COSO & SELF ASSESSMENT

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Introduction

• Why are COSO and Self Assessment Important to the Internal Auditor



FOCUS ON PEOPLE

FOCUS ON OPPORTUNITIES

DETECT/CORRECT

PREVENT/MONITOR

INSPECT IN QUALITY

BUILD IN QUALITY

SURVIVAL OF FITTEST

EVERYONE CAN CONTRIBUTE

AUDIT DRIVEN SOLUTIONS

OPERATIONS DRIVEN SOLUTIONS

Outline

- Need COSO to establish Foundation
- COSO model requires supplements to traditional audit methods
- Self-Assessment helps provide the coverage
- Self-Assessment has numerous by-products

Outline

- How UT System implemented COSO and Self-Assessment
- How Has It Worked
- Examples
- What Does COSO and Self Assessment Mean to Your Agency
- What Do You Do Next

Need for COSO

- Framework for establishing management ownership of risk and controls
- Provides a methodology for the institutionalization of controls
- Focuses on management's wants and needs
- Helps internal audit focus on value-added areas

COSO Requires New Audit Methodologies

- COSO model increases the potential audit universe
- COSO model changes auditor skill requirements
- COSO model changes audit plan methodology
- Requires different audit approaches for different segments of audit universe

Supplemental Audit Methodologies

- Two ways to supplement traditional auditing
 - Self-Assessment
 - Continuous/100% Auditing
- Self-Assessment is operations oriented

Supplemental Audit Methodologies

- Self-Assessment provides auditors with
 - additional hands and eyes
 - specialized expertise
 - operations knowledge
 - commitment to implementing recommendations

By-Products of Self-Assessment

- Policies and Procedures
- Cross-Training
- Definition of How Process Works
- Preliminary Survey
- Risk Assessment
- Audit Areas

How UT System Implemented COSO & Self Assessment

- Internal Audit suggested
- Top management Bought-In
- Trained all managers
- Trained all employees
- Performed annual Risk Assessments
- Provided annual Training

How (continued)

- Changed job descriptions and job evaluation forms
- Implemented Control Self Assessment

How Has It Worked

- Management Responsibility
- Employee Training
- Risk Assessment
- CSA

Examples

- Sponsored Programs
- Physical Plant
- Fine Arts Center
- Specialized Departments

What Does COSO and Self-Assessment Mean to Your Agency

What Do You Do Next

- Take your Internal Audit department through the IIA Comprehensive Instructional Package entitled *COSO IMPLEMENTATION GUIDE*
- Sell to executive management and the Board
- Make COSO a part of everyone's job

What Do You Do Next

- Find an executive champion and a "sure thing" for first SA
- Prepare yourself
- Do It!