



Internal Controls: Insurance,
EH&S, Customer and
Professional Services, and Entity-
Level Controls

Course #1145A

Audit

2 Credit Hours

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INTERNAL CONTROLS: INSURANCE, EH&S, CUSTOMER AND PROFESSIONAL SERVICES, AND ENTITY-LEVEL CONTROLS

In this course you will learn to identify key assets, identify which types of insurance are necessary, identify the role of internal controls on EH&S regulations, recognize the importance of customer input, recognize the role of PS metrics, and recognize the role of entity-level controls.

LEARNING ASSIGNMENTS AND OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

SUBJECTS

Chapter 1: Protection of Assets: Human, Physical, and Intellectual (chapter titles)
Chapter 2: The Insurance Process
Chapter 3: Environmental, Health, and Safety (EH&S)
Chapter 4: Customer Services
Chapter 5: Professional Services (PS)
Chapter 6: Entity-Level Controls

Study the course materials from pages 1 to 88

Complete the review questions at the end of each chapter

Answer the exam questions 1 to 10

Objectives:

- Identify key assets.
- Identify which types of insurance are necessary
- Identify the role of internal controls on EH&S regulations
- Recognize the importance of customer input.
- Recognize the role of PS metrics.
- Recognize the role of entity-level controls

NOTICE

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EXAM OUTLINE

- **TEST FORMAT:** The final exam for this course consists of 10 multiple-choice questions and is based specifically on the information covered in the course materials.
- **ACCESS FINAL EXAM:** Log in to your account and click Take Exam. A copy of the final exam is provided at the end of these course materials for your convenience, however you must submit your answers online to receive credit for the course.
- **LICENSE RENEWAL INFORMATION:** This course qualifies for **2** CPE hours.
- **PROCESSING:** You will receive the score for your final exam immediately after it is submitted. A score of 70% or better is required to pass.
- **CERTIFICATE OF COMPLETION:** Will be available in your account to view online or print. If you do not pass an exam, it can be retaken free of charge.

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CHAPTER 1: PROTECTION OF ASSETS: HUMAN, PHYSICAL, AND INTELLECTUAL

Chapter Objective

After completing this chapter, you should be able to:

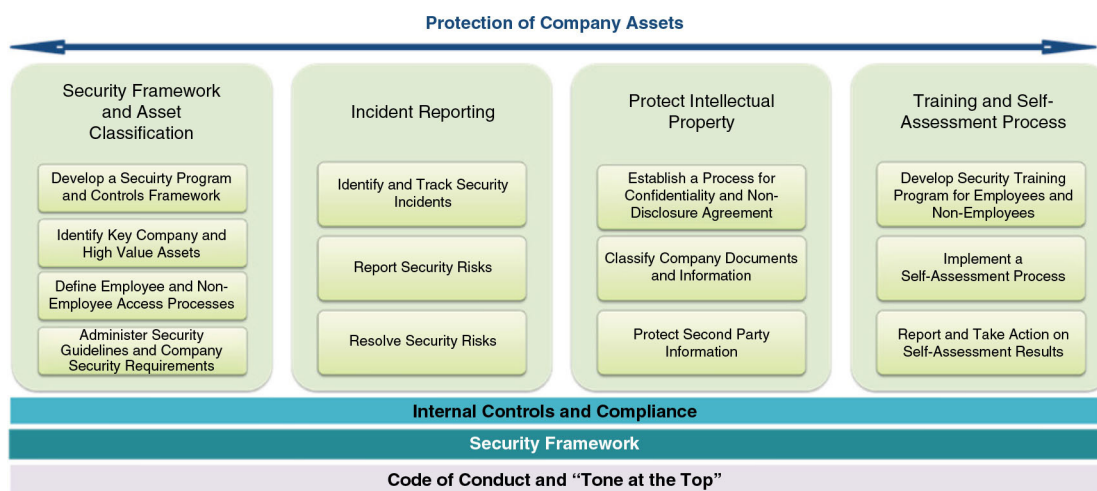
- Identify key assets.

INTRODUCTION

This section includes the functions necessary for all members of management to effectively fulfill their responsibility to secure the company's assets and employees, maximize profitability, and enhance the maintenance of business continuity. All policies, procedures, and practices implemented to fulfill these standards must be based on compliance with local laws and practices that may be specific to a particular site or business process. (e.g. Payroll, Treasury, Accounts Payable, etc.)

PROCESS OVERVIEW

The diagram below suggests that the foundational elements that support the protection of human, physical, and intellectual assets are Internal Controls and Compliance, Security Framework, and Code of Conduct and "Tone at the Top."



METRICS

Table of Metrics
Security Metrics <ul style="list-style-type: none">• Number of Corporate Facilities• Number of Security Policies, Standards, Procedures, and Metrics with Committed Owners• Percentage Compliance with Security Policies, Standards, Procedures, and Metrics• Company Employee Security Awareness Level• Number and Severity of Findings in Audit Reports and Self-Assessments• Number of Internal Controls Identified• Percentage of Internal Controls Tested• Number of Security Incidents Reported per Fiscal Period• Time Lag Between Incident and Detection• Number of Nuisance Alarms• Security Cost as a Percentage of Total Company Revenue• Number of Safety Hazards Proactively Identified and Eliminated annually• Number of Failed Responses to Issues Identified by Security
Intellectual Property <ul style="list-style-type: none">• Number of Background Checks Conducted for New Hires• Time Spent per Employee in the Innovation Process• Cost to Support Innovation Initiatives• Number of New Products, Services, or Inventions Generated Annually• Revenue Generated from Sales of Products Using Patented Assets• Revenue Opportunities Generated from Licensing New Products• Revenue Loss from Violations of Non-Disclosure Agreements

APPLICATION OF INTERNAL CONTROL

All policies, procedures, and practices implemented to fulfill these standards must be based on compliance with local laws and regulatory requirements and practices that may be specific to a particular site or company unit.

SUB-PROCESSES

The specific functions in this section are:

- 1.1 Security Framework
- 1.2 Perimeter Security
- 1.3 Interior Security
- 1.4 Protecting Intellectual Property

1.1 SECURITY FRAMEWORK

Introduction

Management must designate a specific employee (or employees) to be responsible for the administration, maintenance, and implementation of the local security program and implement a tracking and reporting process for reporting and correcting issues.

Standard of Internal Control

- 1.1.1 **Security Program Administration.** Management must designate a specific employee (or employees) to be responsible for the administration, maintenance and implementation of the local security program.
Refer to risks: A-1, A-4
- 1.1.2 **Physical Security Personnel.** Management should ensure that security personnel or those providing security functions are appropriately prepared for discharging their responsibilities by:
- a. Having a documented training program, including any specialized training that is appropriate for the site or company unit
 - b. Consistently and uniformly applying and supporting security procedures
 - c. Having a written agreement, consistent with these standards and approved by the Legal, Risk Management, and Worldwide Corporate Security, that defines performance expectations whenever contract guard services are being used
 - d. Conducting a pre-employment and drug screening process (e.g. interview of references, criminal records check, and confirmation of education and prior employment) in accordance with appropriate national and local laws
- Refer to risks: A-1, A-3, A-4, A-7**
- 1.1.3 **Security Guidelines.** These standards must be used to form the basis of all security programs. All security guidelines and procedures must be maintained and available to all affected employees. All policies and procedures related to security must be submitted to corporate security for approval. Issues arising from this approval process will be referred to the director of corporate security for resolution.
Refer to risks: A-1, A-2, A-4, A-5, A-6