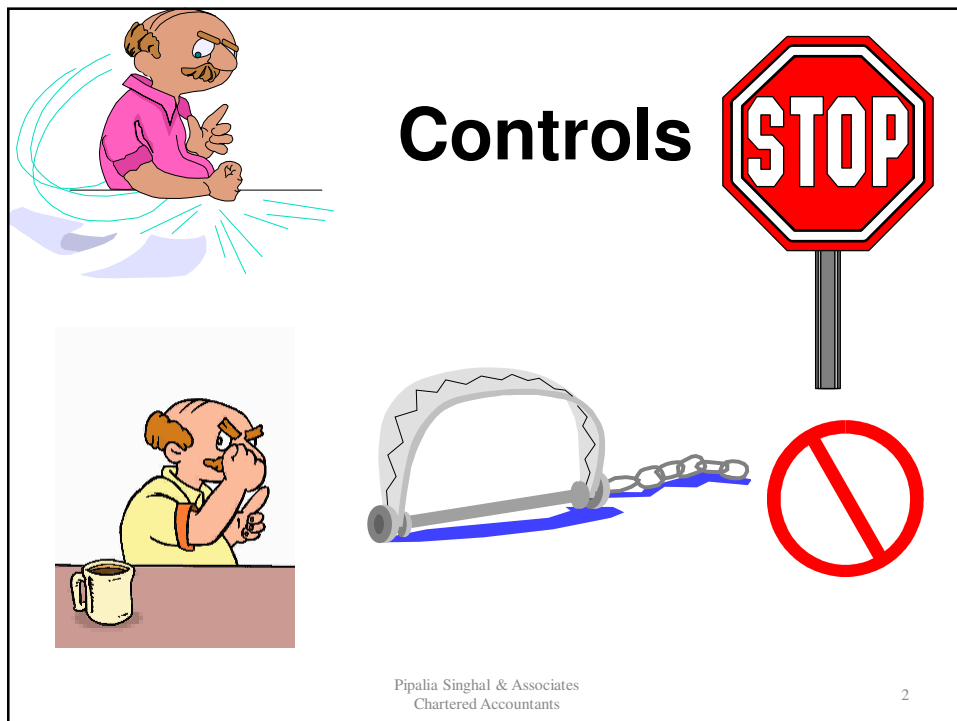


CONTROL SELF ASSESSMENT

Anchor:
Deepjee Singhal
FCA, CIA



Controls

- Do Controls always CONSTRICT ?
- Do Controls always put shackles ?
- IS IT POSSIBLE TO THINK OF CONTROLS AS ENABLERS ?
- The definition of the brake in a car
 - it is there to stop the car
 - it helps the car to be driven safely
- Good controls enable achievement of objectives

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THE NEW IA PARADIGM

- CONTROL - concepts and definitions are undergoing significant changes
- Empowerment, Fast Cycle Time, BPR, TQM, ERP are all making old tomes archaic
- Internal Audit is not a mere policeman or fault finder
- Nit Picking on small issues adds no value
- Concern shifting to macro issues affecting achievement of organisational goals
- A new tool for the new age - CSA

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WHAT IS CONTROL SELF ASSESSMENT ?

- ☞ CSA is an audit process that involves employees in assessing the adequacy of controls and identifying opportunities for increasing likelihood of achieving objectives
- ☞ CSA is not a self audit checklist

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CSA IS A COLLABORATIVE EFFORT

The CSA process requires internal audit to work together with business unit employees as a team to determine the units effectiveness in achieving its objectives - operational, financial, reporting, legal compliance etc.

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INTERNAL AUDIT AND CSA

- CSA is a technique within the audit framework
- CSA is complementary and not a substitute for traditional audit techniques
- Traditional audit would continue to be carried out
- CSA measures the fuzzy stuff that traditional audit cannot - morale, culture, tone, trust etc,
- The COSO control model also says that environment & culture are at the root of control failures
- The techniques used in CSA share many similarities with the TQM approach

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Why is CSA better ?

