



FNSACC526

ASSESSOR GUIDE

Implement and maintain internal control procedures

Assessment 1 of 2

Short Answer Questions



Assessment Details

Task overview

This assessment task is divided into 12 questions. Read each question carefully before typing your response in the space provided.



Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.



Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g., allowing additional time)
- the evidence gathering techniques (e.g., oral rather than written questioning, use of a scribe, modifications to equipment)



However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

Assessor Instructions for Assessment Task 1

Purpose of the Task

This task requires students to answer a set of written questions to demonstrate that they understand the knowledge required for this unit.

Guidance to Assessors About this Task

Provide students with the date of submission for this task. Students can be given the opportunity to answer questions verbally if appropriate.

Record the outcome of this assessment in the Assessment Record Tool.

Benchmark responses for each question have been provided.

Short Answer Questions

Question 1

Explain the two [2] ethical considerations below in the context of managing and handling corporate files and records.

[Approximate word count: 70-100 words]

Marking guide

The student should explain the two [2] ethical considerations (Controlled access and Records quality) **in the context of managing and handling corporate files and records**. Wording can vary; however, it should be in keeping with the benchmark answers.

Ethical Consideration	Explanation
Controlled access	Controlled access The organisation's record-keeping management system must determine the persons authorised to access corporate records. Where possible, records should be classified according to the level of confidentiality. In addition, procedures should be in place in case someone outside the organisation requests access to these records.
Records quality	Records quality Corporate records must meet the legal requirements and the policies and procedures of the organisation. Records need to be complete, accurate and reliable to avoid legal and workplace issues in the future.

Question 2

SUBSECTION 114 – CONFIDENTIALITY of the APES 110 Code of Ethics for Professional Accountants requires that Members comply with the principle of confidentiality, which requires a Member to respect the confidentiality of information acquired as a result of professional and business relationships.

There are seven examples of behaviours around confidentiality expected from members. In your own words, explain three of them.

[Approximate word count: 50-100 words]

Marking guide

The student must explain three (3) of the seven examples of behaviours concerning the confidentiality of information acquired as a result of professional and business relationships. Their responses will paraphrase those SUBSECTION 114 – CONFIDENTIALITY of the APES 110 Code of Ethics for Professional Accountants. Sample benchmark answers are provided below for your reference.

- i.
- ii.
- iii.

- Be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an Immediate or a Close Family member;
- Maintain confidentiality of information within the Firm or employing organisation;
- Maintain confidentiality of information disclosed by a prospective client or employing organisation;
- Not disclose confidential information acquired as a result of professional and business relationships outside the Firm or employing organisation without proper and specific authority, unless there is a legal or professional duty or right to disclose;
- [Not use confidential information acquired as a result of professional and business relationships for the personal advantage of the Member or for the advantage of a third party.
- Not use or disclose any confidential information, either acquired or received as a result of a professional or business relationship, after that relationship has ended; and
- Take reasonable steps to ensure that personnel under the Member's control, and individuals from whom advice and assistance are obtained, respect the Member's duty of confidentiality.

Question 3

Describe how the four practises below support the maintenance of data security on computerised systems.

[Approximate word count: 50-100 words]

Marking guide

Candidate Responses and wording will vary; however, they should reflect the example responses' intent of protecting and maintaining data security.

Access Restriction

Restricting access to data to authorised users only, for example, by using passwords and other security provisions like encryption or hardware security keys or dongles.

System maintenance	Updating software and security patches regularly, for example, by automating updates, or embedding necessity into staff training and processes
Blocking external access	Employing firewalls and other security measures, for example, by including in Information and Security policy and processes and using Virtual Private Networks
Staff training	Educating employees about cyber security best practices by embedding information into staff training and processes or including it in automated notifications.

Question 4

Refer to the Financial Transaction Reports (FTR) Act to answer the following questions.

[Approximate word count: 200-300 words]

Marking guide

The student must answer the following questions based on the Financial Transaction Reports (FTR) Act. Responses and wording will vary; however, they should correspond with the benchmark answers below.

- a. List five (5) entities defined as 'cash dealers' and have an obligation under the FTR Act.

- i.
- ii.
- iii.
- iv.
- v.

The student must list five (5) entities defined as 'cash dealers' and have an obligation under the FTR Act. Responses include:

- Financial institutions
- Financial corporations
- Motor vehicle dealers who are insurers or insurance intermediaries
- Securities dealers and futures brokers
- Cash carriers
- Trustees or a manager of a unit trust
- Persons that deal in traveller's cheques and money orders
- Some persons who exchange or remit currency or prepare payrolls from currency they have collected
- Currency and bullion dealers
- Casinos and gambling houses
- Totalisator agency boards

b. In your words, list and explain the two (2) types of penalties if an entity fails to comply with its reporting obligations under the FTR Act.

