

UNIVERSITI TEKNOLOGI MARA

**INTERNAL CONTROL EFFECTIVENESS
IN A PROPERTY DEVELOPMENT
COMPANY:**

**A CASE STUDY OF TH PROPERTIES
SDN.BHD.**

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This applied research is submitted in partial fulfilment of the
requirement for the degree of
Master in Forensic Accounting and Financial Criminology

Faculty of Accountancy

June 2014

CANDIDATE'S DECLARATION

I hereby declare that this paper is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

In the event that my applied research is found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree to be subjected to the disciplinary rules and regulations of the Universiti Teknologi MARA.

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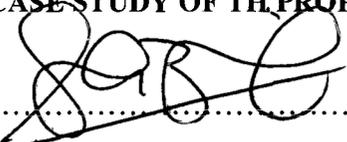
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Programme: **AC773- Master in Forensic Accounting And
Financial Criminology**

Faculty: **Accountancy**

Applied Research Title: **INTERNAL CONTROL EFFECTIVENESS IN A
PROPERTY DEVELOPMENT COMPANY:
A CASE STUDY OF THL PROPERTIES SDN BHD**

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Date: **1st July 2014**

ABSTRACT

Internal controls exist in order to promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with regulatory agencies. The basic concepts of internal controls indicate that the management, not auditors, must establish and maintain the entity's controls; the internal control structure should provide reasonable assurance that financial reports are correctly stated.

This study is done to promote and understanding of the internal control system based on the Committee of Sponsoring Organization (COSO) Internal Control – Integrated Framework. The study is to significantly highlight among the most important aspect of internal control which includes the control environment, or "Tone at the Top." The attitudes and behaviour of senior executive management and the Board of Directors is essential to a healthy system of internal control. An internal control environment consists of management's philosophy and operating style that includes the tone at the top that is set by the board and senior executives of an entity.

It should also include the integrity and ethical values of the employees, a proper risk assessment and evaluations, an organizational structure that promotes separation of duties and decreases conflicts of interest, the assignment of authority and responsibility so people understand their roles and responsibilities, having competent, knowledgeable personnel who are informed of policies and procedures and have the proper training and ongoing development, communication of pertinent issues and information systems that have built-in business rules and controls.

This study is done through primary data assessment. Questionnaires were distributed among the management team of TH Properties Sdn. Bhd. to get a better feedback and understanding on the current internal control system implemented in the organization. This is then compared with the COSO framework to understand the effectiveness of internal control system and the implementation of the internal control system in the organization.

This study promotes a better view and understanding over the internal control effectiveness of TH Properties Sdn. Bhd. This is to ensure a better understanding of the current internal control system implemented in the organization and promote to improvisation for the organization.

ACKNOWLEDGEMENTS

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the Most Gracious and the Most Merciful

Alhamdulillah, all praises to Allah for the strengths and His blessing in completing this applied research paper. I am conveying my special appreciation to my supervisor, Dr Anuar Nawawi, for his supervision and constant support. His invaluable help of constructive comments and suggestions throughout the experimental and applied research works have contributed to the success of this research.

My special token of appreciation also goes to the Managing Director of TH Properties Sdn. Bhd., Dato Roszali Othman for the permission to conduct the research in his organization. Also to Mr Anuar Rafei, the Chief Financial Officer of TH Properties Sdn. Bhd together with Mr Fauzy Ahmad, Senior General Manager of Internal Audit of TH Properties Sdn. Bhd who has worked hand in hand with me in order to assure the success of this applied research paper. Also, to the participants of the survey, thank you for the time and effort contributed.

I owe my gratitude also to my husband, AlGazali bin Ameer, who has monitored the flow of the distribution of the questionnaires among the management team of TH Properties Sdn. Bhd. I would also like to express my appreciation to my children Muhammad AlAfiq and Muhammad AlAriq who has been patient with my commitment to the applied research, my parents, my parents in law and family members for their prayers and support. Finally, I would also like to extent my gratitude to all my friends who have assisted and supported me in all aspects for the completion of this paper. Your endless contribution and encouragement are greatly appreciated.

Thank you and wassalam

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