

# Internal Control Framework

**Melodi Bunting, CPA, CMA, CGMA,**  
Training and Career Development Manager, Wegner CPAs



# Learning Objectives

- Identify the components of internal controls
- Apply internal control components to business practices

# Internal Control Purpose





# Internal Control Framework

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring



# Control Environment

- Tone at the top
- Culture of financial accountability
- Promoting transparency
- Communicates clearly
- Lead by example



# Risk Assessment

- Ongoing process
- Proactive identification
- Document response and analysis
- Prioritize greatest risks

# Control Activities

- Policies and procedures
- Preventive or detective
- Key transaction cycles
  - Cash receipts
  - Cash disbursements
  - Payroll
  - Financing



## Control Activities

- Proper authorization
- Adequate documents and records
- Physical controls over assets and information
- Independent checks on performance





# Segregation of Duties

- Authorization
- Recordkeeping
- Custody



# Information and Communication

- Capture relevant information
- Meaningful reporting
- Appropriate method and level of communication
- Anonymous or confidential
- Transparency

# Monitoring

- Ongoing evaluation of effectiveness of controls
- Assessing changes and if modifications are needed
- Internal 'audits'
- External evaluation
- Timely follow-up on anomalies or reports



# Application

- Evaluate each of the five elements noting areas of strengths and opportunities for improvement
- Create a narrative or flowchart of the processes for cash receipts, cash disbursements, and payroll

# Thank You!

Wegner CPAs  
2921 Landmark Pl., Ste. 300  
Madison, WI 53713  
(608) 274-4020

[melodi.bunting@wegnercpas.com](mailto:melodi.bunting@wegnercpas.com)

[www.wegnercpas.com](http://www.wegnercpas.com)



[wegnercpas.com/blog](http://wegnercpas.com/blog)



[facebook.com/WegnerCPAs](https://facebook.com/WegnerCPAs)



[linkedin.com/company/WegnerCPAs](https://linkedin.com/company/WegnerCPAs)



[twitter.com/WegnerCPAs](https://twitter.com/WegnerCPAs)



[instagram.com/WegnerCPAs](https://instagram.com/WegnerCPAs)



[youtube.com/WegnerCPAs](https://youtube.com/WegnerCPAs)