Electrolux Control System – Roles and responsibilities (for larger reporting units)

Role	Sector/Group staff internal control coordinator	Reporting unit internal control coordinator	Process owner	Control operator	Management tester
Typically who	Senior person within the Finance organization in the Sector or Group Staff function.	Controller or CFO for the reporting unit.	Person with overall responsibility for the process, e.g., warehouse manager, purchase manager, sales manager.	Person performing the daily activities within the process, i.e. warehouse operator, accounts payable clerk, accounts receivable clerk.	Person with process knowledge but not performing daily activities in the process to ensure independence.
Main responsibilities	* Monitor and report on the effectiveness of controls. * Identify skilled resources to ensure sustainability.	* Plan, coordinate and monitor the timeliness of the documentation, testing and improvement of controls. * Support the process owners, control operators and management testers.	* Ensure that controls are implemented within the process. * Execute remediation, i.e., improvement activities when controls have been tested and deemed not effective.	* Document control descriptions. * Perform control activities. * Maintain evidence of controls performed.	* Perform testing of controls. * Document and report test results.

ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 90–91.

The Electrolux Control System Program Office, a department within the Internal Audit function, has developed the methodology and yearly time plan for maintaining the Electrolux Control System. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group, see table Electrolux Control System – Roles and responsibilities above.

Over the last years, training and support have been provided to the thousands of persons with assigned ECS roles globally. The objective of the training has been to educate in risk and internal control and provide hands-on tools and techniques in order to effectively carry out the assigned responsibilities. These training sessions have been a mix of regional training sessions, computer-based training modules and net meetings.

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting, for significant accounts in the financial reporting for the Group. Risks assessed also include risk of loss or misappropriation of assets.

At the beginning of each calendar year, the Electrolux Control System Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. For each process, key risks are identified and documented. See below examples of key risks within processes generating transactions to the significant account trade receivables.

All larger reporting units perform the ECS activities. These larger units cover approximately 75% of the total external sales and external assets of the Group.

ECS has been rolled out to almost all of the smaller units within the Group. The scope for these units is limited to the four major processes Closing Routine, Order to Cash, Manage Inventory and Procure to Pay and predetermined key risks within these. The scope is also limited in terms of monitoring as management does not formally have to test the controls.

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Risk assessment – Example trade receivables

Internal Control and Risk Management — Risks assessed

Closing Routine — Risks assessed

Manage IT — Risks assessed

Order to Cash — Risks assessed

Significant account: Trade receivables

Control activities – Example trade receivables

Process	Risk assessed	Control activity	Type of control
Internal Control and Risk Management	Risk of incorrect and inconsistent financial reporting.	Periodic controls to ensure that the Accounting Manual is updated, communicated and adhered to.	Entity-wide control
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.	Manual control
Manage IT	Risk of unauthorized/incorrect changes in IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.	IT general control
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.	Manual control
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.	Application control