

Capítulo 4 – Controles Internos (libro CONT 3105)

BE4–3 Match each of the following control activities with its definition.

| Control Activities | Definitions |
|---------------------------|--|
| 1. Separation of duties | a. The company should maintain security over assets and accounting records. |
| 2. Physical controls | b. Management should periodically determine whether the amounts of physical assets of the company match the accounting records. |
| 3. Proper authorization | c. The company should provide employees with appropriate guidance to ensure they have the knowledge necessary to carry out their job duties. |
| 4. Employee management | d. The actual performance of individuals or processes should be checked against their expected performance. |
| 5. Reconciliations | e. Authorizing transactions, recording transactions, and maintaining control of the related assets should be separated among employees. |
| 6. Performance reviews | f. To prevent improper use of the company's resources, only certain employees are allowed to carry out certain business activities. |

E4–1 Below are several statements about occupational fraud.

1. For most large companies, occupational fraud is minimal and internal control procedures are unnecessary.
2. Managers have a variety of reasons for manipulating the numbers in financial statements, such as maximizing their compensation, increasing the company's stock price, and preserving their jobs.

3. Internal control procedures include formal policies and procedures related to (1) safeguarding the company's assets and (2) improving the accuracy and reliability of accounting information.
4. "Cooking the books" is a phrase used by accountants to indicate the preparation of financial statements that are free of manipulation.
5. Most occupational fraud cases involve misuse of the company's resources.
6. Common types of financial statement fraud include creating fictitious revenues from a fake customer, improperly valuing assets, hiding liabilities, and mismatching revenues and expenses.

Required:

State whether the answer to each of the statements is true or false.

E4-2 Below are several statements about the Sarbanes-Oxley Act (SOX).

1. SOX represents legislation passed in response to several accounting scandals in the early 2000s.
2. The requirements outlined in SOX apply only to those companies expected to have weak internal controls or to have manipulated financial statements in the past.
3. Section 404 of SOX requires both company management and auditors to document and assess the effectiveness of a company's internal control processes that could affect financial reporting.
4. Severe financial penalties and the possibility of imprisonment are consequences of fraudulent misstatement.
5. With the establishment of SOX, management now has primary responsibility for hiring an external audit firm.
6. The lead auditor in charge of auditing a particular company must rotate off that company only when occupational fraud is suspected.

Required:

State whether the answer to each of the statements is true or false.

E4-3 Below are several statements about internal controls. Answer true-or-false questions about internal controls (**LO4-2**)

1. The components of internal control are built on the foundation of the ethical tone set by top management.
2. Once every three months, managers need to review operations to ensure that control procedures work effectively.
3. Collusion refers to the act of a single individual circumventing internal control procedures.
4. Detective control procedures are designed to detect errors or fraud that have already occurred, while preventive control procedures are designed to keep errors or fraud from occurring in the first place.
5. Fraud committed by top-level employees is more difficult to detect because those employees more often have the ability to override internal control features.
6. A good example of separation of duties would be having one person collect cash from customers and account for it, while having another person order inventory and maintain control over it.
7. Employee tips historically have been the most common means of detecting employee fraud.
8. Detective controls include reconciling the physical assets of the company with the accounting records and comparing actual performance of individuals or processes against their expected performance.
9. Effective internal controls and ethical employees ensure a company's success.

Required:

State whether the answer to each of the statements is true or false.

- **E4-7** Goldie and Kate operate a small clothing store that has annual revenues of about \$100,000. The company has established the following procedures related to cash disbursements: The petty cash fund consists of \$10,000. Employees place a receipt in the fund when making expenditures from it and obtain the necessary cash. For any expenditure not made with the petty cash fund, the employee writes a check. Employees are not required to obtain permission to write a check but are asked to use good judgment. Any check written for more than \$5,000 can be signed only by Goldie or Kate.

Required:

Discuss Goldie and Kate's internal control procedures related to cash disbursements, noting both weaknesses and strengths.

- Discuss internal control procedures related to cash receipts **(LO4-4)**