

INTERNAL CONTROL

STUDENTS:
Click here [for](#) solution maps

Accounting system shows **WARNING** signs

MAKE PROFITS - STAY LIQUID

PROTECT ASSETS

CASH

Receivables
INVENTORY
Investments
Equipment/Furniture
Vehicles, Boats, Library etc.

PAY! PAY! PAY!

Suppliers/Creditors
Bank Loan/Mortgage
Payroll & Taxes

HOW?

KEEP ACCURATE RECORDS

- ▶ Monthly Bank Reconciliations
- ▶ Count Inventory - Compare to Books
- ▶ Use Computers
- ▶ Insurance
- ▶ Operational Reviews
- ▶ Internal and External Audits
- ▶ Security

MANAGEMENT - DECISION MAKING

WHAT DO YOU WANT TO KNOW FROM YOUR ACCOUNTING SYSTEM?

Who does what? When?
Who has what authority?

Where is the **cash** coming from?
Where is the **cash** going?

Quality!
Quality?

SEPARATE RECORD KEEPING DUTIES FROM THOSE WHO CONTROL ASSETS

Remove temptation. Don't let the person selling the candy keep the candy records

DOCUMENT ACCOUNTING PAPER MOVES - OFFICIAL NAME → AUDIT TRAIL

Cheques Issued, Deposits, Invoices In, Invoices Out, Purchase Orders Issued/Received, Receiving Reports, Shipping Reports, Bookkeeping Journals, Personnel Records, Tax Files

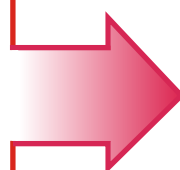
IF YOU DON'T.... PROFITS DIVE - CUSTOMERS GONE

WASTE

Confusion
Duplications
Mistakes
Misunderstandings

FRAUD/THEFT/SABOTAGE

Assets Disappear
Low Quality
Business Crises
Priceless Time Lost



YOU LOSE!