

CORPORATE STRATEGIC & OPERATIONAL CONTROLS EXTENDED SUMMARY & SYNOPSIS

BOOK SYNOPSIS

This book is about corporate controls and how they enable and support all management levels of the organization (top, middle, and lower) to accomplish strategic and operational goals and specific time-bound business objectives. Corporate controls, also, facilitate all these management levels to function most effectively and efficiently, and in a beneficial way both to its stakeholders and to society, at large. The stated mission of this book is to provide a set of such Corporate Controls, and their design, implementation and audit issues. Methodological processes are only described as to how controls are designed, implemented and audited. The book is structured in three parts and an appendix, as noted below:

PART A: BASIC TERMS AND CONCEPTS

The purpose of this part is to identify the basic concepts of controls and to define and propose the control framework within which all organizations must operate in order to be more efficient and effective, and more beneficial to society and economy.

This part contains two chapters:

- Chapter 1: Introduction to Management, Regulations and Controls, and
- Chapter 2: Proposed Organizational Controls Framework.

Chapter 1: Introduction to Management, Regulations and Controls

This chapter describes the basic concepts of management, regulations and controls, such as:
Management Roles,
Levels of Management Structure,
Legal and Religious Systems,
International Regulations and Guidelines, and
Key Concepts of Management Controls.

Chapter 2: Proposed Organizational Controls Framework

This chapter describes the current socio-economic environment within which organizations and people operate, presents the most prevalent regulatory control frameworks, presents a diagram depicting the social and economic needs and drivers for the existence of an Organizational Controls Framework, analyzes the characteristics of competitive advantage and how organizational controls interact and support them, and outlines the basic building blocks of the proposed Organizational Controls Framework.

PART B: MAIN ORGANIZATIONAL CONTROLS

The purpose of this part is to identify the main organizational controls and to define and propose the specific corporate control elements (policies, structures, procedures, measures, etc.) which could be utilized and improved by all organizations in order to be more beneficial to society, more efficient and more effective.

This part contains eight chapters:

- Chapter 3: Corporate Philosophy Controls,
- Chapter 4: Corporate Governance Controls,
- Chapter 5: Strategic Management Controls
- Chapter 6: Financial Controls

- Chapter 7: Administrative Controls
- Chapter 8: Human Resource Controls
- Chapter 9: Production Controls
- Chapter 10: Information Technology (IT) Controls

Chapter 3: Corporate Philosophy Controls

This chapter describes the main Corporate Philosophy Controls, such as:

- Vision, Mission, and Values Statements,
- Corporate Social Responsibility Policy, and
- Corporate Ethics (Policy, Office, Committee, and Program).

Also the purpose of organizational philosophy controls, two models for creating a corporate ethics policy, examples of vision, mission and values statements, and a corporate ethics policy are presented. In addition to these a set of review and audit tools and techniques are depicted, such as:

- Corporate Vision, Mission, and Values Statements Checklist,
- Departmental Corporate Vision, Mission, and Values Statements Checklist,
- Corporate Ethics Program and Policy Checklists, and
- Corporate Fraud Management Checklist.

Chapter 4: Corporate Governance Controls

This chapter describes the main Corporate Governance Controls, such as:

- Board of Directors Charter,
- Corporate Committees (for Audit, Benefits and Personnel, Information Technology, Financial Issues, and Business Continuity),
- Corporate Policies (for Financial Accounting, Customer Relations, Fraud and Theft, Community Relations, Health and Safety, and Environment Management, and
- Corporate Processes and Plans (for Performance Management, Internal Audit, Risk Management, Business Continuity Plan, Transaction Authorization Controls, Corporate Compliance Officer).

Also examples of (a) charters for a board of directors, an audit committee, and a business continuity issues committee, (b) several policies (such as: customer relations, fraud and theft, community relations, health and safety, environment management, fixed asset management, and performance management), (c) a risk management process (with three steps), (d) a business continuity plan, and (e) corporate governance performance measures, are presented.

In addition to these the following audit programs and checklists are described:

- Internal Controls Framework Checklist,
- Business Continuity Audit Review Program, and
- Generic Performance Audit Program.

Chapter 5: Strategic Management Controls

This chapter describes the main Strategic Management Controls, such as:

- Corporate Strategic Planning Committee,
- Strategic Plans,
- Strategic Budgets,
- Strategy Implementation Action Plans, and
- Performance Management Framework.

