

Management responsibilities at the company changed that involved

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Management accountant's role and responsibility is to ensure the company's financial security, essentially handling all financial transactions. If I were the management accountant at Diann's company I would audit financial statements. I would reconcile each expense receipt and check with the bank statement and book report.

I would confirm that there is not any duplicate submission, checks issued twice, legitimacy of the person or company to whom checks are issued and so on. Any irregularities would raise the flag and it would alarm the accountant to review it in more in-depth and Diann's fraud schemes would have been caught. I would have most likely noticed the duplicate reimbursements that Diann was issuing for herself and the personal charges that she was making on her company credit card. Due to the lack of segregation of duties in our company, it was easy to be reimbursed twice for the same receipt and make personal charges on her company credit card. She wore many hats such as, bookkeeping system, handled payroll and interacted with outside vendor. Due to the lack in segregation of duties Diann saw opportunity to commit fraudulent activities, which could have been eliminated or diminished if our company had segregation of roles and responsibilities. An internal auditing function and segregation of duties could have protected her and our company from the loss incurred due to her fraudulent actions.

Diann was a valued, trustworthy employee and quickly earned the respect of her employer. Sometimes trusted employees become violators when they are having a financial problem that is non-shareable. When Diann

began committing fraud, she was going through personal as well as professional changes. She was expecting her second child and also her responsibilities at the company changed that involved significant amount of travelling.

She was getting used to the lavish lifestyle that was introduced by her job responsibilities. She felt there is no harm in using the company money for personal expenses, such as family trip, bills and office decoration. Additional responsibilities and lavish lifestyle caused economic downturn in her life and it caused Diann to commit financial fraud in the company.

Diann's rationalization to commit fraud started with small clerical mistake when she took a personal family trip. The travel agent charged her family trip to her corporate credit card. Diann had full intention of rectifying the error but she delayed it over a longer time period. Delayed in notifying the company and not taking the necessary action to correct the mistake allowed Diann to rationalize additional charges. If I were Diann, I would have rectified the credit card charges immediately as soon as I find out and let the owner know about it and thought of committing fraud would have never crossed my mind. Clearly, internal auditing is an important part of any business regardless of company size and industry. Internal auditing adds value to the company by protecting the business from fraud and inefficiencies in their 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.