

Tools Supporting Better Implementation of Controls

The Human Aspects of Management Controls - Part II

John Kyriazoglou



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TOOLS SUPPORTING BETTER IMPLEMENTATION OF CONTROLS

THE HUMAN ASPECTS OF
MANAGEMENT CONTROLS –
PART II

Tools Supporting Better Implementation of Controls: The Human Aspects of Management
Controls – Part II

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The banner features the CMO INSPIRED CONFERENCE logo at the top, with the date 25 OCTOBER and location DE VERE BEAUMONT ESTATE | OLD WINDSOR UK. Below the logo is a large photograph of a grand white manor house with a fountain in the foreground. At the bottom, a collage of four smaller images shows conference activities: a panel discussion, a woman speaking at a podium, a woman in a black dress, and a man presenting to an audience. The text 'Join Over 100 Chief Marketing Officers & Digital Innovators' is displayed in green at the bottom of the banner.

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APPENDIX 1: BUSINESS MANAGEMENT CONTROLS

Summary: This appendix contains an indicative list of 20 business management controls required to operate a business organization more effectively and efficiently.

1. Business Management Controls Framework
2. Business Management Controls System Manual
3. Charters for the board of directors, for corporate committees (Audit, Risk, Benefits and Personnel, Information Technology, Financial Issues, and Business Continuity, etc.)
4. Development and implementation of corporate policies (for Financial Accounting, Customer Relations, Fraud and Theft, Community Relations, Health and Safety, and Environment Management, for Performance Management, Internal Audit, Risk Management, Business Continuity, Compliance, IT Sales, Production, Supply Chain, Logistics, Warehouse Control, etc.)
5. Departmental Terms of Reference
6. Corporate Policies and Procedures Manual
7. Files, Documents and Records Management Procedures
8. Confidential Information Release Procedures
9. Management Reporting Procedures
10. Asset Protection Procedures
11. Legal Procedures (for the operation of the organization as a legal entity)
12. Administrative office controls including Physical Security Controls, Mail Controls, EDI Controls, Facsimile Transmission Controls, daily activities controls, Forms Register, etc.
13. Human resource management controls including: Human Rights Policy, Benefits and Personnel Committee, Job Descriptions, Employee Management Policies and Procedures Handbook, HR Hiring and Dismissal System, etc.
14. Segregation of Duties controls
15. Risk and Compliance controls including Risk Management Action Plan, Risk Register, Risk Evaluation Methodology, Compliance Program, Compliance Action Plan, etc.
16. Business Strategic Plan
17. Financial Management Responsibility Controls
18. Financial Policies and Procedures Manual
19. Budget controls

20. Financial Performance Controls
21. Customers Sales and Production Controls
22. Purchasing Management Controls
23. Production Operations Policies and Procedures Manual
24. Warehouse Management Controls
25. Project Management Controls
26. Manufacturing/Services Management Controls
27. Standardization Controls
28. Production Performance Controls
29. IT Governance Controls (IT Management Responsibility Controls, Information Technology (IT) Policy, IT Asset Controls, IT Governance Standards, Policies and Procedures, IT Strategic Controls, IT Security Controls, etc.)
30. Business Data Management Controls

APPENDIX 2: WELLNESS QUESTIONNAIRES

Summary: This appendix contains 2 questionnaires with over 50 questions aimed at assessing a person's (worker, manager, professional, senior executive, etc.) occupational stress.

OCCUPATIONAL STRESS AUDIT QUESTIONNAIRE

1. The demands of the job

Question 1.1: Do you work extremely long hours?

Question 1.2: Do you have to attend too many meetings after business hours?

Question 1.3: Do you have unreasonable tasks and deadlines imposed upon you?

Question 1.4: Do you have conflicting demands, tasks and deadlines?

Question 1.5: Do you have unachievable targets and deadlines?

2. The control you have over how you do the work

Question 2.1: Do you have opportunities to express your ideas and points of view?

Question 2.2: Do you have encouragement to use your skills, talents and knowledge to do your work?

Question 2.3: Do you control the corporate resources necessary to do your job?

3. The support you receive from colleagues and superiors

Question 3.1: Do you have appropriate training and coaching?

Question 3.2: Do you have management support in carrying out your duties?

Question 3.3: Do you have feedback on you have achieved?

Question 3.4: Do your colleagues and co-workers support you in your job?

4. Your relationships with colleagues

Question 4.1: Do you have excellent relationships with your manager?

Question 4.2: Do you get along well with staff, co-workers and colleagues?

Question 4.3: Do you get along well with customers?

Question 4.4: Do you have high regard for the company?

5. Whether you understand the roles and responsibilities assigned to you

Question 5.1: Do you know what is expected of you?

Question 5.2: Do you have the required skills to do the job?

Question 5.3: Do you feel that you contribute to your department's goals?

6. How far the company consults you over workplace changes

Question 6.1: Are you consulted before changes are implemented?

Question 6.2: Are changes supported by top management when they are implemented?

Question 6.3: Are you fully trained to accommodate the changes in your work?

7. Technology

Question 7.1: Are you well trained in technological issues affecting your work?

Question 7.2: Does your company provide support to you on technological issues?

Question 7.3: Do you understand how technology is adding value to your work?

8. Rules and Regulations

Question 8.1: Are you well trained in complying with rules and regulations?

Question 8.2: Does your company provide support to you on compliance issues?

Question 8.3: Do you understand how compliance affects your work?

9. Information Overload

Question 9.1: Do you neglect some tasks because you have too much to do?

Question 9.2: Do you know how to handle work and information overload?

10. Other Issues

Question 10.1: Are you spending too much at work and neglecting your family?

Question 10.2: Do you feel that your managers exhibit leadership?

Question 10.3: Do you feel that there is equity in terms of your performance level and awards?

Question 10.4: Do you feel that the issues concerning the long-term survival of the company are handled well?

Question 10.5: Do you have good business management controls?

SENIOR EXECUTIVES OCCUPATIONAL STRESS AUDIT QUESTIONNAIRE

Question 1: Have the control needs and requirements of the various stakeholders of the organization been defined?

Question 2: Are high levels of corporate ethics maintained at all levels (Board, Executive Management, Middle Managers, operating staff, etc.)?

Question 3: Does the Board of Directors (BOD) monitor Executive Management (EM) to ensure short-term financial stability of the business?

Question 4: Does the BOD monitor EM to ensure long-term financial stability of the business?

Question 5: Does the BOD monitor EM to ensure long-term success of corporate and business-related changes?

Question 6: Does the BOD ensure high level of corporate governance and accountability at all levels (Board, Executive Management, Middle Managers, operating staff, etc.)?

Question 7: Does the BOD supervise the setting up and monitoring of the operation of an effective risk assessment and management system by EM?

Question 8: Does the BOD supervise the setting up and operation of an effective crisis assessment and business continuity management system by EM?

Question 9: Does the BOD ensure that an effective internal audit and corporate compliance management system is in place and operates effectively by EM?

Question 10: Does the BOD ensure that an effective corporate performance management system is in place and operates effectively by EM?

Question 11: Does the BOD review and approve all business plans, organizational and restructuring plans and major investments crafted and executed by EM?

Question 12: Does the BOD ensure that an effective corporate management system is in place and operates effectively by EM?

Question 13: Does the BOD ensure that an effective corporate management succession system is in place (particularly for the senior positions of CEO, CFO, CTO, CIO, General Management of divisions and functions, etc.)?

Question 14: Does the BOD ensure that an effective skills-training system is in place at all levels (Board, Executive Management, Middle Managers, operating staff, etc.)?

Question 15: Does the BOD ensure that an effective stress reduction system is in place at all levels (Board, Executive Management, Middle Managers, operating staff, etc.)?

Question 16: Does the BOD ensure that all IT systems, data centers, etc., are operated effectively by all management levels and serve all critical business functions in a top results way?

Question 17: Does the BOD ensure that all company functions (personnel, risk, compliance, IT, sales, marketing, production, finance, etc.), are operated effectively by all management levels and serve all critical customer demands in the best results way?

Question 18: Does the BOD ensure that an effective corporate management research and development system is in place?

APPENDIX 3: SEVEN RULES FOR BUILDING AND MANAGING AN EFFECTIVE TEAM

Summary: This appendix contains seven ‘rules’ that may be customized and used by any manager in setting up and managing an effective team to achieve a set of specific goals in an organizational (private and public) environment.

Rule 1. Scope the problem: Identify and document specifications, needs, expectations, demands and resources.

Rule 2. Organize the team: Assign project manager or team manager. Develop terms of reference. Define the team and the roles within the team. Assign specific responsibilities. Develop and issue project schedule and reporting mechanisms.

Rule 3. Link team to strategy: Set clear vision, mission, values and targets for the project and its expectations. Inform team members of the desired outcomes and measures of success. Invite each member to be a part of the team and communicate the goals and why they are selected.

Rule 4. Enable team culture: Build commitment and trust by valuing the contribution of each member of the team. Build empathy for each person’s challenges. Ensure the competence of the whole team, as well as each member. Empower the team by allowing the members to work within the guidelines with each other to accomplish the goals. Resolve conflicts.

