

Introduction

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has issued the updated *Internal Control—Integrated Framework (Framework)* and a companion document: *Internal Control over Financial Reporting – Illustrative Tools for Assessing Effectiveness of a System of Internal Control (Illustrative Tools)*. It is expected that organizations will customize the templates presented in the *Illustrative Tools* to match the facts and circumstances in their particular organizations. To help organizations customize the templates for their assessment process and organization, this file is an extract of only the blank templates from the *Illustrative Tools*.

The form and use of the templates are explained in the Introduction to the *Illustrative Tools*; they should not be used without reading and understanding that chapter. Also, please refer to the *Framework* when using these templates, particularly, Chapter 2, Objectives, Components, and Principles, and Chapter 3, Effective Internal Control.

The templates are designed to present only a summary of assessment results. They are not an integral part of the *Framework*, and they may not address all matters that need to be considered when assessing a system of internal control. Further, they do not represent a preferred method of conducting and documenting an assessment. Their purpose is limited to illustrating one possible assessment process based on the requirements for effective internal control set forth in the *Framework*.

Four different templates are included:

- Overall Assessment—Summarizes management's determination of whether each of the components and relevant principles is present and functioning and components are operating together in an integrated manner.
- Components—Summarizes management's determination of whether each component and relevant principles are present and functioning. A template for each of the five components is included.
- Principles—Summarizes the controls to effect principles and management's determination of whether each relevant principle is present and functioning. A template for each of the seventeen principles is included.
- Deficiencies—A log of all identified internal control deficiencies that can be leveraged in the evaluation of components and principles, and can enable the internal control deficiencies to be aggregated.

1. Overall Assessment of a System of Internal Control

Overall Assessment of a System of Internal Control			
Entity or part of organization structure subject to the assessment (entity, division, operating unit, function)			
Objective(s) being considered for the scope of internal control being assessed		Considerations regarding management's acceptable level of risk	
Operations			
Reporting			
Compliance			
Control Environment		Present? (Y/N)	Functioning? (Y/N)
Risk Assessment			
Control Activities			
Information and Communication			
Monitoring Activities			
Are all components operating together in an integrated manner? Evaluate if a combination of internal control deficiencies, when aggregated across components, represent a major deficiency* <Update Summary of Deficiencies Template as needed> Is the overall system of internal control effective? <Y/N>*			
Basis for conclusion			

* If it is determined that there is a major deficiency, management must conclude that the system of internal control is not effective.

2. Component Evaluation

Component Evaluation – Control Environment

Identification No.	Internal control deficiency description	Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
1. Demonstrates Commitment to Integrity and Ethical Values— The organization demonstrates a commitment to integrity and ethical values.				
		Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
2. Exercises Oversight Responsibility— The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.				
		Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Control Environment				
Identification No.	Internal control deficiency description	Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
3.	Establishes Structure, Authority, and Responsibility —Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.			
	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
4.	Demonstrates Commitment to Competence —The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.			
	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Control Environment				
5. Enforces Accountability—The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.	Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion	
Identification No.	Internal control deficiency description	List internal control deficiencies related to another principle that may impact this internal control deficiency		
		Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**	Yes/No	Explanation/Conclusion		
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Risk Assessment				
Identification No.	Internal control deficiency description	Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
6. Specifies Suitable Objectives —The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.				
		Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
7. Identifies and Analyzes Risks —The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.				
		Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Risk Assessment				
8. Assesses Fraud Risk—The organization considers the potential for fraud in assessing risks to the achievement of objectives.		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
9. Identifies and Analyzes Significant Change—The organization identifies and assesses changes that could significantly impact the system of internal control.		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No		Explanation/Conclusion
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Control Activities				
		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
10. Selects and Develops Control Activities —The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
11. Selects and Develops General Controls over Technology —The organization selects and develops general control activities over technology to support the achievement of objectives.				
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Control Activities				
12. Deploys through Policies and Procedures – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
Evaluate the component using judgment and based on the principles and the deficiencies**		Yes/No	Explanation/Conclusion	
Is the component present?				
Is the component functioning?				

