

National Energy and Utility Affordability Conference



PROGRAM INTEGRITY:

INTERNAL CONTROLS AND FRAUD PREVENTION

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**TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS**

Building Homes. Strengthening Communities.

The Value of Internal Controls



The Value of Internal Controls



The Value of Internal Controls



Will you be next?

Internal Controls: Setting the Stage

- Sarbanes Oxley Act 2002
 - Corporate responsibility for financial reports
 - Management assessment and certification of internal controls
 - Code of ethics for senior financial officers

Internal Controls: Setting the Stage

- OMB Circular A-123: Federal Agencies
 - Management assessment of internal controls
 - Statement of assurance on internal control over financial reporting
 - GAO involvement

“Government should lead by example, we should be as good or better than those we are regulating.”

Value to the Stimulus Programs

- Stimulus programs have received millions
- Legislature, Media, Public – want to know how you are running this program
- We want to demonstrate our successes and competency in administering these programs
- We **DO** do a good job. We want to document this in a language that is widely accepted in the audit community

- Internal control is a process
- People implement internal control
- Internal control is expected to provide only reasonable assurance
- Internal control helps achieve organizational objectives

COSO Model

- Committee of Sponsoring Organizations (est. 1985) – to inspect, analyze, and make recommendations on fraudulent corporate financial reporting
- COSO is how we communicate and document our accountability. It's how we prove we're doing a good job.

COSO Framework

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

Project Definition

- We want to create a “picture” of your business
- Assess the “picture” for thoroughness and risk
- Put this information into COSO framework

What are the intentions of today's meeting?

- Awaken an curiosity
- Introduce the concepts
- Provide direction

We Fear: this will be seen as a paper exercise or a waste of time

We Hope: this strengthens the management of your program

Presenters

- **Eva Pratt**, Capital Area Legal Services Corp.
- **Joe Guarinello**, HeartShare Human Services of New York
- **Kay Joslin**, The National Center for Appropriate Technology
- **Nick St. Angelo**, HHS, ACF
- **Charlotte Abney**, HHS, ACF
- **Lauren Christopher**, HHS, ACF

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