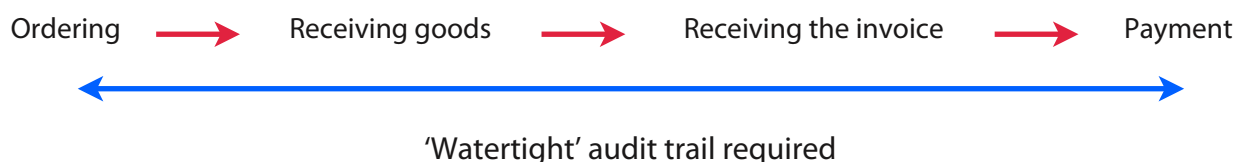


Chapter 13

SOME ACCOUNTING SYSTEMS

1. The purchases system



A good internal control system for purchases will ensure:

- Goods are ordered only as and when needed
- They are ordered at competitive prices, in the required quantities and are of the required quality
- They are ordered from authorised suppliers
- The goods are received as expected (correct time, type, quantity and condition)
- They are booked into inventory
- Invoices are checked to goods received notes and orders
- Invoices are entered properly into the payables ledger
- Payments are made properly to suppliers.
- It should be possible to trace from order through to cash account entry and from cash account entries back to orders and goods requisition notes.

2. The sales system



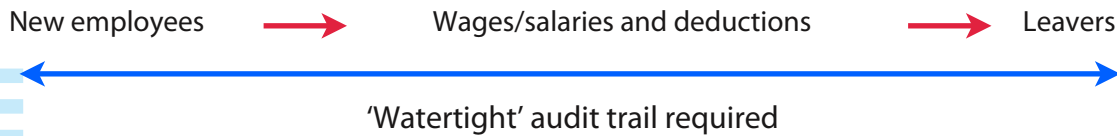
A good internal control system for sales will ensure:

- Orders are accepted from credit-worthy customers only.
- The ordered goods are promptly dispatched
- The goods are received by customers
- All deliveries are invoiced promptly and accurately.
- Invoices are entered properly into the receivables ledger.
- Payment is received when due
- Receipts from customers are accurately recorded



- Credit control procedures should target long-outstanding receivables
- It should be possible to trace from order through to cash account entry and from cash account entries back to orders and dispatch notes.

3. The wages and salaries system



A good internal control system for wages and salaries will ensure:

- Employees are hired only as necessary
- Employees are paid competitive rates
- Hours worked are accurately recorded
- Overtime is authorised
- Net pay and deductions are accurately calculated
- Payments are made accurately to employees, the government and others as necessary
- Employees leaving are promptly removed from the wages system

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