization?*
  - 2. *Objective Setting—measurable targets or purpose of the organization's efforts*
    - a. *Goals and Objectives are defined, and aligned to the Mission Statement*
  - 3. *Event Identification—occurrences that could prohibit the accomplishment of objectives*
    - a. *Have risks that may impede the achievement of each objective been identified?*
    - b. *Are risks linked to objectives?*
  - 4. *Risk Assessment—Impact and likelihood of occurrence for each potential risk identified.*
    - a. *Assessment of risks is performed in determining how risks should be managed*
    - b. *Potential for Fraud is considered in assessing risks*

*A risk assessment can be a significant undertaking and result in a large volume of information. For purposes of the ICP, the Risk Assessment component need only be a short summary of how and when the assessment was conducted. The summary should include who was involved, the programs and activities considered, how risks were rated (what was the scale/methodology used and was it used applied consistently throughout the process), how they were prioritized and by whom? The*

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*existence and location of the risk assessment documentation should be referenced here.*

5. *Risk Response—how the organization will respond to an event*
  - a. *Are responses appropriate for significance of risks?*
  - b. *Necessary changes and management of risks is determined in order to achieve objectives*
6. *Control Activities—mitigation steps that are linked to risk events*
  - a. *Policies and procedures*
  - b. *Preventive and Detective controls*
  - c. *Segregation of duties*
  - d. *Are control activities linked to risks?*

*Goals, objectives, risk events and control activities should be linked as follows:*

1. *Goal #1*
  - a. *Objective #1 for Goal #1*
    - i. *Risk #1 for Objective #1 for Goal #1*
      - a. *Internal Control #1 for Risk #1 for Objective #1 for Goal #1*
      - b. *Internal Control #2 for Risk #1 for Objective #1 for Goal #1*
    - ii. *Risk #2 for Objective #1 for Goal #1*
      - a. *Internal Control #1 for Risk #2 for Objective #1 for Goal #1*
      - b. *Internal Control #2 for Risk #2 for Objective #1 for Goal #1*
7. *Information and Communication—internal and external*
  - a. *Information—quality information is generated for and/or from both external and internal sources*
  - b. *Communication—internal communication is disseminated throughout the organization, and information to external parties is appropriately communicated*
8. *Monitoring—each component is evaluated to keep the Internal Control Plan up to date*

- a. Ongoing and separate evaluations are used to ascertain whether each of the components of ERM is present and functioning.*