HOW TO WRITE AN INTERNAL CONTROL!

4 WHISKEYS AND A HOTEL!

Who, what, when, why and How!

For example: Bank reconciliation	
Who should execute the control?	The financial accountant
What documents/records should be used?	Current month's bank statement Bank general ledger account Cash journals Deposit slips and cheque counterfoils
When should it be executed?	At the end of each month in a financial year
Why should it be executed?	To get a fair representation of the bank balance in the F/S To prevent the risk of misrepresentation in the F/S
How should the control be executed?	Comparing the current BS balance and the GL Bank balance and find any discrepancies by using the deposit slips and cheque counterfoils and cash journals. Any corrections the bank would have to adjust would be recorded on the bank recon = output

Now the required part might be:

Discuss the specific internal control with regards to bank reconciliation

And you would answer (based on the above table):

At each month end, the financial accountant would use the current month's bank statement, compare its items with the entries in the bank general ledger account and the cash journals and find any discrepancies by comparing deposits and cheques drawn on the bank statement with the entries in the cash books in order to get a fair representation of the cash (bank) asset for the financial statements.

WE NEVER WRITE "ENSURE"!

THERE IS NO 'SHOULD'. NOT A RECOMMENDATION!