Rule 5. Establish communications: Craft and implement communication policy and associated procedures. Ensure clarity and accountability for all types of communications. Ensure that the team shares information and develops an open mind.

Rule 6. Monitor activities: Establish regular monitoring. Review progress. Identify issues, and resolve problems. Close the project when all project activities have been concluded successfully.

Rule 7. Manage performance: Develop performance policy for team members. Link this policy with corresponding corporate performance system. Award team members when performance targets are met. Manage performance issues.

APPENDIX 4: STRATEGY ASSESSMENT METHODS AND TOOLS

Summary: This appendix contains a set of 14 methods, tools and techniques that may be utilized for the analysis, assessment and evaluation of strategy of any type of organization. The evaluator may use only one method, or more than one, depending on his (or her) experience and situation.

These methods and techniques are:

1. SWOT analysis
2. PEST Analysis (also known as PESTLE Analysis)
3. Gap Analysis
4. Portfolio analysis
5. Value chain analysis
6. Delphi Method
7. Life cycle analysis
8. Screening strategic options
9. Financial analysis
10. Scenario planning
11. Critical success factor analysis
12. The five forces
13. Directional Policy Matrix
14. Competitor Analysis.

These are described next.

1. **SWOT analysis**

The SWOT analysis (strengths, weaknesses, opportunities, threats) is one of the most popular. This involves looking at the strengths and weaknesses of your business' capabilities, and any opportunities and threats to your business.

Once you've identified all of these, you can assess how to capitalise on your strengths, minimise the effects of your weaknesses, make the most of any opportunities and reduce the impact of any threats.

It's important to remember that opportunities can also be threats – for example, new markets could be dominated by competitors, undermining your position. Equally, threats can also be opportunities – for example, a competitor growing quickly and opening a new market for your product or service could mean that your market expands too.

A SWOT analysis can provide a clear basis for examining your business performance and prospects. It can be used as part of a regular review process or in preparation for raising finance or bringing in consultants for a review.

Once you have collected information on your organisation's internal strengths and weaknesses, and external opportunities and threats, enter this data into a simple table.

2. **PEST Analysis (also known as PESTLE Analysis)**

PEST analysis is concerned with the environmental influences on a business. The acronym stands for the Political, Economic, Social and Technological issues that could affect the strategic development of a business.

Some possible factors that could indicate important environmental influences for a business under the PEST headings are:

- Environmental regulation and protection
- Economic growth, Income distribution
- Government spending on research
- Taxation, Monetary policy
- Demographics
- Government and industry focus on technological effort
- International trade regulation
- Government spending
- Labour and social mobility
- New discoveries and development
- Consumer protection
- Policy towards unemployment
- Lifestyle changes
- Speed of technology transfer
- Employment law
- Taxation
- Attitudes to work and leisure
- Rates of technological obsolescence
- Government organization and attitude

- Exchange rates,
- Education
- Energy use and costs
- Competition regulation
- Inflation
- Fashion
- Changes in material sciences
- Stage of the business cycle
- Health & welfare
- Impact of changes in Information technology
- Economic “mood” and consumer confidence
- Living and housing conditions
- Internet, etc.

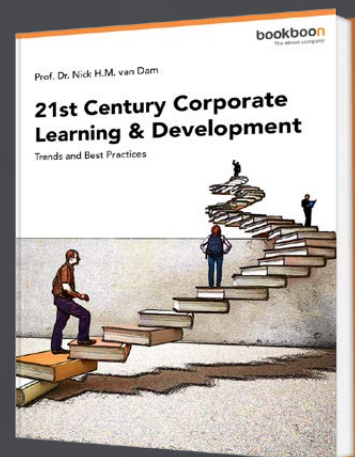
3. Gap Analysis

Gap Analysis is a method used extensively in the process of designing the strategy of an organization. With the use of this method, the gaps between the present situation and the desired state are defined, in terms of processes, procedures, technology, systems, human resources, infrastructure and organizational structure.

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The steps to achieve this are:

1. Selection of basic quality and quantity criteria,
2. Definition of desired future performance position,
3. Measurement of current performance,
4. Recognition of the gaps between the existing and the future desired position, and
5. Designing and executing a strategy to achieve the desired position by bridging all the defined gaps, and by improving the processes, procedures, technology, systems, human resources, infrastructure and organizational structure.

4. **Portfolio analysis**

Analysis of the balance and compatibility of an organization's strategic business units strategies within a larger corporate setting, in terms of market share, growth rate, more investing, product growth etc.

5. **Value chain analysis**

A systematic way of examining all activities within and around the organization, such as: purchasing inputs, human resources, designing products, delivering and supporting products, and relating them to an analysis of the competitive strength and advantage of the organization.

Value Chain Analysis describes the activities that take place in a business and relates them to an analysis of the competitive strength of the business. These activities are:

- 1) Primary Activities – those that are directly concerned with creating and delivering a product (e.g. component assembly); and
- 2) Support Activities, which whilst they are not directly involved in production, may increase effectiveness or efficiency (e.g. human resource management). It is rare for a business to undertake all primary and support activities.

What activities a business undertakes is directly linked to achieving competitive advantage. Value chain analysis can be broken down into a three sequential steps:

- 1) Break down a market/organization into its key activities under each of the major headings in the model,
- 2) Assess the potential for adding value via cost advantage or differentiation, or identify current activities where a business appears to be at a competitive disadvantage, and
- 3) Determine strategies built around focusing on activities where competitive advantage can be sustained.

6. **Delphi Method**

Assessment of whether a strategy is likely to be correct or needs change, improvements, etc., on the following basis:

A moderator crafts a questionnaire and submits it to a group of experts, without each expert that participates in the group knowing the identity of the other experts in the group,

Each expert responds on its own and without the influence of the group or other dominating individuals,

The moderator compiles the results, and formulates a new questionnaire that is submitted to the group again (3 to 4 is the usual case), until satisfactory results are achieved.

7. **Life cycle analysis**

Assessment of whether a strategy is likely to be correct given the stage of the product life cycle on criteria, such as: resources, competences, cost reduction, market growth rate, customer loyalty, etc.

8. **Screening strategic options**

Evaluating various strategic options by ranking them against the expectations of resources and stakeholders, and/or by decision tree analysis, and/or by scenario planning (i.e. matching options to different future scenarios), etc.

9. **Financial analysis**

Assessment of profitability and beneficial impacts likely to accrue from the strategies by the use of various financial measures, and tools, such as: payback period, ROCE, Discounted Cash Flow analysis, Shareholder Value Analysis, funds flow analysis, break-even analysis, sensitivity analysis, cost-benefit analysis, etc. (note)

10. **Scenario planning**

A technique that builds various plausible views of possible futures for a business.

11. **Critical success factor analysis**

A technique to identify the areas in which a business must succeed in order to achieve its objectives and outperform the competition.

12. **The five forces**

The theory that there are five defined factors that influence the development of markets and businesses:

- Potential entrants,
- Existing competitors,
- Existing buyers,
- Existing suppliers and
- Alternative products/services.

Using this model you build a strategy to keep ahead of these influences

13. **Directional Policy Matrix**

A technique which summarizes the competitive strength of a business's operations in specific markets.

14. **Competitor Analysis**

A wide range of techniques and analysis that seeks to summarize a businesses' overall competitive position.

APPENDIX 5: NLP TECHNIQUES

Summary: This appendix contains 5 techniques that will help you change your behavior, reduce your stress, get better results and attract more positive experiences in your life.

'We are what we repeatedly do. Excellence, then, is not an act, but a habit'.

– Aristotle

Neuro-Linguistic Programming (NLP) is a study of human excellence. It is an integration of several disciplines including neurology, psychology, linguistics, cybernetics and systems theory.

As a consultant, coach, mentor and volunteer, I define NLP in practical terms, as an instruction manual of our total mind, including our soul or psyche, our emotions, our feelings, our intellect, our consciousness, our behaviors, etc.

One of Aristotle's eloquent sayings is: 'We acquire virtues if we act earlier. If we are just, we become just; if we act with reason, we become reasonable; if we act bravely, we become brave'.

When you learn NLP techniques, you learn methods to direct your mind. The biggest problem for anyone is their inability to control their thoughts and behavior. They know what to do, what to think, what to change, but they cannot get themselves to do it. NLP seems to solve this problem.

According to various experts some of the most impactful techniques that will help you change behavior, reduce your stress, get better results and attract more positive experiences, are listed next.

There are various NLP Techniques you may use, such as:

NLP Technique #1: Neutralize Negative Emotions.

NLP Technique #2: Focus on Good Aspects of the Event.

NLP Technique #3: Connect a positive emotional response to something negative.

NLP Technique #4: Use friendship to relate to others.

NLP Technique #5: Change your beliefs.

These are outlined next.

NLP Technique #1: Neutralize Negative Emotions

This technique helps you in many situations, especially when you react to something negatively and then become stressed or upset about it. You can simply neutralize (or dissociate in NLP terms) your negative emotions and support you to objectively view the situation.

The following steps can help do that.

Step 1: Identify what emotion you want to get rid of.

Step 2: Visualize yourself encountering the situation from start to finish, as an outside observer, without any feelings.

Step 3: Add music to help you dissociate your negative feelings.

