CONTROL SELF ASSESSMENT
A NEW STANDARD FOR GOVERNMENTS

OCTOBER 6, 2010
ICGFM FORUM LUNCHEON
WASHINGTON, DC

MIGUEL GARCÍA-GOSALVEZ (MGARCIA@CASALS.COM)

Agenda

- Introduction
- CSA experience
- Presentation
  - What is CSA?
  - Where does it come from?
  - Why CSA? How to use it?
  - CSA Workshops / Methodology
  - CSA within Government Institutions
  - Conclusions
- Questions/Comments

Miguel García Gosalvez
(mgarcia@casals.com)
What is Control Self Assessment?

Teams assessing for themselves....
...in a **systematic way** any significant factor....

...which affects their ability to achieve...
...their work objectives.

Teams assessing for themselves....
...the major **risks** that can prevent them...

...from achieving their common organizational objectives and...
...how well these risks are being controlled.

Teams agreeing on actions...
...when they are within the authority of the team...

...or formulating recommendations to management...
...thus laying the basis for actions to be taken.

What is Control Self Assessment?

- Is a means for taking the pulse to an organization
- Collecting information on the state of its institutional health
- Assessing the risks to achieving its organizational objectives
  - Recommendations for change come from employees within the organization
  - Requires participation and commitment from top management
Where does it come from?
COSO, CoCo, etc.

Traditional audits are not enough to detect fundamental institutional weaknesses
Focus has to include also **INFORMAL** controls and not just **FORMAL** ones

**FORMAL vs. INFORMAL**

- Manuals
- Policies
- Procedures
- Bureaucracy
- Hierarchy
- Regulations
- Laws
- Norms
- Ethics
- Leadership
- Competence
- Communication
- Moral
- Confidence
- Team Work
Official policies and procedures specify what management wants to happen

Organization culture determines what really happens and what rules are obeyed, ignored or bent
Traditional Audit vs. CSA/CoCo

- Reactive
- Focus on auditors, policies & procedures
- Detect – Correct
- Inspect Quality
- Survival of the fittest
- Audit Driven Solutions

- Proactive
- Focus on people & opportunities
- Prevent, Monitor, Learn, Apply
- Build Quality
- Everyone can contribute
- Staff & Operations driven solutions

What is Control?
Everything that helps people to achieve the organizational objectives

For example: abilities, leadership, processes, culture, information, resources, indicators, policies, communication, teamwork, risk management, etc.
“Control is not primarily about mitigating risk. It’s about pursuing opportunity.”

Paul Makosz

How to perform a CSA?
Teams of employees meet with their manager and facilitators...

...to analyze, within a control framework, the strengths and obstacles...
...that impact their ability to achieve their objectives...

...and to decide what measures and actions to take.

Miguel García Gosalvez
(mgarcia@casals.com)
Purpose of Control Self Assessment

Measure and quantify the effectiveness of the current control system...
... and how this makes sure that the organizational objectives are achieved

Beliefs
People are more important than systems

Understanding how control works helps implementing change management
Share information helps implementing improvements faster and with a lower risk

Control Self Assessment Workshop Principles
Open & Honest Communication

Miguel García Gosalvez
(mgarcia@casals.com)

Trust

Miguel García Gosalvez
(mgarcia@casals.com)
Comments, views & ideas from ALL participants are important

People who perform the task everyday understands it BETTER than anyone
Information shared during workshop remains confidential with regard to who shared it

Individual anonymity must be preserved

The Workshop
1st part
Situation Appraisal

Identify key strengths and obstacles

Evaluate impact on ability to meet business objectives

and decide upon appropriate course of action
Current Impact
Future Impact

What can this team do to increase the ability to achieve its objectives?
The Workshop 2\textsuperscript{nd} part

Control Appraisal
Vote on Key Control Indicators from the COSO Model
Control Environment
- Values and Beliefs
- Team Environment & Responsibilities
- Skills & Knowledge
- Rewards & Recognition

Risk Assessment
- Setting Team Objectives
- Planning & Risk Assessment
- Resources

Control Activities

Monitoring
- Learning and Managing Change

Communication
- Communication & Relations

Information
Example of Indicators

- My role and responsibility in the team is clearly understood by all team members
- People in leadership positions in our organization set a good example
- I have confidence in the accuracy of the information I receive
Analyze Key Factors

Teamwork about what can be done to achieve objectives
CoCo

PURPOSE
Know what to do

LEARNING
Do it better

COMMITMENT
Want to do it

CAPACITY
Know how to do it

Key Success Factors

- Availability and Interest
- Real and legit interest for improving
- Opportunities to participate
- Suggestions and recommendations come from within the organization
- The report is generated with the participants
**Key Success Factors**

- Opportunity to listen to others
- Final report is delivered in less than 48 hours and to all participants
- Avoid creating false expectations

---

**Methodology**

- 2 facilitators
- 15-18 participants
- 7-8 hours
- Information is collected in writing as well as by votes
- Information is collected in real time
Methodology

- Includes what can be done and not just a passive and descriptive explanation
- Report has to be followed up, soon, with an action plan.
- Facilitators are just that, facilitators

Miguel García Gosalvez
(mgarcia@casals.com)

Methodology

- Software is a support tool but not the key element
- Indicators are based in the internal control model and:
  - short
  - easy to understand
  - cover a single concept
  - self-explanatory

Miguel García Gosalvez
(mgarcia@casals.com)
Methodology

- Indicators are based in the internal control model and:
  - Designed to avoid Yes/No
  - Cover relevant aspects for all levels within the organization
  - Respectful with everybody

Take away

- People as key element
- There is a lot more than audit reports ("El papel lo aguanta todo")
- Key Idea: Achieve Objectives
- "Be in Control" vs. "Controlling"