

Internal Controls over Financial Reporting Using the COSO Framework

Course Overview

Major Topics

- Financial Reporting Flow
- Financial Statement Assertions
- Major Financial Reporting Risk Areas
- Using COSO
- Identifying IT Controls
- Testing and Monitoring of Controls

The Sarbanes-Oxley Act of 2002 in the US has caused a world-wide change in the financial reporting process. Going forward, it's not just the accuracy of the numbers that is important; now, organizations also must prove their internal controls in the financial reporting process are effective. In some countries, the public accountants must opine to both the numbers, and to those internal controls.

Evaluating ICFR begins with a clear definition of internal controls, and the COSO definition (Committee of Sponsoring Organizations) is the most widely-used definition in the world. COSO has been written into the ICFR regulations in many countries as the model, or framework, of internal controls you must use.

To comply with ICFR regulations, your organization must understand the financial reporting process, the COSO internal control framework, how to identify the most important financial reporting risks, and how to test both the manual and automated financial reporting controls to be sure they work on a continuing basis. Plus, it helps to have someone guide you through the process - and that's exactly what this workshop is all about.

There is good news in all this:

- Other countries and organizations have already done this process, and you can learn the best practices and errors to avoid from them.
- You already have in place most controls you need to evaluate and report on ICFR – complying with an ICFR regulation is mainly about organizing what you already have to prove everything is OK
- Having effective internal controls over financial reporting has always been a business necessity. Now, the regulators are simply asking that organizations document that fact.

***“Larry makes
controls and risks
fun – and
positive!”***

Training Objectives

- Gain a solid understanding of evaluating Internal Controls Over Financial Reporting (ICFR) using the COSO framework
- Deepen your understanding of the COSO framework and its role in operational efficiency, compliance with regulations, internal auditing, and Enterprise Risk Management
- Apply top-down risk assessment, key control identification, and testing approaches in a series of exercises
- Understand the relationships between COSO, ICFR, ERM, Basel, capital reserve requirements and the current world-wide financial crisis
- Provide practical, usable control and risk tools – Not just theory

Course Outline

Review of Financial Reporting Process

- Events Leading to the US SOX Law
- Basic Flow of Financial Reporting
- The Financial Statement Assertions
- Top-Down Risk Assessment of Financial Reporting
- Internal Controls over Financial Reporting (ICFR)

“Larry’s background was perfect for this course – having done both financial reporting and controls!”

The COSO Framework

- COSO Internal Control Integrated Framework Basics
- The Five Types of Controls in Accurate Financial Reporting
- Entity-wide Control Assessment Tool: The COSO Map
- Activity-level Control Assessment Tool: The Risk Matrix
- Identifying the Key Controls – Keep It Simple and High-Level
- Knowing You Have the “Right” Financial Reporting Controls
- Other COSO Publications: ERM, ICFR, and Monitoring
- COSO and Other Guidance about IT Controls
- Identifying the Key IT Controls

“Larry did an excellent job of customizing the class to meet our needs and industry.”

Monitoring and Testing Approaches and Practices

- Focusing Efforts on Key Controls
- Gathering Evidence about Control Operation
- Sample Sizes for Testing
- Who Does the Testing
- Reporting and Closing Control Gaps
- Supporting Your Control Assessment

“Larry is an excellent facilitator for professional teams, with an almost-instant positive rapport with the group.”

Course Audience:

This course is designed for:

- Financial managers, internal auditors and public accountants who are interested in learning more about applying the COSO framework to financial reporting
- Management and potential ICFR project team leaders from the organizations that are required to report on ICFR
- Whether you are a CFO, VP of Finance, Controller, Chief Audit Executive, Audit Manager or Comptroller, if your organization is required to evaluate internal controls over preparing your balance sheet, income statement, and other financial reports, this seminar is for you.

Course Leader:

Larry Hubbard is a professional trainer and consultant with a broad background in accounting, auditing, and finance. Prior to founding Larry Hubbard & Associates, Larry's work experience included Mobil Corporation and Ernst & Young.

**Course Methodology and Approach:**

The course is a combination of discussions and practical exercises. The course workbook is much more than a set of bullet points – the content of the workbook provides a resource for participants well after the course ends.

Administration:

No advance preparation or prerequisites are necessary for this course. The program level is basic. The delivery method is Group-Live and 14 CPE hours in the Auditing field of study are available.

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