



**For Immediate Release**  
November 18, 2010

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## **COSO Announces Project to Modernize Internal Control - Integrated Framework**

**ALTAMONTE SPRINGS, Fla.** -- The Committee of Sponsoring Organizations of the Treadway Commission (COSO) today announced a project to review and update the COSO *Internal Control - Integrated Framework* (Framework). This initiative is expected to make the existing Framework and related evaluation tools more relevant in the increasingly complex business environment so that organizations worldwide can better design, implement, and assess internal control.

"Organizations can continue to apply the current Framework, inasmuch as its basic components are timeless, but the more detailed guidance and examples are somewhat dated," says David Landsittel, COSO chairman. "This project is not intended to change how internal control is defined, assessed, or managed, but rather provide more comprehensive and relevant conceptual guidance and practical examples."

The Framework has been widely accepted as an internal control standard for organizations implementing and evaluating internal control related to operations, compliance, and financial reporting objectives, and more recently, internal control over financial reporting in compliance with the U.S. Sarbanes-Oxley Act of 2002 (SOX) and similar regulatory requirements in other countries.

Enhancements to the Framework are not intended to alter the core principles first developed in 1992, but rather facilitate more robust discussion of internal control. Certain concepts and guidance in the Framework will be refined to reflect the evolution of the operating environment, changed expectations of regulators and other stakeholders. In addition, enhancements are expected to consider more than financial reporting and to consider ways to enrich the guidance on operations and compliance objectives.

COSO has engaged PwC to support its update of the Framework. As such, PwC will be working under COSO's leadership and direction in developing the updated Framework. To help ensure a broad representation of perspectives, COSO is also forming an Advisory Council comprised of representatives from industry, academia, government agencies, and not-for-profit organizations to provide input as the project progresses. In addition, the updated Framework will be exposed for public comment to capture any additional input from the general public. Such due process will help ensure that the update adequately addresses internal control challenges of organizations today.

"The updated Framework is intended to help organizations more effectively design and manage internal control," explains Miles Everson of PwC, project team leader. "Additionally, it will further explain the interconnections with the *Enterprise Risk Management - Integrated Framework*, the 2006 *Internal Control over Financial Reporting - Guidance for Smaller Public Companies*, and the 2009 *Guidance on Monitoring Internal Control Systems*."

The initiative is expected to culminate in an updated internal control framework publication in 2012, the 20th anniversary of the initial Framework.

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### **About COSO**

Originally formed in 1985, COSO is a voluntary private sector organization dedicated to improving organizational performance and governance through effective internal control, enterprise risk management and fraud deterrence. COSO is jointly sponsored by the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the Institute of Management Accountants (IMA), and The Institute of Internal Auditors (IIA).

### **About PwC**

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