Journal Entry Testing Memo

Client	Meridian Capital Group, LLC
Period	FY 2025 (January 1 – December 31, 2025)
Source Document	General Ledger Detail — FY2025 Export
Source File	meridian_gl_fy2025.csv
Source Context	Exported from Meridian ERP (QuickBooks Enterprise) on Jan 15, 2026
Reference	JET-2026-0302-143
Prepared	2nd March 2026

I. Scope

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Source ... General Ledger Detail — FY2025 Export (meridian_gl_fy2025.csv)
Period Tested ... FY 2025 (January 1 – December 31, 2025)
Total Journal Entries Tested ................... 1,500
Tests Applied ..................................... 9
Data Quality Score ............................. 94%
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The automated journal entry testing procedures documented in this workpaper were performed on the General Ledger extract provided by management for the period under examination. These procedures are designed to identify potential data anomalies that may warrant further investigation by the engagement team. The analysis was performed with reference to the FASB Accounting Standards Codification and applicable professional auditing standards.

Proof Summary

Metric	Value
Data Completeness	94%
Column Confidence	92%
Tests Executed	9
Tests Clear	1
Items for Review	258

II. Methodology

The following automated tests were applied to the General Ledger extract in accordance with professional auditing standards (PCAOB AS 1215, ISA 530):

Test	Tier	Description
Unbalanced Entries	Structural	Identifies journal entries where total debits do not equal total credits.
Missing Fields	Structural	Flags entries missing critical fields (account, date, or amount).
Duplicate Entries	Structural	Detects entries with identical account, date, and amount combinations.
Round Dollar Amounts	Statistical	Flags entries with suspiciously round dollar amounts ($10K+).
Unusual Amounts	Statistical	Uses z-score analysis to identify statistically unusual amounts per account.
Benford's Law	Statistical	Tests first-digit distribution against Benford's Law expected frequencies.
Weekend Postings	Structural	Flags entries posted on Saturdays or Sundays, weighted by amount.
Month-End Clustering	Statistical	Detects unusual concentration of entries in last 3 days of month.
Holiday Postings	Advanced	Flags entries posted on US federal holidays (ISA 240.A40 fraud risk indicator).

Interpretive Context: The results presented herein reflect automated data analytics and are intended to support, not replace, professional judgment. Identified anomalies may indicate areas requiring additional inquiry but do not, in themselves, constitute evidence of error, fraud, or material misstatement. The engagement team should evaluate each flagged item in the context of the overall engagement risk assessment and perform corroborating procedures as deemed necessary under applicable professional standards.

III. Results Summary

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Composite Risk Score ...................... 18.4 / 100
Risk Tier ................................. ELEVATED
Total Entries Flagged ............................ 258
Overall Flag Rate ............................... 17.2%
High Severity Flags ............................. 7
Medium Severity Flags ........................... 183
Low Severity Flags .............................. 68
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Test	Flagged	Rate	Severity
Month-End Clustering	156	10.4%	MEDIUM
Round Dollar Amounts	45	3.0%	LOW
Weekend Postings	23	1.5%	LOW
Missing Fields	12	0.8%	MEDIUM
Duplicate Entries	7	0.5%	MEDIUM
Unusual Amounts	8	0.5%	MEDIUM
Holiday Postings	4	0.3%	HIGH
Unbalanced Entries	3	0.2%	HIGH
Benford's Law	0	0.0%	LOW

IV. Key Findings

1. 3 unbalanced journal entries detected — debits do not equal credits

2. 4 journal entries posted on US federal holidays (Thanksgiving, Christmas)

3. 156 entries clustered in last 3 days of month (10.4% flag rate)

4. 12 entries with missing critical fields (account or date)

V. Benford's Law Analysis

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Eligible Entries ............................... 1,420
MAD Score ...................................... 0.00412
Conformity Level ................... Close Conformity
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Digit	Expected	Actual	Deviation
1	30.10%	29.85%	−0.25%
2	30.10%	17.92%	+0.22%
3	28.10%	12.48%	−0.03%
4	26.10%	9.78%	+0.09%
5	24.10%	8.01%	+0.11%
6	22.10%	6.72%	−0.03%
7	20.10%	5.89%	+0.06%
8	18.10%	5.18%	−0.13%
9	16.10%	4.17%	−0.04%

VI. Authoritative References

Body	Reference	Topic	Status
FASB	ASC 250-10	Accounting Changes and Error Corrections — Overall	Current
FASB	ASC 230-10	Statement of Cash Flows — Overall	Current

VII. Conclusion

Based on the automated journal entry testing procedures applied, the General Ledger extract exhibits an ELEVATED risk profile. Select flagged entries should be reviewed for proper authorization and documentation.