Also examples of (a) a charter of a strategic planning committee, (b) strategies, mission, vision, and values statements, (c) a strategic process methodology and a performance measurement procedure, (d) a corporate strategic plan and a strategy implementation plan, and (e) strategic performance measures, are presented.

In addition to these the following audit checklists are described:

- Strategic Readiness Checklist
- Business Idea Development Checklist
- Corporate Strategic Plan Checklist.

Chapter 6: Financial Controls

This chapter describes the main types of financial controls, such as:

- Financial Organization Controls (Financial Issues Committee, Function of the Controller, Accounting Manager – Job Description, and Budget Department),
- Financial Policies and Procedures (Financial Accounting Controls Policy, Financial Accounting Procedures, Financial Revenue Procedures, and Budgeting Procedure),
- General Ledger Controls (Chart of accounts, General Ledger, Trial balance, and Financial Statements), and
- Computerized Financial Systems (General Ledger (GL) Systems, Customer Invoicing (CI) Systems, Accounts Payable (AP) Systems, Customer Orders / Sales Processing (COP) Systems, and Payroll Systems).

Also examples of (a) a charter of a financial issues committee, (b) a financial accounting controls policy (c) two budget formulation methodologies and a budgeting procedure, (d) two budget plans (income and expenses, and strategic initiatives), and (e) financial performance measures, are presented.

In addition to these the following audit programs and checklists are described:

- Detail Management Controls Checklist,
- Financial Management Controls Checklist,
- Asset Management Controls Checklist.

Chapter 7: Administrative Controls

This chapter describes the main types of administrative controls, such as:

- Administrative Organizational Controls (Corporate Committees, and Departmental Terms of Reference),
- Administrative Procedures (Procedures Manual, Files, Documents and Records Management Procedures, Confidential Information Release Procedures, Management Reporting Procedures, Asset Protection Procedures, Legal Procedures, etc.),
- Administrative Office Controls (Physical Security Controls, Mail Controls, EDI Controls, Facsimile Transmission Controls, daily activities controls, etc.), and
- Policies, Procedures and Forms Controls.

Also examples of (a) the terms of reference for a production planning department, (b) the contents of an administrative procedures manual, (c) the clauses of an EDI standard contract, (d) five administrative forms (activities journal, visitors log, securities incidents log, problems log and mail log), and (e) administrative performance measures, are presented.

In addition to these the following audit checklists are described:

- Internal Controls System: Policies and Procedures Checklist,
- Departmental Terms of Reference Checklist,
- Records Management System Checklist, and
- Legal Issues Checklist.

Chapter 8: Human Resource Controls

This chapter describes the main types of human resource controls, such as:

- Human Rights Policy,
- Benefits and Personnel Committee,
- Personnel Management Controls,

Employee Management Policies and Procedures Handbook, and Human Resources (HR) Systems.

Also examples of (a) a human rights policy, (b) the contents of the charter of a benefits and personnel committee, (c) the job description of a CIO, (d) the contents of an employee management policies and procedures handbook, and (e) human resource performance measures, are presented.

In addition to these the following audit programs and checklists are described:

Human Resources Management System Checklist,
Personnel Responsibilities and Skills Checklist, and
Personnel Management Audit Program.

Chapter 9: Production Controls

This chapter describes the main types of production controls, such as:

Operations Policies and Procedures (Purchasing Process and Procedural Controls, and Inventory Control Procedures),
Manufacturing Process Controls, Manufacturing Process Controls (New Product Development Controls, Bill of Materials (BOM) File, Master Production Schedule (MPS), Material Requirements Planning (MRP), Inventory Master Records (IMR) File, Inventory Transactions File, Preventive Maintenance Controls),
Computerized Production Information Systems (Material Requirements Planning (MRP) System, Cost Accounting (CA) System, Production planning and control (PPC) system, Enterprise Resource Planning (ERP) system),
Quality Management Controls,
Standardization Procedures,
Project Management Controls,
Performance Management Controls, and
Production Performance Measures.

Also examples of (a) a quality management policy, (b) the steps of a methodology for establishing operational policies and procedures, (c) a purchasing process, (d) a procurement procedure, and (e) production performance measures for innovation, inventory control, manufacturing, production cost, service productivity, supply chain, and quality, are presented.

In addition to these the following audit programs and checklists are described:

Production Process Audit Program,
Purchasing Controls Checklist,
Inventory Controls Checklist, and
Quality Management Controls Checklist.

