

INTERNAL FINANCIAL CONTROL OVER FINANCIAL STATEMENTS

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Agenda

- What is IFC?
- What is the Purpose/Objectives?
- What are the areas Covered?
- Directors' Responsibility
- Auditors' Responsibility

What is IFC

- **Internal Financial Control** means how effectively business is carried out without jeopardising the interest of the organisations.
- IFC is the process designed and implemented to provide reasonable assurance about the achievement of Entity's objectives with regard to financial reporting, effectiveness & efficiency of operations etc.

Purposes/Objectives of IFC

- Facilitates effectiveness & Efficiency of operations
- Ensures reliability of Financial Reporting
- Assistance in compliance with Laws/Acts etc.
- Safeguarding of Assets

Areas Covered

- General Purpose
- Financial Responsibilities
- Conflict of Interest
- Budgeting
- Cash Management
- Receipts & Expenditures
- Compensation & Pay Rolls
- Purchase & Inventory
- Borrowings
- Fixed Assets
- I T General Controls
- Confidentiality & Records Security

Example of Policy & Procedure of IFC

- **PURCHASES**

- Determination of Quantity to be purchased
- Placing of Orders (Selecting Vendor)
- Ensuring receipt of Material ordered
- Quality Control and acceptance of Goods
- Return of Goods
- Bill Booking and Payment by due date

- **EXPECTATION**

- At Each step of process authorisation required
- Implemented process to be verified at some intervals
- Documentation at each stages

Directors' Responsibility

- Implementation of IFC in organisation
- Checking its operating effectiveness
- Statement in Directors' report about the operating effectiveness of IFC

Auditors' Responsibility

- Testing of IFC Operating or not
- Testing of Effectiveness of Implemented IFC
- Finding the GAPS
- Opinion in Auditors' report about the Operating effectiveness of IFC

We can Help

- Design of IFC (Policies & Procedures)
 - Implementation of IFC
 - Testing the Implemented IFC (Whether operating or Not)
 - Testing the effectiveness of IFC
- * This will come with some extra Cost

THANK YOU