- i.
- ii.

The student must list and explain the two (2) types of penalties if an entity fails to comply with its reporting obligations under the FTR Act. Responses and wording will vary; however, they should correspond with the benchmark answers below.

- i. Up to two (2) years of imprisonment if convicted by a court for refusing or failing to communicate information relating to transaction reports to AUSTRAC.
- ii. Up to five (5) years of imprisonment if convicted by a court where a cash dealer knowingly provides incomplete information to AUSTRAC and makes it an offence to conduct a transaction in such a way as to avoid a reporting obligation

c. In your own words, list and explain the two (2) requirements that cash dealers must retain under the FTR Act, including the minimum retention period.

- i.
- ii.

The student must list and explain the two [2] requirements cash dealers must retain under the FTR Act, including the minimum retention period. Responses and wording will vary; however, they should correspond with the benchmark answers below.

Cash dealers are required to retain the following:

i. Financial transaction documents

Financial organisations must maintain customer-generated and non-customer-generated financial transaction documents for a minimum retention period of seven [7] years.

ii. Account and signatory information

This refers to the following information and documents in relation to the signatory to an account with a cash dealer:

- a) The name used by the signatory as their name in relation to that account.
- b) If the account is held in the name of an unincorporated association—a copy of the instrument authorising the signatory to sign.
- c) Any other name by which the signatory is commonly known, being a name disclosed to the cash dealer.

An identification record for the signatory in accordance with section 20A [of the Act].

Question 5

Complete the table below.

- a. Identify the three [3] types of transaction reports which must be prepared under the FTR Act.

In your own words, briefly explain:

- b. What each type of transaction is about
- c. The reporting requirements for each type of transaction. Specify the reportable details and reporting periods for each.
(Approximate word count: 350–450 words)

Marking guide

The student must identify and briefly explain the three [3] types of transaction reports under the FTR Act. They must also explain the reporting requirements of each, including the reportable details and periods.

Responses and wording will vary; however, they should correspond with the benchmark answers below.

Types of Transaction	What it is About	Reporting Requirements
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<p>The three (3) types of transaction reports must include the following:</p>	<p>Wording may vary on what the specified report is about. However, the response should correspond with the benchmark answers below.</p>	<p>Responses must include both reportable details and reporting requirements for each transaction report:</p>
<p>i. Significant cash transaction reports</p>	<p>Cash dealers have an obligation to report on significant cash transactions to the AUSTRAC CEO.</p> <p>Significant cash transactions refer to cash transactions with a currency transfer of not less than \$10,000 in value from one person to another.</p>	<p>Refer to Schedule 1 Part A and Part B for the reportable details of significant cash transaction: https://www.legislation.gov.au/Details/C2016C01059</p> <p>Reporting period:</p> <ul style="list-style-type: none"> ▪ If the transaction involves foreign currency, the reporting period ends the day after the day the transaction occurred. ▪ If the transaction does not involve foreign currency, the reporting period ends 15 days after the day the transaction occurs.
<p>ii. Solicitor significant cash transaction reports (solicitor SCTR)</p>	<p>Solicitors are required to report cash transactions entered into by, or on behalf of:</p> <ul style="list-style-type: none"> ▪ A solicitor ▪ A solicitor corporation ▪ A partnership of solicitors <p>in the course of practising as a solicitor.</p> <p>Reportable cash transactions involve a currency transfer of \$10,000 or more.</p>	<p>Refer to Schedule 3A for the reportable details of the solicitor's significant cash transaction: https://www.legislation.gov.au/Details/C2016C01059</p> <p>Reporting periods:</p> <ul style="list-style-type: none"> ▪ If the transaction involves foreign currency, the reporting period ends the day after the day the transaction occurred. ▪ If the transaction does not involve foreign currency, the reporting period ends 15 days after the day the transaction occurs.

<p>iii.</p> <p>Suspect transaction reports</p>	<p>Cash dealers involved in a 'suspect transaction' must submit a report to the AUSTRAC as soon as they become aware of a suspicious transaction. Suspect transactions include those which may be relevant to:</p> <ul style="list-style-type: none"> ▪ Tax evasion or attempted tax evasion. ▪ An investigation or prosecution of an offence against the law. <p>These may also include those which may assist with the enforcement of:</p> <ul style="list-style-type: none"> ▪ An act of crime ▪ The commitment of a terrorism offence. 	<p>The cash dealer must submit a SUSTR to AUSTRAC as soon as practicable after forming the suspicion. "As soon as practicable" is not defined in the FTR Act. In keeping with the reporting periods set out in section 41 of the AML/CTF Act for suspicious matter reports, AUSTRAC considers 24 hours an appropriate time frame for reporting terrorism financing matters and three (3) business days for reporting all other matters.</p>
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Question 6

The following are key requirements of organisational policies and procedures relating to corporate governance. Briefly describe each requirement in your own words.

