

Child abuse example essay



**ASSIGN
BUSTER**

The account of Cold Gold Sdn Bhd has been outstanding for a substantial period of time and its amount is relatively significant. | * To address the problem, delay doing transaction with Cold Gold immediately. Request for payment first to avoid the amount to be more significant. If there is a need to extend the credit before they pay the amount, further authorization from the credit controller and top management is require. * If there are possibility that Cold Gold could not pay the amount, provision for doubtful debt must be provided. In the future, EPM should make it a practice to monitor each customer's credit limit. When a customer reached the credit limit, must asked for payment before doing the next transactions.

In addition, statement of account must be send to all customers on regular basis preferably monthly basis as a reminder and to inform them the amount they owed. This practice will also enable customer to reconcile the amount in the statement of account that EPM had sent to them with their records. By doing this, any differences will be solved immediately. | | Confirmation letters from customers did not tie up with balances in the accounts. * There may be two reasons on the problem to occur: * Firstly because the accounts receivables was not maintain properly. For examples, payments from customers were not taken up in the general ledger. * Secondly, theft on cash collections.

To overcome the first problem, double check the invoices and official receipt kept by customers as well as matching them with the company's record. Any dissimilarity should be reconciled. Ensure that proper account is being credited. If there is customer's payment which have not taken up in the company's account, ensure that its amount have been credited in their

accounts. To detect any differences, it is very important for the company to issue proper documentation such as mentioned earlier which is the invoices and OR. Such invoices must be signed and stamped with company's rubber stamp as well as signed by the accounts department. Issue delivery order (DO) when delivering the goods to customer and ensure that the details in the DO agreed with the details in the invoices. The DO must be signed by recipients.

Each sale also must be taken up in the general ledger. For the OR, it must be stamped by the company and signed by the recipient. * Don't forget to reconcile the personal customer's account with the account receivables general ledger. * For the second problem, segregation of duties is required in which the person who collects the money must not be the same person who updates the cash payment in the ledger. This is to avoid the person who collects money from customer, conceal some of the money and then updates it in the ledger the amount after stealing them. || Encik Kassim managed the finances of the company and also responsible for marketing plan. | * Problems will arise if Encik Kassim is responsible for both functions.

For examples, he will construct a marketing budget which he have to allocate funds from operating budget to cover advertising, promotional and all other costs associated with marketing. He can allocate whatever amounts he thinks necessary but when it comes to obtaining the financial of the marketing plan, he can approve different amount that stated in the budget. * The person to manage the finance of the company must be segregated from the person who is responsible for the marketing plan. * In this case, they

must delegate only one function to Encik Kassim either finance or marketing job.

However, since he is a qualified accountant who had good experience in auditing, Encik Kassim is more suitable to manage the company's finances. * EPM then have to employ other person to manage the company's marketing strategy. In choosing good candidates for the marketing position, they can employ person which majoring in marketing. By doing so, they can minimize unemployment rate and employ a more qualified person which have the exposure in marketing field. | | | Elements & Implementations of an internal control system| The marketing department continued to supply products to Cold Gold Sdn Bhd although they had reached credit limit. * Each credit sales must be check and verify to avoid the customer from going beyond their credit limit.

Those who had reached its credit limit must pay the amount before proceeding with the next sales. * For customer who had no choice but to borrow although the credit limit had reached its maximum, further authorization from the credit controller department, Ms Choy and top management is compulsory. * To overcome this problem, delay supplying products to Cold Gold immediately. Asked them to pay first before proceeding to the next transactions. If they have to borrow although the credit limit ad reached, top management must involve in the decision as to whether to extend their credit or not. * If there are possibility that Cold Gold could not pay the amount, provision for doubtful debt must be provided.

They send the reminders to customers with outstanding balances at almost towards the closing of the financial year. | * The practice to send reminders to customers is good but EPM should implement a more aggressive approach to collect the payment from customer. Instead of sending reminders at almost at the end of financial year, they must send statement of account to all customers on regular basis preferably monthly basis. This is to avoid the problems of customer's default in payment and also to remind them of their outstanding amount. * If there are any long outstanding customers, send reminder to them. Attract them by giving discounts to those who pay in full within a given time. * Provide provision for doubtful debts for any debtors which are unlikely to be able to pay. | | Mr. Siva record of amount owed to EPM does not match with EPM's record as cash payments had been made to former employees, Encik Munir. | * To address the problem, they need to find Encik Munir to confirm the payment from Mr.

Siva. If Encik Munir admitted that he had stolen the cash, they must claim back the payment from him. If he refused, the company can charged him under the law because of cash stealing. * However, poor internal control is the main reason for this problem. If policy on internal control is tighten, this problem can be avoided. * Internal control which can be applied in this problem is by using proper documents when receiving cash payments from customers. EPM can issue company's official receipt (OR) whenever they received the payments.

