
MONITORING

– Seeing More than Meets the Eye

University-wide Compliance Program

May 16, 2007

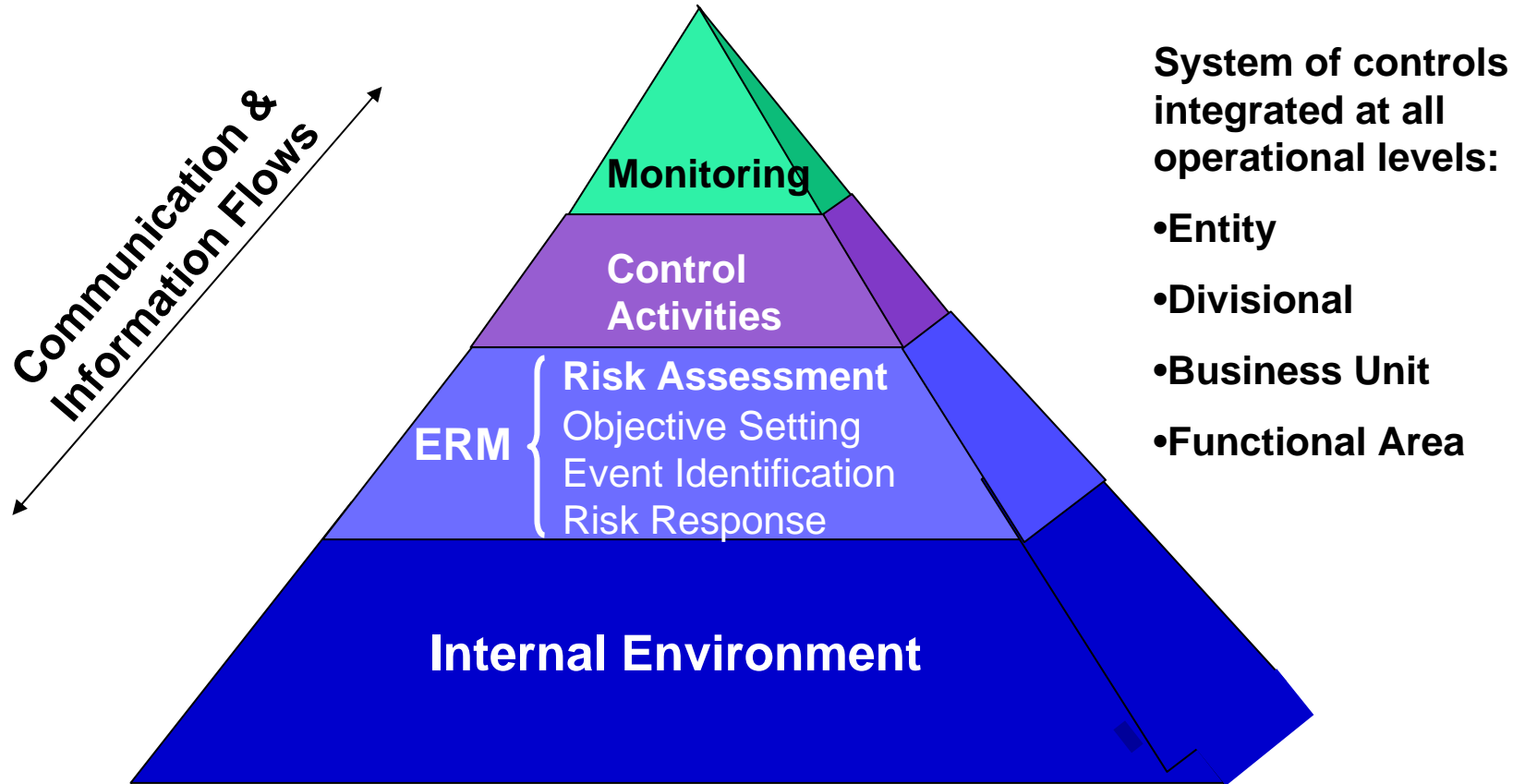
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What is monitoring and why is it important

- Definition: Assess presence and performance of controls (mitigating activities) over time
 - On-going activity and separate evaluations
- Importance:
 - Check to see (verify) status and progress
 - Obtain assurance
 - Do mitigating activities work the way management thinks they should work
 - Are mitigating activities responsive to and consistent with changing regulations and business practices
 - Are you comfortable in relying on services (compliance functions) performed in areas outside your area of authority
 - Oversight Function: better view = better direction

How Does Monitoring Interface in Operations

COSO Framework – System of Controls



Achieving Objectives
Strategic, Operational, Reporting, Compliance

What activities facilitate/support Monitoring

- IT controls (built-in automated controls)
- Inventory controls
- Reconciliations
- Exception reports
- Customer feedback
- Delegated authorities
- Segregation of duties
- Analytical review (Comparison of actual to expected, Trends)
- Supervisory oversight (Organizational structure)
- Information exchange (vertical and horizontal)

Who Monitors

■ On-going in daily activities

- Persons as they perform their tasks (quality control)
- Supervisors as tasks are performed
- Supervisors conduct after the fact reviews
- Quality assurance personnel
- Management reviews
- Dedicated Compliance Offices
 - NCAA
 - Office of Research Compliance

■ Separate Evaluations

- Personnel external to and independent from the unit or functional area but within the organization
 - EHSD
 - Management Advisors
- Consultants
- Program reviews
- Peer reviews
- Federal inspectors/auditors
- Internal auditors
- External auditors

