

Kudler's internal controls and risk evaluation assignment

[Business](#), [Management](#)



Kudler's Internal Controls and Risk Evaluation When first evaluating Kudler's, one will think they have everything need to have successful internal controls and risk evaluation. Unfortunately as you evaluate their information, they lack many internal control and risk evaluations need to properly run a system. Many of the controls need to have simple corrections like balance of cash drawers and bank deposit. To writing and enforcing policy and procedure to the finance and accounting security to using the embed security features of the REMS system.

What is internal control? Internal control “ describes the policies, plans, and procedures implemented by a firm to protect its assets” (Bagranoff, 2008). Current Internal Control Internal Control to Mitigate Risk We have learned the basic internal control procedure. Our company believes the current procedures are very basic and need to address other issues for the company. These items will build and over all currently to run a check and balance system for the accounting system to work. First, there needs to be more detail in separation of duties.

Separation of duties is “ structures work assignment so that one employee's work activities serve as a check on those of another employee” (Bagranoff, 2008). Within the bank reconciliation procedure, once the manager has made a deposit to the bank they should add all the checks and cash to balance out their daily activity. This report should be sending with the cash courier and reviewed an accounting clerk daily. This will help with catching errors immediately whether then waiting on the bank.

Second this statement needs to be address, “ One employee has responsibility for the daily and monthly bank reconciliations. Additional duties performed by the employee include backup functions for accounts payable and payroll when the employee is not available to perform their responsibilities” (Kudler's Intranet). This one employee should be an assistant manager and they should be able to assist each other and review by the store manager. There are currently two assistant managers to each store. Second, the payroll procedures need these changes.

The information of an employee needs to be entered by human resource assistant. All record should be secured and manager should only have access to phone and address information. The other items have deal information to function as a check in balance. Risk within the System Our company finds the biggest risk in the system is the lack of security. First, there are no written policies for security in the accounting and accounting system. The online system used by the store to run deposit on check should have a security system that only managers/assistant managers can access.

This will prevent an employee access the system and change information to offset the deposit. These deposit should also be calculate by one of the managers and recalculate by another manager. The second risk is the REMS system not using their security feature. If an employee is away from their register for more than two minutes and forgets to sign off, the system should automatically go into a security mode. This system has customer information that may be access.

An employee should have to update their password monthly ensure another employee cannot access their system and they should not reveal this password. The most important function that should be used is the dollar limit feature. All employees should be set-up with a dollar limit, if an employee reaches their dollar limit there should be some safe deposit system. This will protect an employee in a robbery from having a large amount of money and keep them organized. Conclusion Kudler's has learned where they lack in internal control and the risk on their business.

The current procedure needs a separation of powers and specific duties for the manager and assistant managers. Security needs to be used on the REMS system and enforced on the accounting side. Reference Bagranoff, N. A. , Simkin, M. G. , & Strand Norman, C. (2008). Core concepts of accounting information systems (10th ed). New York: Wiley & Sons. Kudler Fine Foods. (2008). Retrieved December 21, 2009, from University of Phoenix ACC/542 Accounting Information Systems Materials Web site: <https://ecampus.phoenix.edu/classroom/ic/classroom.aspx>