INTERNAL CONTROL INSTITUTE

"Recognizing Competency World-Wide"

Professional Certification Programs

Certified Internal Control Specialists - CICS

Certified Internal Control Professional - CICP

Introduction

The Certified Internal Control Specialist (CICS) and Certified Internal Control Professional (CICP) programs were developed by leading internal control professionals as a means of recognizing those individuals who demonstrate a predefined level of internal control competency. The CICS / CICP programs are directed by an independent Certification Board and administered by the Internal Control Institute (ICI). The program was developed to provide value to the profession, the individual, and the employer.

The CICS and CICP certifications entail an aggressive educational program that tests the level of competence in the principles and practices of internal control in the business world. These principles and practices are defined by the Certification Board as the Common Body of Knowledge (CBOK). The Certification Board will periodically update the CBOK to reflect changes in the internal control environment.

ICI was established as a professional association formed to represent the internal control activity. Today, Internal Control Certifications, administered by ICI and The Center of Excellence at St. Petersburg College, is available globally.

Overview

Internal Control Institute's Certifications are recognized worldwide as the standard for internal control professionals. Certification is a big step; a big decision. Certification identifies an individual as a leader and earns the candidate the respect of colleagues and managers. It is a formal acknowledgement that the recipient has an overall understanding of the disciplines and skills represented in a comprehensive Common Body of Knowledge (CBOK) for a respective internal control discipline. The CICS and CICP programs establish the standards for initial qualification and continuing improvement of professional competence. This ICI certification program helps to:

1. Define the tasks (skill categories) associated with internal control duties in order to evaluate skill mastery.

2. Demonstrate an individual's willingness to improve professionally.

3. Acknowledge attainment of an acceptable standard of professional competency.

4. Aid organizations in selecting and promoting qualified individuals.

5. Motivate personnel having internal control responsibilities to maintain their professional competency.

6. Assist individuals in improving and enhancing their organization's system of internal control.

7. Improves the governance processes of the organization through the professional's knowledge and skills of internal control practices.

8. Enhances the organization's ability to comply with applicable laws and regulations with improved internal control processes.

Benefits of Professional Certification

As with any professional certification program, there are significant benefits that accrue to the professional as well as the organization he or she represents. The most immediate advantage is that the professional has attained a level of competency that is recognized by his/her peers. This in itself raises the confidence level of the individual. However, for the organization, the most immediate advantage is that a foundation level of knowledge and skill has been established within the profession as defined in the Common Body of Knowledge (CBOK). This serves as a baseline that defines quality and productivity expectations.

Reputable and accredited certification programs have three very important ingredients. These are: (1) a minimum level of knowledge, experience and skill, (2) a code of conduct, and (3) a process for improving knowledge, skills and performance.

Level of skills and knowledge
This foundation is best established by experienced professionals who are working in the profession and are actively engaged in the practice. These individuals are typically involved in everyday, "real-world" activities. They are best qualified to identify the challenges and skill dimensions of the profession. And, they are normally well-equipped to identify the specific requirements for a CBOK (Common Body of Knowledge).

Code of Conduct
Every profession must operate by a code of ethics. This truly defines the profession and the integrity of those involved. This code of conduct must also be sufficiently strict so that any violators must be decertified to insure professional respect and integrity.

Continuous Improvement
The Common Body of Knowledge of a profession must be continuously updated as changes and enhancements occur. A periodic recertification requirement within the program is essential. This insures that all certified professionals remain current and are kept abreast of the changes to maintain individual quality, productivity, skill and performance.

Benefits of Becoming a CICS

As stated, the CICS program was developed to provide value to the profession, the individual, the employer, and co-workers. The following information is data has been identified – a real testimonial to the benefits and reasons to make the effort to become a CICS.

Value Provided to the Profession

The organization's system of internal control is often viewed as a Top Management issue even though many individuals spend large amounts of time working on various aspects of internal controls. The CICS program was designed to recognize Internal Control Specialists as professionals by providing:

• Common Body of Knowledge (CBOK)

The Certification Board defines the skills upon which internal control certification is based. The current CBOK includes skill categories fully described in this preparation guide.

• Examination Process to Evaluate Competency

The successful candidate must pass an examination that is based on the CBOK. You must receive a grade of 75% to become certified.

• Code of Ethics

The successful candidate must agree to abide by a professional Code of Ethics as specified by the Certification Board. See "Code of Ethics" for an explanation of the ethical behaviors expected of all certified professionals.

