Index

Α	responsibilities, 271, 273, 278,
Accountability, 55	281, 282
Accounting for internal controls, 55	risk oversight responsibilities, 278
Acquisition, development, and	role, 48
maintenance processes, 81	senior management reporting, 113
AICPA developed processes, 285	Budget function interactions, 122
AICPA SAS No. 1, 5	Budgeting processes, 121
AICPA's Auditing Standards Board	Budget performance monitoring, 121
(ASB), 16	Budget planning processes, 120
American Institute of Certified Public	Business operations internal controls, 39
Accountants (AICPA), 6	Business processes, 76
Analyst conflicts of interest, 26	Business unit-level documented
Andersen Consulting, 26	procedures, 179
Application controls, 76	
Application records management	C
reporting controls, 148	Changes in the new revised COSO
Audit committees, 183, 278, 279	framework, 36, 38
Auditing practices for external	Chief compliance officer roles, 157
auditors, 16	Client-server architecture, 189
Auditing Standard No. 5 (AS No. 5),	Client-server general controls, 188
114	Cloud computing, 128, 208, 210, 215
Auditor independence, 18	internal controls, 211
Authority and responsibility	Cloud service providers, 211
management requirements, 49	COBIT, 241, 245, 250, 253, 255
Authorizations and approvals, 76	enablers, 249
Availability management objectives, 198	general architecture, 248, 249
	objectives mapping, 255
В	Principle 1, 246
Basic principles that support enterprise	Principle 2, 246
COSO internal controls, 31	Principle 3, 247
Benchmarking and peer evaluations, 112	Principle 4, 249
Board of directors	Principle 5, 252
committees, 276	Principles, 245, 248
decisions, 272	Code acknowledgments, 46

Codes of conduct, 44, 171	ERM framework, 217, 219, 220, 221,
Codes of ethics, 25	232, 237, 238
Cohen Commission, 9	model, 222
Commitment to competence, 52, 53	framework changes, 32, 36
Committee of Sponsoring Organizations	GRC perspective, 118
(COSO), 12	information and communication, 87,
Communication	88, 89, 95, 97
concepts, 89	internal control, 31, 36, 182, 183,
to external parties, 100	186, 200, 204, 208, 234, 271
of monitoring findings, 113	components, 41, 59, 73, 74, 75, 78,
Compliance Prevention and Remediation	87, 90, 105, 108
Programs, 159	framework, 59, 73, 118, 133,
Concepts and definitions, 88	137, 141, 153, 155, 157,
Continuous monitoring, 109	158, 159, 161, 162, 163, 166,
processes, 108	168, 175, 178, 179, 181, 183,
Control activities, 73, 76, 80, 233	193, 214, 217, 256, 269, 271,
objectives, 76, 77	285, 288
principles, 74, 78, 83, 85	framework definition, 88, 89
Control environment, 41	original kamework, 13, 31
internal control concepts, 41	principles, 38
internal controls, 42	processes, 117, 213, 286
principles, 43, 44, 48, 49, 51, 52,	pyramid view, 31
54, 55	reporting, 143, 146, 148, 149,
supporting principles, 57	157, 165
Controls over internal reporting	internal financial reporting
processes, 39	controls, 141
Corporate and management goals, 120	IT-related goals, 253
Corporate audit committee	monitoring
charters, 280	principles, 108
Corporate audit records, 27	processes, 105, 106, 108, 110, 112
Corporate boards of directors, 271,	114, 115
276, 280	objectives, 39, 57, 60
Corporate charters, 276	operations
Corporate fraud accountability, 27	controls, 118, 121, 123
Corporate mission statements, 170	objectives, 118, 126, 130
examples, 226	policy and governance controls, 123
Corporate responsibility, 20	published guidance materials, 40
COSO	reporting
commitment to competence, 53	objectives, 137, 138, 140, 142
control activities, 81, 85	requirements component, 137
enterprise communication, 87	risk
ERM, 59, 68, 240	objectives, 60, 62, 66, 67
ERM components, 223, 225, 227,	response strategies, 67, 68,
228, 229, 233, 236	69, 70

