

Audit Organizer

Internal Control

Objectives

Auditors are required to gather information about your organization's internal control. They will perform a wide variety of procedures to gather this information, which must be sufficient to allow them to evaluate the overall design of the system. This tool is designed to help small business owners and others put together their thoughts about internal control and any related documentation of the organization's policies and procedures. By going through this process, small business owners and others involved in the financial reporting process will:

- Gain a better understanding of the company's internal control, its strengths and its weaknesses
 - Be better able to make changes to internal control to improve the company's financial reporting process and reduce its vulnerability to fraud
 - Be prepared to help auditors understand the organization's internal control and contribute to a more efficient, less costly audit.
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Instructions

On the following pages are a few common sense questions you should answer about your organization's internal control. These questions have been grouped into five broad categories:

- Controls over significant business transactions
- Fraud risks
- The financial reporting process
- The organization's culture and its people
- Maintaining internal control effectiveness

Please consider each question and jot your thoughts down in the space provided. Auditors also are interested in any documentation you may have to support your answers. Write down all documentation you can think of that will help the auditors verify your responses. For example, if your organization has formal job descriptions, make note of these because they can help auditors better understand how you communicate with employees regarding their responsibilities.

To help you articulate your thoughts, each section of the organizer describes the main objectives of the auditor's testwork. For example, with regard to significant business transactions, the auditor is looking to gain an understanding of how those transactions are processed, the types of errors that could occur during that processing, and the controls the organization has in place to prevent or detect those errors.

Can others in the organization help with the answers?

Absolutely. Not only can they, they should help come up with the answers. Look to accounting and operational personnel and others in your organization who are involved in the financial reporting process. You may even wish to get together as a group do discuss these questions.