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Component Evaluation — Information and Communication				
13 Uses Relevant Information – The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
14 Communicates Internally – The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.		Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.)		List internal control deficiencies related to another principle that may impact this internal control deficiency
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	

Component Evaluation — Information and Communication				
15	Communicates Externally – The organization communicates with external parties regarding matters affecting the functioning of internal control.	Present? (Y/N)	Functioning? (Y/N)	Explanation/Conclusion
Identification No.	Internal control deficiency description	Evaluate internal control deficiency severity: (Consider whether controls to effect other principles within and across components compensate for the internal control deficiency.) List internal control deficiencies related to another principle that may impact this internal control deficiency		
		Is internal control deficiency a major deficiency? (Y/N)	Comments/Compensating Controls	
		Explanation/Conclusion		
Evaluate deficiencies across the component:* Evaluate if any internal control deficiencies or combination of internal control deficiencies, when considered across the component, represent a major deficiency**				
	Evaluate the component using judgment and based on the principles and the deficiencies**	Yes/No	Explanation/Conclusion	
	Is the component present?			
	Is the component functioning?			

* Note: Record deficiencies in Summary of Deficiencies Template.

** If it is determined that there is a major deficiency, management must conclude that the component is not present and functioning and the system of internal control is not effective.

Principle Evaluation

Principle Evaluation – Control Environment (CE) Principles 1 through 5				
Principle 1: Demonstrates Commitment to Integrity and Ethical Values				
–The organization demonstrates a commitment to integrity and ethical values.				
Points of Focus				
• Sets the Tone at the Top – The board of directors and management at all levels of the entity demonstrate through their directives, actions, and behavior the importance of integrity and ethical values to support the functioning of the system of internal control. • Establishes Standards of Conduct – The expectations of the board of directors and senior management concerning integrity and ethical values are defined in the entity's standards of conduct and understood at all levels of the organization and by outsourced service providers and business partners. • Evaluates Adherence to Standards of Conduct – Processes are in place to evaluate the performance of individuals and teams against the entity's expected standards of conduct. • Addresses Deviations in a Timely Manner – Deviations of the entity's expected standards of conduct are identified and remedied in a timely and consistent manner. • (Other entity specific points of focus, if any)				
Controls Applicable to Principle 1				
Identi- fication No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE1.0	Code of Conduct communicated to new employees upon hire; subsequent emphasis on the Code and its eight related policies on an annual basis.	Y		
CE1.1	Board of Directors formulated its own code of ethics in 2002 (CPA2002-03); CPA Director's expense policy CPA2013-08.	Y		
CE1.2	Code of Conduct training program implemented in February 2014 to help make employees aware of the importance of adherence to the standards of conduct. As a result, employees have the knowledge to identify and deal with ethical and behavioural dilemmas.	Y		
CE1.3	Code of conduct policy contains process on how to deal with deviations.	Y		

Principle 2: Exercises Oversight Responsibility

—The board of directors demonstrates independence from management and exercises oversight for the development and performance of internal control.

Points of Focus

- **Establishes Oversight Responsibilities**—The board of directors identifies and accepts its oversight responsibilities in relation to established requirements and expectations.
- **Applies Relevant Expertise**—The board of directors defines, maintains, and periodically evaluates the skills and expertise needed among its members to enable them to ask probing questions of senior management and take commensurate actions.
- **Operates Independently**—The board of directors has sufficient members who are independent from management and objective in evaluations and decision making.
- **Provides Oversight for the System of Internal Control**—The board of directors retains oversight responsibility for management's design, implementation, and conduct of internal control:
 - *Control Environment*—Establishing integrity and ethical values, oversight structures, authority and responsibility, expectations of competence, and accountability to the board.
 - *Risk Assessment*—Overseeing management's assessment of risks to the achievement of objectives, including the potential impact of significant changes, fraud, and management override of internal control.
 - *Control Activities*—Providing oversight to senior management in the development and performance of control activities.
 - *Information and Communication*—Analyzing and discussing information relating to the entity's achievement of objectives.
 - *Monitoring Activities*—Assessing and overseeing the nature and scope of monitoring activities and management's evaluation and remediation of deficiencies.
- (Other entity specific points of focus, if any)

