INTERNAL CONTROL – COSO FRAMEWORK

The Board of Regents of University of Minnesota policy on Internal Control is founded in the COSO framework and includes guiding principles, delegation of authority and accountability.

http://regents.umn.edu/sites/regents.umn.edu/files/policies/Internal_Control.pdf

The COSO framework consists of five components of internal control and 17 related principles. The five components are: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. Via the University of Minnesota delegations library, the foundation for internal control is established “through directed leadership, shared values and a culture that emphasizes accountability”.

University activity and operations are reviewed and designed by leadership (Business Process Owners and Policy Owners) and stakeholders (where appropriate) for effectiveness and efficiency while complying with applicable laws and regulations. The control environment includes performing risk assessments during the design or review process which results in the type of internal control and degree of oversight. Types of internal controls are: a robust training portfolio; established approvals and thresholds: separation of duties; system edits; and system access based on roles, etc. Each type of internal control is applied to the activity based on risk; for example, specific financial activities require approval by a designated institutional role. If the activity reaches a specific dollar amount an additional more specialized approval is required. Likewise, the monitoring of the control environment is managed via a series of oversight activities which take place at various intervals, at both distributed and central levels, and are dependent on the risk (i.e. weekly, monthly, quarterly, etc.). Discussions with those impacted by the internal control are also held to help understand the efficacy of the control.

The University disseminates information and communication in many ways: in person and online, broad and local, and targeted by role or responsibility. The mechanism is dependent on the message and audience. Stakeholder groups such as user groups, role/responsibility groups, professional groups and committees typically have a responsibility to engage with policy making leadership and disseminate information.