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WHITEPAPER

Process Is Not Control

What blurring the two does to testing, and to the audit bill

> *«The control was there all along. It just was never written down as one.»*
> — Reto H. Wenger

Prepared for CFOs, Senior Finance Management, Finance Team Leads and Control Owners

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ICS & SOX | Internal Audit | Risk Management | Compliance

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1. Process is not control, and never was

If process were control, we could all go home.

If process were equal to control, every staff member would simply check their own work, and self-checking would be the one and only control anybody ever needs. Four-eyes principle, segregation of duties, an internal control system as such: all of it redundant.

It is exactly the opposite. Internal control exists precisely because people, all of us, do not reliably catch their own mistakes, and because the occasional person may not want to. Separating process from control is therefore not methodology hair-splitting. It is the very reason internal control exists in the first place.

Three layers, one at a time

Layer	What it is	Who does it	The question it answers
Foundation	A well-managed process, a reliable system and a diligent staff member applying due professional care	The process owner and team	Is the work done right the first time?
Monitoring	Organization structure and intelligent oversight by (hopefully!) qualified supervisors: trends, KPIs, plausibility	Line management	Are we on track, and would we notice if we were not?
Control	The check: an independent review of someone else's work, with a defined precision and evidence	Someone neither owning nor involved in the process	Is this specific output right, and can we prove it?

The foundation comes first. If it is not there, no control will rescue you. So when a control fails, ask where the root cause really lies. More often than not it sits in the process, the system or the skills/staffing, well below the «control failure» one sees at the surface.

And the control? Remember homework back in school. You prepared it: you were the process owner. Then you handed it in, and your teacher checked and graded your work. The teacher did not do your homework, and you did not grade yourself. **That is the difference. Simply put.**

2. What happens when the two are blurred

The walkthrough turns into fact-finding, and fact-finding turns into billable hours.

- **The walkthrough becomes a mixture.** The auditor, in most cases a finance professional with deep accounting knowledge but limited process understanding, struggles to see where the risk sits and which step actually mitigates it. Endless questions follow.
- **The audit bill grows.** All that fact-finding, oftentimes done by armies of juniors, takes time. Everything not well prepared translates 1:1 into billable hours. You do know that this is a business model, right?

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- **The written controls are a mix of layers.** Some process verbiage, some monitoring elements, a few control attributes. And not seldom without a clear owner, control type, degree of automation, periodicity and evidence.
- **The result is a disappointing one.** Design not effective. Or, if the design passes, only limited operating effectiveness. Findings, remediation plans and re-testing follow, and so does the next invoice.

The same activity, written two ways

Version	Control description
Blurred	«Accounting prepares the month-end accruals based on input from the business and posts them in the ERP. The Head of Accounting monitors accrual levels and ensures they are complete and correct.»
Separated	«By working day 4, the Head of Accounting, who neither prepares nor posts accruals, reviews the accrual listing (report validated for completeness and accuracy) against business confirmations and the prior month. All items above CHF 25,000 or deviating by more than 10% are investigated and resolved. Evidence: signed listing with investigation notes, stored in the control repository.» Detective, manual, monthly.

The first version describes a process and a hope. The second describes a control an auditor can walk through in minutes, and test without a single follow-up question.

3. The worst (or the best) part: it is all there

Capable people, well set-up systems, sensible checks. Just not written down logically.

In most cases we have seen, the entirety of activities is actually there: process, monitoring and controls, mostly done as it should be, by capable people on well set-up systems. It just is not written down logically anywhere. That is where the root cause really lies. Bad news for the audit, but good news for the fix: nothing needs to be invented, only written down properly.

The expensive shortcut

Which is exactly why the tempting shortcut does not work. Spending half a fortune on having someone write up state-of-the-art controls, force-fitted over processes that may well be dysfunctional and a system landscape that may not be solid, achieves one thing, and one thing only, in all cases: you pay the bill and get absolutely nothing for it.

- **No effective control.** A framework that describes how things ought to work, rather than how they actually work, fails at the first walkthrough.
- **No buy-in.** Nobody recognizes their own work in it. A second, and oftentimes a third, round follows.
- **No knowledge gained.** Nothing from the exercise stays in the house. Outsourcing something that inherently belongs to each of your staff members is not the most rewarding choice.

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- **No control owners left.** When it all has to be done over again, time is extremely tight, people have next to no say because time will not permit it, and frustration is at an all-time high. That is when your control owners walk away from the initiative.

The slow way is the fast way

Take time. Ask, interview, ask again. Run as many validation rounds on the control design as it takes, dozens if need be, with the people who actually do the work. No quick fix, no «ask AI to write it up for me» and no Friday 5pm spreadsheet-filling exercise. AI does a lot in internal control today. Listening to your people is not part of it.

What you get in return:

- **A set of controls that actually depicts what is happening.** Time and time again. Testable, repeatable, audit-ready.
- **People who buy in.** Those who shape the description of their own work own it. That matters more and more as AI reshapes their roles.
- **A freebie on top.** You will find the hidden spots in your process and system landscape that quietly erode performance: manual workarounds, duplicate reviews, hand-offs nobody owns.

A five-minute self-check

Pick any five controls from your framework and ask:

- **Independence.** Is the control performed by someone who neither owns nor is involved in the process it checks?
- **Attributes.** Does it name an owner, a control type, a degree of automation, a periodicity and its evidence?
- **Precision.** Could an outsider tell exactly what is checked, against which threshold, and what happens when something is found?
- **Separation.** Are process steps and monitoring activities described where they belong, in procedures and in the organization, rather than inside the control?
- **Root cause.** When a control last failed, did anyone look below the surface, at the process, the system and the people?

If you hesitated more than twice, your walkthrough is going to be a long one.

Common sense, in the end

LakeHill GRC accompanies your people along the way without force-fitting anything into the methodology currently en vogue. You will not need armies of externals costing a fortune. What you need is a trusted partner, one, with a proven track record, who has the time to listen to your people and transform your wide array of activities into an effective internal control framework. Simple as that.

And for anything else, including what is not there yet: let's talk.

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THANK YOU FOR YOUR ATTENTION

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