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Controls Applicable to Principle 2				
Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE1.4	The board of directors and all the sub-committees have a charter and terms of reference that is comprehensive and outlines the oversight responsibilities in a manner consistent with CPA's regulatory environment and expectations.	Y		
CE1.5	The board of directors comprises of City Administration, Aldermanic and elector members. They have a variety of experience. CPA Board reviews the skills and expertise required of board members and provides information to City Council. City Council selects and appoints members to the CPA board.	Y		
CE1.6	The board of directors and sub-committees reviews management assertions and judgements through meetings and reports. A whistle-blower link to The City's website is contained in CPA's code of ethics.	Y		
CE1.7	The CPA Audit Committee and The City's Audit Committee provides oversight responsibility for CPA's internal controls. The CPA control environment assessment and CPA integrated risk management framework are two reports prepared by management for review by these two committees on an annual basis.	Y		

Principle 3: Establishes Structure, Authority, and Responsibility

—Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Points of Focus

- **Considers All Structures of the Entity**—Management and the board of directors consider the multiple structures used (including operating units, legal entities, geographic distribution, and outsourced service providers) to support the achievement of objectives.
- **Establishes Reporting Lines**—Management designs and evaluates lines of reporting for each entity structure to enable execution of authorities and responsibilities and flow of information to manage the activities of the entity.
- **Defines, Assigns, and Limits Authorities and Responsibilities**—Management and the board of directors delegate authority, define responsibilities, and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organization:
 - *Board of Directors* — Retains authority over significant decisions and reviews management's assignments and limitations of authorities and responsibilities
 - *Senior Management* —Establishes directives, guidance, and control to enable management and other personnel to understand and carry out their internal control responsibilities
 - *Management* —Guides and facilitates the execution of senior management directives within the entity and its subunits
 - *Personnel* —Understands the entity's standard of conduct, assessed risks to objectives, and the related control activities at their respective levels of the entity, the expected information and communication flow, and monitoring activities relevant to their achievement of the objectives
 - *Outsourced Service Providers* —Adheres to management's definition of the scope of authority and responsibility for all non-employees engaged
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 3

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE1.8	Two City of Calgary directed independent consultant studies on governance structure of the entity including legal and tax implications. Western Management Consultant in 2011 and Conroy Ross in 2013. Council's decision to maintain status quo as best practice structure for the governance of CPA. The governance structure of CPA has been independently evaluated and found appropriate.	Y		
CE1.9	GM and managers ensure that organization structure and responsibilities are clearly defined and controls around segregation of duties are adequately designed.	Y		
CE2.0	Council Policy SRRC2010-05 governance structure of CPA; sets out roles & responsibilities of Council, Board and GM.	Y		

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CE2.1	Formal service level agreements (SLA) are in place/in progress for external service providers. CPA does not have SLA's in place with all internal City business units service providers but is working towards this end.		X	Each respective manager must put agreements in place before engaging. Service performance expectations and other regulatory such as workman's compensation should be in place.
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Principle 4: Demonstrates Commitment to Competence

—The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Points of Focus

- **Establishes Policies and Practices**—Policies and practices reflect expectations of competence necessary to support the achievement of objectives.
- **Evaluates Competence and Addresses Shortcomings**—The board of directors and management evaluate competence across the organization and in outsourced service providers in relation to established policies and practices, and act as necessary to address shortcomings.
- **Attracts, Develops, and Retains Individuals**—The organization provides the mentoring and training needed to attract, develop, and retain sufficient and competent personnel and outsourced service providers to support the achievement of objectives.
- **Plans and Prepares for Succession**—Senior management and the board of directors develop contingency plans for assignments of responsibility important for internal control.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 4

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE2.2	Policies and practices in place and documented in each respective operating and support units. Centralization of all such documentation currently underway. There is no formal process to periodically review policies or procedures.		X	Lead: Dean Bell on centralization of policies and procedures. Each manager to review their respective section procedures for continued relevance and adequacy of content. The management team to formally review on an annual basis the corporate policies.
CE2.3	Job descriptions developed for all positions in the organization. The job descriptions capture the expectations in terms of knowledge, skills, expertise and credentials needed to effectively carry out responsibilities for each position to meet CPA's goals and objectives.	Y		
CE2.4	Training budget in place. Health and safety, customer service, security awareness are formal annual training programs. Adhoc individual training (course/conferences) dependent on requirements of position to achieve objectives.	Y		
CE2.5	Succession plan in place for all key personnel. The succession plan identifies those positions that are critical to CPA. The CPA Governance Committee reviews the plan on an annual basis.	Y		
CE2.6	For outsourced service providers critical to CPA, management is working on alternate sources/arrangements in the event that such external parties become unavailable. I.e. paymachines, IT infrastructure.		X	Lead: Kurt McCaw and Miles Dyck working on alternate vendor sources for critical infrastructure and systems.