(Approximate word count: 100- 150 words)

Marking guide

In their own words, the student must briefly describe each key requirement of organisational policies and procedures relating to corporate governance. Wording can vary; however, the response should correspond with the benchmark answers below.

Key Requirement	Description
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a. Managing conflicts	<p>Directors of the company are subjected to transparency regarding their personal interests related to the organisation. Other directors of the organisation must be notified of this interest.</p> <p>Directors with personal interest from the company are also excluded from attending meetings and voting on matters regarding these interests. Again, this prevents any biases that may affect the organisation's decision-making.</p>
b. Risk management	<p>Company directors are responsible for identifying and managing organisational risks, such as changes and trends in technology and the market.</p>
c. Shareholder engagement	<p>Annual general meetings (AGM) are requirements under the Corporations Act. It provides an opportunity for the shareholders to be informed of the current performance of the organisation and its strategic plans for the year ahead.</p>

Question 7

The following are key organisational policies and procedures requirements relating to financial delegations and accountabilities. Briefly describe each requirement in your own words.

[Approximate word count: 90-150 words]

<p>Marking guide</p> <p>In their own words, the student must briefly describe each key requirement of organisational policies and procedures relating to financial delegations and accountabilities. Wording can vary; however, the response should correspond with the benchmark answers below.</p>	
Key Requirement	Explanation
a. Separation of duties	<p>This refers to assigning different people within the organisation to work on a task such as: specifically</p> <ul style="list-style-type: none"> ▪ Bookkeeping ▪ Financial reporting ▪ Auditing <p>This reduces the chances of an employee committing acts of fraud.</p>

b. Security of assets	<p>This aims to protect the organisation's loss or misuse of physical and non-physical assets. Security for physical assets may include:</p> <ul style="list-style-type: none"> ▪ Securing goods and equipment in a restricted area ▪ Assigning authorised personnel to access these goods and equipment <p>Security for non-physical assets may include:</p> <ul style="list-style-type: none"> ▪ Restricting access to the database
c. Financial reporting	<p>The policies and procedures must ensure that the collection, preparation and presentation of financial reports are accurate and timely. In addition, many organisational decisions are based on financial reports, so these must be managed properly.</p>

Question 8

Based on the Core Principles for the Professional Practice of Internal Auditing:

- i. List two [2] key principles of an audit.
- ii. Briefly explain how each principle applies to an organisation's financial policies and procedures.

[Approximate word count: 70-100 words]

Marking guide

The student must list two [2] key principles of audit based on the Core Principles for the Professional Practice of Internal Auditing and briefly explain how each principle applies to an organisation's financial policies and procedures. Responses and wording may vary; however, they should correspond to the following benchmark answers.

Principles	Application in the Policies and Procedures
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<p>Responses must include any of the following:</p> <p>Internal audit:</p> <ul style="list-style-type: none"> ▪ Demonstrates integrity. ▪ Demonstrates competence and due professional care. ▪ Is objective and free from undue influence (independent). ▪ Aligns with the strategies, objectives, and risks of the organisation. ▪ Is appropriately positioned and adequately resourced. ▪ Demonstrates quality and continuous improvement. ▪ Communicates effectively. ▪ Provides risk-based assurance. ▪ Is insightful, proactive, and future-focused. ▪ Promotes organisational improvement 	<p>Wording can vary; however, responses must align with the explained principle.</p> <p>Sample response may include the following:</p> <ol style="list-style-type: none"> a. The internal audit demonstrates competence and due professional care. Internal auditors must perform audit activities to the best of their knowledge, skills, and expertise. b. Internal audit is objective and free from undue influence (independent). Internal auditors must ensure that any outcomes of the audit review reflect the organisational activities and are not affected by any decisions from people within the organisation.
<p>i.</p>	
<p>ii.</p>	

Question 9

Describe the two [2] key principles of internal controls below, explaining how each principle can be applied to the organisation's financial policies and procedures.

[Approximate word count: 70-100 words]

Marking guide

The student must list two [2] key principles of internal controls and briefly explain how each principle can be applied to the organisation's financial policies and procedures. Responses and wording may vary. However, the response must correspond to the following benchmark answers provided.

