

# BACKGROUND ON BUSINESS

## Controls Are Everybody's Business

(NAPSA)—In today's drive toward specialization in the work environment, employees often have narrowly defined jobs. This can make it difficult for employees to feel like they have a role in corporate accountability.

Of course, those at the top are theoretically responsible for setting organizational objectives, identifying the risks that might prevent accomplishing those objectives, determining the level of risk that is acceptable, and establishing an appropriate system of internal control to reduce the risks.

But because any enterprise is only as strong or as ethical as its weakest or most unethical employee, the responsibility for an effective control environment must be shouldered throughout the entire organization.

This means the entire organization, and each person who works there, should be "tuned in" to internal control. The Institute of Internal Auditors (IIA) believes that controls are everybody's business.

While management and the board set a tone for a corporate culture that acknowledges and maintains an effective control environment, everyone must play a part.

There must be a clear organization-wide understanding and appreciation of the important elements of control—the control environment, risk assessment, control activities, information and communication, and control monitoring.

The self-test below is designed to determine if an organization's control environment provides the discipline and structure necessary to influence its corporate culture. You may want to apply this to the company you work for or any organiza-



**Many experts believe that all employees should have a role in making an organization ethical.**

tion in which you are a stakeholder.

1. Is the organization's ethical tone communicated in words and deeds?

2. Is an ethics program in place and does it include a meaningful code of conduct?

3. Is the board of directors active, independent, and well informed?

4. Are positions in the organization structured for optimum effectiveness, productivity and communication?

5. Are all responsibilities and accountabilities clearly defined?

6. Is delegation of authority commensurate with responsibility?

7. Do job descriptions include an analysis of the knowledge and skills needed to perform each position?

8. Does the organization hire qualified, ethical, and well-trained personnel?

9. Do frequent interactions occur between senior and operating management?

To learn more, visit The IIA's Web site at [www.theiia.org](http://www.theiia.org) and search for keywords: organizational effectiveness training.