Principle 5: Enforces Accountability

—The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Points of Focus

- Enforces Accountability through Structures, Authorities, and Responsibilities—Management and the board of directors establish the mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the organization and implement corrective action as necessary.
- Establishes Performance Measures, Incentives, and Rewards—Management and the board of directors establish performance measures, incentives, and other rewards appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives.
- Evaluates Performance Measures, Incentives, and Rewards for Ongoing Relevance—Management and the board of directors align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.
- Considers Excessive Pressures—Management and the board of directors evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities, develop performance measures, and evaluate performance.
- Evaluates Performance and Rewards or Disciplines Individuals—Management and the board of directors evaluate performance of internal control responsibilities, including adherence to standards of conduct and expected levels of competence and provide rewards or exercise disciplinary action as appropriate.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 5

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE2.7	The CPA Board aligns CPA corporate goals with City Council's priorities. The CPA Board evaluates the GM's performance and ties compensation to achievement of corporate goals. This is a top-down performance reward system that sets the tone at the top which demonstrates a strong commitment to ethics, integrity and competence in the pursuit of CPA's objectives.	Y		
CE2.8	Annual goals and objectives prepared at a corporate level which guides the division/sectional goals which guides the individual employee goals. Performance evaluation and compensation for exempt employees tied to achievement of all 3 area goals, each weighted 1/3. Management provides feedback and guidance to help employees achieve the objectives.	Y		
CE2.9	The operating business plan and budget cycle is now a 4 year cycle; the previous two cycles were 3 years. This considers the planning of business objectives for both the short-term and long-term. The capital budget plans in detail for 5 years but considers the high-level strategic plan for 20 years. There is no excessive pressure to achieve short-term goals at the expense of long-term goals. CPA's corporate 'values' guides the standards of conduct in achievement of these goals.	Y		

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CE2.10	There is periodic evaluation and assessment of the skill sets and performance of CPA Board members by independent consultant.	Y		
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Principle Evaluation – Risk Assessment (RA) Principles 6 through 9

Principle 6: Specifies Suitable Objectives

—The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Points of Focus

Operations Objectives

- Reflects Management's Choices—Operations objectives reflect management's choices about structure, industry considerations, and performance of the entity.
- Considers Tolerances for Risk—Management considers the acceptable levels of variation relative to the achievement of operations objectives.
- Includes Operations and Financial Performance Goals—The organization reflects the desired level of operations and financial performance for the entity within operations objectives.
- Forms a Basis for Committing of Resources—Management uses operations objectives as a basis for allocating resources needed to attain desired operations and financial performance.

External Financial Reporting Objectives

- Complies with Applicable Accounting Standards—Financial reporting objectives are consistent with accounting principles suitable and available for that entity. The
- Considers Materiality—Management considers materiality in financial statement presentation.
- Reflects Entity Activities—External reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.

External Non-Financial Reporting Objectives

- Complies with Externally Established Standards and Frameworks—Management establishes objectives consistent with laws and regulations, or standards and frameworks of recognized external organizations.
- Considers the Required Level of Precision—Management reflects the required level of precision and accuracy suitable for user needs and as based on criteria established by third parties in non-financial reporting.
- Reflects Entity Activities—External reporting reflects the underlying transactions and events within a range of acceptable limits.

Internal Reporting Objectives

- Reflects Management's Choices—Internal reporting provides management with accurate and complete information regarding management's choices and information needed in managing the entity.
- Considers the Required Level of Precision—Management reflects the required level of precision and accuracy suitable for user needs in non-financial reporting objectives and materiality within financial reporting objectives.
- Reflects Entity Activities—Internal reporting reflects the underlying transactions and events within a range of acceptable limits.

