**Unit 7: Internal Controls and Financial Analysis**

**Activity 1: Internal Controls**

1. What are internal controls?
2. List the four specific goals of internal control.
3. Below are seven fundamental elements of internal control. Describe each one:
   1. **Separation of responsibilities for related operations.**
   2. **Custody of assets should be separate from the accounting of assets.**
   3. **Assets should be kept in a safe place.**
   4. **Responsibilities should be clearly assigned.**
   5. **Approval and authorization of transactions should be performed by key employees who meet certain standards.**
   6. **Rotating staff and mandatory vacations.**
   7. **Use pre-numbered documents**
4. Finish this sentence….”Internal control measures must be constantly….
5. A good internal control system will do what?
6. “5% of the people are honest all the time, 5% dishonest all the time and 90% dishonest given the opportunity. Internal controls try to reduce the opportunities for the 90%.” Explain in your own words what that quote means to you.

#### \*\* Go back to the website and click on the “Assignment” tab and complete the quiz. When you open the quiz, please turn the sound off immediately.