Step 4: Keep repeating this exercise until the negative emotion has completely disappeared from your mind.

NLP Technique #2: Focus on Good Aspects of the Event

This technique helps you in many situations, especially when you become stressed or upset about something negative happening to you. You can simply focus (or reframe your content in NLP terms) only on the good aspects of the situation.

The following steps can help you do that.

Step 1: List all aspects of a negative situation, good and bad.

Step 2: Focus away from the negative aspects of the situation and look for the benefits of the situation.

Step 3: Emphasize only and focus on the good ones.

NLP Technique #3: Connect a positive emotional response to something negative

This technique helps you in many situations, especially when you feel insecure or upset. You can simply connect (or anchor in NLP terms) a positive emotional response and elicit this positive response whenever you get upset.

The following steps can help do that.

Step 1: Identify the state you want to experience, be it happiness, courage or something else.

Step 2: Do whatever it takes for you to get into such a state. Body language can help here a lot, like sitting straight or intentionally smiling, or maybe remembering something good.

Step 3: When you're completely in the state, imagine a smoke circle on the ground and step into it. Feel absolutely great in the circle. Embrace this beautiful energy.

Step 4: Now step out of it and think something unrelated to the emotion you felt.

Step 5: Then, after a few minutes, step into the circle again and observe your response. If the process has been successful, you should have the same emotional response as previously stepping in and being in the circle.

NLP Technique #4: Use friendship to relate to others

Use friendship (or rapport in NLP terms) to master the skills that enable you to get along with any kind of person.

The following steps can help do that.

Step 1: You can follow the breathing patterns of a person.

Step 2: You can mirror the body language of a person.

Step 3: You can use similar words that the other person uses.

Step 4: You can assess the person's main sensory perception, be it, kinesthetic or auditory and then use the same perception yourself. You can do that by simply talking to the person and paying attention to what kind of words the person uses.

NLP Technique #5: Change your beliefs

Any situation is neither good nor bad. Only our own way of thinking makes it so. So when you focus on the negative aspects of what has happened to you, you start forming a negative belief which limits you. This will cause you to attract the experiences that would only affirm your limiting beliefs. So you are as though attracting facts that further deepen negative beliefs.

Use the following steps to change your beliefs. This technique uses the concept of ‘outcomes’ in NLP terms to master the skills that enable you to change your beliefs.

Step 1: Gather more positive facts about the situation than negative ones.

Step 2: Deal with negative facts and question if they really are facts.

Step 3: Spend five minutes a day affirming a completely different belief to your current one.

Step 4: Focus on your words and understand their meaning, rather than thinking about something else whilst affirming beliefs.

For more details, also see:

- 1) Book: ‘The Essential Guide to Neuro-Linguistic Programming’, by NLP Comprehensive, Tom Dotz, Tom Hoobyar and Susan Sanders, 2013, HarperCollins.
- 2) Tosey, P. & Mathison, J., (2006): ‘[Introducing Neuro-Linguistic Programming](#)’, Centre for Management Learning & Development, School of Management, University of Surrey.
- 3) <http://www.som.surrey.ac.uk/NLP/Resources/IntroducingNLP.pdf>
- 4) <https://www.lifecoachhub.com/coaching-articles/five-core-nlp-techniques-for-self-improvement>

APPENDIX 6: SOFT CONTROLS AUDIT QUESTIONNAIRES

Summary: This appendix contains 12 questionnaires with over 90 questions that are designed to help you evaluate the use of soft controls in implementing the hard controls (plans, policies, procedures, etc.) of your company.

1. Staff Empowerment

Question 1: Dialogue. Do members of the Board and Executive suite (BOD/CEO members) use dialogues as mechanisms to discuss and resolve all ethics and integrity issues?

Question 2: Discussion. Does company management discuss all cultural issues with employees?

Question 3: Provision of responses. Does company management provide timely, accurate and proactive responses to employee questions and concerns?

Question 4: Authority Assignment. Does company management give authority and responsibility to selected employees to carry out specific actions to achieve general corporate goals and specific objectives?

Question 5: Encouragement. Does company management encourage employees to assume a more energetic and effective role in their work?

Question 6: Involvement. Does company management involve employees in assuming responsibility for improving the way things are done in their daily work activities?

Question 7: Monitoring. Does company management monitor these results to ensure that these are properly done?

Question 8: Employee Engagement. Does company management provide opportunities for employees to make decisions about and influence their own work?

Question 9: Fairness. Does company management treat employees as responsible adults with fairness and consistency?

Question 10: Corporate Policies. Does company management develop and publicize corporate policies and procedures while ensuring that they work effectively?

Question 11: Communication. Does company management communicate positively, effectively and constantly with all employees on all issues (e.g., performance, work details, etc.)?

Question 12: Opportunity. Does company management afford all staff the opportunity to grow and develop?

Question 13: Leadership. Does company management provide appropriate leadership and a framework of strategy, vision, mission, values and goals?

2. **Executive Behavior Model.**

Question 1: Behavior Model. Have BOD/CEO members adopted an ethical behavior model and use it to provide examples of moral behavior in their daily management duties and oversight activities?

Question 2: Examples of Behavior. Does company management provide examples of behavior in their daily supervision activities?

Question 3: Business Conduct. Does company management deal with all people (internal staff, outside auditors, customers, external suppliers, government authorities, regulators, stakeholders, community, etc.) on the same written and approved rules and codes of business conduct?

Question 4: Honesty. Does company management use honesty in ensuring that they always maintain a positive and ethical climate in managing and interacting with all employees, superiors, regulators and customers?

Question 5: Greater Good. Does company management leave aside and amend, as required in certain circumstances, their personal self-interest, company profit, operating efficiency, rules, procedures, etc., in order to preserve and improve the ethical climate of the company and to serve the greater good?

Question 6: Fairness. Does company management deal with all stakeholders (employees, external auditors, customers, suppliers, authorities, regulators, community, etc.) on the same basis of fairness?

Question 7: Envisioning. Does company management have a vision, a mission and values for the company?

Question 8: Organization. Is company management organized to the fullest?

Question 9: Execution. Does company management plan, supervise, and execute efficiently and effectively all tasks and actions?

Question 10: Delegation. Does company management delegate by assigning ownership of the work given to employees, and always act with responsibility?

Question 11: Passion. Is company management warm, passionate and enthusiastic and get all employees involved in the decision making process?

Question 12: Calmness. Does company management handle emotional issues with warmth, calmness and fairness?

Question 13: Organizational Knowledge. Does company management know the organization extremely well?

Question 14: Motivation. Does company management motivate people and keep clear channels of communication?

Question 15: Rules of Business. Does company management deal with all stakeholders (employees, external auditors, customers, suppliers, authorities, regulators, community, etc.) on the same basis of written and approved rules and codes of business conduct?

Question 16: Model Behavior. Does company management provide a positive and moral example to others?

Question 17: Involvement. Does company management involve all employees in reviewing corporate statements on vision, mission and values?

3. Skills Improvement

Question 1: Board Training. Do board members take specialized training courses on very specific issues and areas where the given organization is active?

Question 2: Executive Training. Do company executives get trained on listening techniques and practices?

Question 3: Coaching. Does company management develop the interpersonal relationship skills of all personnel and especially those of current managers and employees desiring promotion, by sending them to relevant courses or by coaching and mentoring programs?

Question 4: Assessment. Does company management assess the skills of both managers and employees via self-evaluation methods, benchmarking or other tools?

Question 5: Industry Training. Does company management take specific industry courses both for them and their employees?

Question 6: Academic Courses. Does company management upgrade job-related knowledge by attending university and professional seminars, as required?



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Question 7: Coaching. Does company management get involved in coaching and mentoring programs for their staff?

Question 8: Certification. Does company management get certified by a professional association?

Question 9: Training. Does company management train and coach employees as required to get the job done well?

4. **Operational Integrity**

Question 1: Board Selection. Are board members selected and appointed on the basis of education, professional background and practical experience?

Question 2: Board Attendance. Do board members attend critical business operations for a specific period?

Question 3: Ethics and Compliance Program. Are effective ethics and compliance programs crafted, implemented and communicated to all staff?

Question 4: Ethics and Compliance Office. Is the office of compliance and ethics established and functioning well?

Question 5: Ethics and Compliance Review. Are ethics and compliance programs and policies reviewed and improved as the organization grows and its regulatory aspects and expectations change?

Question 6: Fairness. Does company management deal with all people (internal staff, outside auditors, customers, external suppliers, government authorities, regulators, stakeholders, community, etc.) on the same basis of fairness?

Question 7: Business Policies. Are effective corporate governance, risk, production, finance, ethics, human rights and procurement policies crafted and implemented?

Question 8: Accountability. Is all company information communicated to all parties on the basis of transparency and accountability?

5. **Employee motivation**

Question 1: Reinforcement. Does company management provide positive reinforcement to all employees?

Question 2: Discipline. Does company management carry out effective discipline and fair punishment for all transgressions?

Question 3: Fairness. Does company management treat all people fairly, kindly and in a good spirits approach?

Question 4: Needs Satisfaction. Does company management satisfy employee needs on a cost-benefit case, for both employees and company?

