

Deloitte.



Controls Culture Assessment

Reach the full potential of the internal controls in your organisation with a controls culture assessment

Reach the full potential of the internal controls in your organisation with a controls culture assessment

A controls culture helps bind people together and can drive execution of and adherence to the organisation's control ambitions and objectives. However, a controls culture can also do the exact opposite. Creating a strong and positive controls culture is essential in ensuring employees know what is required and expected of them.

A controls culture is highly dependent on the members of an organisation. It is shaped by the leaders' actions and decisions. The controls culture of an organisation will define what behaviours are appropriate for an organisation. The controls culture will also determine which behaviours are good and add value to the organisation's control ambitions and objectives, and which are bad and negate the organisation's objectives. Controls will provide.

There is no such thing as a perfect controls culture, but there are ways to help promote a positive controls culture. The characteristics of a positive controls culture include:

- **Individual decision-making:** The greatest accountability for a decision is when one person makes that decision. Everything is on the line for that person.
- **Question everything:** Members of a controls culture should question everything. This brings out different ways of performing controls in order to identify the best idea.
- **Honesty:** Honesty must exist on all levels of an organisation. For example, admitting when you do not know something instead of making something up can save an organisation down the road.

There is an urgent need for leaders to focus their attention on the controls culture to fully comprehend the current state and thus achieve the defined control ambitions and objectives.

Today, a business' success relies on exponential leadership and everything it embodies — such as openness, dedication, continuous learning, innovative problem-solving and a performance mindset. Significant achievements are possible when these values exist on every level from leadership to a controls culture. The assessment is conducted using a selective executive/employee survey and interviews involving executives and non-executives.

"When the controls culture and objectives are aligned, organisations can show a big differential in their control performance"

A controls culture can have varying impacts on employee performance and motivation levels. Oftentimes, employees work harder to achieve objectives if they consider themselves part of the internal control environment.

But how do employees and the management perceive the controls culture? And how are employees to work with controls culture?

Controls Culture Assessment

The purpose of the controls culture assessment is to gain a better understanding of the employees' and the management's views and perceptions in terms of the current-state internal controls culture. The results serve as a baseline of the current state and outline the future state that the organisation aspires to achieve.

Controls culture is often perceived as intangible and difficult to master. Many ask themselves: Where to start? How to approach controls culture? What are the benefits? This is often the reason why controls culture is a low priority or something that is not being considered at all. The controls culture assessment provides concrete results and high-level action points – ready to work with.

"Making controls culture more tangible eases the work and allows for the management to focus on the right things"

The Deloitte Controls Culture Framework lays the foundation for the controls culture assessment. The framework consists of four key elements and sixteen controls culture indicators (questions) aligned with those key elements.

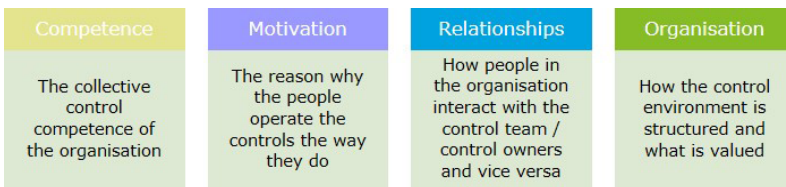


Figure 2: Deloitte Controls Culture Framework

The results of the assessment and interviews will be summarised in a final report. Data collected from the questionnaire will be analysed to provide an overview of the current state of the controls culture for each of the four parameters: Competence, Motivation, Organisation and Relationships, ranking from 1 to 5.

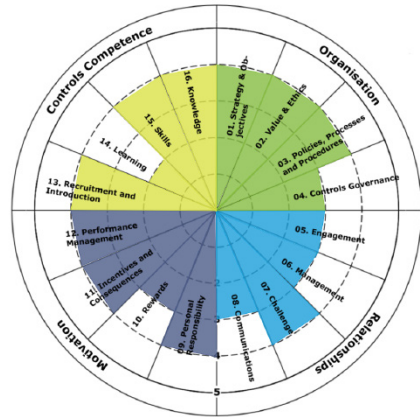


Figure 1: Example - overview of an assessment as a whole as provided in the Controls Culture Assessment Report

"A controls culture is key to succeeding with your internal controls"

The assessment is conducted online by a selective group of management members/employees who are representative of the survey. The results are followed up by conducting interviews involving both executives and non-executives to validate the hypothesis and to perform deep dives on selected results (underlying parameters). Quotes and sections from the interviews will be extracted to provide patterns and tendencies amongst the respondents.

Roadmap with initiatives – the way towards a strong controls culture

The summarised data will be compared to the future aspiration and the strategies within the organisation’s internal control scheme to suggest initiatives to succeed.

As part of the report, a high-level roadmap for the initiatives within the four controls culture elements is proposed. The initiatives will be intuitive and serve as easy-to-apply strategies and activities for further development and improvement of the controls culture within the organisation.

The roadmap can help the management to gain an overview of how to approach and plan the strengthening of the controls culture across the organisation.

Average score

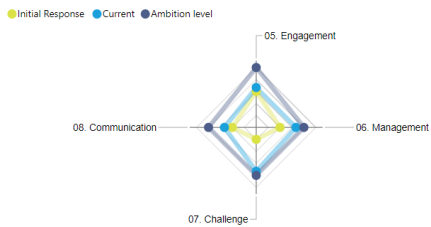
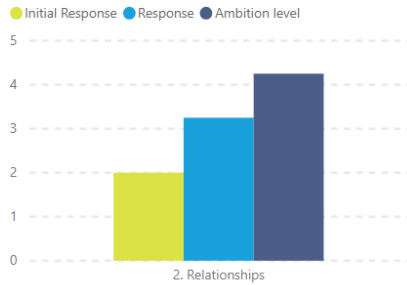


Figure 3 and 4: Example of summarized score on the parameter 'Relationships', presented in the Control Culture Assessment Report

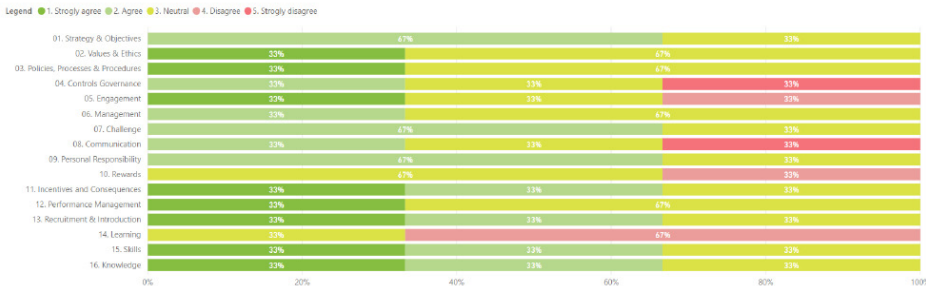


Figure 5: Example - Overview of the aggregate responses from the questionnaire on the different parameters and subcategories



Controls culture is no longer a “black box”

- it is unfolded; deeper insight is gained; and specific initiatives are identified. The foundation for reaching the full potential of the internal controls of your organisation is laid.



Kristina Wiese Tranberg
 Director
 Internal Control Transformation
 +45 30 93 53 25
 ktranberg@deloitte.dk



Helene Dyrmosø Andersen
 Senior Consultant
 Internal Control
 +45 22 82 51 93
 heleandersen@deloitte.dk



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.