Compliance Objectives

- Reflects External Laws and Regulations—Laws and regulations establish minimum standards of conduct which the entity integrates into compliance objectives.
- Considers Tolerances for Risk—Management considers the acceptable levels of variation relative to the achievement of compliance objectives.
- (Other entity specific points of focus, if any)

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Controls Applicable to Principle 6				
Identification No.	Internal control description	Evaluate internal control:		
		Present & working	Deficient	Comments on addressing deficiency
RA1.0	CPA's governance structure is set by Council through the Calgary Parking Authority Bylaw No. 28M2002. Section 3(1) of the bylaw sets out the purpose/objectives for which the CPA was established.	Y		
RA1.1	Enforcement is governed by The Calgary Parking Bylaw No. 41M2002 (control and regulate parking within the city) and The Calgary Traffic Bylaw No. 26M96 (control and regulate traffic on the streets within the city).	Y		
RA1.2	Key performance indicators are tracked which includes many non-financial reporting metrics. CPA participates in the OMBI (Ontario Municipal Benchmarking Initiatives) which compares CPA to parking organizations across Canada. Management monitors these statistics and takes action on unfavorable trends. 311 statistics reporting are shared with the CPA board on a monthly basis which provides emphasis on customer service. Corrective action is taken by management for any unfavorable trends.	Y		
RA1.3	Legal counsel is consulted when there are bylaw or regulatory changes. Legal counsel is utilized in matters of labour and employment law, development of contractual agreements and intellectual property.	Y		
RA1.4	CPA is subject to interim and final annual audits. The external auditor establishes the materiality based on a percentage of total revenue (\$2.1M for 2013). Any uncorrected misstatements of greater than \$105,000 is reported to the CPA Audit Committee. The external auditor evaluates and reports to the CPA Audit Committee areas of significant risks and accounts.	Y		

Principle 7: Identifies and Analyzes Risk

—The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

Points of Focus

- **Includes Entity, Subsidiary, Division, Operating Unit, and Functional Levels**—The organization identifies and assesses risks at the entity, subsidiary, division, operating unit, and functional levels relevant to the achievement of objectives.
- **Analyzes Internal and External Factors**—Risk identification considers both internal and external factors and their impact on the achievement of objectives.
- **Involves Appropriate Levels of Management**—The organization puts into place effective risk assessment mechanisms that involve appropriate levels of management.
- **Estimates Significance of Risks Identified**—Identified risks are analyzed through a process that includes estimating the potential significance of the risk.
- **Determines How to Respond to Risks**—Risk assessment includes considering how the risk should be managed and whether to accept, avoid, reduce, or share the risk.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 7

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA1.5	The CPA Audit Committee reviews the Integrated Risk Management Framework report on an annual basis. In 2012, a risk tolerance statement was approved by the Board. Risk parameters were identified by management and approved by the Board.	Y		
RA1.6	A risk register is utilized by management to track new risks and drop off risks that no longer applies. The integrated risk management framework is utilized by management to evaluate each risk in terms of the impact, likelihood and overall level of risk to CPA in not achieving the objectives established in Bylaw 28M2002. The framework also identifies the key controls/how to respond to risks.	Y		

Principle 8: Assesses Fraud Risk

—The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Points of Focus

- **Considers Various Types of Fraud**—The assessment of fraud considers fraudulent reporting, possible loss of assets, and corruption resulting from the various ways that fraud and misconduct can occur.
- **Assesses Incentive and Pressures**—The assessment of fraud risk considers incentives and pressures.
- **Assesses Opportunities**—The assessment of fraud risk considers opportunities for unauthorized acquisition, use, or disposal of assets, altering of the entity's reporting records, or committing other inappropriate acts.
- **Assesses Attitudes and Rationalizations**—The assessment of fraud risk considers how management and other personnel might engage in or justify inappropriate actions.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 8

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA1.7	The external auditors require the Chair of the Audit Committee, the GM and the Controller to fill out a questionnaire on their assessment of fraud.	Y		
RA1.8	The organization has policies, procedures and controls around fraud identification and remediation. Such internal controls are approval and authorization limits, access restrictions, account reconciliations, pre-employee screening and physical security and a whistle-blower link to The City of Calgary's website.	Y		
RA1.9	Policies and procedures have been developed for disposal of surplus asset. The Operations and Facilities manager is responsible for inventory tracking of CPA's assets. IT infrastructure which is tracked by the IT manager.	Y		

Principle 9: Identifies and Analyzes Significant Change

—The organization identifies and assesses changes that could significantly impact the system of internal control.