Question 5: Goal Setting. Does company management set achievable work-related goals, and objectives?

Question 6: Job Packaging. Does company management restructure jobs and tasks to become more manageable?

Question 7: Performance Rewards. Does company management reward people on job performance?

Question 8: New Employees: Does your company's new employee orientation program treat new hires with a warm and kind embrace and support them in getting established in their new company and practices better?

6. **Open mind and shared values**

Question 1: Appreciation. Does company management appreciate the opinions, skills and knowledge of all employees?

Question 2: Embrace the Unknown. Does company management embrace the unknown in a spirit of friendship, goodness and kindness?

Question 3: Review. Does company management re-examine traditional organizational standards, policies and practices in order to achieve better and more beneficial results?

Question 4: Practices. Does company management behave in an open-mind approach with practices, such as: Listening more than talking, avoiding snap decisions, thanking people for their suggestions, using politeness and courtesy, encouraging frankness, and speaking the truth?

7. **Information flow throughout the organization**

Question 1: Communication Policy. Does company management draft and implement the company communications policy, by identifying the strategic objectives of the organization, reviewing current communications practices, identifying the communications audiences and determining the communications methods and means to be used?

Question 2: Information Collection. Does company management ensure that information (internal and external), critical to achieving the objectives of the organization is identified, regularly collected and reported to management and stakeholders?

Question 3: Performance System. Has company management implemented a performance system that identifies, collects, stores, processes, analyzes and communicates corporate performance to all approved stakeholders of the organization?

Question 4: Information Monitoring. Has company management implemented a system to monitor the easy flow of information down, across, and up the organization?

8. **Trust**

Question 1: Promotion Practice. Does company management promote personnel to higher levels of organizational hierarchy, who are capable of forming positive, warm, kind, friendly, trusting and caring interpersonal relationships with people who report to them?

Question 2: Information Sharing. Does company management keep organizational personnel informed, as much as possible?

Question 3: Commitment. Does company management act with integrity, goodness and kindness and keeping commitments to all participants in the affairs of the organization (employees, authorities, customers, board members, stakeholders, etc.)?

Question 4: Protection. Does company management protect the interest of all employees in a work group, even those who are absent?

Question 5: Effectiveness. Is company management effective, efficient and results-oriented, within limits?

Question 6: Respect. Does company management listen with respect, sensitivity and full attention?

9. Corporate attitude

Question 1: Politeness. Does company management use polite and positive language and friendly manners in assigning and managing tasks?

Question 2: Awarding. Does company management connect tasks to awards?

Question 3: Variety. Does company management add variety to tasks, when possible?

Question 4: Balance. Does company management assign both liked and non-liked tasks to all employees?

Question 5: Support. Does company management think out a solution as regards the difficult task and situation with the person involved?

Question 6: Coaching. Does company management work out a mutually-agreed solution with the person involved and coach them as required?

10. Expectations

Question 1: Review. Does company management meet with employees on a regular basis to discuss problems, issues, goals and progress?

Question 2: Enthusiasm. Does company management promote enthusiasm for completing tasks?

Question 3: Acknowledgement. Does company management express confidence in each employee's ability?

Question 4: Reinforcement. Does company management reinforce past achievement so that employee motivation is sustained?

11. Structure of reporting relationships

Question 1: Organizational Chart. Does company management craft an effective organizational chart and communicate it to all staff?

Question 2: Duties Description. Does company management develop job titles for all employees and use them in all dealings?

Question 3: Duties Segregation. Does company management segregate duties, as required?

Question 4: Organizational Review Process. Does company management review and improve both organizational chart and job titles, as the organization grows and its demands change?

12. Wellness Practices

Question 1: Psychological Contract. Do company managers support and enable all employees to function with trust, faith, commitment and enthusiasm?

Question 2: Commitment. Do company managers enable you to commit to yourself, your values, your family, your country, and your company?

Question 3: Convictions. Do you feel that the company facilitates you to align your actions with your beliefs and convictions, the Supreme Being and nature?

Question 4: Co-operation. Do company managers promote co-operation with others for the greater good of all?

Question 5: Co-existence. Do company managers promote the idea that we all exist not for the company only but also for ourselves, our family, country, community and country?

Question 6: Employee health practices. Does your company operate an employee health program, both physical and mental, for all employees with seminars, prevention techniques, onsite and on demand medical and psychological support, insurance coverage, nature visits program, risk assessment for work place hazards, using soft music at work, forming and conducting athletic and social company events, etc.?

Question 7: Employee relaxation. Does your company have a 'quiet room' where an employee can go for a few minutes and relieve stress by various ways, such as: praying, meditation, just being silent, practicing visualization, etc.?

Question 8: Staff engagement. Does your company facilitate you to engage well with all its business, community, professional and social activities?

Question 9: Workplace violence. Does your company operate a program to prevent workplace violence with steps: Problem recognition, securing commitment from top management, identification of risk factors in the workplace, developing an action plan, implementing this plan, monitoring and reviewing its impact, and improving the whole process?

Question 10: Workplace environment. Do all company buildings, offices, warehouses and plants operate in accordance with safety and health regulations in terms of providing a clean and healthy environment, free from any water, air, and other contaminants?

Question 11: Wellness indicators. Does your company operate a wellness program that measures and improve lifestyle and biometric factors, such as: weight, blood pressure, cholesterol, sleep, stress, life satisfaction, etc.?

APPENDIX 7: PERFORMANCE AUDIT QUESTIONNAIRE OF BOARD AND EXECUTIVE MANAGEMENT

Summary: This appendix contains over 15 questions that aim at supporting you to assess the performance aspects of board members and executive management of a company.

Question 1: Have the control needs and requirements of the various stakeholders of the organization been defined?

Question 2: Are high levels of corporate ethics maintained?

Question 3: Does the Board of Directors (BOD) ensure short-term financial stability?

Question 4: Does the BOD ensure long-term financial stability?

Question 5: Does the BOD ensure long-term success of corporate and business-related changes?

Question 6: Does the BOD ensure high level of corporate governance and accountability?

Question 7: Does the BOD supervise the setting up and operation of an effective risk assessment and management system?

Question 8: Does the BOD supervise the setting up and operation of an effective crisis assessment and business continuity management system?

Question 9: Does the BOD ensure that an effective internal audit and corporate compliance management system is in place?

Question 10: Does the BOD ensure that an effective corporate performance management system is in place?

Question 11: Does the BOD review and approve all business plans, organizational and restructuring plans and major investments?

Question 12: Does the BOD ensure that an effective corporate management system is in place?

Question 13: Does the BOD ensure that an effective corporate management succession system is in place (particularly for the senior positions of CEO, CFO, CTO, CIO, General Management of divisions, etc.)?

Question 14: Does the BOD ensure that an effective BOD skills-training system is in place?

Question 15: Does the BOD ensure that all IT systems, data centers, etc., are operated effectively and serve all critical business functions?

Question 16: Does the BOD ensure that an effective corporate management research and development system is in place?

APPENDIX 8: BUSINESS ETHICS POLICY CHECKLIST

Summary: This appendix contains an indicative list of 20 issues on all aspects of business ethics that may be used to draft, assess and improve a business ethics policy for your company.

1. Does the organization have an ethics policy?
Consider:
 - 1.1. Formal approval process and contents.
 - 1.2. Guidance should be provided on how to handle issues such as, conflict of interest, gratuities and gifts, outside employment, contacts with external parties, confidentiality of information, personal obligations and commitments, etc., on the principles of fairness, openness, trust, integrity, responsibility, and mutual respect.
 - 1.3. Inclusion of the ethics and anti-fraud policy statements.
2. Does the organization have a meaningful anti-fraud policy statement?
Consider:
 - 2.1. Instructions should be provided on how to manage potential fraud issues in vendor relationships and competitors, making illicit proposals and payments to get sales and contracts.
 - 2.2. Instructions should be provided on how to manage proper maintenance of corporate books, systems and records.
 - 2.3. Instructions should be provided on how to manage and control all corporate assets effectively.
3. Does the organization have an ethics office and is it properly established?
Consider:
 - 3.1. Office space and computer facilities, ethics officer, support staff, ethics incidents register, office for confidential discussions and conference room.
4. Has a communication plan for ethics been formulated, approved and executed?
5. Has a training plan for ethics been formulated, approved and executed?
Consider:
 - 5.1. Budget, issues covered, attendance by all staff (Board, Executives, Managers, Employees).