Key Principles	Application in the Policies and Procedures
i. Independent review	<p>Student response should approximate the following:</p> <p>Independent review: Organisations must ensure that their internal controls are regularly reviewed. This can be done by employees who did not conduct any task relevant to the business activity or transaction to ensure the reliability and accuracy of the procedures implemented.</p>
ii. Preventive controls	<p>Student response should approximate the following:</p> <p>Preventive controls: Policies and procedures must include the segregation of duties or identify the specific people who have accounting responsibilities. This will help prevent issues in the future, such as fraudulent acts.</p>

Question 10

Give a brief explanation of how maintaining internal controls in each of the following three areas can benefit the managing of the internal operations of a business.

[Approximate word count: 70-100 words]

Marking guide

The student must briefly explain how maintaining internal controls in each area benefits the internal operations of a business

Benefits	Explanation
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<p>i. Preventing fraud</p>	<p>The student must briefly explain how maintaining internal controls in the area of fraud prevention benefits the internal operations of a business, for example, how internal monitoring and strict systems access control will assist in detecting possible acts of fraud that can affect the business, creating financial loss and reputational damage.</p>
<p>ii. Preventing errors</p>	<p>The student must briefly explain how maintaining internal controls in the area of error prevention benefits the internal operations of a business; for example, Internal data entry and maintenance controls help ensure that financial data and reports are accurate and reliable.</p>
<p>iii. Maintaining compliance with governmental regulations for compliance</p>	<p>The student must briefly explain how maintaining internal controls benefits the internal operations of a business by supporting the organisation in complying with financial reporting obligations set by the government and avoiding fines, penalties or reputational damage.</p>

Question 11

Below are three examples of control system limitations that could negatively affect a business's operations.

Describe each and suggest a way you could minimise the risk.

[Approximate word count: 150 – 200 words]

Marking guide

The student should describe each and suggest a way to minimise the risk. Student response should approximate the following:

A sample response is provided below for reference:

<p>i. Collusion</p>	<p>Two (2) or more people intended by a control system to keep watch over each other could instead conspire to circumvent the system.</p> <p>Control mechanisms could include frequent internal audits, regular random internal audits, and the use of independent external quality consultants.</p>
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<p>ii. Human error</p>	<p>A person involved in a control system could make a mistake, perhaps forgetting to use a control step. Or the person does not understand how a computer system is to be used or does not understand the instructions associated with the system.</p> <p>Control mechanisms could include peer review processes, staff training, randomised internal quality checks, and technical solutions such as restrictions on the nature of data entry in certain fields.</p>
<p>iii. Management override</p>	<p>Someone on the management team with the authority to do so could override any aspect of a control system for personal advantage.</p> <p>Control mechanisms could include frequent internal audits, peer review processes, regular random internal audits, and independent external quality consultants requiring multiple signatures or approvals.</p>

Question 12

Describe the roles of each of the following bodies in developing and maintaining your organisation's policies and procedures to meet industry standards and practices.

[Approximate word count: 150-200 words]

<p>Institute of Chartered Accountants (ICA)</p>	<p>Student response should approximate the following sample response.</p> <p>The main objectives of the ICA are to develop the theory and practice of accountancy, to maintain high standards of professional conduct and ensure compliance with practice and professional standards.</p> <p>The Institute of Chartered Accountants will influence how Accountants maintain and demonstrate their professional conduct standards and ensure compliance with practice and professional standards.</p>
<p>Financial Reporting Council (FRC)</p>	<p>Student response should approximate the following sample response.</p> <p>The FRC comprises key stakeholders from the business community, professional accounting bodies, and government and regulatory bodies. In addition, the FRC oversees the process of setting accounting standards.</p> <p>The Financial Reporting Council will influence how accounting standards are reflected and implemented in the organisations reporting policies and procedures</p>
<p>Australian Securities and Investments Commission (ASIC)</p>	<p>Student response should approximate the following sample response.</p> <p>ASIC's main role is administering the Corporations Act 2001 [Cth] [Corporations Act]. In addition, ASIC has sole responsibility for the regulation of companies, takeovers and securities.</p> <p>The regulator's actions will influence how an organisation administers its internal policies and procedures, especially around handling corporate clients and their stakeholders.</p>

Australian Accounting Standards Board (AASB)	<p>Student response should approximate the following sample response.</p> <p>The AASB is involved with the Financial Reporting Council in developing standards for both the public and private sectors.</p> <p>The AASB will influence how an organisation complies with Australian accounting standards and communicates with its clients and stakeholders.</p>
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Assessment checklist:

Students must have completed all questions within this assessment before submitting. This includes:

1	Twelve [12] short answer questions are to be completed in the spaces provided.	<input type="checkbox"/>
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Congratulations, you have reached the end of Assessment 1!

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