

Contribution of Analytical Procedures to the Audit of Inventory An Empirical Study on (Acdivet Company)

**Prepared by
Amr Sakka**

**Supervised by Dr.
Hussain Al-Kadi**

**Accounting Department
Faculty of Economic
Damascus University**

Abstract

This study aims to determine the most important of analytical procedures which are used by auditors for auditing the inventory and increasing the efficiency of auditors at understanding and using these analytical procedures. To achieve this aim the researcher has made an empirical study on the Acdivet Company Ltd. by analyzing its data related to the inventory, whether Finished Goods, Work-In-Process, or Raw Materials.

The researcher has compared between production dates for items at the list of finished goods, with its turnover in days that was for 2010 year (54 days). As a result, there were productions has stayed into warehouse more than (54 days) and the management has produced more quantities of these goods. After the studying procedures of internal control of Acdivet Ltd. the researcher has found a weakness of internal control. Besides, this process will be making non-moved items while those items have an expired date. Therefore, the researcher has chosen a sample of items and found some of these items are nearing their expiry dates. The financial statements don't contain a provision against potential losses. Turnover of Raw Materials in days was (230 days), and after comparison of this turnover with age of

materials in warehouses, the conclusion is the company has purchased new quantities of these materials, regardless the quantity of old items, that might be obsolete, into warehouses, this problem has appeared because of weakness of internal control and coordination.

Eventually, this study provides some recommendations upon its results; the Acdivet Ltd. should build up procedures more compulsory over processes such as (Procurement, Sales, Production, and Inventory). Furthermore, the company should create sufficient provision against potential losses from expired and obsolete items.

Key words: Analytical Procedures – Audit the Inventory – Turnover of Raw Materials and WIP .