

UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT

MANAGE GOVERNMENT RELATIONS

Control practices

The following control objectives provide a basis for strengthening your control environment for the process of managing government relations. When you select an objective, you will access a list of the associated business risks and control practices. That information can serve as a checklist when you begin reviewing the strength of your current process controls.

This business risk and control information can help you assess your internal control environment and assist with the design and implementation of internal controls. Please note that this information is at the generic business process level and many companies will need to go beyond generic models to address the specific business processes that support the financial and nonfinancial disclosures being made. You can combine the insight of this business risk and control information with your industry-specific knowledge and understanding of your company's environment when conducting internal control assessments and designing and implementing recommendations.

Effectiveness and efficiency of operations

- A. Management attempts to legally influence government policies and regulations that have an impact on the company's objectives.
- B. Management participates in the standard setting process.

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Business risks

- Management will not understand government policies.
- The company will make illegal lobbying efforts or payments. Lobbying efforts or payments will stimulate scrutiny of the company's actions.
- Laws and regulations that are not in the interests of the company will be introduced.

Control practices

1. Hire and train personnel experienced in government affairs.
2. Implement a process to ensure compliance with rules and regulations regarding lobbying and political action committees.
3. Communicate a formal code of conduct to all appropriate personnel that addresses ethical and expected actions in this area.
4. Require management and/or board of director approval of donations and lobbying efforts.
5. Monitor regulatory and other government information and communicate changes or developments to appropriate personnel.
6. Join industry or trade organizations that lobby legislative or regulatory bodies.

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B. Management participates in the standard setting process.

Business risks

- Standards that are not in the company's best interests will be produced and/or enforced.
- The company will not take advantage of opportunities to assist in developing standards that will benefit the company.
- The company will not take advantage of opportunities to increase public and industry awareness of the company and establish a reputation as an industry leader.

Control practices

1. Engage management to speak publicly about industry issues.
2. Pursue opportunities to serve on government standard setting boards or advisory committees.
3. Require management to prepare responses to requests for public feedback on proposed standards.
4. Pursue opportunities to establish a reputation as an industry leader.