

**UNIVERSITY OF TOLEDO associated business risk and control information as a checklist 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. Production schedules minimize inventory levels while ensuring sufficiency of inventory to meet expected demand.
- B. Made-to-order products are produced on time.
- C. Production downtime is minimized.
- D. Employees and management are provided with the information needed to control the production scheduling process.
- E. Relevant man



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SCHEDULE PRODUCTION**

**B. Made-to-**



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**E. Relevant management information is provided to managers and empowered employees on a timely basis.**

**Business risks**

- Information used to support business decisions will not be relevant.

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**F. Production schedules are complete and accurately reflect source information.**

**Business risks**

- Errors or omissions in production schedules will result in over- or underproduction.

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## **G. Performance measures used to control and improve the process are reliable.**

### **Business risks**

- Inaccurate measures will result in erroneous perceptions about what actually is happening in the process, resulting in inappropriate decisions.
- Measures calculated with inaccurate data will drive behavior that is inconsistent with management objectives.

### **Control practices**

1. Develop relevant performance measures to show management whether the scheduling process is aligned with company objectives.
2. Identify and understand customer expectations and the company's goals in relation to improving product quality, reducing costs, and compressing cycle time.
3. Select performance measures that are quantifiable and controllable and that stimulate continuous improvement.
4. Select performance measures that link the production scheduling process to company goals and customer expectations.
5. Ensure that an understanding of how the scheduling process contributes to customer requirements and overall objectives drives all performance measures.

Compliance with applicable laws and regulations

## **A. Production schedules comply with applicable laws and regulations.**

### **Business risks**

- The company will incur fines or other penalties.

### **Control practices**

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