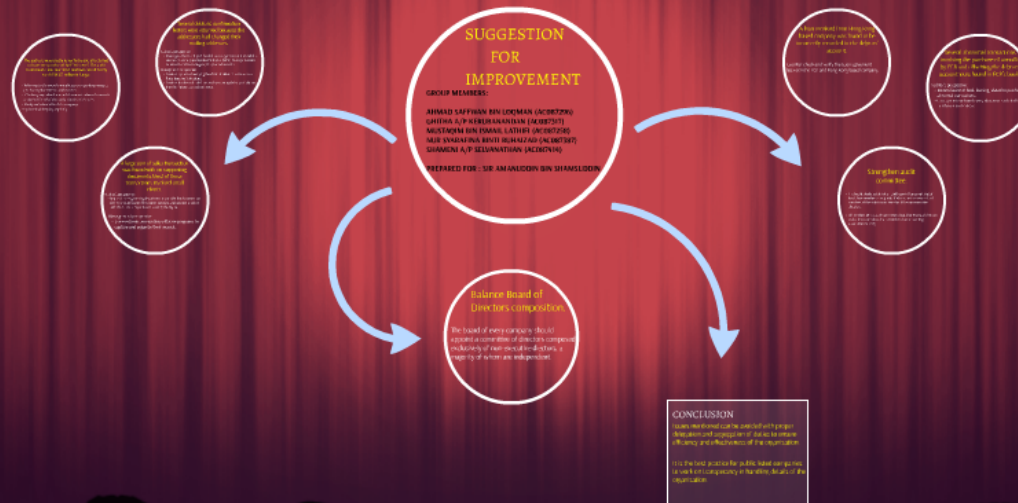


The audit of SSM Harvard Case Solution & Analysis



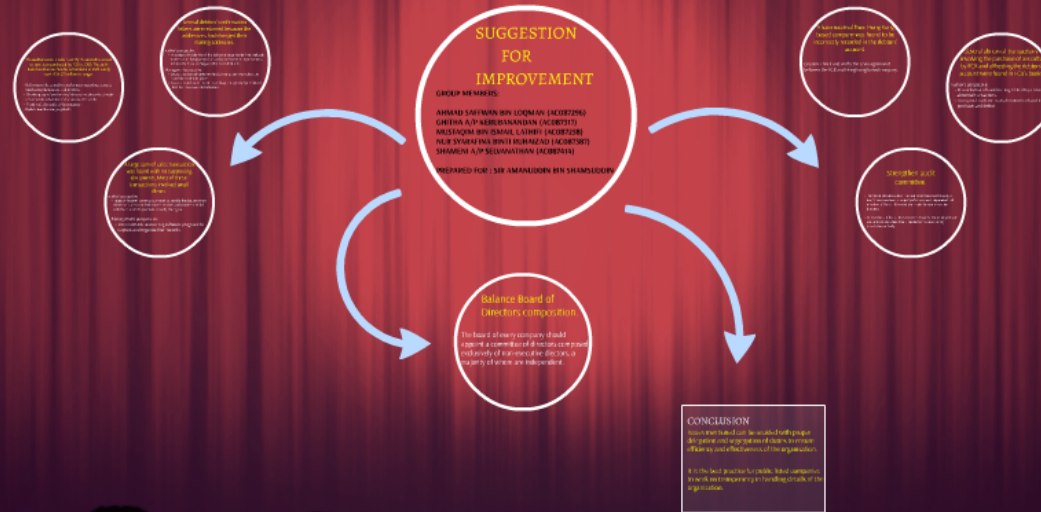
FLAT CARGO BERHAD : AN AUDITOR'S CONUNDRUM



The audit of SSM Harvard Case Solution & Analysis



FLAT CARGO BERHAD : AN AUDITOR'S CONUNDRUM



SUGGESTION FOR IMPROVEMENT

GROUP MEMBERS:

**AHMAD SAFFWAN BIN LOQMAN (AC087296)
GHITHA A/P KERUBANANDAN (AC087317)
MUSTAQIM BIN ISMAIL LATHIFI (AC087258)
NUR SYARAFINA BINTI RUHAIZAD (AC087387)
SHAMENI A/P SELVANATHAN (AC087414)**

PREPARED FOR : SIR AMANUDDIN BIN SHAMSUDDIN

The auditors were unable to verify the aircrafts claimed to have been purchased by FCB in 2005. The audit team found a non-functional rundown aircraft barely worth RM 231 million in hangar.