6. Is an ethics culture apparent at all levels of the organization?
Consider:
 - 6.1. Behaviour of Board Members, Executives, Managers, Employees, etc.
 - 6.2. Existence of an open style of communication, a positive work environment, the procedure for getting ethics advice, the operation of an ethics hot line, the procedure for resolution of conflict, incident investigation process, etc.
7. Is an anti-fraud ethics culture apparent at all levels of the organization?
Consider:
 - 7.1. Strong commitment of Board Members, Executives, Managers, and Employees with the vision, mission and values of the organization, anti-fraud policy statement, compliance issues for ethics and fraud, and commercial crime prevention techniques.
8. Are all of the major players – including stakeholders, shareholders, management, employees, customers, key suppliers, etc., participating?
9. Is there meaningful participation by board members at all stages?
10. Is a strong management committee in place to manage policy development and implementation?
11. Does the industry have a good record of similar initiatives in the past?
12. Are the organization leaders demonstrating strong commitment?
13. Have the background conditions and motivations been clearly identified?
14. Are the policy proponents inviting meaningful third-party representation and involvement by consumer groups, other standard-setting bodies, and are they prepared to pay for this involvement?
15. Are the processes for developing and implementing the policy open and transparent?
16. Is there a clear articulation and understanding of the rights and responsibilities of all stakeholders?
17. Is there clear evidence that the policy will promote the corporate interest in areas such as confidentiality, fraud protection, conflict of interest, and other ethics concerns?
18. Does the policy include effective complaints-handling and redress mechanisms accessible to everyone, effective programs to inform consumers and the public, and an evaluation framework to track progress and provide credible evidence of success and failure?
19. Will a reputable third party regularly monitor the policy?
20. Does the policy have the capacity to mature through time and respond to new learning and developments?

APPENDIX 9: CORPORATE MANAGEMENT IMPROVEMENT PLANS

Summary: This appendix contains 7 **improvement plans** with over 62 **actions** that are aimed to exercise your sociability aspects, increase your social fitness, sustain and improve your **social and mental health** and eventually complement, fulfill and complete your whole health, life and wellbeing at all levels: personal, family, professional and business.

Objective: The objective of these plans is to be used by any company manager, top to bottom, as well as board members and other interested professionals and stakeholders that may want to improve their skills to manage better all issues and aspects of their company, such as: Corporate governance, corporate wealth, human factors, etc.

Contents: The following plans are included in this appendix:

1. Corporate Governance Improvement Plan
2. Corporate Wealth Improvement Plan
3. Management Emotional and Mental Health Improvement Plan
4. Management Emotional and Mental Health Improvement Plan
5. Corporate Philosophy Improvement Plan
6. Human Factors Improvement Plan
7. Corporate Team Management Improvement Plan

These are detailed next.

1. **Corporate Governance Improvement Plan**

Pythagoras guides us: 'By orderly conduct and temperance, rulers should become examples both to their own families and to the city in which they live'.

Here are **twelve actions** you should (or might) use to improve the corporate governance aspects of your company.

Action 1: Practice what you preach. You are the best example to follow for your business and professional associates.

Action 2: Learn to be governed first before you govern others.

Action 3: Put personal and family happiness in its right perspective in your professional and business life.

Action 4: If you must change both your business and your life in order to relate to others better, become happy and successful, do it with a calm attitude and patience and by respecting your limits and the bounds of society.

Action 5: You must remember to balance happiness to other things in your business, personal and family life. Look inside you: connecting to your family, your community and your country will drive you to reach a more balanced and harmonious state.

Action 6: Connect with others in your profession, community, country and around the world.

Action 7: Protect your community, country and its institutions and its laws at all your personal costs. Also protect your person, family and friends within the framework of both your society's widely-accepted ethics and your state laws.

Action 8: Provide positive reinforcement to all business personnel and treat them fairly and justly.

Action 9: Set achievable personal, family and work-related goals and reward your business people on performance.

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Action 10: Promote personnel to higher levels of organizational hierarchy, who are capable of forming positive, trusting and caring interpersonal relationships with people who report to them.

Action 11: Act with integrity and keeping commitments to all participants in the affairs of your business (employees, government authorities, customers, board members, stakeholders, society, country, etc.).

Action 12: Listen with respect, sensitivity and full attention and develop the interpersonal relationship skills of all personnel (family, friends, business, etc.).

2. Corporate Wealth Improvement Plan

The Seven Sages provides us with the guiding principle: 'Acquire wealth in a just way'.

The following **7 actions** will improve your skills in wealth management, increase your social fitness, sustain and improve your **social health** and eventually complement, fulfill and complete your whole health, life and wellbeing at all levels: personal, family, professional and business.

Action 1: Establish efficient financial and other business recording systems and procedures and manage and monitor your business wealth, such as: investments, accounts payable, receivable and budget very well, and your cash flow and cash very effectively.

Action 2: Establish and execute optimal anti-fraud procedures.

Action 3: Perform due diligence on all your staff and partners.

Action 4: Backup all your critical business data in an offsite safe location.

Action 5: Register all your patents and copyrights.

Action 6: Innovate and keep abreast of market and technology developments.

Action 7: Establish and execute a business policy to contribute to social causes, ecology, philanthropy and community work.

3. Management Emotional and Mental Health Improvement Plan

Plato provides us with the guiding principle: 'Friendship, freedom, justice, wisdom, courage and moderation are the key values that define a good society'.

Here are **ten actions** you should (or might) use to improve your professional and business emotional and mental health in this regard.

Action 1: Be sensitive. Show sensitivity to other professions and companies by avoiding derogatory comments and do not criticize, condemn or complain to anyone about them.

Action 2: Collaborate. Make your professional and business goal the habit to work together with other professions and companies harmoniously.

Action 3: Patience. Show patience and maintain good relationships with everyone in business and economy (colleagues, supervisors, senior management, customers, authorities, etc.).

Action 4: Be honest. In a business environment, be interested in others (colleagues, supervisors, senior management, customers, etc.) with sincerity, always showing friendship, goodness and love to all.

Action 5: Be polite. Address the other professional or business person always in plural terms, unless the other person allows you to speak in the singular.

Action 6: Use importance in associating with others. Make the other professional or business person feel important to you, and you do that with sincerity.

Action 7: Employ friendly rules of communication. Start a professional or business communication in a friendly and pleasant manner. When you are in error, accept it quickly and emphatically and apologize with honesty. Express your sympathy to the other person. Keep your humor within acceptable social boundaries while rejecting slander and vulgarities.

Action 8: Manage your business time with friendship. Examine your business activities in accordance with the values of love and friendship, and your obligations. Spend 60% of your business time in critical non-emergency activities, 30% of your time in critical and emergency activities, and the remaining 10% of your time in uninteresting activities. Learn to say a friendly “no” when others attempt to load you with activities that are not aligned with your professional and business needs, vision, mission and values.

Action 9: Use positive and friendly thinking and priority. Use positive and friendly thinking to manage all the events, issues, problems and facts related to your business life and take preventive action when it is required on your part. Perform your activities based on the priorities set by you and the time requirements of your life and company, but also reinforcing the values of justice, goodness, fairness, love and friendship in all business activities.

Action 10: Participate with friendship. Participate in social groups, professional societies and corporate volunteering (unpaid) activities on the basis of love and friendship. Understand and know your personal limits and the limits of your business organization.

4. **Management Emotional and Mental Health Improvement Plan**

The Seven Sages provide us with the guiding principle: ‘Pursue harmonic co-existence’.

Here are 7 actions to increase your emotional and mental fitness by governing your professional and business affairs on the basis of harmony and peace so that you benefit your company, profession and society.

Action 1: Make the necessary business changes with harmony and balance.

Action 2: Allow time for your company personnel to make praying, meditation and silence their useful tools.

Action 3: As a business manager get rid of all your negative thoughts by allowing only pleasant, happy and harmonious thoughts to fill your mind.

Action 4: Preserve yourself by maintaining a healthy attitude towards sleeping, eating and relaxing, and by relating to nature.

Action 5: Learn how to handle business and professional failure and recover from it in an effective way.

Action 6: Handle difficult people within your business or profession in a fair and positive manner.

Action 7: Work out mutually-agreed solutions on problems and issues involving your associates, customers, professional and business partners.

5. Corporate Philosophy Improvement Plan

Isocrates guides us: ‘Power will be bad to those who possess it, unless they also have reasoning’.

Action 1: Understand that goodness, kindness, friendship and collaboration (with your customers, staff, stakeholders, etc.) needs time and dedication to develop and grow.

Action 2: Establish and operate a corporate philanthropic program by crafting a social responsibility policy, deciding on the funds to be set aside for such purposes, ensuring all executives have clear roles and responsibilities regarding this program, and linking your corporate philanthropy to your business mission and activities.

Action 3: Use polite, positive and constructive discussions and communications to support your business relationships so that goodness and friendship can add benefits for yourself and your professional associates.

Action 4: Learn and practice ways to be good, trust, collaborate and co-operate with your professional associates, both in your work and in your other professional encounters.

Action 5: Practice good and kind social grooming to solidify your business relationships better. By this you will work in a more productive way, improve your trust in the other person, cooperate with better result for both parties and learn from each other in the process.

Action 6: Define your boundaries and limits to the breaches of goodness, kindness, trust and friendship by the other parties.

Action 7: Manage changes in your business environment in a fair, good, kind, friendly and effective way.

6. Human Factors Improvement Plan

The Seven Sages provide the guiding principle: ‘Regulate your life according to a standard’.

Here are 14 actions to increase the self-management and human aspects of your corporate emotional and mental fitness by governing your professional and business affairs on the basis of better methods so that you benefit your company, profession and society.

Action 1: Organize yourself. Have a corporate ethics policy, a vision and a mission statement, plan well, know your organization extremely well, act in a fair, practical, responsible, efficient and results-oriented way, and monitor and improve your actions.

