

Office of the State Controller

Self-Assessment of Internal Controls

Example of Inadequate Internal Control

Section: E-Accounts Receivable

Page: E-5 **Procedure:** 25a

Problem noted:

One employee performs both the billing and collecting of accounts receivable processes at the agency. The agency has a limited number of employees.

Corrective action taken:

The accounts receivable employee will perform the billing of accounts receivable. The cash receipts employee will collect the accounts receivable. The accounting supervisor will review the billing and collecting and post to the general ledger. Due to the size of the agency, this is the most cost effective action to take to obtain stronger internal controls.

OR

The billing and collecting accounts receivable process will be redistributed among the accounting personnel to allow for segregation of duties.

Effective date: Next billing cycle.