

## **Curriculum Guide for Presentations on:**

### ***Internal Control***

**Goal:** To identify and clarify the necessity of internal control in an organization to achieve accountability and transparency in financial matters.

*Points to cover when presenting on internal control:*

1. Clarify management's responsibility for an organization's internal control
2. Outline the purpose of internal control:
  - a. To protect the assets of the organization
  - b. To ensure the reliability of the organization's accounting records
  - c. To reduce misstatement due to error
  - d. To reduce misstatement due to fraud
3. Discuss the "fraud triangle" and how it relates to internal control. Note that the "fraud triangle" includes pressure on the individual (often personal financial difficulties), rationalization by the individual, and the perceived opportunity for fraud. Good internal control reduces the opportunity for fraud in an organization
4. Basic Components of internal control
  - a. Control cues/policies for managing financial resources
  - b. Policy communication to staff
  - c. Good recordkeeping
  - d. Preparing and monitoring budgets
  - e. Timely reporting to the organization's management, including boards/committees
  - f. Segregation of duties
5. Share specific procedures for good internal control as it relates to the most vulnerable assets (i.e., cash and inventory)
6. Discuss internal controls in small organizations (both the issues and solutions)
7. Discuss internal controls in local churches (both the issues and solutions)
8. Identify signals of challenge to an internal control system