

Comparison: Internal Control – Integrated Framework and Standards for Internal Control in the Federal Government

COSO: Internal Control - Integrated Framework	GAO: Standards for Internal Control in the Federal Government
CONTROL ENVIRONMENT	
<p>1. The organization demonstrates a commitment to integrity and ethical values</p> <ul style="list-style-type: none"> • Sets the tone at the top • Establishes standards of conduct • Evaluates adherence to standards of conduct • Addresses deviations in a timely manner 	<p>1. The oversight body and management should demonstrate a commitment to integrity and ethical values</p> <ul style="list-style-type: none"> • Tone at the top • Standards of conduct • Adherence to standards of conduct
<p>2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control</p> <ul style="list-style-type: none"> • Establishes oversight responsibilities • Applies relevant expertise • Operates independently • Provides oversight for the system of internal control 	<p>2. The oversight body should oversee the entity’s internal control system</p> <ul style="list-style-type: none"> • Oversight structure • Oversight for the internal control system • Input for remediation of deficiencies
<p>3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives</p> <ul style="list-style-type: none"> • Considers all structures of the entity • Establishes reporting lines • Defines, assigns, and limits authorities and responsibilities at various levels of the organization 	<p>3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives</p> <ul style="list-style-type: none"> • Organizational structure • Assignment of responsibility and delegation of authority • Document of the internal control system
<p>4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives</p> <ul style="list-style-type: none"> • Establishes policies and practices • Evaluates competence and addresses shortcomings • Attracts, develops, and retains individuals • Plans and prepares for succession 	<p>4. Management should demonstrate a commitment to attract, develop, and retain competent individuals</p> <ul style="list-style-type: none"> • Expectations of competence • Recruitment, development, and retention individuals • Succession and contingency plans and preparation
<p>5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives</p> <ul style="list-style-type: none"> • Enforces accountability through structures • Establishes performance measures, incentives, and rewards • Evaluates performance measures, incentives, and rewards for ongoing relevance • Considers excessive pressures • Evaluates performance and rewards or disciplines individuals 	<p>5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities</p> <ul style="list-style-type: none"> • Enforcement of accountability • Consideration of excessive pressures

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RISK ASSESSMENT	
<p>6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives</p> <p>Operations objectives:</p> <ul style="list-style-type: none"> • Reflects management’s choices • Considers tolerances for risk • Includes operations and financial performance goals • Forms a basis for committing of resources <p>External financial reporting objectives:</p> <ul style="list-style-type: none"> • Complies with applicable accounting standards • Considers materiality • Reflects entity activities <p>External non-financial reporting objectives:</p> <ul style="list-style-type: none"> • Complies with externally established standards and frameworks • Considers the required level of precision • Reflects entity activities <p>Internal reporting objectives:</p> <ul style="list-style-type: none"> • Reflects management’s choices • Considers the required level of precision • Reflects entity activities <p>Compliance objectives:</p> <ul style="list-style-type: none"> • Reflects external laws and regulations • Considers tolerances for risk 	<p>6. Management should define objectives and risk tolerances</p> <ul style="list-style-type: none"> • Definitions of objectives • Definitions of risk tolerances
<p>7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed</p> <ul style="list-style-type: none"> • Includes entity, subsidiary, division, operating unit, and functional levels • Analyzes internal and external factors • Involves appropriate levels of management • Estimates significance of risks identified • Determines how to respond to risks 	<p>7. Management should identify, analyze, and respond to risks related to achieving the defined objectives</p> <ul style="list-style-type: none"> • Identification of risks • Analysis of risks • Response to risks

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<p>8. The organization considers the potential for fraud in assessing risks to the achievement of objectives</p> <ul style="list-style-type: none"> • Considers various types of fraud • Assesses incentive and pressures • Assesses opportunities • Assesses attitudes and rationalizations 	<p>8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks</p> <ul style="list-style-type: none"> • Types of fraud • Fraud risk factors • Response to fraud risks
<p>9. The organization identifies and assesses changes that could significantly impact the system of internal control</p> <ul style="list-style-type: none"> • Assesses changes in the external environment • Assesses changes in the business model • Assesses changes in leadership 	<p>9. Management should identify, analyze, and respond to significant changes that could impact the internal control system</p> <ul style="list-style-type: none"> • Identification of change • Analysis of and response to change
CONTROL ACTIVITIES	
<p>10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels</p> <ul style="list-style-type: none"> • Integrates with risk assessment • Considers entity-specific factors • Determines relevant business processes • Evaluates a mix of control activity types 	<p>10. Management should design control activities to achieve objectives and respond to risks</p> <ul style="list-style-type: none"> • Respond to objectives and risks • Design of appropriate types of control activities • Design of control activities at various levels • Segregation of duties
<p>11. The organization selects and develops general control activities over technology to support the achievement of objectives</p> <ul style="list-style-type: none"> • Determines dependency between the use of technology in business processes and technology general controls • Establishes relevant technology infrastructure control activities • Establishes relevant security management process control activities • Establishes relevant technology acquisition, development, and maintenance process control activities 	<p>11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks</p> <ul style="list-style-type: none"> • Design of the entity's information system • Design of appropriate types of control activities • Design of the information technology infrastructure • Design of security management • Design of information technology acquisition, development, and maintenance
<p>12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action</p> <ul style="list-style-type: none"> • Establishes policies and procedures to support deployment of management's directives • Establishes responsibility and accountability for executing policies and procedures • Performs in a timely manner • Takes corrective action • Performs using competent personnel • Reassesses policies and procedures 	<p>12. Management should implement control activities through policies</p> <ul style="list-style-type: none"> • Documentation of responsibilities through policies • Periodic review of control activities

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INFORMATION & COMMUNICATION	
<p>13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control</p> <ul style="list-style-type: none"> • Identifies information requirements • Captures internal and external sources of data • Processes relevant data into information • Maintains quality throughout processing • Considers costs and benefits 	<p>13. Management should use quality information to achieve the entity's objective</p> <ul style="list-style-type: none"> • Identification of information requirements • Relevant data from reliable sources • Data processed into quality information
<p>14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control</p> <ul style="list-style-type: none"> • Communicates internal control information • Communicates with the board of directors • Provides separate communication lines • Selects relevant method of communication 	<p>14. Management should internally communicate the necessary quality information to achieve the entity's objectives</p> <ul style="list-style-type: none"> • Communication throughout the entity • Appropriate methods of communication
<p>15. The organization communicates with external parties regarding matters affecting the function of internal control</p> <ul style="list-style-type: none"> • Communicates to external parties • Enables inbound communications • Communicates with the board of directors • Provides separate communication lines • Selects relevant method of communication 	<p>15. Management should externally communicate the necessary quality information to achieve the entity's objectives</p> <ul style="list-style-type: none"> • Communication with external parties • Appropriate methods of communication
MONITORING ACTIVITIES	
<p>16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning</p> <ul style="list-style-type: none"> • Considers a mix of ongoing and separate evaluations • Considers rate of change • Establishes baseline understanding • Uses knowledgeable personnel • Integrates with business processes • Adjusts scope and frequency • Objectively evaluates 	<p>16. Management should establish monitoring and operate activities to monitor the internal control system and evaluate the results</p> <ul style="list-style-type: none"> • Establishment of a baseline • Internal control system monitoring • Evaluation of results

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<p>17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate</p> <ul style="list-style-type: none"> • Assesses results • Communicates deficiencies • Monitors corrective action 	<p>17. Management should remediate identified internal control deficiencies on a timely basis</p> <ul style="list-style-type: none"> • Reporting of issues • Evaluation of issues • Corrective actions