

Mystery of the disappearing oil mat jon essay sample

[Economics](#), [Money](#)



Weakness

1. Increases in costs of goods sold (85m) and inventories(18m) disproportionate with growth of sales
2. Current purchasing system contributed to redundant purchasing and high inventory holding costs
3. Siti Aminah (CFO) has no experience in system and technology
4. Internal control weaknesses: Purchasing system

Current purchasing system contributed to redundant purchasing and high inventory holding costs and caused increases in costs of goods sold and inventories disproportionate with growth of sales

a) The purchasing clerk, Cik Anne should not have received the invoice and DO.

- In this case show that Cik Anne received the DO and SRN FROM En. Min and invoices from supplier, she batched, checked and coded the invoices.

b) There is no copy of PO being sent to vendor, Receiving Department and AP.

- In this case, En, Razi get the approval from En. Ghani, a Managing Director, then he passes the PO to the Purchasing clerk, Cik Anne for sorting and disputing. En. Razi not mention any copy of PO being sent to vendor, Receiving Department and AP.

c) The Materials Resource Planning, Cik Lim should not update AP. The liability should be recorded by another clerk from Finance Department.

- In this case, all matters regarding finance will be done by En. Razi. In order to have a good flowchart of purchasing process, the company should have a good segregation of duties and not rely on En. Razi.

d) The Finance Clerk, Encik Faris should not prepare cheque.

- Payments to suppliers can only be authorized by AP. Voucher should be prepared by the one who updated account payable. This is to ensure the payment of bills is authorized by account payables not the finance clerk, who writes the checks.

Implications (effects of the problem)

a. There will be a manipulation of accounts and misuse of cash.

b. Without a copy of PO, vendor, Receiving Department and AP cannot review and make comparison.

c. There will be a manipulation of accounts and misuse of cash.

d. Misuse of cash and unauthorized payment could be made to vendor.