Larry Hubbard & Associates

- Controls Risks
- Auditing
- COSO ERM COBIT
- QAR SOX
- Training Consulting

Edutainment = Training that's Fun!
a combination of education and entertainment

**A Two-Day
Training Course**

# COSO-Based Internal Auditing

## Major Topics

- What is COSO?
- Clarity About Controls, ERM, Risk-Based Auditing, Risk Assessment
- Establishing an Audit Universe and Annual Audit Plan using COSO
- Planning a COSO-based Operational Audit
- Planning a COSO-based Financial Audit
- Reporting Audit Results Using the COSO Maturity Model
- Reporting Results to the Board

*COSO is the most widely-used definition of controls and risk management in the world*

## Course Overview

*See outline which follows for course flow*

This course provides a comprehensive approach to using the Committee of Sponsoring Organization's (COSO) definition of internal control and enterprise risk management to conduct internal audit work.

The course is designed for auditor managers and senior level audit leaders, to provide an in-depth understanding of the COSO framework, and to prepare them to design their organization's audit approach to cover all aspects of COSO.

The course includes several unique tools developed by the course leader to help auditors perform COSO-based auditing, such as:

- A COSO-based Internal Control Policy for the Organization
- The COSO Map to Determine if Control Design is Adequate
- The Residual Risk Matrix to Identify Remaining Risks in Organization Activities
- The COSO Maturity Model to Report Audit Results

### What's Special about Larry Hubbard's Courses?

- He's done what he teaches
- His training experience, from leading hundreds of different subjects, lets him "fit things together" in very clear ways
- He is solid on theory, but also knows the practical aspects of risks and controls
- He keeps it simple!

## Training Objectives

- Understand the importance of a formal definition of internal control in an organization
- Provide an in-depth understanding of all the COSO frameworks
- Provide information on developing a risk-based Audit Universe and Annual Audit Plan to provide annual opinions on internal control effectiveness
- Practice reporting audit results using the COSO framework
- Learn to report the maturity of controls in an organization

*Internal controls are the key to auditing, yet are often not well understood by auditors or management*

## Course Outline

**The COSO Frameworks**
- Internal Control is a Process: Five Types of Controls in the COSO Framework
- The Enterprise Risk Management Framework
- Internal Controls Over Financial Reporting
- Entity- and Activity-Level Controls
- Risk Terminology: Inherent, Residual, Control, Appetite
- Risk Assessment vs. Risk Management (ERM) vs. Risk-Based Auditing
- Tools for Evaluating Controls: Control Mapping and the Risk Matrix
- Exercise: Typical Controls Mapped to the COSO Framework

*COSO can be confusing without an expert guide to help incorporate it into the audit efforts*

**Risk-Based Audit Planning**
- Internal control policy for the organization
- Structuring the Audit Universe for COSO
- Methodology to establish the Annual Audit Plan
- Exercise: The Risk Umbrella
- Risk Matrix Alternatives
- Risk Mapping: Accept, Reject, or Respond
- Exercise: Activities, Objectives, Controls and Risks
- Risk Assessment Errors

*Developing an internal control policy for the organization is an essential first step*

**Planning and Reporting COSO-based Audits**
- Auditing operational areas
- Auditing internal controls over financial reporting (ICFR)
- The COSO Maturity Model

**Reporting Audit Results to the Board**
- Establishing criteria for audit opinion
- Heat Maps based on COSO

*Audit results should reflect the "status of controls and risks" not be simply a presentation of what was wrong*

**Course Audience:**
I developed this course for auditor managers and in-charge auditors, to better prepare them to use the COSO framework. The terms risk-based auditing, risk management, and controls need to all be consistently used in an organization so that audit teams can produce consistent results. Understanding COSO is key to that consistency. COSO provides a solid internal control and risk management framework, but unfortunately, most auditors don't use COSO as it was intended. This often results in serious gaps in audit efforts, and in wasted effort and money, and frustration, in risk assessment processes. COSO done right can solve those problems.

**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.

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**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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