

Internal control



Internal control is the combination of activities, arrangements, policies and efforts of the workforce in an institution which are aimed at offering a realistic guarantee that the organization will attain its goals and mission. It is aimed at attainment of the organization's mission. This calls for every employee to be conversant with the vision and mission statements of the organization. Generally, internal control enhances operations that are orderly and in line with the organization's mission. Internal control also safeguards against mismanagement as it promotes observance of company policies and regulations (Duchac, Reeve, & Warren, 2011). There five elements of internal control are as follows:

Control environment is a constituent that presents order for the other internal control components. It helps in placing the tone of an organization and adds awareness of the control used on members of the organization. Risk assessment is the second component of internal control which refers to the recognition and evaluation of relevant risks towards attainment of organization's objectives (Duchac, Reeve, & Warren, 2011). One of the prerequisites of risk assessment is the formulation of objectives that are correlated and solid.

Control procedures refer to the policies and practices that an organization upholds to address areas that are vulnerable to risk. This component is important in preventing wrong actions from happening in the organization by ensuring that every employee is accountable to their duties (Duchac, Reeve, & Warren, 2011). Information and communication component refers to how relevant information is recognized, gathered and communicated in a form and time frame that allow everyone to execute their duties. It is an important

component since it allows effective passage of information from management to the employees so that they can understand their responsibilities in the organization (Duchac, Reeve, & Warren, 2011).

Monitoring forms the last component of internal control. It is a method that evaluates the quality of an organization's performance (Duchac, Reeve, & Warren, 2011). Monitoring include activities that give information about possible and genuine challenges in a control system that would make it difficult for an institution to realize its goals.

It is worth mentioning that control environment is taken as the most important of all other components in internal control. This is because it promotes the best actions and protects against wrong decisions and acts from happening. It should be noted that internal controls are dynamic and evolves over time (Duchac, Reeve, & Warren, 2011). Therefore, the management of any given system ought to establish whether internal controls that have been applied are still significant to deal with the new risks.