Points of Focus

- [Assesses Changes in the External Environment](#)—The risk identification process considers changes to the regulatory, economic, and physical environment in which the entity operates.
- [Assesses Changes in the Business Model](#)—The organization considers the potential impacts of new business lines, dramatically altered compositions of existing business lines, acquired or divested business operations on the system of internal control, rapid growth, changing reliance on foreign geographies, and new technologies.
- [Assesses Changes in Leadership](#)—The organization considers changes in management and respective attitudes and philosophies on the system of internal control.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 9				
Identi- fication No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA2.1	The external auditors in conjunction with management at its interim and final audit will assess any changes in the external environment, changes in the business model and changes in leadership to determine if these changes could significantly impact the system of internal control.	Y		
RA2.2	The external auditors findings and results of the audit are presented to the CPA Audit Committee. This in turn is reviewed and approved by the CPA Board.	Y		
RA2.3	ParkPlus IP Committee consisting of CPA Board members and Administration meet on a regular basis to develop the marketing of new business opportunities. An internal CPA marketing position has been hired. CPA is evaluating contractual licencing/royalties for opportunities outside of Alberta.	Y		
RA2.4	Assessing change in the external environment and business model is observed by reviewing news media articles, The City of Calgary website, social media, trade publications, conferences and professional organizations.	Y		

Principle Evaluation – Control Activities (CA) Principles 10 through 12

Principle 10: Selects and Develops Control Activities

—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Points of Focus

- Integrates with Risk Assessment—Control activities help ensure that risk responses that address and mitigate risks are carried out.
- Considers Entity-Specific Factors—Management considers how the environment, complexity, nature, and scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.
- Determines Relevant Business Processes—Management determines which relevant business processes require control activities.
- Evaluates a Mix of Control Activity Types—Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.
- Considers at What Level Activities Are Applied—Management considers control activities at various levels in the entity.
- Addresses Segregation of Duties—Management segregates incompatible duties, and where such segregation is not practical management selects and develops alternative control activities.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 10

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA1.0	CPA Audit Committee oversee the key risks facing the organization and the processes management uses to identify, assess and manage risks, considering external and internal audit findings, litigation, compensation schemes, regulation and compliance.	Y		
CA1.1	As part of the risk identification process, management determines the relevant business processes and selects and develops controls (i.e. Integrated Risk Management Framework) to address each risk. Such controls include restricted physical and IT access, authorization, approval, verification, reconciliation, monitoring and performance review, budget variance reporting, key performance indicators and segregation of duties. Specific reports are automated in the system and sent to managers' emails for monitoring and exception reporting review.	Y		

Principle 11: Selects and Develops General Controls over Technology

—The organization selects and develops general control activities over technology to support the achievement of objectives.

Points of Focus

- Determines Dependency between the Use of Technology in Business Processes and Technology General Controls—Management understands and determines the dependency and linkage between business processes, automated control activities, and technology general controls.
- Establishes Relevant Technology Infrastructure Control Activities—Management selects and develops control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of technology processing.
- Establishes Relevant Security Management Process Control Activities—Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats.
- Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities—Management selects and develops control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve management's objectives.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 11				
Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA1.2	Information technology personnel monitors changes in information technology which may impact business and financial processes and communicates changes to managers.	Y		
CA1.3	The City of Calgary and external agencies are used for monitoring the firewall and IT s	Y		
CA1.4	CPA is compliant with PCI (Payment Card Industry) standards in protection of credit card information. The PCI control environment is audited on an annual basis for compliancy. Documentation exists for IT processes and systems.	Y		
CA1.5	New technologies have been employed such as third party credit card processor, fixed cameras and implementation of the Park Online system which will strengthen internal controls over business processes.	Y		
CA1.6	Documented set-up and changes to employee/contracted service providers access to IT systems within CPA. IT infrastructure is set up to support restricted access and segregation of duties. There are formal user account setup and maintenance procedures and authentication password controls.	Y		
CA1.7	Formal IT training matrix to develop and upgrade a mentoring and training process.	Y		