That OR must have the numbering system on it. The numbering system is crucial for future reference. 2 copies of OR is required which one of them is for customer's record and the other one is for EPM's record. * Another

internal control is by separating the person who will receive cash payment and issue OR with the person who will update the amount in EPM's account.

If similar person execute both function, he or she can steal the cash and update it with the wrong amounts. | | | Financial statements analysis|

Operating cash was systematically running low.

This is caused by poor cash collections, increased in short term borrowing to meet its financial obligations and the rise of the price chicken feed. | * This

problem may be caused by the poor cash collections system from customer.

This can be proved when Cold Gold had reached its credit limit but they still supplying goods to them. In order to collect the long outstanding from

customers, attract them to pay in full by giving discounts to early or full payments. In the future, EPM can look for potential customer who can give

them better profits.

Find one which has good record of credit, more profitable, and the like. * The problem may also cause by the increase in short term financial obligations.

The use of short term loans is usually more expensive. Since short term loan is not secured by collateral, the interest rates are usually higher to cover the risks that bear with the short term loan. EPM can use long term loan because

it provides a more stable debt management instrument than a short term loan. It is also low maintenance and monitoring costs since it reduces the work hours to maintain the loan due to minimal maintenance.

If problem is caused by high price of chicken feed, they can think of alternative ways to feed the chicken. Alternative ways suggested to feed the chicken is by feeding the chicken using oats, wheat and grasses. These types

of feed are normally lower in cost. Other than that they can place chickens into a fenced in garden area to scratch and dig for grubs, eat weeds and grass and clean up any leftover plant material. If no fenced garden, use a portable chicken tractor to house the chickens over a specific area of the garden. By doing this, pests will be eliminated and food bill reduced.

Not to mention that the chickens will be healthier and the eggs more nutritious. * To add more income, the chicken's dump can be processed as fertilizers. They can sell those fertilizers as another ways to cover the operating cash. * Other than that, EPM can diversify the products to be sold. Instead of only supply chicken, they can produce organic eggs. Organic eggs are more profitable because of its high selling price. In addition, the chicken's feathers can be selling to handicraft makers as it can be produce to make a valuable handicraft. | | | Code of best practice for corporations| The director of EPM was reluctant to take action against Encik Selamat because of his reputation. | * In making decision, major concern of top management like directors is to serve the interest of the company as a whole. Directors should make decision which will not be affected by long relationship with employees or third parties.

To address the issue, the top management must be firm in making decision and take action to Encik Selamat because of the problem he had caused to EPM. What they can do is to ask Encik Selamat to be responsible for the long outstanding amount from Cold Gold. It is either asking Encik Selamat to claim for the payment from Cold Gold or cut Encik Selamat's monthly salary to offset the amount owed by Cold Gold. * In the future, ensure that the person they hire especially board of directors have the skills and strong

dedication to serve the interest of the company. They must conduct background check and ensure that the person hired must be independent in appearance. Their decision must be fair and will place the company's interest on top. | | | Corporate governance | FLFAM called for higher chicken price but some of their members complained of the drop of the demand for chicken. | * There is clearly conflict of opinion in making the decision to increase the price of chicken. * The FLFAM itself do not make decision by taking consideration all members' opinion. * In making a good decision, FLFAM should study the impact of rise of chicken feed to the industry as well as observe the demand for chicken.

Other than that, they must gather opinion from all members based on their studies. * After gathering opinions, they must file petition based on the members request. * In the end they should make the best decision which will satisfy the interest of all stakeholders. * To address the issue, FLFAM need to revise their decision to increase the chicken prices and taking the above mentioned decision making steps. | | Encik Selamat instructed the marketing department to further expand the credit to Cold Gold Sdn Bhd although it has reached its credit limit.

As a general manager, he is responsible to guide the behavior of the lower staff and become a role model to them. If he instructed them to expand the credit, it will create a misleading opinion among the staff that they will think it is acceptable to give credit for all customers although the customer had gone its credit limit. * Also it is his duties to ensure that all processes in the company are working in a proper ways. * In the future, Encik Selamat should obtain further approval from the top management to expand credit to the

customer and not making the decision based on his relationship with Cold Gold. * For the staff in marketing department, they should have the knowledge about the internal control policy of not supplying goods to customer who'd reached the credit limits and not just followed blindly the instruction from Encik Selamat. They must have the courage to question any wrongdoing happens and willing to report to the top management on such matter. | | Encik Selamat delegated some of the functions to talented young staff and one of them is Encik Kassim. | * Encik Selamat should not give complete power and trust to Encik Kassim to do the task given.