Value Provided to the Individual

The individual obtaining the CICS certification receives the following values:

• Recognition by Peers of Personal Desire to Improve

 A personal desire for self-improvement and peer recognition is an excellent reason for obtaining the CICS certification.

• Some individuals may be required or strongly encouraged by their employer to sit for the examination.

• Increased Confidence in Personal Capabilities

CICS certification increases your confidence to perform your job more effectively. Much of that confidence came from studying for the examination.

• Recognition by Management for Professional Achievement

Management greatly respects those who put forth the personal effort needed for self-improvement. Organizations recognize and reward individuals for self-improvement in many ways:

• One-time bonus,

• Immediate average salary increase.

Non-monetary recognitions may include:

• Recognized in staff meetings.

• Recognized in newsletters or email.

• Management visits or calls, and lunch with the boss.

Value Provided to the Employer

With the need for increased internal control quality and reliability, employing CICS provides value such as:

Increased Confidence by Users and Customers

Internal control users and customers expressed confidence in CICS's to effectively build, acquire, and maintain well controlled systems.

Improved Processes to Build/Acquire/Maintain, Operate and Measure internal control systems

CICSs use their knowledge and skills to continuously improve the work processes. CICSs know what to measure, how to measure it, and then prepare an analysis to aid in the decision making process.

Independent Assessment of Competencies

The CICS program is directed by a Certification Board of independent internal control experts. Through examination and recertification, they provide an independent assessment of the CICS's internal control competencies, based on a continuously strengthening of the Common Body of Knowledge.

Internal Control Competencies Maintained Through Recertification

Yesterday's internal control competencies are inadequate for today's challenges. CICS recertification is a process that helps assure the CICS's skills remain current. The re-certification process requires CICSs to obtain 40 hours of internal control related training per year in topics specified by the Certification Board.

Organizations gain benefits from CICS recertification: 1) employees initiate improvement; and 2) practitioners obtain competencies in internal control methods and techniques.

Value Provided to Co-Workers

The drive for self-improvement is a special trait that manifests itself in providing these values to coworkers:

Mentoring the Staff

CICSs mentor their colleagues by conducting training classes; encouraging staff to become certified; and acting as a resource to the staff on sources of internal control related information.

Resource to Staff

CICSs are recognized as experts in internal control and are used heavily for advice, counseling, and for recommendations on internal control monitoring and testing.

Role Model for Internal control Practitioners

CICSs are the role models for individuals with internal control responsibilities to become more effective in performing their job responsibilities.

Improved Organizational Effectiveness Through CICS Certification

A "driver" for improved organizational effectiveness is the integration of the CICS certification program in your career development plan. This can be accomplished by:

• Creating an awareness of the CICS Program and its benefits to your internal control practitioners.

• Requiring or encouraging your internal control practitioners to become certified.

• Recognizing and rewarding successful candidates.

• Supporting recertification as a means of maintaining internal control competency.

CICS / CICP
Differentiated from Auditing Certifications

Internal control abuses in organizations are no longer acceptable, nor are poorly designed control systems. The need for improved and more reliable internal control systems necessitates professionals who can not only "audit" or "monitor" internal controls but must be able to effectively design, assess, and use internal controls effectively. Such individuals must include general business managers, system designers, information technology professionals, production and quality staff. Essentially, candidates for certification include any individual in the organization with internal control responsibilities from the Board of Directors down through the entire organization. Professional Certification is a means to define the Common Body of Knowledge for the practice of organizational control, and to evaluate an individual's ability to apply that knowledge in practice.

The Internal Control Institute's CICS / CICP programs were developed by leading internal control professionals as a means of recognizing those individuals who demonstrate a predefined level of internal control competency. The CICS certification is the original internal control certification internationally, and is held by numerous individuals worldwide. The CICS certification includes an educational and testing program that measures the level of competence in the principles and practices of internal control in the business world. This has been followed by the CICP certification for highly experienced and qualified internal control professionals.

These certifications are recognized worldwide as the standard for internal control professionals. The CICS and CICP Certifications identify an individual as a leader. These designations are a formal acknowledgement that the recipient has an overall understanding of the disciplines and skills represented in a comprehensive Common Body of Knowledge (CBOK) for the internal control discipline.

The certifications are based on: 1) the Committee of Sponsoring Organizations (COSO) definition of internal control; 2) the COSO internal control model; and 3) the internal control provisions of the Sarbanes-Oxley Act.

