THE EVALUATION OF INTERNAL CONTROL AND PROPER PROCESS OVER PURCHASES AND SALES PROCESS IN HTH BICYCLE DISTRIBUTOR

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Abstract

Objective This thesis intended to assess the internal control and proper process over Purchases and Sales process in HTH bicycle distributor by using COSO Internal Control over Financial Reporting- Guidance for Smaller Companies. This thesis also offers recommendations for improving company’s current internal control and process.

Method The method used in this thesis is by having interview with related departments and direct observation to the warehouse as well as through literature research from books, journals and website that are relevant to the topic.

Results HTH should improve its control and proper process with better segregation duties, access control, transaction authorization, independent verification, supervision and accounting records.

Conclusion The thesis found many weaknesses in HTH bicycle distributor’s control as well as the process and by analyzing the purchase and sales process, the existing process could be designed into a better one which is appropriate with the theories from accounting information system.

Keywords Purchases and sales process, internal control, COSO framework, small company