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

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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
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
- Performance reporting
- Subrecipient monitoring
- 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?