



# CRESCO

accounting\_

## Internal Controls & Audit: Importance in Doing Business

**W**hen an owner of a small trading company in Seychelles saw his profits soar higher on the first year of operations, he decided to reward himself by taking a one month vacation in the Philippines. The owner had left the managing of the day to day operations to his most trusted assistant who was already managing his bookkeeping and administration. When the owner came back from his vacation, his assistant gave him glowing reports that everything had run smoothly.

Months passed and the company started to struggle with liquidity issues and had a hard time paying its debts. This was obviously in contradiction to what his assistant had reported to him. Eventually his assistant stopped working and couldn't be contacted anymore. The owner then found out, that the company had incurred so much debt over the recent months that it was forced to file for bankruptcy.

**What went wrong?**

His assistant had cheated on him for personal interest. Unfortunately the trust was misused and the sense of responsibility was not enough for stopping these things from happening.

This is just one of the most common examples of failure of companies in order to recognize the importance of proper Internal Control and Audit.

Money making is important in sustaining a business, but many business owners fail to recognise, that proper Internal Control and Audit is as equally important as is revenue making.

**What is Internal Control and Audit?**

Internal Control is defined as the set of rules and guidelines the company define as its processes for operations in order to achieve operational efficiency and effectiveness, safeguard its assets, minimize errors and fraud by to mitigating risks.

Audit, meanwhile is an objective examination and evaluation of financial information or operations to determine the accuracy and integrity of the data reported. It is usually done by an independent auditor. The scope of audit includes the evaluation of the Internal Controls of a company.

**Leonell Ang Tan**  
CRESCO Accountant



Derived from the story above, the owner could have established a proper segregation of duties and responsibilities and could have set up limitations of approval on the disbursements of cash. This is just one of the many Internal Controls that will maintain checks and balances within the company. At the same time, it is a legal obligation to acquire services from an independent auditor to check the validity of reports and have someone scrutinising transactions of the company.

Managers and CEO's from top companies around the world recognise the importance of auditing and setting up of a good internal control. That is why they don't hesitate to spend millions to acquire consulting services from top auditing firms.

Setting aside a budget for an audit does not necessarily mean spending money to a cost center activity. The benefits may save your company from potential losses due to wrong decisions derived from misrepresented financial information, or fraud.

Our firm, CRESCO Accounting, offers a wide array of quality accounting and auditing services. Our edge from other competitors stems from the diversity of our professionals who are knowledgeable in various accounting softwares, industries and locations. We are fully equipped with a proficient IT infrastructure using Artificial Intelligence to process data input and to support the interpretation of data.

CRESCO Accounting is offering a free first consultation and quote for its services. You can reach us by visiting <https://crescoaccounting.com> or schedule an appointment with our office in Oceanic House, Providence, Mahe Seychelles. An additional office is located in Dubai, United Arab Emirates and we have a fully owned shared services company based in Cebu City, Philippines.



+248 430 3149  
enquiry@crescoaccounting.com  
crescoaccounting.com  
F02-04, Oceanic House  
Providence Estate  
P.O. Box 6038, Mahé, Seychelles



Scan code for more interesting articles