

Out-of-control accounting systems

Profession



Internal Accountant Brief Candace Schneider ACC/544 April 15, 2013

Christine Errico Internal Accountant Brief When a business is experiencing an out-of-control accounting system the business might consider hiring an internal accountant to help alleviate the problem. Before a company decides to hire this type of accountant the company should look at the array of services this kind of accountant can provide to the company. Services of Internal Accountants An internal accountant can provide array of services to a business. One service an internal accountant can provide to a company is performing an internal audit on the business.

Some of the audits an internal accountant can perform are compliance audits, operational audits, or financial statement audits. Compliance Audit If a company hires an internal accountant for a compliance audit the accountant determines if the company's internal controls and accounting is in compliance with company policies as well as laws and regulation. If the accountant finds that internal controls or the accounting information is not in compliance the accountant must determine the cause of the non-compliance as well as recommend ways the company can prevent future deviations (Cytraus, 2013, para.). Operational Audit If a company hires an internal accountant for an operational audit the accountant “ measures the effectiveness and results of certain business procedures” within the business (Farlex, 2013, para. 1). This type of audit is unlike the compliance audit because this type of audit challenges assumptions and goals of procedures by moving toward improving efficiency within the business (Farlex, 2013, para. 1). Financial Statement Audit If a company hires an internal accountant for a financial statement audit the accountant determines if the preparation and

reporting of financial statements by the company follows General Accepted Accounting Principles. Other Services Other services an internal accountant can provide to a business are examining a company's operations, investigating fraud, examining financial reporting, safeguarding assets, checking for mismanagement of funds, and examining compliance of the laws and regulations set for the company. The employment of internal auditors helps to improve a company's internal controls.

Effective working internal controls detect and prevent fraud, which internal auditors test to see if the controls are functioning appropriately. If the company still decides to hire an internal accountant, the company will benefit from this decision in many ways. Benefits of Hiring an Internal Accountant Many benefits exist for a company when the company hires an internal accountant. Some of these benefits includesaving moneyover time, protecting assets, improving performance, and ensuring accuracy of financial statements. SavingMoneyAn internal accountant can help a business save money over time.

This is because the service an internal accountant provides saves the business from potential legal or financial issues. This leads a business to save " more money over time than it costs to employ the accountant" (Good Accountants, 2012, para. 2). Protection of Assets Every year businesses lose billions of dollars because of employee theft. An internal accountant can help alleviate this problem by installing a system of internal controls into the business. The accountant can also monitor the system to ensure no opportunities exist in the system " that might tempt an employee to steal from the company" (Good Accountants, 2012, para.). Along with installing

and monitoring the system an internal accountant can perform random checks on the system to ensure that the internal controls are functioning appropriately. Improving Performance An internal accountant can improve a company's performance by increasing the company's value when the accountant critically analyzes the company's efficiency. An accountant does this by performing an operational audit of the company. This type of audit can help determine whether the company markets its products and services effectively at competitive rates as well as if the company is meeting its short and long-term financial goals.

Ensuring Accuracy of Financial Statements Auditing financial statements by a Certified Public Accountant (CPA) can offer value to a company. These audits puts a company's investors at ease in knowing the company's books are accurate as well as the information in the financial statements are accurate. These audits can lead lenders to view one's company as more reputable, which can lead to lower interest rates for the company when borrowing (Good Accountants, 2012, para. 5). After a company determines the need for an internal accountant the company must find the right internal accountant for the job.

Recommendation One recommends hiring an individual who is a CPA with several years of experience in this field of accounting. This is because the individual will need to have the experience to correct the company's out-of-control system as well as provide additional services the company may need. These services will help the company make informed decisions for the company to exceed and be profitable. One individual in mind to solve the

problem of one's out-of-control system is John Tongren. This is because Tongren has experience in this field of accounting and auditing.

Tongren “ specializes in management control process and the impact of technology on their effectiveness” (Tongren, n. d. , para. 1). He also has “ international recognition for his expertise in the audit and control aspects of information systems” (Tongren, n. d. , para. 1). By one hiring this individual one will know that this individual will solve the problem right as well as inform the company on how to keep the business functioning effectively and efficiently for the company to exceed and be profitable. References Cytraus, A. (2013). Compliance Auditing.

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