CSA emphasises involvement of employees of the business unit because they :

- Understand their business better than anyone else
- Have a vested interest in their business unit
- Are responsible for implementation of any suggestions
- The CSA approach believes that every employee is inherently interested in doing his work in a proper control environment.

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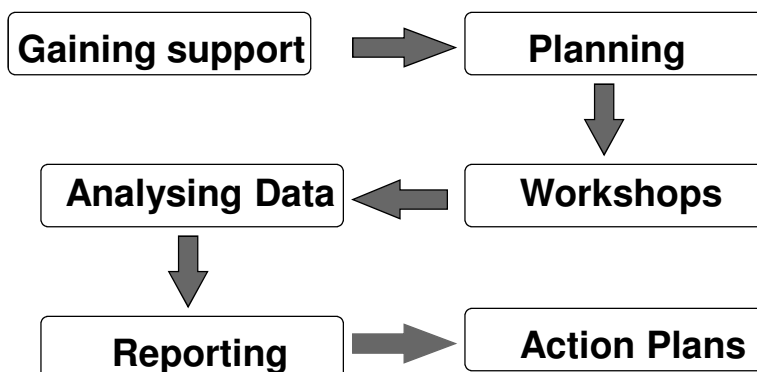
When Can we Try CSA ?

- If pace of change is slow
 - traditional audit works well
- If pace of change is very fast
 - CSA is a better choice
- If rigid well followed procedures don't exist or
- They are no more practical in today's scene
 - CSA may come up with a solution

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The CSA Process



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Gaining Support for CSA

- Internal Audit must be able to convince
 - Top management
 - Management of the business unit
 - Employees
- CSA should be understood well
- CSA needs lot of time, effort & nurturing
- CSA needs to be suitably tailored to each organisation / orgn unit separately
- Identification of the Unit / Department where the CSA exercise would be carried out.

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Planning for the CSA project

Planning involves :

Identifying in consultation with the management of the unit / department where CSA is to be done

- Primary objective
The primary objective may come from a vision or mission statement
- Supporting objectives
Objectives that are necessary to achieve the primary objective

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Planning for the CSA project (contd..)

The facilitating CSA team has to understand the business process being assessed by

- Preliminary surveys
- Walk throughs and Interviews
- Review of control environment and
- Risk assessment

Thereafter

- Selection of participants
- Chalk out workshop process

CSA REQUIRES..

- Adequate Preparation
- Notice and Information to participants
- TOOLS
 - Option Finder
 - Computer, Projection Equipment
- Skilled Facilitator
 - managing time, problem solving
 - conflict resolution, enthusiastic, lively
- Skilled Notes maker
 - quick response, good language

CSA WORKSHOPS

- One supporting objective is taken up for discussion at a time
- Facilitate discussion amongst employee participants so as to focus on
 - Successes - areas where supporting objectives have been met
 - Weaknesses - obstacles that hinder achievement of objectives

Ratings

Desired and Actual giving Opportunity for improvement

Reporting

CSA report includes

- Purpose of the audit
- Management objectives
- Ratings
- Participants recommendations
- Detailed worksheets

CSA report to be distributed not only to the management but also to all workshop participants

CSA SUCCESS STORIES

- ☞ Mapco Inc.- fortune 500
(Energy oil & gas)
- ☞ Gulf Canada Resources, ARCO Alaska Inc.
- ☞ Praxair Inc. (mfg)
- ☞ Pacific Bell (info tech)
- ☞ TMG Mutual Group Fin. Services Canada

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ACTION PLAN FOR CSA

- Questions, clarifications ?
- Can we carry out a CSA exercise ?
- Identification of Dept/Section for CSA
- IA will do a preliminary study / survey
- Joint identification of participants
- About two/three sessions of workshops
- Analysis of data & workshop discussions
- Arrive at new control procedures and other corrective action

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Clearing misconceptions...

- Adding Value, Being Proactive
- Assisting Auditees, Collaborating
 - does not mean you throw controls and caution to the winds.
 - The reassurance and watchdog function is very important and necessary
- A Policeman can help people to cross the road.....
But that does not mean that he stops fining the traffic offenders
- You truly add value when you to do both and do them equally well

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THANK YOU