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CA1.8	IT is configured to support complete, accurate and valid processing of transactions and data. IT checks and balances and exception reports are in place.	Y		
CA1.9	Critical systems and applications are periodically reviewed. For upgrades and changes to the system (i.e. application upgrades, updated tariff rates or operating system updates), are run and tested in a separate environment before they are deployed to production. A change management procedure exists to ensure that the updated system is working after any change and all affected users are notified of any changes.	Y		

Principle 12: Deploys through Policies and Procedures

—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Points of Focus

- Establishes Policies and Procedures to Support Deployment of Management's Directives—Management establishes control activities that are built into business processes and employees' day-to-day activities through policies establishing what is expected and relevant procedures specifying actions.
- Establishes Responsibility and Accountability for Executing Policies and Procedures—Management establishes responsibility and accountability for control activities with management (or other designated personnel) of the business unit or function in which the relevant risks reside.
- Performs in a Timely Manner—Responsible personnel perform control activities in a timely manner as defined by the policies and procedures.
- Takes Corrective Action—Responsible personnel investigate and act on matters identified as a result of executing control activities.
- Performs Using Competent Personnel—Competent personnel with sufficient authority perform control activities with diligence and continuing focus.
- Reassesses Policies and Procedures—Management periodically reviews control activities to determine their continued relevance, and refreshes them when necessary.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 12

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA2.0	Adherence to policies, codes and standard operating procedures are regularly monitored and reviewed by management. The documents themselves are also regularly reviewed and updated to current conditions (i.e. SOP's - Standard Operating Procedures). This assists in controlling the risks of fraud and provides a consistency and efficiency of service. Examples include the IT acceptable use, annual PCI (payment card industry) training, code of conduct and occupational health & safety policies. On an annual basis, refresher courses will be required highlighting specific areas. The Certificate of Recognition (COR) standard through Alberta Municipal Health and Safety Association will be obtained in the near future.	Y		

Principle Evaluation—Information and Communication (IC) Principles 13 through 15

Principle 13: Uses Relevant Information

—The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Points of Focus

- Identifies Information Requirements—A process is in place to identify the information required and expected to support the functioning of the other components of internal control and the achievement of the entity's objectives.
- Captures Internal and External Sources of Data—Information systems capture internal and external sources of data.
- Processes Relevant Data into Information—Information systems process and transform relevant data into information.
- Maintains Quality throughout Processing—Information systems produce information that is timely, current, accurate, complete, accessible, protected, and verifiable and retained. Information is reviewed to assess its relevance in supporting the internal control components.
- Considers Costs and Benefits—The nature, quantity, and precision of information communicated are commensurate with and support the achievement of objectives.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 13

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.0	Management in conjunction with front-line staff identify and evaluate business activities to identify information requirements. 3rd Party providers, such as The City of Calgary IT developers assist in the business information requirements in consultation with SME (subject matter experts) at the CPA. Data flow diagrams, flowcharts, narratives and procedures manuals are developed in conjunction with changes in the information environment. I.e. 311, Park Online, RPP, Beanstream	Y		
IC1.1	2013 Implementation of Business objects data warehouse for extraction of data and reporting financial as well as non-financial data. Use of PeopleSoft for financial reporting. Use of Oracle reporting in ParkPlus and CALE web office. Use of BITS and the Impound Lot in-house developed operational systems. Management and operations personnel utilize information and relevant data from various systems for analysis to enhance business decisions and for monitoring purposes.	Y		
IC1.2	Data in the systems are verified for validity, completeness and accuracy by having in-built IT system edits, threshold limits, reconciliation, staff and customer verifications.	Y		

Principle 14: Communicates Internally

—The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Points of Focus

- **Communicates Internal Control Information**—A process is in place to communicate required information to enable all personnel to understand and carry out their internal control responsibilities.
- **Communicates with the Board of Directors**—Communication exists between management and the board of directors so that both have information needed to fulfill their roles with respect to the entity's objectives.
- **Provides Separate Communication Lines**—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.
- **Selects Relevant Method of Communication**—The method of communication considers the timing, audience, and nature of the information.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 14

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.3	CPA uses its internal newsletter, posters, GM meetings, Intranet, formal training sessions, departmental meetings and face-to-face conversations to reinforce expectations about integrity, ethics, policies and procedures. Senior leadership is expected to model ethical behavior and use both formal and informal opportunities to discuss correct standards of behavior with staff. These communication channels are also used to update staff about upcoming programs and initiatives, changes in process, information updates and current events.	Y		

Principle 15: Communicates Externally

—The organization communicates with external parties regarding matters affecting the functioning of internal control.

