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## Course Information

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**Course Title:** Accounting Controls Guidebook

#360124

**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** (Accepted in all states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

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.

### Course Content

Publication/Revision date: 5/9/2024.

Author: Steven M. Bragg, CPA.

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

**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.

### Instructions for Taking This Course

- Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
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- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

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- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## Learning Objectives:

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- Identify 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.
- Identify the controls used in the computerized and manual issuance of invoices to customers.
- Identify 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.
- Identify 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 more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

# Table of Contents

---

Chapter 1 - The Accounting Controls Environment .....	1
The Genesis of Accounting Controls.....	1
The Proper Balance of Control Systems .....	2
The Nature of Risk.....	3
Common Fraud Risk Factors.....	4
Control Principles.....	5
The Failings of Internal Controls .....	6
Preventive and Detective Controls .....	7
Manual and Automated Controls .....	7
Constructing a System of Controls .....	8
Special Case - Acquisitions.....	9
Special Case – Employee Turnover .....	9
Special Case – Rapid Growth.....	10
Control System Documentation .....	11
Terminating Controls.....	11
The Negative Impact of Policies .....	12
Controls Education.....	13
Structure of this Book .....	14
Chapter 2 - Order Entry Controls .....	18
Order Entry Process Overview .....	18
In-Process Order Entry Controls .....	20
Alternative Order Entry Control Systems .....	23
Control System for Manual Order Entry.....	23
Control System for Computerized Order Entry .....	24
Additional Order Entry Controls – Fraud Related .....	25
Additional Order Entry Controls – Periodic Actions.....	26
Additional Accounting Policies.....	28
Chapter 3 - Credit Controls .....	30
Credit Process Overview .....	30
In-Process Credit Controls .....	33
Alternative Credit Control Systems .....	34
Control System for Manual Credit Management.....	34
Control System for Computerized Credit Management.....	34
Additional Credit Controls – Fraud Related .....	35
Additional Credit Controls – Periodic Actions.....	35
Additional Accounting Policies.....	36
Chapter 4 - Shipping Controls .....	39
Shipping Process Overview .....	39
In-Process Shipping Controls.....	41
Alternative Shipping Control Systems.....	42
Control System for Manual Shipping .....	43
Control System for Computerized Shipping .....	43
Additional Shipping Controls – Fraud Related .....	44
Additional Shipping Controls – Periodic Actions.....	45
Chapter 5 - Customer Billing Controls .....	47
Customer Billing Process Overview.....	47
In-Process Customer Billing Controls.....	50
Alternative Customer Billing Control Systems .....	53
Control System for Manual Customer Billings.....	53
Control System for Computerized Customer Billings .....	54
Additional Customer Billing Controls – Fraud Related.....	55
Additional Customer Billing Controls – Periodic Actions .....	56

Additional Accounting Policies.....	58
<b>Chapter 6 - Collection Controls .....</b>	<b>60</b>
Collection Process Overview .....	60
In-Process Collection Controls .....	62
Alternative Collection Control Systems .....	63
Additional Collection Controls .....	64
Additional Accounting Policies.....	65
<b>Chapter 7 - Cash Receipts Controls .....</b>	<b>67</b>
Cash Receipts Process Overview .....	67
In-Process Cash Receipts Controls .....	71
Alternative Cash Receipts Control Systems .....	74
Control System for Cash Receipts .....	74
Control System for Check Receipts .....	75
Control System for Lockbox Receipts .....	76
Control System for Remote Deposit Capture.....	77
Additional Cash Receipts Controls – Fraud Related .....	78
Additional Cash Receipts Controls – Periodic Actions .....	81
Additional Accounting Policies.....	81
<b>Chapter 8 - Purchasing Controls .....</b>	<b>84</b>
Purchasing Process Overview .....	84
In-Process Purchasing Controls.....	87
Alternative Purchasing Control Systems.....	89
Control System for Purchasing with Bids.....	89
Control System for Purchasing without Bids.....	90
Controls for Purchasing with a Computerized System .....	91
Purchase Order Clearing .....	92
Additional Purchasing Controls – Fraud Related .....	93
Additional Purchasing Controls – Periodic Actions.....	94
Additional Accounting Policies.....	95
<b>Chapter 9 - Accounts Payable Controls.....</b>	<b>98</b>
Accounts Payable Process Overview .....	98
In-Process Accounts Payable Controls .....	100
Alternative Accounts Payable Control Systems.....	105
Control System for Manual Accounts Payable .....	105
Control System for Computerized Accounts Payable.....	106
Control System for Evaluated Receipts .....	108
Additional Payables Controls – Trend Analysis .....	109
Additional Payables Controls – Fraud Related .....	110
Additional Payables Controls – Periodic Actions.....	111
Additional Accounting Policies.....	112
<b>Chapter 10 - Expense Report Controls .....</b>	<b>115</b>
Expense Report Process Overview.....	115
In-Process Accounts Payable Controls .....	117
Alternative Expense Report Control Systems .....	119
Control System for Manual Expense Reporting .....	119
Control System for Computerized Expense Reporting.....	119
Additional Expense Report Controls – Fraud Related.....	120
Additional Expense Report Controls – Periodic Actions .....	121
Additional Accounting Policies.....	122
<b>Chapter 11 - Procurement Card Controls .....</b>	<b>124</b>
Procurement Card Process Overview .....	124
In-Process Procurement Card Controls .....	125
Alternative Procurement Card Control Systems.....	127

