

simplify⁺
systems + planning + monitoring

0800 simplify

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Welcome

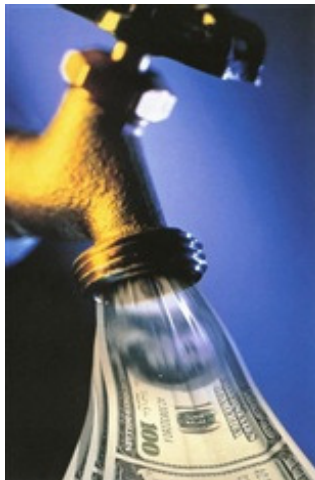
Welcome to our June 2011 quarterly newsletter. This month we focus on internal controls and how they help reduce risk.

Also news this month is that we are now Xero & Unleashed certified (full details below).

What are Internal Controls?

In a nutshell internal controls help an organisation to reduce its risk. They consist of a range of measures which are intended to:

- protect its assets and resources (from intentional or unintentional acts, fraud, waste etc)
- ensure compliance with statutory requirements and organisational policies
- ensure the reliability, accuracy and timeliness of both financial and non financial data



Specific Internal controls will help to ensure such things as:

- All sales get invoiced and that they are at the correct rate
- All costs are charged to jobs
- Funds do not get misappropriated
- GST, PAYE and other tax obligations are met
- Suppliers are not overpaid

[Contact us](#) for an assessment of your internal controls.

What types of controls are there?

Our Business

Our business has grown through word of mouth. If you know anyone that might benefit from our services please send this newsletter to them. We offer a 1 hour initial consultation at no charge.

[refer a friend](#)

Our Services

- + systems review
- + systems restructuring
- + systems implementation & training
- + customised development
- + troubleshooting
- + dashboard style reporting
- + benchmarking
- + business analysis
- + key performance indicators
- + budgeting
- + cash forecasting
- + strategy analysis

Internal controls fall into 2 major categories :

Preventative controls - as the name suggests, these are designed to prevent a problem from occurring

Detective controls - are intended to highlight when a problem has occurred.

There are a number of reasons that you may use a detective control rather than a preventative control. The key reasons are:

There may not be a practical Preventative control.

A Detective Control may be more cost effective.

A Detective control may be more customer friendly. You don't want to put too many barriers between you and your customers.

Effective control design

The costs of implementing and using a control must be carefully weighed against the risk being covered. For example if it is going to cost \$1,000 per annum to operate a particular control and the potential losses in a year are only \$500 you are better off to just accept that there will be some loss.

Some of the most common and effective detective controls (when performed regularly) are:

- Bank reconciliations
- Balance Sheet reconciliations
- Review and variance analysis
- Exception reports
- Reconciliations with supplier & IRD statements
- Review of system audit logs

Some of the most effective preventative controls are:

- Segregation of duties
- Dual authorisations for bank transactions & cheques
- Features such as National Bank's Secure Code for standard/personal Internet Banking or authorisation codes for Business Internet banking
- Passwords
- Ensuring staff take regular holidays

[Contact us](#) to ensure your internal controls are effective and efficient.

News from Simplify

We are now Xero Certified. It is a good choice for many small businesses and is light years ahead of MYOB. Web based business systems such as Xero, Unleashed, Microsoft Office 365 etc certainly appear to be the way of the future for small and medium sized businesses as they remove a lot of the traditional headaches and facilitate easy collaboration with suppliers, customers and business partners.



[Contact us](#) to see if Xero would suit your business.

If you have inventory a great partner product for Xero is Unleashed. We are now an Unleashed Partner and can assist you in implementing and running Unleashed in your business. It is a web based inventory solution that integrates seamlessly with Xero. This is a particularly good choice when you have staff that need to get access to inventory records from many locations.



[Contact us](#) to discuss your inventory requirements.

On the Lighter Side

Accountant ruled out as chair of Health & Safety Committee



contact us

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