

# Factsheet: Control Self-Assessment

## What is Control Self-Assessment?

The concept of Control Self-Assessment (CSA) was developed by Bruce McCuaig in 1987 for Gulf Canada where he was an internal auditor at the time. In his paper 'Auditing Assurance CSA' (1998), he defines CSA as:

*Any activity where the people responsible for a business area, task or objective, using some demonstrable approach, analyse the status of control and risk to provide additional assurance related to the achievement of one or more business objectives.*

The IIA-Australia defines CSA as:

*Structured process where management and the work team collaboratively assess the effectiveness of controls, the level of residual risk, and achievability of business objectives. Typically involves facilitated workshops and surveys.*

CSA may also be known as Control Risk Self-Assessment (CRSA) or Risk and Control Self-Assessment (RCSA).

## Why use Control Self-Assessment?

Benefits of CSA may include:

- › Help directors meet their corporate governance responsibilities.
- › Clarify business objectives and achieve shared understanding of business processes.
- › Identify and treat risks that may impact achievement of organisation and specific business objectives.
- › Create a clear line of accountability for controls and a stronger governance regime.
- › Foster better understanding of business operations by management and staff.
- › Highlight good practices and business performance improvement opportunities.
- › Standardise and benchmark business processes across multiple locations.
- › Improve the internal control environment by:
  - › Increasing awareness of organisation objectives and the role of internal control to achieve specific business objectives.
  - › Motivating personnel to carefully design and

implement control processes.

- › Continually improve operating control processes.
- › Help management:
  - › Expand assurance coverage.
  - › Reduce oversight cost.
  - › Streamline controls.
- › Reduce need for extensive internal audit testing.
- › Internal auditors can use CSA to:
  - › Introduce a new internal audit service that reduces time and effort to understand how business processes work and quickly identify what can be improved or streamlined.
  - › Gather relevant information about risks and controls.
  - › Focus internal audit work on high risk and unusual areas.
  - › Develop greater collaboration with operating managers and work teams.
  - › Reduce the time and effort it takes for internal auditors to gather information on business units and provide swift focus on areas requiring attention.
  - › Help reduce fraud risk by examining data that may flag unusual patterns of transactions.

## What are CSA Techniques?

CSA techniques are:

**Facilitated team workshop** – there are four formats:

- › Control-based – focuses on how well controls are actually working:
  - › Determine control objectives.
  - › Determine control techniques.
  - › Seek workshop participant input and views on control objectives.
  - › Seek workshop participant input and views on control design.
  - › Seek workshop participant input and views on control effectiveness.

## Connect › Support › Advance

- › Produce analysis of the gap between how controls are working and how management intended the controls to work.
- › Examine soft controls such as culture and integrity.
- › Process-based – focuses on activities performed with selected processes:
  - › Seek workshop participant input and views on control design.
  - › Seek workshop participant input and views on control effectiveness.
  - › Update the control where necessary.
  - › Consider streamlining the process where there may be redundant controls, duplicated controls, or where it may be possible to revise a process to make its controls simpler but still effective.
  - › Has greater breadth of analysis than a controls-based format.
  - › Can be used in conjunction with process re-engineering or quality improvement initiatives.
- › Risk-based – focuses on identifying and managing risk:

- › Examines control activities to ensure they effectively manage risks.
- › Identifies residual risks for corrective action.
- › Objective-based – focuses on the best way to accomplish a control objective:
  - › Identify whether the best control techniques have been selected to achieve the business objective.
  - › Identify whether these techniques are working effectively and reduce residual risk to acceptable levels.

**Survey** – A technique to collect feedback data from a range of people who have particular knowledge or interest in a specific topic or activity. It can also be called a questionnaire and comprises a series of questions for participants to answer.

**Management Produced Analysis** – Management produces a self-assessment of the business process which is then independently validated by a CSA specialist or an internal auditor.

### What does CSA Look Like?

The steps in a CSA approach to review a specific organisation activity might look like:

<b>Step 1</b>	<b>Plan</b>	<ul style="list-style-type: none"> <li>› Set CSA objective and scope</li> <li>› Ascertain organisation objectives and risks</li> <li>› Ascertain specific activity objectives and risks</li> <li>› Research and gather relevant information</li> <li>› Determine CSA approach</li> <li>› Prepare brief CSA project plan</li> </ul>
<b>Step 2</b>	<b>Design</b>	<ul style="list-style-type: none"> <li>› Select participants who can actively contribute to the CSA activity</li> <li>› Select CSA technique:                             <ul style="list-style-type: none"> <li>› Facilitated team workshop</li> <li>› Survey</li> <li>› Management produced analysis</li> </ul> </li> <li>› Design CSA technique</li> <li>› Communicate with stakeholders and participants</li> </ul>
<b>Step 3</b>	<b>Execute</b>	<ul style="list-style-type: none"> <li>› Implement selected CSA technique:                             <ul style="list-style-type: none"> <li>› Conduct facilitated team workshop</li> <li>› Distribute survey</li> <li>› Review management produced analysis</li> </ul> </li> </ul>

<b>Step 4</b>	<b>Validate</b>	<ul style="list-style-type: none"><li>› Document results</li><li>› Validate results with participants and stakeholders</li><li>› Analyse results</li><li>› Prepare draft report</li></ul>
<b>Step 5</b>	<b>Finalise</b>	<ul style="list-style-type: none"><li>› Convene workshop to distribute and discuss results</li><li>› Agree results</li><li>› Obtain management action plans to implement improvements</li><li>› Prepare final report</li></ul>
<b>Step 6</b>	<b>Monitor and Follow-up</b>	<ul style="list-style-type: none"><li>› Monitor management action plan implementation</li><li>› Follow-up to assure effective implementation of management action plans</li></ul>

## Some General Principles

- › Keep it simple – have a structured but flexible CSA methodology.
- › Design – a structured but flexible CSA methodology makes the CSA process clear.
- › Professional – only very experienced practitioners with relevant knowledge and skills should attempt CSA activities.
- › Plan – allocate sufficient time and resources to properly execute the selected CSA approach.
- › Involve – get the right people in the organisation involved.
- › Don't forget the follow-up – remember that a CSA activity does not finish at conclusion of a workshop.

## Acknowledgement

This Factsheet has drawn upon the writings of Bruce McCuaig.

## Useful References

'Auditing Assurance CSA', 1998, Bruce McCuaig

Professional Practices Pamphlet 98-2 'A Perspective on Control Self-Assessment', 1998, IIA Global

