

Understanding and Assessing Internal Control in Audits (8 hours)

Course Overview

Internal control is an important focus area for auditors since a properly designed and implemented internal control system can provide reasonable assurance that an organization's objectives will be achieved. Government auditing standards require auditors to determine whether internal control is significant to their audit objectives and, if so, to assess the design, implementation, and/or operating effectiveness of internal control to the extent necessary to address the audit objectives. Through lecture, individual exercises, group discussions, and case studies, this highly interactive course provides auditors a thorough understanding of internal control objectives, components, and principles. The course also provides guidance on how an audit team can incorporate internal control into audit planning and field work, and document their work in the final audit report. This course is offered over 2 half days.

CPEs: 8

Who Should Attend

This course is based on the most recent version of the GAO-developed Standards for Internal Control in the Federal Government (the Green Book) and will help participants understand and apply the revised internal control requirements in the Generally Accepted Government Auditing Standards (Yellow Book). Both new and seasoned auditors in team member or team leader roles can benefit from this material. Upon completing the course, auditors will have gained a strong understanding of internal control, how to consider internal control within the context of the audit objectives, and how to plan and obtain the sufficient and appropriate evidence to support their assessment of the effectiveness of internal control.

Course Objectives

Participants will be able to

- Demonstrate a fundamental understanding of the key concepts of internal control
- Understand and apply the internal control requirements, including the five key components and the related principles
- Understand how to apply internal control factors when planning and implementing an audit and when reporting findings

Course Topics

Key Internal Control Concepts

- Background and uses of the Green Book

- The internal control cube and how the aspects interrelate
 - Objectives
 - Components, principles, and attributes
 - Organizational structure

Internal Control Components – Definition, Related Principles, and Red Flags that Could Indicate Deficiencies

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Applying Internal Control When Conducting an Audit

- Government auditing standards (Yellow Book) requirements related to internal control
- When and how to use internal control when planning an audit
- How to assess internal control when conducting an audit
- How to report on internal control deficiencies