Action 2: Advance Your People’s Career. Promote personnel to higher levels of organizational hierarchy, who are capable of forming positive, trusting and caring interpersonal relationships with people who report to them.

Action 3: Train Your People. Develop the interpersonal relationship skills of all personnel and especially those of current managers and employees desiring promotion, by sending them to relevant courses or by coaching and mentoring programs.

Action 4: Involve Your personnel. Be passionate and enthusiastic by keeping your company personnel informed and involved in the decision making process, as much as possible.

Action 5: Show Commitment. Motivate people and keep clear channels of communication; and act with integrity and keep commitments to all participants in the affairs of the business (employees, authorities, customers, board members, stakeholders, etc.).

Action 6: Protect Your Personnel. Protect the interest of all employees in a work group, even those who are absent; handle emotional issues with calmness and fairness; and provide a positive and moral example to others.

Action 7: Manage Work Assignments. Delegate tasks by assigning ownership of the work you give to your employees; listen to them with respect, sensitivity and full attention; and provide all necessary training, coaching and support so that they can do their job well.

Action 8: Planning. Provide appropriate leadership and planning the activities required for educating, training and coaching both to yourself (as a manager or senior executive, etc.) and to your business staff.

Action 9: Resources. Obtain proper funds and other required resources for educating, training and coaching both yourself and your business staff.

Action 10: Evaluation. Assess the skills of yourself and all your managers and employees via self-evaluation methods, coaching, benchmarking or other current education tools and techniques.

Action 11: Seminars. Upgrade job-related knowledge by attending university and professional seminars, and taking specific industry courses by both yourself and your business staff.

Action 12: Coaching. Get involved in coaching programs for both yourself and your staff.

Action 13: Mentoring. Get involved in mentoring programs for both yourself and your staff.

Action 14: Certification. Get certified by a professional associations (both yourself and your staff) and get various critical organizational functions (e.g. production, IT, etc.) and components (e.g. IT security) certified.

7. **Corporate Team Management Improvement Plan**

Aristotle provides us with the guiding principle: ‘We acquire virtues if we act earlier. If we are just, we become just; if we act with reason, we become reasonable; if we act bravely, we become brave’.

Also let’s remember that your corporate team is your business family. You, as a senior leader, manager, owner or executive, besides your nuclear or extended family, you also have a business to run. Your business is run by people, your corporate team. You have to look after them if you want the best results.

Here are seven practical actions to build, sustain and manage, more effectively, your corporate team.

Action 1: Scope the problem. You have to know what the performance problem is with your team. Assess their environment and concerns against your business requirements. Identify the issues involved in solving the specific problem. Document the problem and the solution, in terms of specifications, needs, expectations, demands and resources.

Action 2: Organize the team. Assign project manager or team manager or function manager. Develop terms of reference. Define each detail team and the roles within that team. Assign specific responsibilities. Develop and issue project schedule and reporting mechanisms.

Action 3: Link team to strategy. Set clear vision, mission and values; establish targets for the project, team, function, etc., and its expectations. Inform team members of the desired outcomes and measures of success. Invite each member to be a part of the team and communicate the goals and why they were selected.

Action 4: Enable team culture. Build commitment and trust by valuing the contribution of each member of the team. Build sympathy for each person's challenges. Ensure the competence of the whole team, as well as each member. Empower the team by allowing the members to work within the prescribed guidelines with each other to accomplish the goals. Resolve conflicts.

Action 5: Establish communications. Craft and implement communication policy and associated procedures. Ensure clarity and accountability for all types of communications. Ensure that the team shares information and develops an open mind.

Action 6: Monitor activities. Establish regular monitoring. Review progress. Identify issues, and resolve problems. Close the project when all project activities have been concluded successfully.

Action 7: Manage performance. Develop performance policy for managers and team members. Link this policy with corresponding corporate performance system. Award managers and team members when performance targets are met. Manage performance issues.

APPENDIX 10: CORPORATE AND FINANCIAL FRAUD MANAGEMENT CONTROLS

Summary: This appendix contains a set of 14 corporate and financial management controls required to operate a business organization more effectively and efficiently, deter fraud and protect company property better.

Contents

- C&FC # 1: Fraud Management System
- C&FC # 2: Board Oversight of Business
- C&FC # 3: Board Approval Process of critical issues
- C&FC # 4: Segregation of Functions
- C&FC # 5: Segregation of Duties
- C&FC # 6: Bank account reconciliation and management
- C&FC # 7: Corporate credit cards management
- C&FC # 8: Cash Management
- C&FC # 9: Cheque management
- C&FC # 10: Collection management
- C&FC # 11: Asset protection
- C&FC # 12: Human resources management practices
- C&FC # 13: IT Security management practices
- C&FC # 14: Implement wellness policies and practices.

More details of these 14 controls follow.

1. **C&FC # 1: Fraud Management System**

1.1. Establish a fraud management system according to your company's needs, regulatory requirements and business operating specifications.

1.2. Ensure that this system includes, as a minimum – a fraud organisation as well as specific plans, policies, procedures and hotline mechanisms, such as: Corporate ethics policy, Fraud management policy, Corporate compliance programme, Corporate compliance action plan, Business information assets management action plan and Corporate security management plan.

1.3. Avoid or discourage related party transactions.

1.4. Require that a written conflict of interest and code of ethics policy is in place and that it is updated annually.

1.5. Require that related party transactions be disclosed and be approved by the Board.

1.6. Require competitive bidding for major purchases and contracts.

1.7. Monitor and review the good operation of this system by using, as required, external experts and various audit tools such as: Corporate ethics policy checklist, Corporate ethics programme checklist, Corporate fraud management checklist, etc.

2. **C&FC # 2: Board Oversight of Business**

2.1. Ensure that your Board of Directors exercises full oversight of your company operations and management.

2.2. Ensure that specific members of your Board of Directors monitor your company's financial and other critical operational activities on a regular basis. For example: Compare actual to budgeted revenues and expenses, Require an explanation of any significant variations from budgeted amounts and Conduct periodic reviews of the cheque register or general ledger to determine whether payroll taxes and other employee deductions are paid promptly.

2.3. Review IT systems development and operations.

2.4. Monitor security issues.

2.5. Review personnel issues (hiring, firing, and development), company investments, etc.

2.6. Ensure that your Board requires the use of independent (external) auditors to present and explain the annual financial statements to the Board of Directors and to provide management letters to the Board.

2.7. Ensure that your Board evaluates and improves the company performance system applicable to all staff.

2.8. Ensure that your Board reviews and evaluates the performance of all senior executives annually against agreed-upon targets and written job descriptions.

3. C&FC # 3: Board Approval Process of critical issues

- 3.1. Prepare all corporate and financial management policies and procedures in writing.
- 3.2. Obtain Board of Directors approval. Include policies and procedures for the following: Financial (cash disbursements, attendance and leave, expense and travel reimbursements, use of company assets, purchasing guidelines, petty cash, etc.), Ethics and conflicts of interest, Production, IT operations, Customer service, Human resources and Compliance and risk management etc.
- 3.3. Ensure that your Board participates in the hiring and use of external consultants including the employment of independent auditors.
- 3.4. Ensure that your Board monitors the implementation of all policies and procedures and that oversees management's efforts to evaluate and improves these accordingly.

4. C&FC # 4: Segregation of functions

- 4.1. Ensure that all business functions have well-defined roles and responsibilities.
- 4.2. Separate purchasing functions from payables functions.
- 4.3. Separate IT function from all other business functions.
- 4.4. Monitor and review the good operation of the segregation of functions by using, as required, the charters and responsibilities such as: audit committee charter, business continuity issues committee charter, internal audit charter, corporate strategic planning committee charter, human resources (HR) department: responsibilities, finance department: responsibilities, information technology (IT) department: responsibilities and production department responsibilities.

5. C&FC # 5: Segregation of duties

- 5.1. Use a system of checks and balances to ensure no one person has control over all parts of a financial or other transaction.
- 5.2. Ensure that the person reconciling the company bank statement is not the same person signing cheques.
- 5.3. Require purchases, payroll, and disbursements to be authorised by a designated person.
- 5.4. Separate handling (receipt and deposit) functions from record keeping functions (recording transactions and reconciling accounts).

5.5. Require supervisors to approve employees' time sheets before payroll is prepared.

5.6. Require pay cheques to be distributed by a person other than the one authorising or recording payroll transactions or preparing payroll cheques.

5.7. If the company is so small that you can't separate duties, require an independent check of work being done, for example, by a board member.

5.8. Require accounting department employees to take vacations.

6. **C&FC # 6: Bank account reconciliation and management**

6.1. Make sure you understand the business need for each bank account the company has and use as few accounts as possible.

6.2. Reconcile company bank accounts every month.

6.3. Require the reconciliation to be completed by an independent person who doesn't have bookkeeping or cheque signing responsibilities, or require supervisory review of the reconciliation.



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6.4. Examine cancelled cheques to make sure vendors are recognised, expenditures are related to company business, signatures are by authorised signers, and endorsements are appropriate.

6.5. Examine bank statements and cancelled cheques to make sure cheques are not issued out of sequence.

6.6. Initial and date the bank statements or reconciliation report to document that a review and reconciliation was performed.

