

Control as it is

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Chapter 1. Understanding risk-based audit planning

What are risks?

- Risk
- Inherent risk
- Residual risk
- Acceptable level of risk

Control, responsibility and accountability

- **Control** is one of the key **functions** of the management system.
- **The responsibility** for exercising control lies both with an organization's management and every employee.
- **Accountability** means recognition and acceptance of responsibility for actions, products, decisions and policies, including administration, management and implementation within the framework of one's position and the obligation to communicate, explain and bear responsibility for the consequences incurred.

Purpose of controls

The main purposes of control are to **reduce risks** facing the organization, provide assurance that its objectives are achieved, prevent unintended uses of property, and exclude the attempts of embezzlement or theft of assets, using the following forms of control:

- ❑ **Identification of deviations** from the requirements of regulations of various levels.
- ❑ **Analysis** of reasons of the deviations (including human resource issues).
- ❑ **Correction**, i.e., development of proposals to eliminate the identified deviations.
- ❑ **Prevention**, i.e., development of measures to prevent such deviations in the future.
- ❑ **Enforcement**, i.e., bringing to account individuals who have committed violations.

Types of control

- Monitoring
- Review
- Data reconciliation and analysis

Performance of controls

- Manual
- Automated
- Semi-automated

THANK YOU

