## The COSO Framework



**C**ommittee

**O**f

**S**ponsoring

Organizations of the Treadway Commission

The Committee of Sponsoring Organizations (COSO) is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence. COSO is a joint initiative of the American Accounting Association, the American Institute of Certified Public Accountants, Financial Executives International, the Association of Accountants and Financial Professionals in Business, and the Institute of Internal Auditors.

## **Principles for Effective Internal Control**

Control Environment

- Demonstrates commitment to integrity and ethical values
- 2. Exercises oversight responsibility
- 3. Establishes structure, authority and responsibility
- 4. Demonstrates commitment to competence
- 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 & 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