Procurement Card Control System without a Transaction Log .....	127
Procurement Card Control System with a Transaction Log.....	128
Additional Payables Controls – Fraud Related .....	128
Additional Payables Controls – Periodic Actions.....	129
Additional Accounting Policies.....	130
<b>Chapter 12 - Petty Cash Controls .....</b>	<b>133</b>
Petty Cash Process Overview.....	133
In-Process Petty Cash Controls.....	134
The Petty Cash Control System .....	135
Additional Payables Controls – Fraud Related .....	136
Additional Accounting Policies.....	137
<b>Chapter 13 - Receiving Controls.....</b>	<b>139</b>
Receiving Process Overview .....	139
In-Process Receiving Controls .....	140
Alternative Receiving Control Systems.....	142
Control System for Receiving with a Manual System .....	142
Controls for Receiving with a Computerized System.....	143
Additional Receiving Controls – Fraud Related .....	144
Additional Receiving Controls – Periodic Actions.....	144
Additional Accounting Policies.....	145
<b>Chapter 14 - Payroll Controls .....</b>	<b>147</b>
Payroll Process Overview .....	147
In-Process Payroll Controls .....	149
Alternative Payroll Control Systems .....	153
Control System for Manual Payroll .....	154
Control System for Computerized Payroll.....	156
Control System for Outsourced Payroll .....	158
Control System for Cash Payroll Payments.....	159
Additional Payroll Controls – Trend Analysis .....	161
Additional Payroll Controls – Fraud Related .....	161
Additional Payroll Controls – Periodic Actions.....	163
Additional Payroll Controls – Related Activities .....	164
Additional Accounting Policies.....	165
<b>Chapter 15 - Fixed Asset Controls .....</b>	<b>167</b>
Fixed Asset Process Overview.....	167
In-Process Fixed Asset Controls.....	170
Alternative Fixed Asset Control Systems .....	173
Additional Fixed Asset Controls – Fraud Related.....	175
Additional Fixed Asset Controls – Periodic Actions .....	176
Additional Accounting Policies.....	177
<b>Chapter 16 - Treasury Controls.....</b>	<b>179</b>
The Cash Forecasting Controls Environment.....	179
The Funds Investment Control Environment.....	180
The Debt Procurement Control Environment.....	182
The Stock Issuance Control Environment .....	183
Additional Treasury Controls – Fraud Related .....	184
<b>Chapter 17 - Financial Reporting Controls.....</b>	<b>187</b>
Financial Reporting Overview .....	187
In-Process Financial Reporting Controls .....	189
Additional Controls for Public Companies .....	193
Balancing Controls against Speed .....	194
Additional Financial Reporting Controls – Fraud Related.....	194
Additional Financial Reporting Controls – Periodic Actions .....	195
Additional Accounting Policies.....	196

Chapter 18 - Other Controls.....	199
Acquisition Controls .....	199
Budgeting Controls .....	200
Budget Creation Controls .....	200
Budget Integration Controls.....	201
Summary of Budget Controls .....	202
Gift Card Controls.....	202
Information Technology Controls .....	203
Inventory Recordation Controls .....	204
Inventory Valuation Controls.....	205
Project Controls.....	206
Controls for Cost Plus Pricing Arrangements.....	206
Controls for Fixed Fee Pricing Arrangements .....	207
Controls for Internal Projects.....	208
Summary of Project Controls.....	209
Answers to Chapter Questions .....	211
Glossary .....	225
Index .....	229

# 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  
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