When comparing internal control certifications it is important to assure that the certification addresses the broad COSO definition of internal control which is:

"Internal control is broadly defined as a process, affected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following (three) categories. These distinct but overlapping categories address different needs and allow a directed focus to meet separate needs.

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations"

Appropriate internal control auditing skills continue in importance. It has been a long accepted practice that internal auditing involves "professionals reviewing, auditing, and certifying on a year-round basis the soundness of the entity's financial statements." But the internal control activity involves attaining and maintaining knowledge and skills in **internal control design, implementation and managing internal control activities** that are essential for insuring effective organizational control. The ICI Common Body of Knowledge includes all of these important functions. Internal auditing does not traditionally encompass "design," "implementation" and "managing" internal control activities. Auditors are principally charged with unbiased reporting that an activity or organization is adhering to prescribed procedures and practices.

Professional and Academic Requirements

Certified Internal Control Specialists

The Certified Internal Control Specialists (CICS) certification is the premier and oldest individual internal control professional certification worldwide. It was established by the Internal Control Institute's Certification Board of Advisors to define and identify professional competence in the professional areas of internal control and corporate governance. A professional Common Body of Knowledge identifies the skill areas of the profession. This professional designation continues to identify the individual's accomplishment for having attained the necessary knowledge and experience in the internal control profession.

Certified Internal Control Professional

The Certified Internal Control Professional (CICP) certification was adopted by the Institute's Certification Board of Advisors to identify those internal control practitioners who have attained a significant amount of practical experience in the profession. Professionals holding the CICP certification have demonstratively achieved a high level of expertise and skill in internal control and corporate governance. To become certified as a CICP professional, these individuals must provide specific documentation of their professional experience and acumen.

Here is a comparison of the professional and academic requirements for each of these prestigious certifications

CICS

- BS or Masters (or six years IC experience without degree) and
- Successfully pass the Certification examination

    May also

- Pass exam and get SPC Provisional certificate with ICI formal certificate earned when professional experienced attained

CICP

- BS and eight years experience or
- Masters and seven years experience or
- 12 years internal control practical experience or
- CICS with eight years experience
- Individual review and approval by the Certification Board

Certification Examination Outline

The certification program is guided by a Common Body of Knowledge of the profession. This has been devised by practicing professionals in the internal control profession. As with any profession, changes occur and updating is necessary. The Internal Control Common Body of Knowledge is updated and enhanced periodically when such changes in practices, procedures, and regulatory laws occur.

The current Common Body of Knowledge for the Internal Control profession includes eight skill dimensions. These serve as an outline for the examination of key activities that must be understood and mastered to successfully complete the examination.

Skill Categories

1. ### *Internal Control – Principles, Terms and Concepts*

   Individuals must demonstrate an understanding of the accepted principles of risk and control. Control concepts include control types, the cost/benefit of control, control responsibilities, the plan-do-check-act concept and the control responsibilities and standards issued by the FASB, SEC, NY Stock Exchange, AICPA, and other similar organizations

2. ### *Internal Control Environment*
   Control environment establishes the vision, values, policies, procedures, and management leadership in place to assure individuals are encouraged and supported in designing, assessing, using, monitoring, and reporting control violations.

3. ### *Risk Management*

   Risk management includes an understanding of the risk factors facing business applications such as security, ease of operations; the trade-off between risk factors such as security and ease of operations; developing risk policies

and assigning risk responsibilities throughout an organization

4. *__Assessing Application Controls__*

Assessment of the adequacy of the control system to reduce the application business risks to an acceptable level. Assessment should be a formal process that is risk oriented.

5. *__Business System Controls Assessment__*

Business system controls represent the system of control that will control a business application. The control system should include the business risks and the controls necessary to minimize those risks; the interrelationship of controls to assure the entire business application is controlled and the method of reporting and acting upon control violations.

6. *__Risk Assessment__*

Understanding the business risks faced by organizations; mastery of methods to determine the magnitude of those risks; the efficiency/value of controls used to minimize those risks; determination of where perpetrators are most likely to penetrate business systems, including performing risk assessments for complete business applications

7. *__Internal Control Measurement and Reporting__*

Methods used to identify, record, and report results of internal control systems including both status of control systems and reporting results. This area includes an understanding of the measurements of data that are used by workers, supervisory personnel, operational managers, executive management and the board of directors. This also includes the process of naming, identifying, recording, maintaining and consolidating violations and

defects in order to identify problems in the business application and/or control process. Defect management reports are used to identify the magnitude of control deficiencies and the points in the control system where controls can be improved.

