



Case Exercises

COSO Internal Control Integrated Framework Risk Assessment and Control Activities

One Day Course

City University of New York

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RA Principle 6: The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

After his appointment as the Associate Vice President of Research, Dr. Ray Blunt began his review of the processes and procedures employed by the administrative sections of the Research Division. The Sponsored Programs area is responsible for all pre and post grant documentation, including the Time and Effort (T&E) tracking system. A nearby university recently underwent a comprehensive audit by one of the granting Federal agencies and was found to have material shortcomings in T&E tracking, then was required to repay a substantial amount of the personnel funds that had been received due to deficiencies in the tracking and reporting of research staff effort relative to the grants. Dr. Blunt wants to be sure that the T&E system is not only in compliance with grant requirements but meets the objectives of the university operations and reporting systems as well.

Dr. Blunt wants to start with “a blank sheet of paper” and create the needed objectives of the T&E system. Your team has been engaged to recommend suggested objectives for the system.

TEAM EXERCISE:

In your group, create one or more T&E objectives in each of the following categories:

Operations: _____

Internal Non-Financial Reporting: _____

Internal Financial Reporting: _____

External Non-Financial Reporting: _____

External Financial Reporting: _____

Compliance: _____

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RA Principle 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.

In addition to identifying a fresh set of objectives, Dr. Blunt wants to identify risks related to each of the objectives to effectively manage the operations of the T&E system. Your team has been challenged with identifying the risks related to the objectives identified, estimating the likelihood of the risk and the related impact of each.

TEAM EXERCISE:

In your group, select at least three T&E objectives and identify risks associated with those objectives. Your group may select its own measurement of each risk's likelihood and impact:

Objective 1: _____

Risks: _____

Objective 2: _____

Risks: _____

Objective 3: _____

Risks: _____

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CA Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Now that objectives and risks have been defined for the T&E system, Dr. Blunt wants to identify and implement control activities for each objective that will mitigate risks and help to accomplish each objective. Your team has now been challenged with identifying and recommending control activities related to the objectives identified, taking into consideration the likelihood of the risks and the related impact of each.

TEAM EXERCISE:

In your group, use the three T&E objectives and associated risks used in the prior risk assessment exercise and identify controls objectives associated with those objectives:

Objective 1: _____

Control Activities: _____

Objective 2: _____

Control Activities: _____

Objective 3: _____

Control Activities: _____

