Analysis of Ministry of Justice FLACC Internal Control ICQ at the Organisational Level

1. Introduction

A detailed questionnaire was completed by the Ministry of Justice (MoJ) Free Legal Aid Coordination Centre (FLACC). The purpose of this questionnaire was to assess the status of internal control in the FLACC at the organisational level.

This assessment consisted of the 5 Components of the COSO 2013 Internal Control Integrated Framework:

i. Control Environment.
ii. Performance and Risk Management.
iii. Control Activities.
iv. Information and Communication.
v. Monitoring.

The structure of this report is to look at the 5 Components of COSA 2013 and identify areas where Actions and Outputs can be delivered jointly by the MoJ/FLACC in the first 3-months of 2026.

2. Findings

i. Control Environment

Purpose

To establish the organisational culture, governance, ethics, and structure that form the foundation for internal control.

Public sectors typically mature through **five levels for the COSO 2013 model.** Based on the responses to the questionnaire it is assessed that the MoJ is at **Level 1 of Maturity (basic):**

Basic / Traditional Administration (Rule-Based Culture)

- Ethics code weak or unenforced
- Oversight bodies minimal or absent
- Highly centralised structures
- Unclear roles and responsibilities
- Accountability focused only on compliance
- Training ad hoc; competence standards low

The questionnaire answers highlighted an organisation that is highly centralised; enforces accountability through compliance with a myriad of laws and regulations; and overlapping and unclear roles and responsibilities.

The Way Forward

The short-term ambition should be to consolidate **Stage 1.**

Додано примітку [TD1]: LEVEL 1? But aren`t they already assessed as level 1?

Додано примітку [BF2]: *Reply to Tetiana Dniprova (30/12/2025, 01:33): "..."*
Yes but they still need to consolidate before they can move ahead.

Recommended Activities and Outputs

The activities shown below should – if not already done – be implemented as soon as possible. Component 1 of COSO is the foundation of the entire COSO 2013 IC ERM model and thus provides a platform on which the other 4 Components can be built.

It is assessed that the actions to create this basic control framework are in place but needs to be strengthened through a clearly documented audit trail. Additionally, this Component **should be further developed to create a culture of the importance of internal controls; the COSO model; and the importance of managing risks to organisational objectives. This should be an on-going process that can be aided through technical assistance from the EU4PFM project.**

Level 1: Basic/Rule Based Culture

Action 1: Awareness & Capacity Building

Objectives: Establish control awareness culture.

Activities

- 1–2 hour induction training for managers on:
  - Basic control concepts
  - Documentation importance
  - What Stage 1 means
- Issue quick reference guides or memos.
- Provide examples of control failures and expected behaviour.

Outputs

- Staff awareness materials
- Manager training session(s) completed
- Collect first round of feedback from departments.
- Identify quick wins for Stage 2 development.

ii. Risk Management

Purpose

Risk Assessment → specifying objectives, identifying/analysing risks, assessing fraud risk, and addressing significant change.

Public sectors typically mature through **five levels of the COSO 2013 IC ERM Model.** Based on the responses to the questionnaire it is assessed that the FLACC is between **Level 1 and Level 2.**

Level 1:Foundational / Compliance-Driven

- Risks not systematically identified
- Objectives broad and unclear
- Risk assessment reactive
- Fraud risks rarely assessed
- No structured change analysis

Level 2: Process-Based / Emerging Risk Awareness

- More specific objectives appear
- Basic risk register templates introduced
- Simple likelihood/impact scoring
- Fraud risk considered inconsistently
- Change events recognised informally

The questionnaire answers highlighted an organisation that has not fully understood the purpose of identifying risks to the achievement of Strategic and Operational Objectives; basic risk registers are in place; simple likelihood/impact scoring; and some specific objectives are beginning to emerge.

The Way Forward

The short-term ambition should be to consolidate **Stage 1 and prepare for Stage 2 development.**

Recommended Activities and Outputs

Many of the activities and outputs are in development by the MoJ and the short-term assessed priorities for the FLACC should be to deliver the outputs required for 4 actions. **The expected timing of these deliverables would be estimated at 2 months and these Actions will be assisted through technical support from the EU4PFM project.**

Level 1: Foundational/Compliance Driven

Action 1. Identify High-Level Risks in Key Processes

Activities

Identify key processes (examples):

- Budget execution
- Procurement
- Payroll
- Programme/service delivery
- ICT system operations

Додано примітку [TD3]: Payment for attorney services?

