Name

INTERNAL CONTROL EXERCISE

The following scenarios describe the routine conduct of the management and staff at **Goldkind & Hughes LLP, Chartered Professional Accountants**. For each of the following, indicate which rule of internal control is being violated.

1. The clerk responsible for the firm's daily cash deposits routinely discards the duplicate deposit slip stamped by the teller.

2. Every night dozens of company laptops are left in plain view within the office.

3. Every June a CPA employed by Goldkind & Hughes prepares an audit of the company's books.

4. At least eight individual office assistants have authority to order office supplies on behalf of the firm.

5. Purchases of office supplies by the firm are routinely made with cash.

6. Cheques received from the firm's debtor customers are routinely cashed by Brian Goldkind, one of the firm's founding partners.

7. The firm's cash and cash receipts are typically deposited at the end of every week.

8. Every morning the mail receipts are opened and then recorded by the firm's Senior Office Manager.

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9. Each of the company's three Junior Office Managers has been assigned responsibility for carrying out daily inspections of the firm's client contact records.

10. A bank reconciliation statement is only prepared at the company's fiscal year end every June.

11. The firm's CFO recently executed (signed) a $1 million promissory note with the bank on behalf of the company.

12. Every Thursday a single accounting clerk oversees the preparation of the firm's weekly payroll.

13. The employee in charge of allocating office supplies to the company's various departments is also responsible for preparing receiving reports of those same items.

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