

# The weakness in internal control over cash



The weakness in internal control over cash disbursements is that there is no numbers on the check. If there were numbers on the checks it will be easier to file in order and the number to the check will be the identity of the person and reason for the check for the company's records. Dear Management, The internal control over cash disbursements need to be revised. To maintain, proper and organized documents each check written by this company will have a number on it.

For the safety of our investments the numbers will help locate any check that we will need to look at for review. We will meet tomorrow for a conference on this situation and would like your ideas on strengthening our internal control. Sincerely, Stephanie Acevedo The internal control principles and their application to cash disbursements of Guard Dog Company is all checks must now be Prenumbered and written by using the new check writer purchased by the company, the check amount and invoice amount must be correct.

Only the treasure and the assistant have the code to the combination to all files. weakness in internal accounting control in the handling of collections is that there is no record of how much is actually in the collection basket, no one knows who actually contributed to the basket either. My procedures would be to have the ushers give out receipts to the people who contributed to the basket, the head user would have to count the money and see if it matches up with the receipts, and the financial adviser would have to recount the money and receipts.

And the finance committee will determine what is needed to be purchased with the money and how much stays in the bank. Any company will have accurate records and easy cash flow if they followed the five basic procedures. It is common sense to make sure there are numbers on a check so it can be identified. There should be specific employees assigned to make sure anything the company pays is in writing. All the money received is in the bank and there are invoices that provide the status if it's paid or unpaid.

There should be copies of each transaction in a file cabinet that only two employees have access to. Having control over every penny that goes in and out of a company is the most important thing to do in a company. If there is no proof that an invoice was paid, then the company might pay the invoice twice and lose out on money. When you purchase items in a grocery store, you are handed a receipt at the end of paying.

The receipt will show the date, time, person who rang your items up, a list of every item and the price, the amount you owe, how much you paid and what change is due to you, if any. Everything should be listed and documented from the time to the date to what the items were, to why that money was owed, how the money was for and if there is a balance. No successful company will have an internal cash control like the church scenario. Following the basic internal cash control methods will make any business successful.