

# Internal control paper



Running Head: INTERNAL CONTROL AND ANALYSIS Internal Control and Analysis Paper Yvonne Dunbar, Renate Jimerson, Lisa Quezada, and Robert Rinker ACC 539 – Accounting for Managerial Decision Making University of Phoenix September 19, 2009 Internal Controls “ Internal Controls are an integral part of an organization’s financial and business policies and procedures, they consist of the measures taken by the organization to protect its resources, ensure accuracy and reliability in accounting and operating data, securing compliance with the policies of the organization and evaluating the level of performance in all units of the organization. (GAO, 1999) In identifying some of the strengths within Jamona. com, our team has agreed that some of the strengths identified are that Jamona. com utilizes controls over information processing as seen in reviewing invoices, utilizing codes for proper expense accounts, entering accounts payable into accounting systems, printing checks, signing checks, mailing checks to vendors and filing invoices. There appears to be prompt and timely recording of transactions and events. The controls will help to ensure that transactions are recorded completely and accurately.

Preventative control activities must be placed in order to help to prevent or deter undesirable acts from occurring such as proactive controls to prevent losses, errors, or omission. Another control that should be put into effect is detective control activities such as monitoring which helps in detecting undesirable acts that may have occurred. They will help with providing evidence that a loss has occurred but it will not help to prevent them from occurring. Some items that may assist with this are internal audits and routing spot-checking of transactions, reports and reconciliations.

Reconciliation Reconciliation of the bank statement includes identifying and investigating differences and taking corrective action, when necessary to resolve differences. Reconciliation must be performed in a timely manner, documented and approved by management. United States Accounting Office (1999). Standards for Internal Control in Federal Government Website, ACC 539 – Accounting for Management Decision Making. Guide to Internal Controls, 2009. Retrieved September 16, 2009 from