



**NYSAC**  
NEW YORK STATE  
ASSOCIATION OF COUNTIES

# COVID-19 and Internal Controls

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## Special Considerations for County Officials and Administrators

Big firm capability. Small firm personality.

**THE BONADIO GROUP**

CPAs, Consultants & More

*May 21, 2020*

*NYSAC thanks three+one for sponsoring the webinar today.*



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# Internal Controls

- Why?
  - Mitigate Fraud Risk
  - Compliance
  - Accurate and Reliable Info
  - Effective & Efficient Information
  - Continue Operations
- Who?
  - Governance, Elected/Appointed Officials, Clerks, Support Staff... Everyone!
- How?
  - Adherence to the COSO Model

# 5 Components of COSO

- Control Environment
  - Integrity and Ethical Values
  - Governance Oversight and Independence from Management
  - Authority and Responsibilities, Reporting Lines
  - Commitment to Staffing & Employment Retention
  - Accountability

# 5 Components of COSO Cont'd

- Risk Assessment
  - Development of a Clear Concise Plan
  - Identify, Review, Analyze Risks
  - Consider Potential for Fraud
  - Assessing Changes and Impact
- What does this mean for the future?

# 5 Components of COSO Cont'd

- Control Activities
  - Develop, Document and Implement Activities that will Mitigate Risks
  - Develop, Document and Implement Control Activities Over Technology
  - Policies (expectations/requirements) and Procedures (execution)

# 5 Components of COSO Cont'd

- Information and Communication
  - Generate, Use, Share Accurate Info
  - Internal Communications
  - External Communications



# 5 Components of COSO Cont'd

- Monitoring Activities
  - Evaluation of Whether Internal Controls are Present and Operating Effectively
  - The Evaluation and Communication of Deficiencies
    - Who, What, Where, When, Why
    - Corrective Action Plan

## PRACTICAL EXAMPLE - OPERATING A MOTOR VEHICLE

Control  
Environment:  
NYS DMV, Courts



Risk  
Assessment:  
Check Points,  
Cameras,  
Speed Traps

Control  
Activities:  
License Testing,  
Police

Information &  
Communication:  
Signage,  
Laws/Regulations,  
Tickets

Monitoring:  
Point System,  
License  
Renewal,  
Probationary  
Periods

# Action Plan

- Update and Document Risk Assessment (see Attachment 1)
  - Identify Objectives and Update
  - Identify Risks
  - Develop Response Plan
  - Monitor
- Evaluate segregation of duties
  - Authorization
  - Custody
  - Recording
- Check-in with IT (more to follow!)

# Action Plan Cont'd

- Replace pen/paper with electronic files and email approvals
- Electronic Signatures & E-Stamps
- Reassign responsibilities as necessary
- Talk to your Team
  - Challenges?
  - What have they had to change?
  - What new responsibilities exist?
  - Where is the weakness(es)?

# Evaluate the Future

- Identify and Train on New Tools
- Cross Training
- IT Capacity for Remote Working
- Evaluate “essential positions” vs. “remote positions”
- Document the “What If” and “Contingency Plans”
- Obtain Accounting Software Support where necessary

# Attachment 1

<u>Risk No.</u>	<u>Type of Risk</u>	<u>Description of Risk</u>	<u>Department</u>	<u>Significance of the Risk</u> (score 1-10)	<u>Resolution (Tolerate (1-2), Future Action (3-6), Immediate Action (7-10))</u>	<u>Correction Action Plan</u>	<u>Method for Monitoring (action item(s), frequency etc.)</u>	<u>Triggering Event for Resolution</u>	<u>Responsible Party</u>	<u>Corrective Action Plan Approved (Who, When)</u>

# IT Risks in a Work From Home World

- What's Changed
- What's the Same
- What to Plan For
- What to do Now
- What to do Post Re-Entry

# What's Changed

- A Work From Home (WFH) Environment
  - Adds Complexity to the IT structure
  - Uncontrolled remote locations
  - Internet Access (VPN) and Bandwidth
  - Extends the user support past traditional boundaries



# What's Changed

- A Work From Home (WFH) Environment
  - Can add complexity to the data backup process
  - Potential for a larger cyber breach surface
  - Increases computer hygiene concerns
  - Adds data privacy complexity
  - Increases regulatory/data protection management surface

# What's the Same

- A WFH environment still requires everything you did before
  - Asset management
  - Software management
  - Risk management
  - Compliance with policies and procedures
  - Vendor Management
  - Security awareness training
  - Data backups
  - Program management
  - Regulatory Compliance
  - User Management and Accountability
  - .....

# What to Plan For

- Resurgence in Regulatory Compliance
  - HIPAA
  - General Business Law 899-aa/899-bb
  - OSC Audit
- Risk Assessment Requirements
  - “Any material change....”
- Re-Entry WFH exceptions
- What your “new normal” will be

# What to Do Now

- Poll all users for a current inventory of WFH equipment
- Access all WFH computers and assess hygiene state
- Assess “desktop” stored data
- Track VPN usage for unusual activity

# What to Do Now

- Contact all “Cloud” vendors and confirm active user accounts
- Plan for GBL 899-aa/899-bb compliance
- Test your Computer Security Incident Response Plan (or draft one)
- Draft and publish asset return plan for re-entry

# What to Do Post Re-Entry

- Asset track all incoming equipment
- Perform the Risk Assessment
- Perform a vulnerability scan on all returning computers
- Run comprehensive anti-virus and anti-malware scans on all computers

# What to Do Post Re-Entry

- Contact “Cloud” vendors and re-certify active users
- Backup all data from all WFH computers
- Update Policy and Procedure suite with new processes for WFH controls
- Document any areas of concern for management review

# Q&A



# Thank You!

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