Points of Focus

- **Communicates to External Parties**—Processes are in place to communicate relevant and timely information to external parties including shareholders, partners, owners, regulators, customers, and financial analysts and other external parties.
- **Enables Inbound Communications**—Open communication channels allow input from customers, consumers, suppliers, external auditors, regulators, financial analysts, and others, providing management and the board of directors with relevant information.
- **Communicates with the Board of Directors**—Relevant information resulting from assessments conducted by external parties is communicated to the board of directors.
- **Provides Separate Communication Lines**—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.
- **Selects Relevant Method of Communication**—The method of communication considers the timing, audience, and nature of the communication and legal, regulatory, and fiduciary requirements and expectations.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 15

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.4	Communication with the CPA Board is through reports, the GM update and discussions at Board meetings and sub-committee meetings.	Y		
IC1.5	The City of Calgary receives monthly status updates of both the operating and capital budget and explanations of variance from plan. Monthly budget meetings are scheduled for review with all managers to ensure strategic business goals and objectives are met within the planned budget.	Y		
IC1.6	The CPA is in regular contact through emails, phone calls, meetings and reports with external stakeholders on a variety of projects and initiatives. These communications take place as needed to ensure the smooth and timely execution of projects.	Y		
IC1.7	CPA communicates with customers and the general public through a variety of channels including the CPA website, Twitter, Facebook, face-to-face interactions, written communication and traditional media. The channel used depends on the nature and urgency of the communication as well as the type of information being communicated.	Y		

Principle Evaluation—Monitoring Activities (MA) Principles 16 and 17				
Principle 16: Conducts Ongoing and/or Separate Evaluations				
—The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.				
Points of Focus				
- Considers a Mix of Ongoing and Separate Evaluations—Management includes a balance of ongoing and separate evaluations. - Considers Rate of Change—Management considers the rate of change in business and business processes when selecting and developing ongoing and separate evaluations. - Establishes Baseline Understanding—The design and current state of an internal control system are used to establish a baseline for ongoing and separate evaluations. - Uses Knowledgeable Personnel—Evaluators performing ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated. - Integrates with Business Processes—Ongoing evaluations are built into the business processes and adjust to changing conditions. - Adjusts Scope and Frequency—Management varies the scope and frequency of separate evaluations depending on risk. - Objectively Evaluates—Separate evaluations are performed periodically to provide objective feedback. (Other entity specific points of focus, if any)				
Controls Applicable to Principle 16				
Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
MA 1.0	Independent financial, IT and PCI audits occur on annual basis. Results are communicated to the CPA Audit Committee and the CPA Board.	Y		
MA 1.1	Internal IT systems are monitored and scanned by trusted third party resources. Results of the scans are compared month over month.	Y		

Principle 17: Evaluates and Communicates Deficiencies

—The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Points of Focus

- **Assesses Results**—Management and the board of directors, as appropriate, assess results of ongoing and separate evaluations.
- **Communicates Deficiencies**—Deficiencies are communicated to parties responsible for taking corrective action and to senior management and the board of directors, as appropriate.
- **Monitors Corrective Actions**—Management tracks whether deficiencies are remediated on a timely basis.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 17

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
MA1.2	Any variances/deviations are reviewed and actioned by management to rectify the internal control deficiencies.	Y		
MA1.3	External auditors during the course of the interim and final audit identifies any internal control weaknesses. In addition, value added is provided by the external auditors in the form of management letter points. These points require management to take corrective action.	Y		

4. Summary of Deficiencies

[illegible]

This template is an example of a summary of deficiencies. Management may tailor this template to include additional columns to capture other relevant information, as needed.