

## **“TONE AT THE TOP”**

### **Controls are Everybody’s Business**

Because there are many misconceptions about internal control, knowledge sharing is vitally important to an effective control system. Part of the educational process is to dispel the myths about internal control and present the straight story. Here are just a few myths and the corresponding facts:

<b>MYTH</b>
Internal control starts with a strong set of policies and procedures
Internal control – that’s why we have internal auditors.
Internal control is a finance thing. We do what the Finance Department tells us to do.
Internal controls are essentially negative, like a list of “thou shalt nots.”
Internal controls are a necessary evil. They take time away from our core activities – making products, making sales, and serving customers.
With downsizing and empowerment, we have to give up a certain amount of control.
If controls are strong enough, we can be sure there will be no fraud, and financial statements will be accurate.

<b>FACT</b>
Internal control starts with a strong control environment.
Management is the owner of internal control.
Internal control is integral to every aspect of business.
Internal control makes the right things happen the first time, and every time.
Internal controls should be built into, not onto, business processes.
With downsizing and empowerment, we need different forms of control.
Internal controls provide reasonable, but not absolute, assurance that the organization’s objectives will be achieved.