School District of Broward County

Internal Control Framework

Presented by:
Eddy Castaneda, CPA, CFE, MBA
Senior Manager

MSL
CPAs & ADVISORS

INTERNAL CONTROLS OVERVIEW

MSL

Risk Assessment Overview

- The objective of a risk assessment is to analyze organization risk, including the inherent risk and impact on the District's operations

- The most widely accepted approach in conducting a risk assessment is the Committee of Sponsoring Organizations (COSO) guidance on monitoring internal control systems

MSL

COSO Model

Control Environment	1. Demonstrates commitment to integrity and ethical values 2. Exercises oversight responsibility 3. Establishes structure, authority, and responsibility 4. Demonstrates commitment to competence 5. Enforces accountability
Risk Assessment	6. Specifies suitable objectives 7. Identifies and analyzes risk 8. Assesses fraud risk 9. Identifies and analyzes significant change
Control Activities	10. Selects and develops control activities 11. Selects and develops general controls over technology 12. Deploys through policies and procedures
Information and Communication	13. Uses relevant information 14. Communicates internally 15. Communicates externally
Monitoring Activities	16. Conducts ongoing and/or separate evaluations 17. Evaluates and communicates deficiencies

MSL

Benefits of COSO Model

- Opportunity for re-evaluating existing control structure

- Improve the efficiency or effectiveness of internal controls

- Ensure to keep pace with evolving business environment and emerging risks

- Enhancing governance

- Improving risk assessment and antifraud practices

GAO Greenbook

- Standards for internal control in state and local

- Is an acceptable framework for internal control on the state and local government level under OMB's Uniform Guidance for Federal Awards

- Written for government

  - Leverages the COSO Framework

  - Uses government terms

Green Book Model

Category	Principles
Control Environment	1. Demonstrate Commitment to Integrity and Ethical Values 2. Exercise Oversight Responsibility 3. Establish Structure, Responsibility, and Authority 4. Demonstrate Commitment to Competence 5. Enforce Accountability
Risk Assessment	6. Define Objectives and Risk Tolerances 7. Identify, Analyze, and Respond to Risk 8. Assess Fraud Risk 9. Analyze and Respond to Change
Control Activities	10. Design Control Activities 11. Design Activities for the Information System 12. Implement Control Activities
Information & Communication	13. Use Quality Information 14. Communicate Internally 15. Communicate Externally
Monitoring	16. Perform Monitoring Activities 17. Remediate Deficiencies

MSL

Significant Audit and Financial Reporting Areas

- Internal control over financial accounting and reporting

- Information Technology (IT) systems

- Financial statement preparation procedures

- Capital assets accounting, including depreciation, project tracking, etc.

- Investment policies and procedures, portfolio management, income allocation, etc.

- Debt, including compliance with applicable covenants

- Net Position/Fund Balance classifications

- Payroll processing

- Budgetary compliance and accountability

- Compliance with contracts, laws, regulations, and grant agreements

MSL

Questions or Comments