

Devry university act

Business



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At the request of the president , an independent internal evaluation of internal controls was conducted to evaluate the direction of strength and weakness. Objective The objectives of this report should evaluate the existing controls and make recommendations that will ensure the companies assets and help get the most accurate financial information. Based on a system of internal checks and balances will be Just in my recommendations to the president of the company, since most of the internal control systems provide for independent internal control; This principle involves the review of data prepared by employees.

To get the maximum benefit from an independent internal control : Control values and Integrity from the top make it clear that it is unethical activities will not be accepted , and set the tone for the company's culture . There are several principles of management : 1 .

Establishment of responsibility : management is most effective when a single source may be responsible for the problem , including the authorization and approval of transactions. Meanness: LLC has only one accountant who serves as treasurer and controller , Inch can optimize the processes , but it creates an inherent risk . Cashier handled informally .

Accountant is so busy that the company handles the checkout bit differently . All employees have access to the petty cash drawer and Just put a note asking if they use any of the cash.

Recommendation: Align the specific obligations to employees to limit access to authorized employees so that the buyer is not the same person who authorizes the payment without the approval of the head at least . Otherwise

, a person may make payments that are made to yourself. Use unique passwords per employee to protect the purchasing system to provide adequate documents and records management. Assign petty cash custodian. Segregation of duties : " After one employee should , without duplication of effort , provide a sound basis for evaluating the work of another employee. "

2 Strength: Accountant receives the checks and completes the monthly bank reconciliation.

This force , as the bank and the company maintain independent records , which may not always agree on what may be a simple mistake of either party. To maintain maximum benefits , a worker who has no other duties associated Ninth cash should prepare a reconciliation. Weakness: The same accountant all purchases of supplies and pays for these researches per hour is a dual role .

Petty cash handled all . 1 .

Divide the purchase task to avoid the temptation of possible abuse. Keeper of the petty cash fund makes payments , but the reviews accountant to recharge . 2 . Require the authorization of the buyer and payment of employees on vacation at different times of the year. 3 .

Documentation and procedures to provide evidence that the transactions and events occurred Strength: Accountant recently started using pre-numbered invoices. Weaknesses: Unclear procedures for shipping requirements , invoices and time signatures in developing accounting documents .

All employees are required only to leave a note in the box , not supply a receipt. Delivery document indicates well have been shipped, invoice sales means that the client has been announced. Use remittance advice (mail receipts) , cash register tapes, and deposit slips .

Require signature to identity the person responsible tort the activity If possible , the user pre- numbered documents . It also helps to ensure that the transaction is no recorded several times or not at all . Require time when documents should be sent in accounting for timely accounting. Require receipts for most, if not all operations on a small number of dollars.

Note: accountant wants to buy an indelible ink machine to print their checks.

I would recommend the purchase of this equipment , depending on the cost-benefit analysis . Keep blank checks in safes with limited access will be my first suggestion to cut spending immediately , with no additional costs . I 4 .

Physical control can be mechanical and electronic asset protection .

Strength: Before leaving for the weekend accountant , accountant will move checks in a safe in his office .

Weakness: For salaries , checks selected accountant and left in his office for pick- up . Cashier box is not locked.

Closed storage inventory and records management and control at all times, and not just for the weekend . Alarm to prevent tampering if appropriate cost benefit Closed petty cash . 5 .

Independent internal verification includes an overview and comparison of the data to reconcile Strength: Does not work . Weaknesses: Unclear procedures
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requirements signatures , such as small cash transactions. Accountant is so busy that the company handles the checkout bit 1 . Require an accountant to examine receipts and documents to verify costs to replenish tends. 2 .

Surprise internal audits 5.

Office of Human Resources Strength: Employees seem to stay with the company for a long time and seems to be loyal . Weakness: The President is still quite embarrassed because he was forced to fire one of their employees for viewing pornography on a company computer. He later learned that this man was a convicted felon who served time for molesting children. Rhea Company had a hard time getting the employee to admit that this is it, because the company does not assign individual passwords.

The President expressed his disappointment because he and an accountant and an interview and approve all new employees. . Perform back ground checks and verify education credentials 2 . Check references , but never used the figures provided a reference sheet 3 . Employees bonds that deal cash 4 .

Assign unique passwords for employees Conclusion: There are limitations of internal control , but they must provide reasonable assurance that assets are protected and accounting are accurate. Currently , as a small company LLC can not have a very complicated system of internal control , but just recognize the reality of the law for trading companies with the public are held at a higher level of compliance