6.7. File the bank statements and reconciliations.

7. C&FC # 7: Corporate credit cards management

7.1. Restrict use of company credit cards.

7.2. Verify all charges made to credit cards or accounts to ensure they were business-related.

7.3. Limit the number of company credit cards and users.

7.4. Establish a policy that credit cards are for business use only.

7.5. Prohibit use of cards for personal purposes with subsequent reimbursement.

7.6. Set account limits with credit card companies or vendors.

7.7. Inform employees of appropriate use of the cards and purchases that are not allowed.

7.8. Require employees to submit itemised, original receipts for all purchases.

7.9. Examine credit card statements and corresponding receipts each month, independently, to determine whether charges are appropriate and related to company business.

8. C&FC # 8: Cash Management

8.1. Protect petty cash funds and other cash funds.

8.2. Limit access to petty cash funds.

8.3. Keep funds in a locked box or better in an onsite safety deposit vault.

8.4. Restrict the number of employees who have access to the key.

8.5. Require receipts for all petty cash disbursements with the date, amount received, purpose or use for the funds, and name of the employee receiving the funds listed on the receipt.

8.6. Reconcile the petty cash fund before replenishing it.

8.7. Limit the petty cash replenishment amount to a total that will require replenishment at least monthly.

9. C&FC # 9: Cheque management

9.1. Protect cheques against fraudulent use.

9.2. Prohibit writing cheques payable to cash.

9.3. Deface and retain voided cheques.

9.4. Store blank cheques in a locked drawer or cabinet, and limit access to the cheques.

9.5. Require that cheques are to be signed only when all required information is entered on them and the documents to support them (invoices, approval) are attached.

9.6. Require two signatures on cheques above a specified limit. Require board member signature for the second signature above a higher specified limit. (Ensure that blank cheques are not pre-signed.)

9.7. Mark invoices 'Paid' with the cheques number when cheques are issued.

9.8. Enable hidden flags or audit trails on accounting software.

10. C&FC # 10: Collection management

10.1. Protect cash and cheques collections.

10.2. Ensure that all cash and cheques received are promptly recorded and deposited in the form originally received.

10.3. Issue receipts for cash, using a pre-numbered receipt book.

10.4. Conduct unannounced cash counts.

10.5. Reconcile cash receipts daily with appropriate documentation (cash reports, receipt books, mail tabulations, etc.).

10.6. Centralise cash receipts whenever possible.

11. C&FC # 11: Asset protection

11.1. Ensure that all company assets such as offices, computers, vehicles, cell phones, equipment, and other company resources (e.g. IT systems) are used only for official company business.

11.2. Examine expense reports, credit card charges, and telephone bills periodically to determine whether charges are appropriate and related to company business.

11.3. Maintain company vehicle logs, listing the dates, times, mileage or odometer readings, purpose of the trip, and name of the employee using the vehicle. See also 'Form # 1: Department Activities Log Form', amend it and use it if appropriate.

11.4. Periodically review the logs to determine whether usage is appropriate and related to company business.

11.5. Maintain an equipment and parts list and periodically complete an equipment and parts inventory.

11.6. Ensure that all company staff sign the confidentiality statement as detailed in the company confidentiality policy.

11.7. Monitor and review the good operation of the asset protection controls by using, as required, the charters and responsibilities identified and documented in corporate manuals.

12. C&FC # 12: Human resources management practices

12.1. In addition to whatever general administration controls are exercised, at the level of the organisation, the additional management controls for all personnel should include:

1.1. Employment contracts and job descriptions

1.2. Supervision

1.3. Human resource plans

1.4. Authorisation controls

1.5. Segregation of duties

1.6. Rotation of duties

1.7. Vacation taking

1.8. Adoption of professional ethical standards

1.9. Employee documentation

12.2. Conduct pre-employment screening including background checks as appropriate.

12.3. Screening of personnel during the hiring process should be careful, meticulous and thorough.

12.4. Periodic internal and external training.

12.5. Periodic progress review on tasks and jobs completed.

12.6. Employment contracts and job descriptions: All personnel should have valid employment contracts and job descriptions which should always reflect the current job assignment.

12.7. Discourage the hiring of relatives and business transactions with Board members and employees.

12.8. Monitor and review the good operation of the human resource management controls by using, as required, controls, such as: Employee Handbook, Corporate Ethics Policy, Corporate Social Responsibility Policy, Communications Policy, Community Relations Policy, Health and Safety Policy, Workplace Wellness Policy and Occupational Stress Policy.

13. **C&FC # 13: IT Security management practices**

13.1. Ensure that your IT security policy and procedures are implemented fully and that they contain the following controls:

- Comprehensive due diligence of all critical staff, including external parties (outsourcing, external suppliers, sub-contractors, etc.).
- Authentication of all customers.
- Non repudiation and accountability for all on-line transactions.
- Segregation of duties.
- Authorisation controls.
- Business data, transactions, records and information integrity.
- Transactions audit trails.
- Information confidentiality.
- Appropriate disclosures for organisational services.
- Data privacy.
- Business continuity and contingency planning.
- Security and other crises incident response planning.

- Access controls: encryption, passwords, password control devices, tokens, user authentication devices, anti-hacking tools/techniques, digital signals origin identification, anti-tapping tools/techniques
- Data confidentiality
- Data integrity
- Anti-virus and e-crime detection software
- Time stamping
- Biometrics
- Digital signatures
- Smart cards

14. C&FC # 14: Implement wellness policies and practices

14.1. Policies. If a corporate policy is developed for the entire company, all employees must be held to the same standard. If a policy is created for a corporate division or function, that policy needs to apply to everyone in that group.

14.2. Corporate Policies and Procedures Manual. Include all policies, procedures and forms in a policies manual, make it available to all employees and ensure that it is reviewed and updated annually, at least.

14.3. Equity. Ensure that there is equity and fair treatment among all employees, regardless of their race, gender, age, position, education, training, background, experience, or perceived value to the business.

14.4. Opportunity. Reaffirm that everyone in your company will receive an equal opportunity to be recognised.

14.5. Promotions. Ensure that all employee promotions are handled fairly. Offer a fair appeals process.

14.6. Compensation. Ensure fairness and commitment in your compensation system. When it comes to a sense of fair pay, it's not just about the amount of the pay cheque that matters. The transparency of the compensation system and a clear commitment to equity by the organisation are both critical in ensuring people feel are fairly paid.

14.7. Coaching. Provide coaching services to your employees to.

APPENDIX 11: THE SEVEN PRINCIPLES

Summary: This appendix contains a full description of the 7 ancient Greek wisdom principles that may be used to inspire all corporate people to use the identified soft controls better in implementing company policies and procedures (hard controls).

Principle 1: Temperance. Prudence. What the ancient Greeks called '*sophrosyne*': the quality of wise moderation; Greek, 'prudence, moderation in desires, discretion, temperance', from '*sophron*' of sound mind, prudent, temperate. Also the practice of always controlling your actions, thoughts, or feelings so that you do not eat or drink too much, become too angry, etc. Also denotes self-restraint and self-control. Prudence was considered by the ancient Greeks, as the cause, measure and form of all virtues.

From Latin '*temperantia*' meaning moderation, sobriety, discretion, self-control, from '*temperans*', present participle of '*temperare*' to moderate. Latin '*temperantia*' was used by Cicero to translate Greek '*sophrosyne*' moderation.

The Seven Sages recommend: 'Control yourself'. 'Restrain your anger'. 'Hold your tongue'.

Principle 2: Faith. Trust in others; Belief in a higher power; Being persuaded of something. '*Pistis*', the Greek word for faith denotes intellectual and emotional acceptance of a proposition. *Pistis*, in Greek mythology, was the personification of good faith, trust and reliability. She is mentioned together with such other personifications as *Elpis* (Hope), *Sophrosyne* (Prudence), and the *Charites*, who were all associated with honesty and harmony among people.

The Seven Sages recommend: 'Follow God'. 'Worship God'. 'Pray for happiness'. 'Pray to fortune'.

Principle 3: Justice. Justice, in its broadest context, includes both the attainment of that which is just and the philosophical discussion of that which is just. It denotes ethical correctness and fairness. In his dialogue 'Republic', Plato uses Socrates to argue for justice that covers both the just person and the just City-State. Justice, according to Socrates, is a proper, harmonious relationship between the warring parts of the person or city. In ancient Greek culture, '*Dike*' ('justice') was the goddess of justice and the spirit of moral order and fair judgement based on immemorial custom, in the sense of socially enforced rules, standards and norms.

The Seven Sages recommend: ‘Obey the law’. ‘Your laws should be old, your dinners fresh’.

And **Aristotle** complements: ‘Laws govern and should be above all other rules’. ‘There is a law which is superior to all written laws and this is the law of morality’.

Principle 4: Harmony. Harmony is defined as the agreement in action, opinion, feeling or sounds in a social setting. The term harmony derives from the Greek ‘*harmonía*’, meaning ‘joint, agreement, concord’, from the verb ‘*harmozo*’, ‘to fit together, to join’.

To the ancient Greek mentality harmony was an attribute of beauty. The ancient Greeks believed there to be three ‘ingredients’ to beauty: symmetry, proportion, and harmony. This triad of principles infused their life. They were very much attuned to beauty as an object of love and something that was to be imitated and reproduced in their lives, architecture, education and politics.

