

Communication activity byp8-5



**ASSIGN
BUSTER**

John May, Auditor CPA firm of Croix, Marais, and Kale 325 Billingsley Drive Los Angeles, CA 90211 Dear Mr. Mays, As the main auditor evaluating your business I would like to say that it is a pleasure servicing your company. Our CPA firm prides itself at attending the needs of our clients. The audit work to be performed on your company will focus on internal controls. Internal controls are very important in any accounting system. Internal controls are set up in an accounting system to protect the assets of a company. The most valuable asset a company has is its cash account balance. Cash is considered the most liquid current asset. Cash is needed to pay off the short term and long term obligations of a company. Upon review of your internal control system to handle cash our firm found several deficiencies. The person that deposits the checks has properly endorsed checks that are ready for the deposit, but the person does not know the accuracy of his check deposit because he does not have a list of the checks. Adding a list of checks would provide a way to verify if the checks that are supposed to be deposited are there. The person that is handling this transaction is the wrong person. Currently your company is allowing the cashier and the account receivable clerk to handle this transaction. This is a risky move because since these employees are dealing with cash and receivable they could collude against the company and create a fraud scheme to steal money from the firm. Since they are handling all aspects of the cash dealing it would be easy for them to steal without anyone noticing. To fix the problem these employees should no longer handle the check deposits. The weekly deposit routine can be improved by switching to a daily deposit routine. Regards, John May, Auditor Tel. (856-932-1412)