- Referring to the aircraft manufacturers regarding receipts, purchasing documents, and invoices.
- Checking any related internal documents about the aircraft activities like schedules and activities of aircrafts .
- Verify with the staffs of the company .
- Update bookkeeping regularly .

Several debtors' confirmation letters were returned because the addressees had changed their mailing addresses.

Auditor's perspective:

- Investigate the identity of the debtor or organization from reliable sources (Suruhanjaya Syarikat Malaysia (SSM) for organisations, Jabatan Pendaftaran Negara (JPN) for individuals).

Management perspective:

- Create a system of verifying the claim of debtors to make sure fraud does not take place.
- Create a database for debtors and keep an updated portfolio on them for future use and reference.

A large sum of sales transaction was found with no supporting documents. Most of these transactions involved small clients.

Auditor's perspective:

- Request the engineering department to provide the document on clients who are using their courier services and counter-check it with the Custom Department to verify the figure.

Management perspective:

- Use electronic accounting software programs to capture and organize their records.

CONCLUSION

The auditors were unable to verify the aircrafts claimed to have been purchased by FCB in 2005. The audit team found a non-functional rundown aircraft barely worth RM 231 million in hangar.

- Referring to the aircraft manufacturers regarding receipts, purchasing documents, and invoices.
- Checking any related internal documents about the aircraft activities like schedules and activities of aircrafts.
- Verify with the staffs of the company.
- Update bookkeeping regularly.

Several debtors' confirmation letters were returned because the addressees had changed their mailing addresses.

Auditor's perspective:

- Investigate the identity of the debtor or organization from reliable sources (Suruhanjaya Syarikat Malaysia (SSM) for organisations, Jabatan Pendaftaran Negara (JPN) for individuals).

Management perspective:

- Consider a system of verifying the claim of debtors to make sure fraud does not take place.
- Create a database for debtors and keep an updated portfolio on them for future use and reference.

A large sum of sales transaction was found with no supporting documents. Most of these transactions involved small clients.

Auditor's perspective:

- Request the engineering department to provide the document on clients who are taking their counter services and counter-check it with the Custom Department to verify the figure.

Management perspective:

- Use electronic accounting software programs to capture and organize their records.

SUGGESTIONS FOR IMPROVEMENT

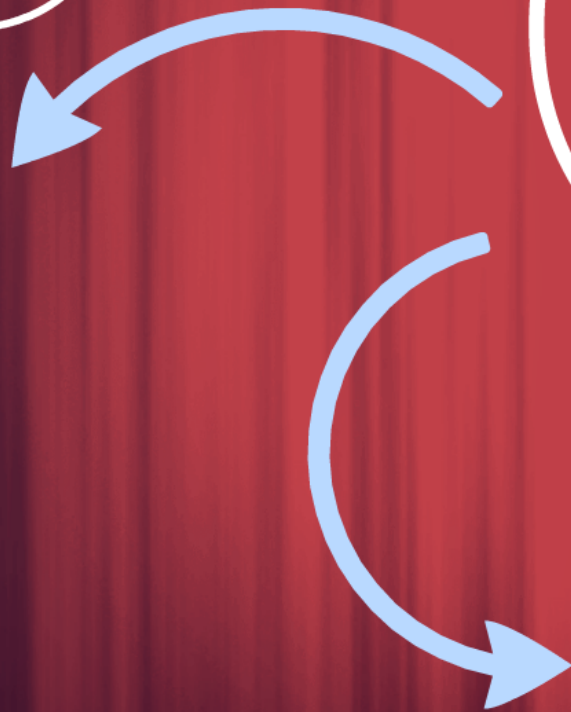
GROUP MEMBERS:

AHMAD SAFFWAN BIN
GHITHA A/P KERUBA
MUSTAQIM BIN ISMA
NUR SYARAFINA BIN
SHAMENI A/P SELVA

PREPARED FOR : SIR

Balance Sheet

The board of ev
appoint a comm
exclusively of n
majority of who



A loan received from Hong Kong based company was found to be incorrectly recorded in the debtors' account.

Counter-check and verify the Loan agreement between the FCB and Hong Kong based company.