

Presentation by Mandy Nelson: KPMG , Audit Partner

COSO Overview

COSO Analysis

- A. Items not changing in language
 - 1. Core definition of internal control
 - 2. Three category objectives and five competencies of internal control
 - 3. Judgment is still very important
 - 4. Their method of implementation will be different & was approved by OMB- substance will be the same.

- B. Green Book will be closer to COSO terminology. Green Book coming out late 2014.

- C. New COSO released 2013. The Executive Summary is a worthwhile read.

- D. Items changing in language
 - 1. Updated changes in Business & Operations Elements
 - 2. Expanded Operations & Representative Objectives
 - 3. Updated increased relevance to Information Technology
 - 4. Addresses fraud & risk assessment

- E. Internal control must be at the entity level as well as the institution level-can't only be at the Board level.

- F. All five components and seventeen processes must be working together

- G. A-133 audit- will not be a COSO- Internal Control audit- still a financial audit unless something in the scope or findings warrants an internal control review

Process vs Internal Control

- A. Process- the underlying activity

- B. Internal Control- the activity that mitigates the risk to an acceptable level.
 - 1. Addresses what could go wrong
 - 2. Addresses completeness and accuracy

- C. Flowcharting might be a good idea- antiquated but visual.

Management "Review" Controls

- What does it mean? Not necessarily that you have it.**
 - A. Reasonableness
 - B. Performance Review
 - C. Exception Reports
 - D. Reviews of Reports

- Data Control**
 - A. Control and review of data that comes out of a system
 - B. Follow up when find something wrong
 - C. Just because error isn't found, doesn't mean everything is ok

- Effort reporting-** Good area to review for internal controls especially under the new Uniform Guidance when there is no longer an effort reporting requirement

- Inherent risk** –Are there programs that are on their face risky? - this provision has not been removed. R&D no longer at risk and automatically subject to audit. Real property also removed from A-133 audits

Presentation by Andrew Rudczynski and Alice Tangredi-Hannon: Yale University

- Office of Research Administration-** Additions to staff for Systems & Operation Support and Compliance & Education

- Policies** –Central review and correction of policies related to Sponsored Research. Short time engagement to keep focus on completion.

- Training-** Non financial compliance program, monitored through home grown system.

- Changes to Effort Reporting System-**Waiting to make any changes until after FDP releases audit reports from NSF and HHS audits or payroll certification pilot schools.

- Compliance Committees**
 - A. Internal Control & Compliance Committee- meets quarterly-VP Finance, Provost, Director of Audit and Assistant Vice President for Research Administration
 - B. Research Compliance Committee- meets quarterly- focused more in Sponsored Programs. Increased focus on Export Controls.