

# [Management responsibilities at the company changed that involved](https://assignbuster.com/management-responsibilities-at-the-company-changed-that-involved/)

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Management accountant’s role and responsibilityis to ensure the company’s financial security, essentially handling allfinancial transactions. If I were the management accountant at Diann’s companyI would audit financial statements. I would reconcile each expense receipt andcheck with the bank statement and book report.

I would confirm that there isnot any duplicate submission, checks issued twice, legitimacy of the person orcompany to whom checks are issued and so on. Any irregularitieswould raise the flag and it would alarm the accountant to review it in morein-depth and Diann’s fraud schemes would have been caught. I would have mostlikely noticed the duplicate reimbursements that Diann was issuing for herselfand the personal charges that she was making on her company credit card. Due tothe lack of segregation of duties in our company, it was easy to be reimbursedtwice for the same receipt and make personal charges on her company creditcard. She wore many hats such as, bookkeeping system, handled payroll andinteracted with outside vendor. Due to the lack in segregation of duties Diann saw opportunity to commit fraudulent activities, which couldhave been eliminated or diminished if our company had segregation of roles and responsibilities. An internal auditing function and segregation of duties could have protectedher and our company from the loss incurred due to her fraudulent actions.

Diann was a valued, trustworthy employee and quickly earnedthe respect of her employer. Sometimes trusted employee become violator whenthey are having a financial problem that is non-sharable. When Diann begancommitting fraud, she was going through personal as well as professionalchanges. She was expecting her second child and also her responsibilities atthe company changed that involved significant amount of travelling.

She wasgetting used to the lavish lifestyle that was introduced by her jobresponsibilities. She felt there is no harm in in using the company money forpersonal expenses, such as family trip, bills and office decoration. Additionalresponsibilities and lavish lifestyle caused economic downturn in her life andit caused Diann to commit financial fraud in the company.

Diann’s rationalization to commitfraud started with small clerical mistake when she took a personal family trip. The travel agent charged her family trip to her corporate credit card. Diannhad full intention of rectifying the error but she delayed it over a longer timeperiod. Delayed in notifying the company and not taking the necessary action tocorrect the mistake allowed Diann to rationalize additional charges. If I were Diann, I would have rectified thecredit card charges immediately as soon as I find out and let the owner knowabout it and thought of committing fraud would have never crossed my mind Clearly, internal auditing is an important part of anybusiness regardless of company size and industry. Internal auditing adds valueto the company by protecting the business from fraud and inefficiencies intheir operations.

It allows the company to better measure and manage their risks, which results in an improved overall company. By evaluating risk and making suggestionsto upper management, the internal audit function can save companies from situationslike Diann Cattani’s.