299

Covering end to end enterprise	internal
goals, 246	communications, 96
Customer service feedback, 100	controls, 253
	management responsibilities, 141
D	Enterprise risk management (ERM),
Deming PDCA quality cycle, 95	217, 222
Department and unit level internal	definition, 220
controls, 178	Enterprise-specific control activity
Division and functional unit internal	factors, 75
controls, 175	ERM (enterprise risk management)
Document imaging processes, 143	control activities, 238
Document library service	Establishing effective internal controls,
technologies, 144	33, 286
Document-management systems, 150	Evaluating internal control
	deficiencies, 112
E	Event identification risk management
EDMS technology components, 142	components, 227
Effective budgeting systems, 119	External communications, 100, 101
Effective GRC principles, 271	processes, 87
Effective internal control systems, 139	External financial reporting, 30, 33
Electronic document management	controls, 139
systems (EDMS), 141, 143	internal controls, 140
Enabler process goals, 246	objectives, 33, 138, 139
Enhanced financial disclosures, 23	External nonfinancial reporting internal
Enron, 26	controls, 149
audit committee failures, 279	External risk factors, 65
Enterprise	
business risks, 63, 65	F
codes of conduct, 44, 46, 47	FCPA (Foreign Corrupt Practices Act), 7
compliance	Financial and nonfinancial
activities, 168, 169	reports, 137
controls, 153	Financial Executives International
direct supervision, 109	(FEI), 9
document-reporting internal	Financial management for IT
controls, 146	services, 194
external communications, 100, 102	Financial reporting
governance, 240	controls, 139, 141
components, 2	policies, 140
elements, 167, 169, 172, 175	requirements, 138
internal controls, 165, 170, 171	First-level supervision, 110
principles, 165	Foreign Corrupt Practices Act (FCPA),
human resources function, 52	7, 9
information systems quality	Forms management internal controls,
requirements, 93	148, 150

Fraud	Inherent risk, 66, 227
accountability and white-collar	Integrated internal control architecture
crime, 26	frameworks, 247
detection, 70	Integrated technology-enabled
risk analysis, 69	processes, 93
Fraudulent reporting risks, 70	Integrity and ethical values, 43
	Internal audit
G	evaluations, 108
General counsel responsibilities, 157	outsourcing, 18
Generally accepted accounting principles	reports, 113
(GAAP), 17	responsibilities, 110
Goal setting and planning, 120	Internal communications, 96
Governance, 252	processes, 87
best practices, 167	Internal Control—Integrated Framework,
tools, 134	12, 40
Governance, risk, and compliance (GRC)	Internal controls, 3
policies, 84, 117	assessments, 24
concepts, 163, 164	auditing standards, 10, 16, 17, 287
operations controls, 117	communication, 95, 96
principles, 273	compliance objectives, 34
risk management, 166, 167	definition, 3, 5, 6, 7, 9, 10, 13, 30
Governmental and other regulatory	GLC issues, 161
reports, 139	individual responsibilities, 54, 55
Graphical user interfaces (GUI), 145 🔷 🔷	knowledge requirements, 282
Guidance materials changes, 32	legal issues, 157
H Higher priority risks 110	limitations, 292
H	management, 282
Higher-priority risks, 110	objectives, 39, 53, 89
Human resources policies and practices,	policies and procedures, 83, 84
51, 52, 53, 54	principles, 294
Y	processes, 2, 272, 278
I	quality audits, 95
Implementing internal controls	requirements, 7, 10, 14
processes, 293	responsibilities, 98, 294
Implementing the new COSO	risks, 204
framework, 296	Internal environment risk management
Inbound communications, 100	elements, 223, 224
Information and communication, 87, 92	Internal reporting objectives, 33
components, 236	Internal risk factors, 65
concepts, 88	International Standards Organization
flows, 237	(ISO)
principles, 89, 96, 100	background, 259
processing objectives, 76	documentation hierarchy, 265
requirements, 90	internal control, 259
Information systems, 93	international standards, 158

ISO 2000, 268	service
ISO 27002, 266	bureaus, 287
ISO 9001 quality management	catalogs, 134
systems, 262	management, 192
IT security standards, 266	procedures catalog, 175
service quality management	standards, 125, 185
standards, 268	systems
standards, 262, 265, 269	development application controls, 130
Information technology (IT)	operational controls, 119, 123
application controls, 130, 131, 210	software controls, 129, 130
applications development review	technology access rights, 81
guidelines, 132	wireless networks, 204, 207
audit function management, 185	Information Technology Infrastructure
automated monitoring, 110	Library (ITIL)
availability-and-costs	availability management, 198, 199
relationships, 199	best practices, 192, 193, 194,
controls hierarchy, 183	197, 198
documentation, 126	capacity management, 197
general and application internal	service delivery, 196
control processes, 191, 192	best practices, 200
general controls, 78, 79,	service management, 191, 196
80, 181	IT Governance Institute, 241
general controls definitions, 79	T-related internal control
governance, 125	considerations, 85
general controls, 183	IT-related management and
policies and practices, 125	operations, 125
infrastructure controls, 182	
internal controls, 192, 215	J
issues, 131	Johnson & Johnson Tylenol crisis, 169
management	
general controls, 185, 188	K
and organization controls, 125, 126, 129	Key components of internal control, 36
requirements, 134	L
operating systems architecture, 130	Launching enterprise monitoring
operations, 189	processes, 115
control hierarchy, 123	
internal controls, 197	M
physical and environmental general	Major components of internal control, 31
controls, 127, 128, 186	Management assessment of internal
security	controls, 24
internal control issues, 81	Managing internal controls, 279
and privacy, 212	Mapping COBIT, 256
requirements, 266	Materiality financial reporting
standards, 125	concepts, 61

