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## Course Information

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**Course Title:** Accounting Controls Guidebook #360118

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

**CPA:** 12 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

### Course Description

Controls are an essential ingredient of the modern business, since they can reduce error rates, minimize fraud, and ensure that **procedures** are completed in a consistent manner. *The Accounting Controls Guidebook* reveals the controls you need for every accounting system, from billings to financial reporting, in addition to such operational areas as order processing, shipping, and receiving. Controls are separately stated for manual and computerized accounting systems. The course also addresses types of controls, control principles, the proper balance of control systems, and how to construct a system of controls. In short, this is the essential desk reference for the accountant who wants to install and maintain a well-constructed system of controls.

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

### Subject Codes/Field of Study

NASBA (CPA): Accounting

### Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: General knowledge of the accounting for sales, payables, payroll, and fixed assets, as well as the production of financial statements.

## Course Content

Publication/Revision date: 5/25/2018.

Author: Steven M. Bragg, CPA.

Final exam (online): Sixty questions (multiple-choice).

## **Instructions for taking this course**

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

## **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

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## Learning Objectives:

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- Cite the situations in which controls can be avoided or must be installed, and note the nature of the best controls.
- Specify the process steps and controls that can be inserted into the order entry process.
- Identify the procedure steps and controls used to process customer requests for credit.
- State the controls used to deal with sales orders, drop shipments, back orders, and merchandise returns.
- Cite the controls used in the computerized and manual issuance of invoices to customers.
- Cite the controls that can be used to provide structure to the collections process.
- State the controls associated with the receipt, recordation, and deposit of cash and checks.
- Identify the different types of controls that can provide structure to the purchasing function.
- State the controls that can be assigned to supplier invoice recordation and payments.
- Specify the controls that can be inserted into the processing of employee expense reports.
- Identify the controls needed to provide a secure environment for the use of procurement cards.
- Specify the steps in the petty cash process flow, how petty cash can be replaced, and the controls that can be instituted for petty cash.
- Recognize the controls used in the receiving area.
- Define the activities needed to create a proper payroll control environment, and note the indicators of payroll fraud.
- Recognize the controls used to safeguard fixed assets.
- State the controls used for cash forecasting, funds transfers, stock issuances, and collateral monitoring.
- Cite the process steps and controls that can be integrated into the period-end closing process, construction of financial statements, and chart of accounts.
- Specify the controls that can be applied to the budgeting process and the monitoring of a project.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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# Preface

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A proper system of accounting controls can mean the difference between a reliable accounting operation that consistently processes business transactions and one that appears to be in a continual state of crisis. In *The Accounting Controls Guidebook*, we discuss the overall system of controls, the controls that can be installed for individual accounting processes, and controls for other systems that are peripherally related to accounting operations.

In Chapter 1, we discuss the accounting controls environment, including the nature of risk, control principles, and how to construct a system of controls. In Chapters 2 through 7, we cover the specific controls needed for the sales cycle, from the initial receipt of orders through credit granting, shipping, billing, collections, and the receipt of cash. This coverage includes an overview of each process, as well as the controls and policies needed for each one. In Chapters 8 through 13, we cover the specific controls needed for the procurement cycle, including purchasing, accounts payable, receiving, and several related topics. Again, this coverage includes an overview of each process, as well as the controls and policies needed for each one. In Chapters 14 through 18, we cover the same types of information for additional topics, including payroll, fixed assets, treasury, and financial reporting.

You can find the answers to many questions about accounting controls in the following chapters, including:

- What is the proper balance of control systems?
- What are the failings of internal controls?
- Which controls are needed for sales orders?
- Which controls do I need for a picking operation?
- How do I prevent fraud related to billing?
- Which controls are needed for writing off account balances?
- How do I prevent the theft of cash?
- Which controls are needed in a manual purchasing system?
- How do I create a cost-effective control system for expense reports?
- How do I prevent buddy punching in the payroll system?
- Which controls are needed to reliably create consistent financial reports?

*The Accounting Controls Guidebook* is designed for both professionals and students. Professionals can use it as a reference tool for creating and revising control systems, while it provides students with an overview of the entire system of controls. Given its complete coverage of the accounting controls topic, *The Accounting Controls Guidebook* may earn a permanent place on your book shelf.

Centennial, Colorado  
May 2018