

Template 37 : Record of Control Weakness

Record of Control Weakness Template	
Audit Client	
Engagement Name	
Audit Observation Title	

1. Observation Summary					
2. Condition (Facts) – Factual evidence and description of controls as they exist (what is). What was found through testing.					
3. Criteria – Standards, measures, expectations, policy, or procedures used in making the evaluation (what should exist)					
4. Cause _ what allowed or caused the condition to exist (the why)					
5. Effect – Risk or exposure encountered because the condition is not consistent with the criteria (what could go wrong, both past and possible future impact). Considers both the impact (financial, reputation, safety, etc) and the likelihood.					
6. Compensating controls – other controls in place to mitigate the observation. Including monitoring.					
7. Conclusion – details analysis, assessment, and justification for evaluation classifications and final conclusions.					
8. Detailed recommendation – what the internal audit function recommends. This recommendation must reconcile with management’s solution as discussed during the preliminary communication process.					
9. Management solution – what management will do to fix the existing condition or prevent the problem from happening again.					
10. Observation evaluation: <ul style="list-style-type: none"> • COSO category • Classification • Assessment 	<table border="0"> <tr> <td>Financial reporting (weakness)</td> <td>Material</td> </tr> <tr> <td>Operational (deficiency)</td> <td>Significant</td> </tr> </table>	Financial reporting (weakness)	Material	Operational (deficiency)	Significant
Financial reporting (weakness)	Material				
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<p>Evaluation performed by:</p> <ul style="list-style-type: none"> • Internal audit function • Business unit management • Outside independent auditor 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Compliance</td> <td style="width: 50%; text-align: center;">Insignificant</td> </tr> <tr> <td>Inadequate design ___</td> <td>Key (Primary) control</td> </tr> <tr> <td>Ineffective operation ___</td> <td>Secondary control</td> </tr> <tr> <td style="text-align: center;"><u>Name</u></td> <td style="text-align: center;"><u>Date</u></td> </tr> </table>	Compliance	Insignificant	Inadequate design ___	Key (Primary) control	Ineffective operation ___	Secondary control	<u>Name</u>	<u>Date</u>
Compliance	Insignificant								
Inadequate design ___	Key (Primary) control								
Ineffective operation ___	Secondary control								
<u>Name</u>	<u>Date</u>								
<p>11. Working paper reference</p>									