Додано примітку [BF4]: *Reply to Tetiana Dniprova (30/12/2025, 01:33): "..."*
No payment of salaries and allowances

For each, ask:

- "What can go wrong that would affect the Institutions objectives?"

Outputs

- High-Level Risk Notes

Action 2. Begin Minimal Monitoring / Reporting of Risks

Activities

- Focal Point collects major risks from departments quarterly.
- Report major issues to senior management.
- Maintain a Risk Issues Log to track.

Outputs

- Quarterly basic risk update

Action 3. Connect Risks to Major Objectives

Activities

- Identify key entity objectives (service delivery, financial management, policy development).
- For each objective, note the risk threats.

Outputs

- First linkage between risks and objectives

Action 4. Leadership Messaging to Reinforce Risk Culture

Activities

- PS/Minister/DG issues a message emphasising:

- Proactive identification of risks
- Transparent reporting
- Importance of documentation
- Managers are asked to bring risks to management meetings.

Outputs

- Leadership memo
- Agenda item for monthly/quarterly management meetings

Level 2: Process-Based / Emerging Risk Awareness

The migration to Level 2 development will take time and for the short-term, the priorities should be concentrated on five Actions:

Action 1. Define Objectives to Support Risk Assessment

Activities

- Define departmental and process-level objectives
- Review alignment to strategic plan
- Link risks to objectives

Outputs

- Catalogue of Objectives (strategic, operational, process)
- Objective–Risk–Control Mapping Worksheet
- Updated risk registers reflecting linked objectives

Action 2. Implement a Standard Methodology for Risk Identification
Activities

- Define risk categories
- Standardise templates and definitions

Outputs

- Risk Identification Procedures / SOP
- Standard Risk Categories List
- Risk Definitions and Glossary
- Risk Registers (initial filled version)

Action 3. Introduce a Quantitative Risk Scoring System

Activities

- Implement scoring scales
- Define likelihood and impact criteria
- Apply consistent scoring across departments

Outputs

- Likelihood Scale (3- or 5-point)
- Impact Scale (3- or 5-point)
- Risk Scoring Matrix (3×3 or 5×5)
- Guidance Note: How to Score Risks
- Updated Risk Registers with Scores

Action 4. Strengthen Risk Register Quality

Activities

- Require full documentation of causes, impacts, controls
- Validate control effectiveness
- Update quarterly

Outputs

- Stage 2 Risk Register Template including:
  - Causes
  - Consequences
  - Inherent & residual scores
  - Controls & control effectiveness
  - Risk owners
- Quarterly Risk Register Updates

Action 5. Integrate Risk Management into Planning & Budgeting

Activities

- Require departments to link risks to annual plans
- Use risk information in resource allocation

Outputs

- Risk-Informed Annual Operational Plans
- Risk Inputs included in Budget Submissions

The expected timing of these deliverables would be estimated at 3 months and these Actions will be assisted through technical support from the EU4PFM project.

iii. Control Activities

Purpose:

To ensure that policies and procedures are established and implemented to help ensure objectives are achieved and risks (identified under Component 2) are mitigated.

Public sectors typically mature through **five levels of the COSO 2013 IC ERM Model.** Based on the responses to the questionnaire it is assessed that the MoJ is between **Level 1 and Level 2.**

Level 1 — Basic / Fragmented Controls

- Controls exist primarily due to regulatory requirements
- Processes heavily manual and paper-based
- Policies inconsistent or outdated
- Segregation of duties unclear or frequently breached
- Minimal IT controls and reliance on legacy systems

Level 2 — Developing / Standardisation Stage

- Standard operating procedures (SOPs) introduced
- Basic segregation of duties established
- Some automated controls (access management, basic workflows)
- Policies updated more regularly
- Controls start loosely connecting to risk registers

The Way Forward

The short-term ambition should be to consolidate **Stage 1 and prepare for Stage 2 development.**

Recommended Activities and Outputs

The consolidation of Level1 is a short-term priority with the following actions to be implemented:

Level 1 — Basic / Fragmented Controls

Action 1. Establish Basic Ownership and Responsibility

· Clarify that internal audit does not own controls, but will review them.