They judged life by this mentality. Aristotle believed that the soul is a kind of harmony, for ‘harmony is a blend or composition of contraries’, etc.

He says that developing good habits can make a good human being and that practicing the use of The Golden Mean (the desirable middle between two extremes, one of excess and the other of deficiency) when applicable to virtues will allow a human being to live a healthy, happy life. Harmonia (harmony) was the goddess of harmony and concord.

The **Seven Sages** recommend: ‘Pursue harmony’; **Aristotle** defines: ‘Harmony is a blend or composition of contraries’; and **Heraclitus** complements: ‘Opposition brings concord. Out of discord comes the fairest harmony’.

Principle 5: Friendship. Friendship defines how people relate to each other, feel equal to them in most standards, but still respect each other irrespective of their attributes or shortcomings.

Friendship was pivotal in the life of ancient Greeks and no one could attain happiness and tranquility without it. According to the ancient Greeks ‘friendship’ (*filotis*), was more important than money, property, wealth and other material values. They greeted each other by ‘Oh Filotis’, meaning ‘Hi my friend’.

Ancient Greeks did a lot of activities with their friends: Wrestling and gymnastics to keep up fitness as well as athletics including boxing, discus, running, javelin, and long jump.

Other activities included knucklebones, playing music, and spending time talking with friends and telling stories, playing board games, playing with bow and arrows, or sling shots, swimming, having dinner parties (symposia) and going to public gymnasiums.

Friendship was also more than evident in names as well. There were several such names (over 35) that had the prefix of 'phil', denoting friendship (e.g. Phillip=lover of horses, Philomila=friend of harmony, Philiston, Philoklis, etc.) and which were given to the children of Ancient Greeks by their parents. **Philotes** (or Filotis) was the semi-goddess (spirit) of friendship and affection.

The Seven Sages recommend: 'Interact with everyone'. 'Behave always with courtesy'. 'Socialize with wise people'. 'Do not suspect anyone'. 'Do not acquire friends quickly. When, however, you acquire them, do not reject them quickly'.

Principle 6: Kalokagathia (Goodness and Kindness). This is like a coin of two faces. Goodness defines the state or quality of being good. Kindness is a personal quality that enables an individual to be sensitive to the needs of others and to take personal action and do noble deeds on behalf of others to meet those needs. It also encompasses personal virtue, courtesy and moral excellence in character. It may be considered synonymous to the Greek term of 'christotes', meaning useful (from 'chrao'=use), good, honest, upright and magnanimous.

'Kalokagathia' is a word of Greek origin. It is an ideal of human upbringing, popular in ancient Greece. This meant a combination of both external and internal features, especially physical efficiency, mind and character development. It involves notions of **symmetry** important to Greeks. The word '*kalokagathia*' means the character and conduct of '*kalos kagathos*', that is, of the perfect and just man; thus it includes kindness, uprightness, and honesty, attributes that finally lead to happiness. In classical Greek, the meaning of the word '*kalos*' is linked with the human physique rather than human character; thus, '*kalos*' has to do with the beauty, the harmony, of the body, attained through physical exercise. The word '*agathos*' means the good and virtuous man, who is wise, brave, and just.

Kalokagathia was the semi-goddess (spirit) of nobility and goodness. She was associated with virtue (Greek '*areti*') and excellence (Greek '*eukleia*').

The Seven Sages recommend: 'Your words should be words of kindness and respect'. 'Pursue harmonic co-existence'. 'Praise the good'. 'Struggle without losing your good reputation'. 'Do not beautify your external appearance, but you should look to become good in your behavior'.

Principle 7: Courage. Courage is one of the so-called ‘cardinal values’, first identified by Socrates and noted by Plato, his disciple, in ‘Protagoras’:

Cardinal Value 1: Prudence = Ability to judge between actions at a given time;
Cardinal Value 2: Temperance = Practicing self-control, abstention and moderation;
Cardinal Value 3: Courage = Endurance and ability to confront fear and uncertainty;
Cardinal Value 4: Justice = Proper moderation between self-interest and the need of others.

Plato says: ‘Friendship, freedom, justice, wisdom, courage and moderation are the key values that define a good society’.

It is also one of the four cardinal virtues of the Stoic philosophy: Wisdom (*Sophia*), Courage (*Andreia*), Justice (*Dikaiosyne*), and Temperance (*Sophrosyne*).

The **Seven Sages** recommend: ‘Carry out your activities with no fear and without losing your courage’. ‘Do not abandon what you have decided’. ‘Do not be in a hurry to do something, although, once you have started, be steady in doing it’¹⁵.

Epictetus coped with this insecurity by constantly reminding himself what he could control and what he couldn’t. We can control our thoughts, beliefs and attitudes, but everything else is to some extent out of our control – other people’s perceptions and behaviour, the economy, the weather, the future and the past.

If you focus on what is beyond your control, and obsess over it, you ‘will end up feeling helpless. Focus on what you can control, and you will feel a measure of autonomy even in chaotic situations.

Resilience was built by courage. Courage, in ancient Greek culture was based on the **agonistic ethic** which helped ancient Greeks build resilience and withstand better the rigors of life.

This ethic is based on the concept of **Agon**. **Agon** is an ancient Greek word in reference to several things. In general, the term refers to a struggle or contest. In its broader sense of a struggle or contest, ‘*agon*’ referred to a contest in athletics, music or literature at a public festival in ancient Greece. Building personal resilience is probably best illustrated by the Socratic method of inquiry.

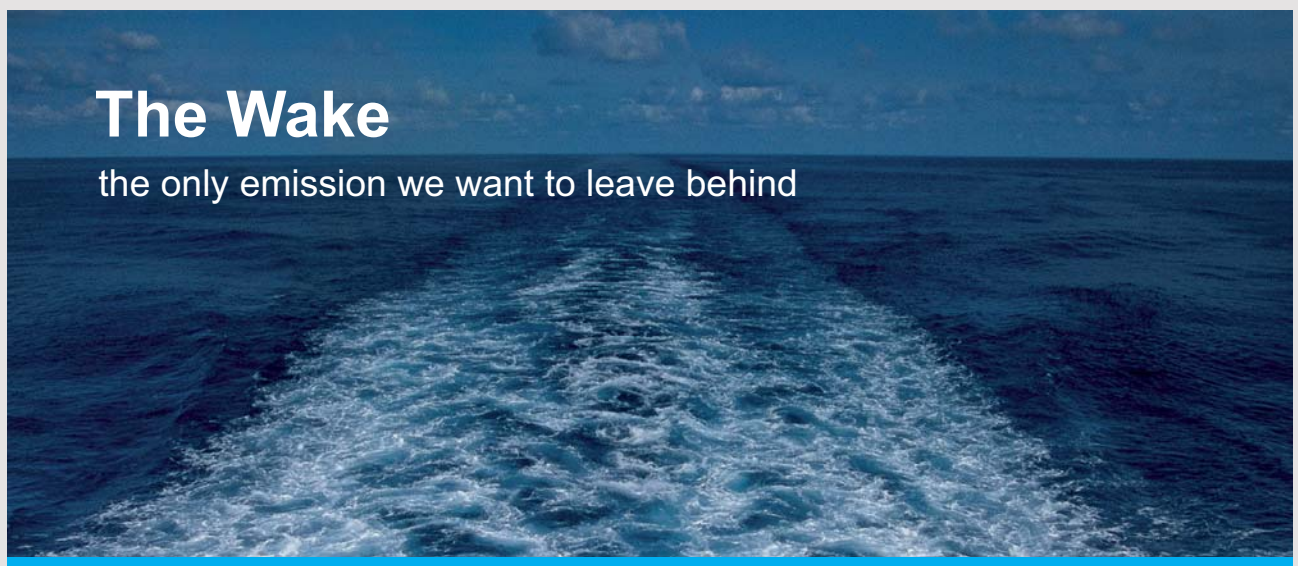
This method (Socratic method) named after Socrates, is a form of inquiry and discussion between individuals, based on asking and answering questions to stimulate critical thinking and to illuminate ideas and concepts.

APPENDIX 12: CORPORATE SOCIAL RESPONSIBILITY POLICY

Summary: This appendix contains an example of a corporate social responsibility policy that may be used ‘as is’ or customized and amended accordingly in the process of designing, developing and implementing a corporate philanthropic program for a company.

An example of a corporate responsibility policy follows next:

1. Our Company ‘XXX’ (a fictitious name) focuses on delivering essential products and services to millions of people every day.
2. By understanding our impact on society, the economy and the wider environment, we can develop positive relationships with stakeholders to benefit both business and the community.




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3. Outlining our approach to corporate responsibility with details of the policies and initiatives that illustrate our commitments, includes:

3.1. How our core products and services impact on society including how we buy and sell goods and services;

3.2. Information about the major environmental impacts of our business and how we are working to reduce them;

3.3. How we support our employees within the working environment to help them balance the competing demands of work and life;

3.4. How we seek to achieve positive impact in local communities through our community investment program; and

3.5. How we are managing key diversity issues through developing a greater understanding of customer and employee needs’.

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