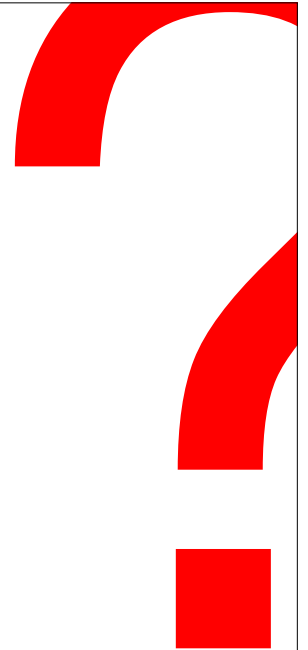BNAI MIS 3504

Controlling Business Processes

Controls

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Photo: Installation by Jenny Holzer, US Pavillion, Venice Biennale 1990

What is a control ?

Controls are defined as the policies, procedures, practices and organizational structures designed to provide reasonable assurance that business objectives will be achieved and undesired events will be prevented.

Management's Use of Controls

- Controls are put in place to ensure that the Processes, Standards and Guidelines are being followed.
- Therefore, they help mitigate the risk that undesired outcomes will occur. These risks are call the control objectives

Control Objectives

COSO suggests four types:
- Strategic
- Operational
- Financial Reporting
- Compliance

The SOX video suggest three types:
- Protecting business assets
- Ensuring accurate business information
- Ensuring compliant employee behavior

Controls are usually used in combinations. This is called "layered" controls or "defense in depth."

What is an example of this with which you are all very familiar?

Types of Controls

Preventative - tries to avoid a risk or lessen its impact

Detective - discovers that a risk has occurred and needs to be addressed

Corrective - takes action to eliminate the problem and restore the environment

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Monitoring & Audit

- Management should monitor their controls to see if the desired behavior is being realized.

- Audits examine the sufficiency (adequacy) and effectiveness of the controls that an organization has put it place.

How are process controls set up?

- Identify the process in question and its limits.

- What are the process' expected outcomes and risks?

- What can you do to help assure/avoid these objectives?

- What evidence can you collect to monitor if these controls are working?

Team Exercise: The Credit Approval Process Case

Instructions:

1. *Read through the case.*
2. *Work with your team.*
3. *Your team's task is to design how the new system should work for credit request authorizations.*
4. *Process – How would you like to process credit approvals through the new work flow?*
5. *Data – What date needs to be included and who can see it/act on it?*
6. *Business rules – What business rules must your new system have?*
7. *Please prepare at least three PowerPoint slides to address each of these areas.*
8. *Share with the class.*