UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT
MANAGE MERGERS AND ACQUISTIONS

Control practices

The following control objectives provide a basis for strengthening your control environment for the process of managing mergers and acquisitions. 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. Mergers and acquisitions expenditures are authorized properly.

Reliability of financial reporting
   A. Authorized expenditures are recorded in purchase accounting for the proper period.
   B. Tangible and intangible assets receive proper valuation.
   C. Purchase accounting is applied properly.
   D. Financial results of the companies are combined accurately.

Effectiveness and efficiency of operations

A. Mergers and acquisitions expenditures are authorized properly.

Business risks
- The company will incur unnecessary mergers and acquisitions expenditures.

Control practices
1. Ensure that a member of management at an appropriate level authorizes contracts and
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