

INTERNAL CONTROL TOOLS: CONTROL CONSCIOUS ENVIRONMENT

What Is A Control Conscious Environment?

It is an environment that supports ethical values and business practices. (It is a preventive control.)

Who Is Responsible?

Management is responsible for "setting the tone" for their organization. Management should foster a control environment which encourages:

- The highest levels of integrity and personal and professional standards,
- A leadership philosophy and operating style which promote internal control throughout the organization, and,
- An assignment of authority and responsibility which ensures the highest possible level of accountability.

Action Steps

The following action steps will help to encourage ethical behavior:

- Communicate the Statement of Philosophy and the Fraud Policy to the employees.
- Communicate to employees that fraud (embezzlements, stealing, etc.) and conflicts of interest will not be tolerated.
- Communicate that university policies and procedures are important and will be followed.
- Make employees fully aware of their responsibilities (including internal controls).
- Document key department/college/school policies and procedures.
- Send employees to ethics and internal control training.
- Evaluate personnel based on performance related to internal controls. Take disciplinary or other actions for non-performance.
- Monitor the internal control system on an ongoing basis.