Although he is talented but it doesn't mean he can do everything perfectly. * Since he is inexperienced, he needs to be supervised and monitored regularly by higher position staff or by Encik Selamat himself as the job is vital to the company. Any mistakes or errors made by him may give possible damage to the company hence jeopardize the well being of the company. * Encik Selamat should make up few guidelines for Encik Kassim to follow. This is to prevent him from astray from the work path given. He also should be send to training or attend few programs as he is inexperience.

This will not only strengthen and enhance his capabilities and competency in work given but also to motivate him to achieve the company's goal. E. g. Leadership: Staff Training Development and Workplace Personal Effectiveness Program. * Not only that, Encik Selamat may need to improve his leadership skills. He can always encourage his staff to report to him on any matter or problems they encountered in their job. Encik Selamat also must use friendly approach to train his staff in order for them to be

comfortable with Encik Selamat's leadership style. For example he should not scold his staff when they make a mistake.

Instead, give them motivation or guidelines to execute their job properly. By doing so, the staff will feel comfortable to work with him and to voice any problems. * Not only that, Encik Selamat must appreciate the ideas of the young staffs and take consideration of their opinion on all matter of jobs. | | (Directors have the duties to avoid conflict of interest where they cannot engage in any conduct or activities that are no inconsistent with company's best interest.)Encik Selamat have strong connections with board member and board member reluctant to take any action against him. * As board of director, they should not mix personal matter with business.

They have the obligations to protect the shareholders' right. They have to take actions against Encik Selamat as he had done fraud that had benefited him. * They also should also appoint board committee and established at least 2 independent boards of directors to avoid conflict of interest and so that they cannot dominate the decision making. * Directors should strengthen and revise back their knowledge on the corporate management and comply with law and regulation by attending workshop, seminars, training and take short courses.

E. g. INSEAD (International Director Programme)| | | Elements of business ethics| Encik Munir had not disclosed the receipts of payments from customers. | * Encik Munir does not implement good ethics in dealing with business. Clearly, he had stolen the cash from customers or had negligently misplaced the cash payment from customer. * To address the issue, he must

be punished by asking him to repay the amount or ask for authorities' involvement if he refused. * Other than that, there are possibilities that Encik Munir had resigned when Mr. Siva paid the amount to him.

EPM should encourage customers to pay the amount in their office and ensure that customers will receive proper documents such as OR after make the payments. It is also their duties to inform customer which staff had resigned so that they will know in the future, with whom they should deal with. * The reason why Encik Munir stole the cash must be identify.

Employees stole cash either because of pressure, opportunities or rationalization. Pressure which lead to stealing of money is when employees received insufficient salary to meet the daily expenses.

Opportunities to steal occurred when there is absence of proper internal control. Rationalization happens when poor relationship the company established with customer or any other reason. * To avoid the problem to become worst later, the company can: * EPM should issue proper documents when receiving cash payments from customers. For examples, issue 2 copies of official receipt with running number on it. One for customer's copies and the other for company's copies. * Provide training within the organizations to employees to enhance their business ethics.

This begins with partnering new employees with more veterans, bringing in experts for training sessions, and encouraging and paying for employees to attend local conferences provided by well known motivators. E. g. , How to embed business ethic by CIMA, Code of Ethics Program and Ethics At Workplace Training Program. * Revise the employees' salaries by paying

higher to those who had served longer and those who had contributed the most to the company. Other benefits provided to all employees also such as medical benefits, bonuses, overtime, annual leave and the like must be provided. Established a good relationship with employees.

This can be done by encouraging communication between employees and management in order to allow employees to feel comfortable to voice their opinions and make suggestions to improve conditions and work. * Give recognition and appreciation for their work so that they will be more motivated to do well in the company and hence increase productivity of their work. * In the future, Human Resources, especially Recruitment Department should be more careful in selection of the employees. They should check whether the future employee has committed any fraud or crime before.

Not only that, they should choose employees that meet the qualification and not simply hiring people. They have to be more careful in choosing employees that will work with them. | | | Code of ethics for MIA members| (Encik Selamat had breached the principle of Integrity and objectivity) Cold Gold Sdn Bhd, which is one of the big accounts in EPM had give personal benefits to Encik Selamat. This was admitted by him during the meeting with Encik Azman. | * According to section 220 of the MIA By-Laws, professional accountant shall take reasonable steps to identify circumstances that could pose a conflict of interest. Encik Selamat had breach the principle of Integrity and objectivity. * Integrity is duty to be straightforward and honest in all professional and business relationships. Objectivity is to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

Encik Selamat continues giving credit to Encik Azman even though it is wrong for his own benefit. The conflict of interest has influence his business judgments. * All benefits that Encik Selamat received from Encik Azman should be disclosed to the company. The top management of EPM should make research on Cold Gold Sdn Bhd before doing business with them whether they have relationships with the staff that could raise the problems of conflict of interest. * Follow the code of ethics set by MIA By-Laws or create their own code of ethics that guides them on business relationships with client and any other relationship of that nature.