8.   <u>**Governance Practices**</u>

This involves corporate code of ethics, corporate environmental and community involvement; good corporate citizenship programs; corporate leadership programs to ensure the code of conduct and values are incorporated into day-to-day operations; the methods used to ensure that the code of ethics is promoted and utilized from top down in a corporation.

Examination Management System

ICI - CICS Certification and Examination Process

Policy:
To define the proper method for handling online exams for both initial examinations and retake exams.

Standard:
To provide for consistent processing so that certification candidates can register and complete the required examination(s) to obtain CICS certification.

Procedure:

A. Initial Examination:
   1. As applications are received at ICI, an Email identifying each applicant will be sent to
      SPC – Corporate Training with the following information:
      a. **Name**
      b. **Address**
      c. **Email address**
      d. **CICS application number** (The application # will be preceded by "A")
   2. SPC will issue a **User Name** and **Password** via Email to the student and ICI to allow the applicant access to take the exam. SPC will also notify the applicant that this password is valid for only one sitting for the exam.
   3. When the applicant passes the exam a temporary (Associate) certificate is issued automatically from the SPC online system. Additionally, an Email is sent notifying SPC by the SPC system. SPC then notifies ICI.
   4. ICI will then issue the official CICS certificate (assuming the applicant satisfies all other requirements) using the application number assigned as the certificate number without the "A" designation. All CICS certificates have a three-year expiration date.
   5. Should the applicant be unsuccessful in the initial examination, SPC will notify the applicant that a retake application must be

submitted to ICI. A retake exam application as well as the original CICS application are available on the ICI website.

B. Retake Examination:
1. When retake examination applications are received at ICI, the procedure
detailed above (1. through 5.) will be followed except that the original application number will be updated with the number subscript using an "R." (to indicate a retake exam sitting). The sequence will reflect the following example:
A2076R. If more than one retake exam is necessary when the required fee is paid the sequence will continue such as: A2076RA, A2076RB etc. Retake examinations must be taken within one year of the application receipt date at ICI.

Alternate Examination Process

The ICI examination process worldwide has been designed to be administered by St. Petersburg College online at the Internal Control Center of Excellence. This is available in the English language. Examinations in other languages may be introduced for online distribution. However, examinations may also be administered in a classroom environment to candidates by worldwide partners and affiliates of the Internal Control Institute.

In these cases, the ICI partner is provided with a database of test questions from St. Petersburg College. Strict administration guidelines are followed in administering these examinations to provide the required security safeguards. The ICI partner then administers the examination in English or the preferred language to the candidates seeking CICS certification. The examination completion time allowance for examinations delivered in other languages may differ from the established online time allowance. Coordination on this adjustment will be accomplished with the approval of the ICI Certification Board of Advisors.   The results of the examination from each candidate are then reported to the Institute by the ICI Partner. Candidates are then issued the formal CICS certificate by ICI when successfully completing the exam.

Retake Examinations

Retake examinations can also be administered if necessary in a classroom setting to those candidates who were not initially successful. The procedure outlined above will be likewise followed. Candidates have up to one year to pass the exam. The exam may be taken as frequently as needed to pass. However, a separate administration fee is required for each exam sitting.

Examination Results Report
and
Certificate of Successful Completion

SPC Online Examinations

Successful completion of the examination requires the candidate correctly answer 75% of the questions on the examination. The test platform selects the questions from each skill area outlined above. There are 96 questions selected for each examination requiring completion in 75 minutes. Each examination provided by the online system differs in question selection.

When a candidate successfully completes the examination, he/she is provided with the grade which is calculated automatically by the online system. A certificate is then issued by the online system of the candidate's passing the exam. SP College then notifies the Internal Control Institute who provides the formal CICS certificate to the professional.

Classroom Delivered Examinations

Upon completion of the classroom examination, ICI partner collects the exam forms and answer sheets and grades the examinations. Candidates are notified of their results. Additionally, the Internal Control Institute is also notified. Formal certificates for the successful candidates are prepared and provided to the ICI partner for distribution to the successful candidates. Candidates who have not successfully passed the exam must initiate a retake examination application for a follow-up exam sitting. Retake exams follow the same procedure as the initial examination. A completely new exam must be successfully passed.