October 2014 COGR Meeting Presentation Thursday Morning - Mary Lee Brown and Cindy Hope

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Uniform Guidance –
The what, the how, and where
internal controls
fit in

COGR
Discussion Session
Thursday Oct 23, 2014
Discussion Leaders

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Objectives

- Discuss, broadly, the impact of the new requirements on internal controls
- Provide examples of internal control considerations for select areas of change due to Uniform Guidance (UG)
Impact on internal controls
We got what we wanted…
UG – Definitions
Internal controls
UG – Definitions
Internal controls over compliance requirements for Federal Awards
UG – Subpart D-Post Award
Internal controls
COSO Framework & Green Book

Where are we headed?

COSO Internal Control-Integrated Framework, internal control is broadly defined as a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

- **Control Environment** -- sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.
- **Risk Assessment** -- the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed
- **Information and Communication** -- systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities
- **Control Activities** -- the policies and procedures that help ensure management directives are carried out.
- **Monitoring** -- processes used to assess the quality of internal control performance over time.

The COSO definition relates to the **aggregate control system of the organization**, which is composed of many individual control procedures.
Resources

**COSO Executive Summary**
http://www.coso.org/documents/990025P_Executive_Summary_final_may20_e.pdf

**GAO Green Book Overview**
http://www.gao.gov/greenbook/overview
Areas of significant change

- Internal controls (just talked about!)
- Procurement
- Subrecipient monitoring
- Performance reporting
- Effort reporting
Procurement
Performance reporting
Subrecipient monitoring
Effort reporting
Why does this matter?

Resources

Institutional change

Policies and procedures

Gaps and exposure

Management and board approval

Communication and training

Audit criteria

Internal controls

Documentation
Internal audit’s role

- This year
  - Supportive and consultative

- Next year
  - Reviewing and Assessing
Questions and comments?