

# Controls and Supporting Evidence

## Identifying Controls, Evaluating Evidence and Reporting Results

### Course Overview

This course provides an understanding of internal controls for managers and staff of any business area.

Along with other skills such as planning, organizing and leading, establishing controls to be sure everything goes OK is an essential skill for all managers. However, the manager cannot do this alone – everyone in a department needs to understand their role and the benefits of good controls.

The course is designed for business area managers and staff, but it also provides an understanding of the internal control frameworks auditors and others use to report on the adequacy and effectiveness of controls.

As a part of internal control, the course covers risk identification, using both the residual and inherent risk approaches, and identifies the types of common errors made when using an inherent risk matrix.

A key imperative of the course is to present controls as practical, positive, and beneficial to the organization – and an essential business skill for everyone.

### MAJOR TOPICS

- The IIA Standards
- Management Controls vs. Internal Controls
- A Simple View of Control
- Using the COSO Control Framework
- Audit Evidence to Support Results
- Supporting Workpaper Preparation
- Self-Assessment Techniques
- Basic Probability Theory
- Sample Sizes and Methods of Selecting Samples
- Presenting Issues to Management
- Writing Reports that get Action

### OBJECTIVES

- Understand the importance of controls in business operations
- Clarify management's role in internal control
- Practice identifying and designing effective and efficient controls
- Understand the importance of considering risks in designing and identifying controls
- Reinforce that controls are everyone's business
- Provide practical, usable control and risk tools – Not just theory

## COURSE FLOW

### **Internal Auditing Background and Standards (1 hour)**

- Roles of Auditors, Managers and Internal Controls
- The IPPF
- Attributes and Performance Standards
- Other IPPF Guidance

### **Role of Management (2 hours)**

- Functions of a Manager: Plan, Organize, Lead, and Control
- Objective Setting as a Control: Business, Process and Control Objectives
- Other Basic Control Types: Policies, Clarity of Roles, Feedback, Information
- Control Tools Managers Use: Balanced Scorecards, Six Sigma, TQM, MBO, SWOT, and Others
- Compliance with Existing Controls – the Biggest Risk
- Controls: Do They Really Matter, or Are They Just for Auditors?
- How do You Know You Have the Right Controls?

### **Internal Control Frameworks (8 hours)**

- Use of a Framework: Management Controls and Internal Controls
- A Simple Way to Identify Internal Controls
- Exercise: A Simple View of Control
- Design Adequacy and Operational Effectiveness of Controls
- Internal Control is a Process: Five Types of Controls in the COSO Framework
- Entity- and Activity-Level Controls
- Tools for Evaluating Controls: Control Mapping and the Risk Matrix
- The Concept of Hard and Soft Controls
- Exercise: Typical Controls Mapped to the COSO Framework

### **Risk Assessment (4 hours)**

- Risk Terminology: Inherent, Residual, Control, Appetite
- Risk Assessment vs. Risk Management (ERM) vs. Risk-Based Auditing
- Exercise: The Risk Umbrella
- Risk Matrix Alternatives
- Risk Mapping: Accept, Reject, or Respond
- Exercise: Activities, Objectives, Controls and Risks
- Risk Assessment Errors

### **Self-Assessment Techniques (1 hour)**

- What is Self-Assessment
- CSA Formats: Workshop and Questionnaires

**Sufficient Evidence (2 hours)**

- What the Standards Say
- Supporting Workpaper Techniques
- Gathering Sufficient Evidence
- Statistical and Non-Statistical Sampling Techniques

**Presenting Issues and Findings (3 hours)**

- Five Elements to Develop a Finding
- Reporting On Causes and Controls, not Symptoms
- Determining the Importance of Issues
- Influencing and Coordinating Management Responses to Issues
- Issue Follow-up

**Administration:**

No advance preparation or prerequisites are necessary for this course but a basic knowledge of internal controls will be useful. The program level is basic. The delivery method is Group-Live and 21CPE hours in the Auditing field of study are available.

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