

RACF & Internal Control

Translating Effectively Between Both

Supporting Management's Objectives

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Session Objectives

Background and Definitions

- Common use language - precise definitions
- What is expected? (and who's going to look?)
- The control framework as a process

Identifying Who Does What

- Tone at the top
- Who makes the decisions?
- Tone at the middle

Organizational Reality

- IS management (RACF) and senior management often have difficulty communicating effectively

Background & History

COSO - The Committee of Sponsoring Organizations of the Treadway Commission

The *Integrated Framework* - published in 1992

COSO adopted by the Institute of Internal Auditors

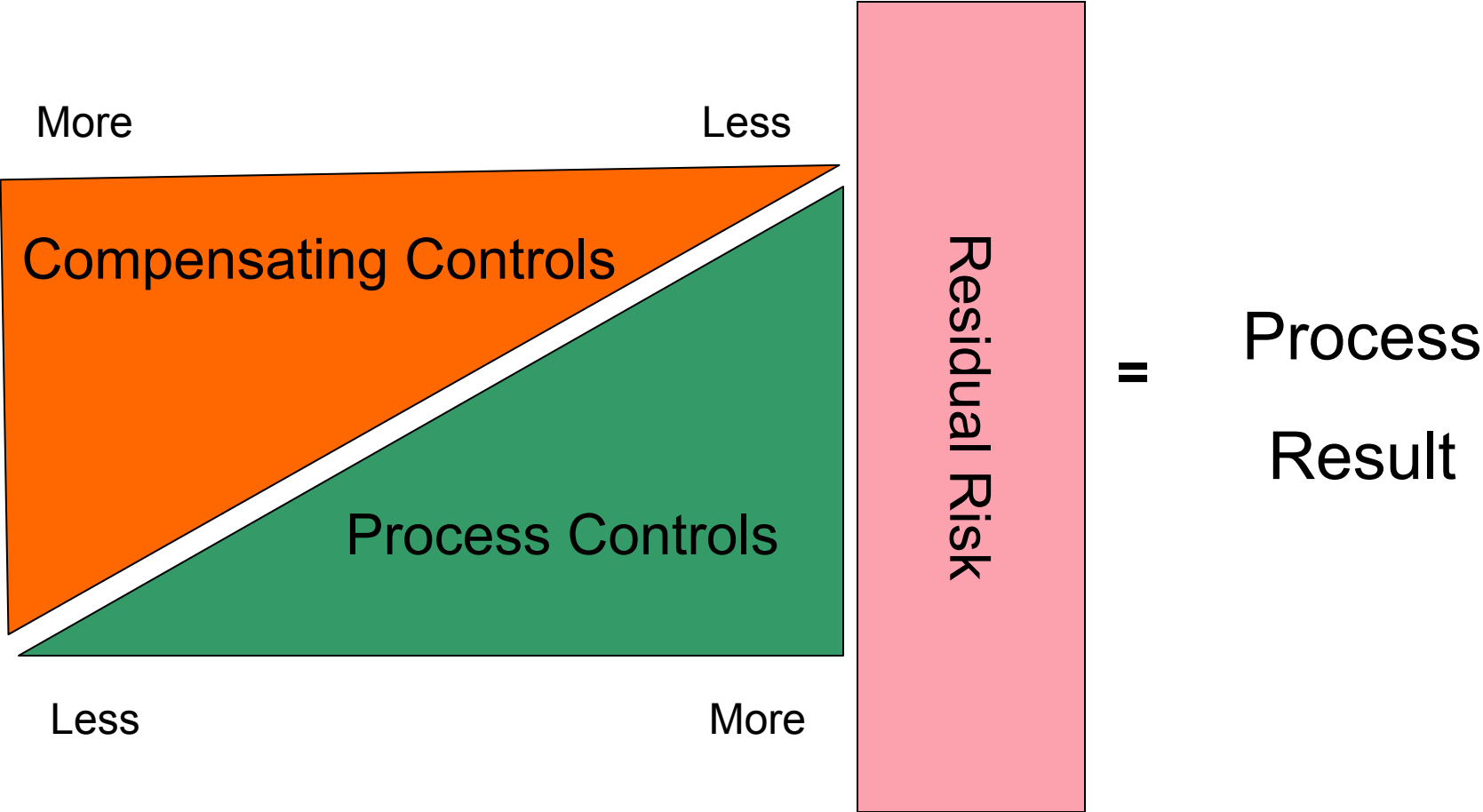
COSO referenced in AICPA Statements on Auditing Standards in 2006

COSO referenced in *Generally Accepted Government Audit Standards* (Yellow Book) in 2007

