

Casals & Associates, Inc.

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Control Self-Assessment  
Experiences  
in  
Latin America

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**AGENDA**

1. ¿What is Control Self-Assessment (CSA)?
  1. Definition
  2. Origin
  3. Informal vs. Formal Control Factors
  4. Policies vs. Culture
  5. Traditional Audit vs. CSA/COSO
2. Experiences in Latin America
3. Groups Interested and Beneficiaries
4. Conclusions and Recommendations for the Future

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**What is Control Self-Assessment/COSO?**

**Control Self Assessment (CSA) is a quick means to for taking the pulse of an organization, collecting information on the state of its institutional health, and assessing risks to achieving its organizational objectives .**

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### What Is Control Self-Assessment/COSO?

- Recommendations for change come from organization's employees.
- It requires commitment and participation of senior management in the process, including willingness to take seriously into account opinions from personnel.

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### Origins of the COSO Internal Control Framework

- Traditional financial audits alone were insufficient to detect fundamental institutional weaknesses.
- Focus not only on *formal* controls but also on *informal* ones.

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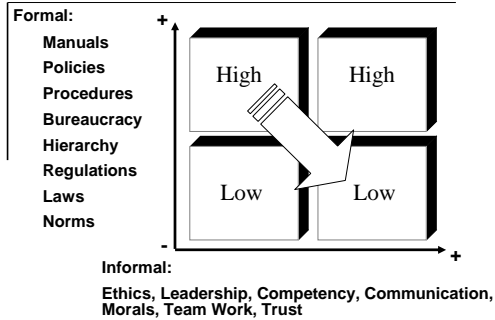
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### Informal Control Factors vs. Formal ones




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**Policies vs. Organizational Culture**

The “official policies” (formal controls) specify what management wishes to happen.

The “culture of the organization” (informal controls) determines what actually happens—which rules are obeyed, ignored or bent.

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**Traditional Audit vs. CSA/COSO**

<ul style="list-style-type: none"> <li>• Reactive</li> <li>• Focus on Auditors, Policies &amp; Procedures</li> <li>• Detect - Correct</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive</li> <li>• Focus on People and Opportunities</li> <li>• Prevent - Monitor - Learn - Apply</li> </ul>
<ul style="list-style-type: none"> <li>• Inspect Quality</li> <li>• Survival of Fittest</li> </ul>	<ul style="list-style-type: none"> <li>• Build in Quality</li> <li>• Everyone can contribute</li> </ul>
<ul style="list-style-type: none"> <li>• Audit Driven Solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Staff and Operations driven solutions</li> </ul>

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**Introduction of CSA in Latin America**

- Between 2000 and 2003 in 3 USAID projects implemented by Casals & Associates.
- Projects with anticorruption, transparency and internal control components.
- Diverse countries in terms of size and organizational culture (El Salvador, Mexico and Colombia).

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**Introduction of CSA in Latin America**

- Different public entities at different levels of Government (municipal, regional and national).
- Entities with varying functions, mandates, size and professional composition: direct services to the public, internal control, and investigative responsibilities.

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**Interested Groups and Beneficiaries**

- Employees, their managers, auditors, oversight entities, international donor agencies, and citizens all benefit from CSAs.
- The experience in applying the COSO framework through CSA thus far indicates that it:
  - Gets at the essence of whatever stands in the way of getting the job done;
  - Provides a way for management to listen to people who actually do the work;

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**Interested Groups and Beneficiaries**

- Identifies quickly what makes groups succeed or fail;
- Helps identify best practices;
- Has an immediate uplifting effect for many teams by bringing problems into the open; and
- Provides participants and management with data on trends and issues across units and over time.

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Conclusions and Recommendations for the Future

- CSA has the same potential for success in developing countries as in developed countries...
- Provided that the organization's management is committed to listening to employees and making changes based on their recommendations...
- And as long as there is follow-up to the action plans.
- Can be implemented confidently at the national and sub-national levels of government with a realistic expectation of substantial and sustained impact.

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