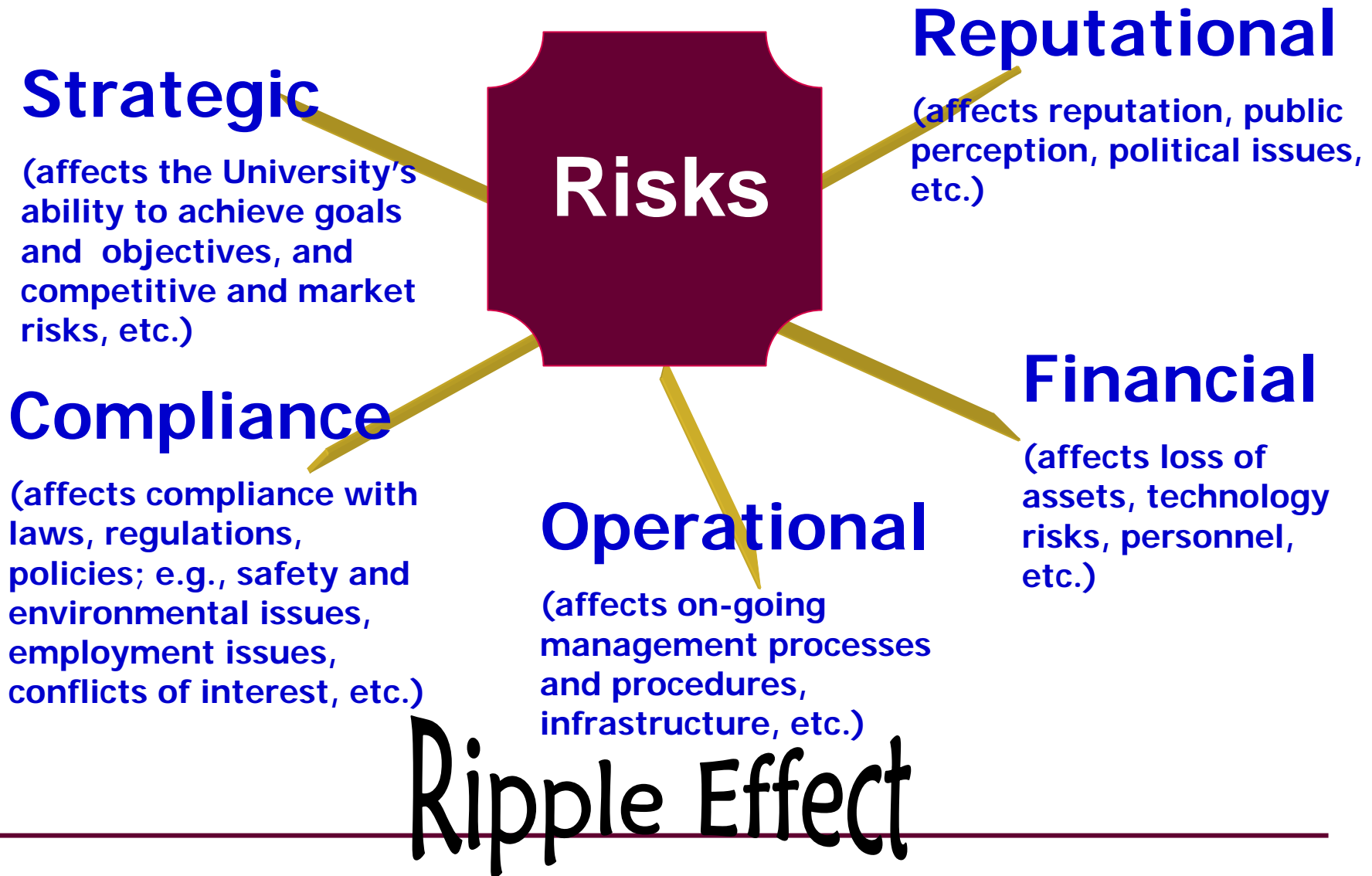
What are important monitoring steps

- Identify requirements (desired purpose and/or outcomes)
- Define standards (internal and external)
- Evaluate current practices
- Develop solutions to address deficiencies or enhance existing practices
- Report results upwards
- Continuous process (verify issues are addressed)
- Management commitment

Where to start

- Look at high risk areas and related mitigating activities (system of controls)
- Look at areas of regulatory compliance
- Look at known problem areas
 - Risk assessments and action plans
 - Customer feedback
 - Analytical review
 - Audits and management responses (target dates)
- Look at nature of operations
 - Where do errors more likely occur
 - Where could fraud more likely occur

ERM Risk Categories



Monitoring as part of ERM

- Identify and prioritize risks
- Identify mitigating activities
- Analyze mitigating activities (gap analysis)
- Develop an action plan for addressing gaps or enhancing overall system of controls
- Monitor mitigating activities
- Develop mechanisms to report significant issues upward

Monitoring Expectations - SIAD

- Monitoring is an integral part of ERM
 - Maturity level of ERM correlates with effective monitoring and reporting
- Expect monitoring to be conducted entity-wide and integrated at all levels
- Document: if not documented then not done
- Reporting mechanisms for results of monitoring, including executive reporting
- Unit activities align with unit's strategic goals which link to TAMU's mission and vision

Monitoring Expectations - Federal

- Clarify expectations
 - Understand and apply regulatory standards/criteria
 - Oversight, scrutinize, enforce, remediate
 - Notification and reporting mechanisms upward
 - Documentation
 - Follow-up on deficiencies
 - Support (training, communication, reinforcement)
 - Repeat findings are noted
 - Patterns
 - Commitment to improvement
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Monitoring Benefits

- Accountability and integrity
- Management has a better pulse on operations
- Shared responsibility - ownership
- Safeguards
- Cleaner audits
 - Monitoring is recurring theme in SIAD reports
 - Monitor, ensure, verify, oversight, review
- Drill down - Seeing more than meets the eye