DEPARTMENT OF CORRECTIONS

Policy Number:	**104.251**
Title:	**Enterprise Risk Management**
Effective Date:	**3/17/20**

PURPOSE: All department of corrections (DOC) employees are responsible for making contributions for effective internal controls, including: producing information, performing various activities to comply with state statute, safeguarding resources, and taking other actions needed to effect control.

The commissioner of corrections and the commissioner's designee(s) have the primary responsibility to design, implement, and maintain an effective internal control system. The commissioner/designee shapes the DOC's guiding values, disciplined business conduct, and operating policies to form the foundation of the department's internal control structure. The commissioner and business continuity and internal controls manager provide leadership and direction in setting objectives, assessing risks, and periodically evaluating internal controls.

APPLICABILITY: Department-wide

DEFINITIONS:

Control Environment Self-Assessment Tool – a document used to assess DOC's control environment and establish the foundation for an effective internal control system. The DOC Control Environment Self-Assessment Tool includes Minnesota Management and Budget's (MMB) established goals and corresponding recommended controls as accepted by the DOC and the DOC's recommended actions for compliance. The DOC Control Environment Self-Assessment Tool is accessible to employees on iShare through the compliance and risk management site.

Enterprise risk management – the mitigation of risks to the DOC through the implementation of the "Green Book" standards.

"Green Book" – a book published by the U. S. Government Accountability Office (GAO) that provides standards for internal control.

Internal control – a process, effectuated by the Commissioner and other management personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations.

PROCEDURES:

A. The commissioner maintains a control environment that instills integrity, builds control consciousness among employees, and fosters shared ethical values and teamwork in pursuit of department of corrections (DOC) objectives using the Control Environment Self-Assessment Tool (link attached) to measure the standards based on the "Green Book."

B. The compliance and risk manager must review, update, and submit the Control Environment Self-Assessment Tool to the commissioner for certification and submission to MMB at least annually.

C. The commissioner and designee(s) identify priority activities within the DOC for risk assessment. Consideration is given to the following items when selecting an activity:

1. The DOC's material impact on the state's financial activity;

2. The DOC's strategic goals, programs, functions, statewide systems, and subsystems; and

3. Significant DOC business processes.

D. The commissioner, compliance and risk manager, facility management, and business unit directors identify, analyze, and manage business risks that impact the DOC's ability to maintain its strength, its positive public image, and the overall quality of its products and services.

1. The compliance and risk manager develops reasonable control activities that help ensure directives are carried out.

2. Control activities include such examples as: authorization, information processing, retention of source documents, compensating controls, and separation of duties.

E. A risk assessment plan must be developed annually as required by the MMB.

1. Risk assessments must be performed on all high profile, key business processes pursuant to Minnesota Statutes, § 16A.057, subd. 8.

2. Risk assessments must be completed within the designated time period with quarterly process updates sent to the compliance and risk manager.

3. The annual risk assessment plan and updates from previous risk assessments are reported to MMB annually.

F. To ensure that DOC's policies are followed, all policies must contain an internal controls section.

1. The internal controls section must conform to the compliance and risk management mechanisms contained in this policy and must immediately follow the Procedures section in each policy.

2. The internal controls section must be reviewed and approved by the compliance and risk manager prior to submission to policy and legal services for implementation.

3. This section, drafted by the policy chair (and policy committee, if applicable), identifies the internal controls necessary to prove that the Procedures section is followed and the intent of the policy is met.

4. The internal controls listed must be indicators that the Procedures section is being followed similar to the indicators found on an employee's performance review.

5. There is no required number of internal controls; however there must be a sufficient number of controls to document that the purpose of the policy is fulfilled.

G. Managers and supervisors must respond to all audit findings using the Corrective Action Plan (CAP) template available on the compliance and risk management iShare site (link attached).

1. The plan includes
    a) Findings,
    b) Recommendation of corrective action(s),

c) An employee responsible for the corrective action(s),
d) Actions taken,
e) An anticipated completion date, and
f) Who is responsible for post-completion follow-up.

2. The distribution list for the Corrective Action Plan varies depending on the type of audit for which the plan is being completed.

3. Managers and supervisors must also follow-up to ensure that appropriate changes or corrective actions have occurred in a timely manner, with complete elimination of any significant internal control deficiencies identified by the Minnesota Office of the Legislative Auditor or other internal/external auditors.

H. With the assistance of the compliance and risk manager, managers and supervisors monitor internal controls to evaluate whether the components of the internal control system are properly designed to accomplish their intended purpose and are still functioning as designed.

INTERNAL CONTROLS:

A. All policies include an internal controls section.

B. The Control Environment Self-Assessment Tool is submitted by the continuity and risk manager to the commissioner for certification and submission to MMB annually.

C. The annual risk assessment plan is reported to MMB annually.

ACA STANDARDS: 2-CO-1B-05, 4-APPFS-3D-23, 4-4422, and 4-4424

REFERENCES:
Policy 104.250, "Internal Audit"
MMB Internal Control Framework
MMB Internal Control Policy and Training
MMB Guide to Risk Assessment and Control Activities
Minn. Stat. § 16A.057
Minnesota Management and Budget Internal Control Policy 0102-01

REPLACES:
Policy 104.251, "Enterprise Risk Management," 12/18/18.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS:
DOC Control Environment Self-Assessment Tool (compliance and risk management iShare site; secure document, no public access)
Corrective Action Plan Template (compliance and risk management iShare site)

APPROVALS:
Deputy Commissioner, Community Services
Deputy Commissioner, Organizational Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Office of Strategic Planning, Implementation, and Employee Development