Chapter 10: Information Technology (IT) Controls

This chapter describes (in summary form) the main IT Controls, such as: IT Organization Controls, IT Administration Controls, IT Strategy Controls, System Development Controls, IT Security Controls, IT Operational Controls, IT Technical Controls, Computerized Application Controls, and IT Performance Management Controls.

In addition to these the following audit programs and checklists are described:

IT Terms of Reference Checklist,
IT Vision, Mission, and Values Checklist,
IT Strategic Planning Checklist,
IT Technology Coverage Checklist, and
IT Performance Assessment Audit Program.

PART C: DESIGN, IMPLEMENTATION AND MONITORING OF CONTROLS

The purpose of this part is to identify and propose the elements required to design, implement and monitor strategic and operational control systems more efficiently and effectively.

This part contains three chapters:

- Chapter 11: Designing Strategic and Operational Controls,
- Chapter 12: Implementing Strategic and Operational Controls with the BSC, and
- Chapter 13: Monitoring and Review Controls.

Chapter 11: Designing Strategic and Operational Controls

This chapter describes how to design strategic and operational controls for organizations, and the various elements required by the organizations to carry out the design process the best way. The contents of this chapter are:

- Strategic and Operational Controls,
- Objectives of a Strategic and Operational Control System,
- Selecting a Strategic and Operational Control System,
- Designing Strategic Management Controls,
- Duties, Responsibilities, and Conflicts of Interest,
- Key Issues in Designing Strategic and Operational Controls,
- Frameworks for Implementing Strategic Controls, and
- Comparative Analysis of Frameworks.

Also examples of (a) a strategic controls process and a corporate policies and procedures management plan, (b) a conflicts of interest policy, (c) the control duties and responsibilities of a CIO and a board of directors, (d) a BSC for a public ministry and a BSC for a large construction company, and (e) performance measures for designing controls, are presented.

In addition to these the following checklists are described:

- Strategic Management Controls Checklist, and
- Organizational Controls Readiness Checklist.

CHAPTER 12: Implementing Strategic and Operational Controls with the BSC

This chapter describes how to implement strategic and operational controls for organizations, and the various elements required by the organizations to carry out the implementation process the best way.

The contents of this chapter are:

- The rationale for BSC development and implementation,
- The BSC general implementation process,
- BSC Detail Implementation Approaches, and
- The critical success factors in implementing strategic controls.

Also examples of (a) a Full-Scale Methodology for implementing BSC, and a Quick way approach for implementing BSC, (b) the contents of a BSC implementation plan, BSC responsibilities, and a performance dictionary, (c) an employee performance review policy, (d) linking the various BSC components, and (e) performance measures for implementing controls, are presented.

In addition to these the following checklists are described:

- BSC Implementation Checklist,
- Strategic Controls Implementation Checklist, and
- Strategic and Operational Controls Checklist.

Chapter 13: Monitoring and Review Controls

This chapter discusses the purpose and main types of monitoring and review controls, and describes the following controls, such as:

- Monitoring Controls System,

Monitoring implementation of the strategic plan,
Monitoring implementation of policies and procedures (Continuous management monitoring procedures, Communicating performance information procedure, Management reports monitoring procedures, and Data Quality Monitoring Procedures), and
Review and compliance controls (Internal Audit Process, Corporate Compliance Officer, Daily Activities Review Controls, Computer Security Monitoring and Review Procedures, The Corporate Governance Information System, External-Assessment Procedures, and Self-Assessment Procedures).

Also examples of (a) a data improvement methodology, (b) the contents of an internal audit report, (c) the contents of a customer satisfaction survey, (d) a Corporate Intelligence Monitoring Management Plan, and (d) performance measures for monitoring controls, are presented.

In addition to these the following audit programs and checklists are described:

Organizational Controls Monitoring Audit Program,
Communications System Review Checklist,
Internal Audit Checklist,
Monitoring Strategic Plan Checklist,
Monitoring Corporate Controls Checklist, and
Monitoring IT Controls Checklist.

APPENDICES

Appendix 1. The Code of Hammurabi
Appendix 2. The Ten Laws of Solon
Appendix 3. The Maxims of the Oracle of Delphi
Appendix 4. Examples of BSC Implementations
Appendix 5. Strategic Analysis and Assessment Methods and Tools
Appendix 6. Chief Information Officer – Job Description
Appendix 7. List of Audit and Review Programs
Appendix 8. List of Audit and Review Checklists

GLOSSARY

BIBLIOGRAPHY

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