Activities

· Appoint a Control Activities Focal Point (1 person in Finance, Governance, or Internal Control Unit).
· Inform managers that they are responsible for ensuring controls in their departments.[1]

Outputs

- Responsibility assignment note
- Communication to Heads of Departments

Action 2. Identify Key Processes and Immediate Vulnerabilities
Activities[2]

Identify the 5–8 most critical processes:

- Budget execution
- Procurement
- Asset management
- Programme/service delivery

Outputs

- Documented processes

Action 3. Implement Minimum Essential Controls

Activities

Mandatory minimum controls to introduce:

Preventive controls

· At least one supervisory approval for major transactions (payments, procurements, HR decisions).
· Segregation of duties where possible (initiator ≠ approver).
· Restricted system access (only authorised users).

[1]These are repeated in Component 2 Risk Management as they are important for Components 2 and 3.

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Detective controls

- Monthly bank and cash reconciliations.
- Periodic supervisory review of documents and files.
- Spot checks on assets, petty cash, or inventories.

Outputs

- Basic approval process
- Monthly reconciliation sheet
- Evidence of supervisory review

Action 4. Raise Awareness and Build Internal Control Culture

Activities

- Conduct a 1-hour session with managers:
- What are control activities?
- What is their responsibility?
- Importance of evidence and documentation
- Issue short guidance notes or a one-page "minimum control standards".
- Use staff meetings to reinforce expectations.

Outputs

- "Basic Control Activities Guide"
- Managers' awareness session

The expected timing of these deliverables would be estimated at 3 months and these Actions will be assisted through technical support from the EU4PFM project.

Level 2 — Developing / Standardisation Stage

The migration to Level 2 development will take time and for the short-term, the priorities should be:

Action 1. Strengthen Segregation of Duties

Activities

- Identify incompatible duties (e.g., initiate + approve + record)
- Introduce approval workflows
- Document delegated authority limits

Outputs

- Segregation of Duties documented
- Delegation of Authority documented
- Authorisation Limits Tables

The expected timing of these deliverables would be estimated at 3 months and these Actions will be assisted through technical support from the EU4PFM project.

iv. Information and Communication

Purpose:

To ensure the organisation obtains, generates, uses, and communicates quality information to support internal control, decision-making, and accountability.

Public sectors typically mature through **five levels of the COSO 2013 IC ERM Model.** Based on the responses to the questionnaire it is assessed that the MoJ is at **Level 1 development.**

Level 1 — Basic / Fragmented Information Environment

- Information in silos (paper files, spreadsheets)
- Data quality unreliable; duplication common
- Communication informal and inconsistent
- Reports late, incomplete, or inaccurate
- Low external transparency

The Way Forward

The consolidation of Level1 is a short-term priority with the following actions to be implemented:

Recommended Activities and Outputs

Action 1. Develop and Communicate Core Internal Control Messages

Activities

Draft simple communications on:

- Role of internal control
- Management responsibility for developing controls
- Expected staff behaviours (ethics, compliance, documentation)
- Distribute messages from top leadership (tone at the top).

Outputs

- Internal Control Awareness Memo
- Leadership Statement on Internal Control

The expected timing of these deliverables would be estimated at 1 month and this Action will be assisted through technical support from the EU4PFM project.

v. Monitoring

Purpose

To provide ongoing assurance that controls are functioning as intended and that deficiencies are identified and addressed promptly.

Public sectors typically mature through **five levels of the COSO 2013 IC ERM Model.** Based on the responses to the questionnaire it is assessed that the MoJ is at **Level 1 development.**

Level 1 — Basic / Ad-Hoc Monitoring

- Monitoring occurs only when problems surface.
- No structured internal control review process.
- Audit findings repeat year after year.
- Managers rely on informal observations, not evidence.
- Limited understanding of internal control responsibilities.

The Way Forward

The consolidation of Level1 is a short-term priority however, as the COSO regime is at an early stage of development, it is recommended that no activities and outputs are proposed for this component. This is in part due to: no information to monitor; and the EU4PFM project will be unable to provide support to the activities of this component.