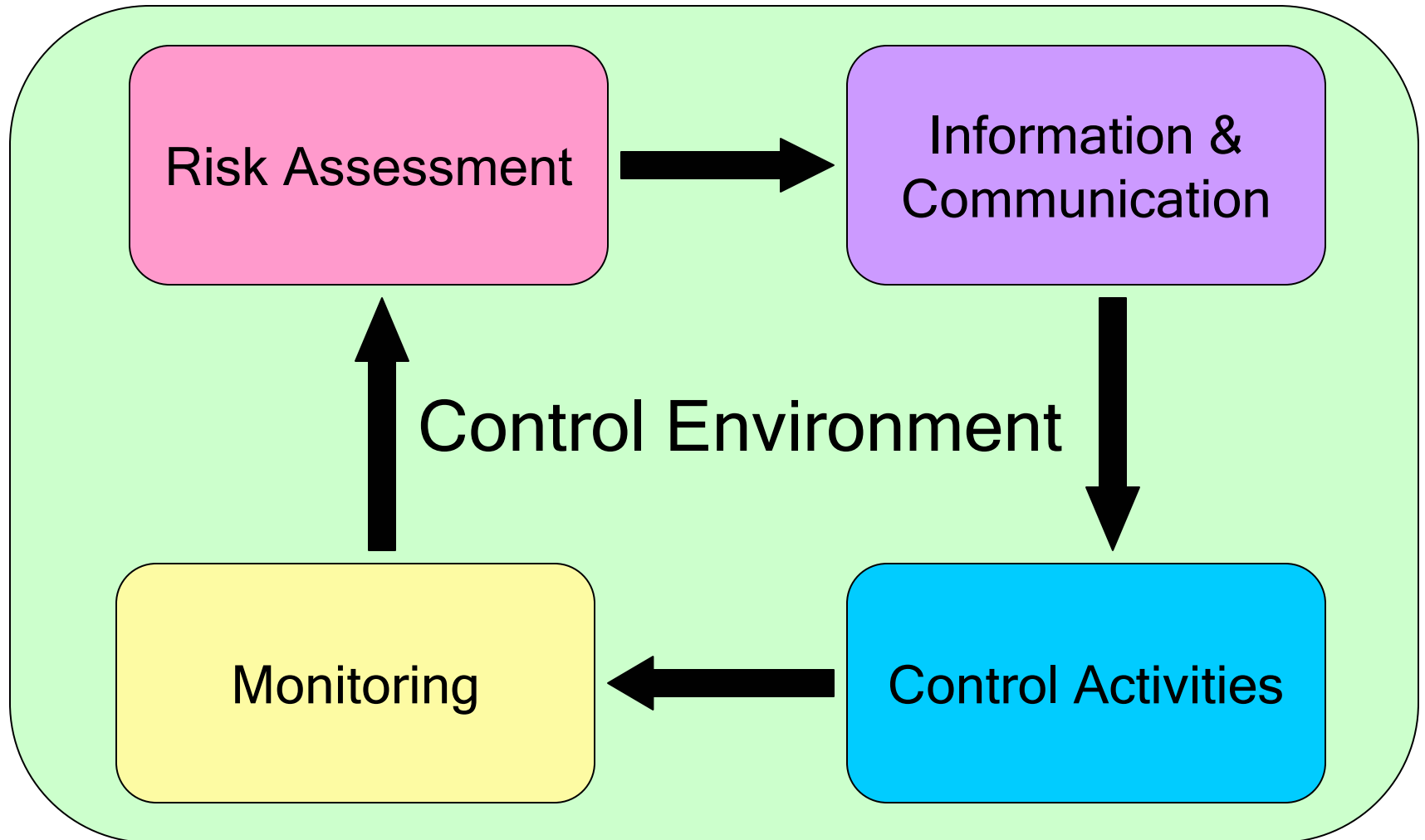
Definitions (when discussing Internal Control)

- Transparency
- Objectives
- Information
- Roles
- Responsibilities
- Monitoring

The Mix of Controls - Choices and Trade-offs



Internal Control - A Process



Presentation Focus:

Financial Management

- Financial data and financial statements are created in an interdependent, interrelated, and interfaced environment.
 - Financial data is not generated in a vacuum.
 - Financial statements are not created in a vacuum.
- Every organization has control objectives in support of their financial management responsibilities.

Roles and Responsibilities

Who Defines, Who Implements and Who Enforces?

- *“those charged with governance”*
- Senior Management
- Line Management
- Contractor Personnel
- Everyone

Achieving Reasonable Assurance

Operational awareness of RACF policy & procedure (**control environment**)

Standardization (**information & communication**)

Control reliance (**information & communication**)

Protection (**control activities**)

RACF reviews / Periodic evaluation of current processes (**monitoring**)

Honestly revisiting the decision making process periodically (**risk assessment**)

Contact Information

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