Meeting stakeholder needs, 246	Portfolio views of risk, 219
Methods of communication, 98	Professional standards compliance, 158
Mission statements, 169	Public Company Accounting Oversight
codes of conduct, 224	Board (PCAOB), 14, 16
Monitoring activities, 105	
principles, 106, 112	Q
Monitoring	Quality
components, 238	information, 93
internal control procedures, 115	management system processes, 265
	review and improvement
N	processes, 95
National Commission on Fraudulent	
Reporting, 12	R
Negative assurance, 10	Reconciliations, 77
Nonfinancial reports and processes, 39	Records information management (RIM)
	processes, 148
0	Records life-cycle processes, 148
Objective-setting, risk management	Regulatory
components, 225, 226	compliance internal control issues,
Officer disclosure sign-off statements, 20	155, 156
Ongoing evaluation processes, 109	compliance reviews, 100
Operating and financial budgets, 121	public policy committees, 156
Operations	Reporting
controls, 119, 120, 122, 127	control workflow technologies, 145
objectives, 118	external nonfinancial
procedures, 133	information, 138
Organizational charts, 51	objectives, 137
Organization-level internal controls, 162	Residual risk, 66, 228
Original COSO framework, 12, 13	Responsibilities for preparation and
Outside service providers, 102	delivery of accurate financial
Outsourced service providers, 112	reports, 139
Overlapping internal control	Responsibility reporting, 121
categories, 40	Revised COSO internal control
objectives, 35	framework, 82, 87, 293, 294,
	295, 296
P	framework changes, 32
Password control systems, 81	internal control framework, 30,
PCAOB (Public Company Accounting	32, 33, 34, 35, 36, 38, 40,
Oversight Board), 14, 16	41, 240
Performance measures, 55	Right-to-audit clauses, 290
Physical controls, 76	Risk
Planning	acceptance, 67
budgeting, 119	111 60 164
preparing for personnel succession, 54	appetite, 68, 164 concepts, 221

303

assessment, 59, 63	Section 404, 24
components, 227	requirements, 24, 25
factors, 42	Security management processes,
integration, 74, 75	76, 81
principles, 60, 61, 62, 65,	Self-assessments, 112
66, 68	Separate and ongoing monitoring
process steps, 66	evaluations, 108
avoidance, 67	Separate monitoring evaluations, 110
identification and analysis, 62	Separating governance from
processes, 62	management, 252
likelihood, 229	Service catalogs, 133
management, 70	Service delivery
definition, 60	availability management, 198
philosophy, 223	capacity management, 197
standards, 259	Service level agreements (SLAs), 196
strategies, 67	processes, 197
mitigation, 75	Service management, 181
ranking methods, 219	Service Organization Control (SOC)
reduction, 67	reports, 112, 285, 286, 288,
related events, 234	290, 292
response planning, 232	Service organizations, 286
response strategies, 229, 230	Service strategies, 194
sharing, 67	Significant internal review changes, 293
tolerance, 70, 230	Smaller IT systems operations, 128
velocity, 65	SOC reporting decision processes, 290
velocity, 65 S Software as a Service (SaaS)	Software as a Service (SaaS), 210
S	Standing data controls, 76
Software as a Service (SaaS)	Statements of Auditing Standards (SAS)
applications, 212, 213	SAS 70, 287
controls, 211	SAS 99, 69
Sarbanes Oxley Act (SOx), 14, 16	SAS No. 55, 10
audit partner rotation, 20	SAS No. 78, 10
requirements, 171, 281	Storage management virtualization, 214
Section 404 internal controls	Strategic planning, 120
evaluations, 132	Supervisory controls, 76
Titles	Systems development life cycle (SDLC)
II, 18, 20	processes, 82
III, 20	standards, 125, 132, 185
IV, 23	
V, 26	Т
VI, 27	Technology general controls, 78, 80,
XI, 27	81, 82
VI through X, 26	infrastructure, 80
whistleblower responsibilities, 97	Tone at the top, 41, 43, 169

Transaction
accuracy, 76
completeness, 76
control activities, 76, 77
controls, 76
transitioning rules, 295
Treadway Commission, 9, 12
validity, 77

٧

Verifications, 77
Violations and corrective actions, 47

Virtualization, 214 Virtualization concepts, 215

W

Whistleblower facilities, 47
Wireless
network vulnerabilities,
207, 208
security, 208
system routers, 206
Workflow functionality
processes, 145