

**Performance Audit on Customer Order Handling Process  
in Machinery and Heavy Equipment Industry  
(Field Study of PT XYZ)**

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**Abstract**

**Objectives** Sales process acts as one of the essential role in all kind of industry to support its business operations. Hence, the writer performed a performance audit in order to evaluate and assess the effectiveness and efficiencies of company's internal control in customer order handling process of PT XYZ. Moreover, in performing the performance audit, the writer also assessed the internal control of PT XYZ's customer order handling process, and provided some recommendations to minimize PT XYZ's internal control weaknesses and improving its internal control in customer order handling process.

**Method** In assessing PT XYZ's customer order handling process, the writer distributed a formal internal control questionnaire, performed an interview, and observed on customer order handling process, for period of March to June 2008.

**Results and Conclusions** The writer has identified several strengths and weaknesses in managing the company's internal control in customer order handling process. The strongest strength of PT XYZ's internal control and its customer order handling process is in term of sufficient internal controls, in terms of segregation of duties, authorization, and monitoring function. However, there are some weaknesses in PT XYZ's internal control and its customer order handling process, which are regarding the organizational structure in PT XYZ that was still not clear enough to represent each function, the implementation of manual system on customer order handling process, and the absence of the internal auditor function. This condition would then interrupt the company's business activities since there are high likelihoods of frauds, errors, and misstatements. Furthermore, The implementation of proper and reliable internal control system is extremely important for a company. A proper internal control system would facilitate the company in achieving its objectives, and minimizing the risks of material error and misstatement, manipulation, and fraud.

**Key words**

Audit, performance audit, internal control, customer order handling process.

## PREFACE

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The Writer,

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