



Larry E Rittenberg PhD, CPA, CIA
Chairman The Committee of Sponsoring Organisations of the Treadway Commission

11 August 2008

Ref:

Sent by email to COSOMonitoring@gt.com

Dear Mr Rittenberg

Thank you for the opportunity to respond to the updated discussion document providing *Guidance on Monitoring Internal Control Systems*.

The comments of the Institute of Internal Auditors – UK and Ireland (IIA – UK and Ireland) have been developed through consultation with our members.

To begin with we would like to acknowledge the additions you have made to the guidance that are highlighted in the bullet point list within the Chairman's foreword. These improve the clarity and overall flow of the document. We particularly appreciate some of presentational features and examples in Volumes II and III, for example:– the highlighted sections headed 'Applying the Concepts' within each chapter of Volume II and the examples of how monitoring works in a variety of circumstances in Volume III.

Whilst we recognise these developments we also have three concerns with the current version of the discussion document, which we highlighted in our previous letter dated 31 October 2007:

1. The guidance continues to emphasise the COSO Integrated Control - Integrated Framework. We believe that this makes the guidance far less valuable to organisations than it would be if it were based on the COSO Enterprise Risk Management (ERM) – Integrated Framework. It is our view that COSO ERM is more interrelated with corporate governance as it provides information to the board of directors on the most significant risks and how they are being managed.
2. While the document explains the role of management with regard to monitoring and the different types of monitoring that management can employ it fails to explain the differences, reasons and benefits of independent assurance. Whilst there are many similarities between the techniques used within the two activities, they are different elements of the governance structure. This is in our view a critical omission because we believe that fundamental role of internal audit is to provide objective and independent assurance on the effectiveness of the whole of the framework for managing risk .



3. The document is written from the perspective of the internal control expert. While it will be useful for specialists it will not capture the attention or imagination of senior managers and board members. The Executive Summary in particular should place more emphasis on the reasons for improving monitoring, the organisational benefits and the likely outcomes in order to educate and persuade as well as providing a methodology. One suggestion to highlight outcomes would be to draw together the 'Applying the Concepts' sections and to append this to the Executive Summary.

We would be delighted to discuss these views and our concerns further, if you wish, or to provide draft wording to assist in any redrafting.

We have also submitted a detailed response using the on-line form, a copy of which is attached

Yours sincerely

Simon D'Arcy
President

Enc. Detailed response

For the related comments, see the report titled
"Detail of Comments Received via the COSO Survey and Comment Form."