# **Control Activities and Management Assertions**

## **Revenue Cycle**

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| **Area** | **Control Objective** | **Assertions** |
| Segregation of duties | Functions with potential conflicts such as customer approval, sales, and cash receipts are segregated. | All |
| Sales | Prices used in recorded sales are accurate | Valuation |
| Sales | Only valid sales orders are fulfilled | Occurrence |
| Sales | All valid orders are processed and recorded and filled | Completeness |
| Sales: Posting | Relevant information is captured and reported accurately and promptly. | Occurrence, Valuation |
| Sales | A sales invoice is generated for every shipment or completed work order | Completeness |
| Sales: Period | Invoices (sales) are recorded in the appropriate period | Valuation (Cutoff) |
| Allowances | An allowance for doubtful accounts is properly estimated | Valuation |
| Shipments | Correct goods are shipped and accurately recorded | Valuation |
| Shipments: Period | Deliveries are recorded and recorded in the proper period | Valuation (Cutoff) |
| Ownership | Recorded inventory is owned by the company | Rights and Obligations |
| Cash Receipts | Cash receipts are accurately recorded | Completeness, Existence, Valuation |
| Balances | The company has ownership rights to recorded cash and accounts receivable | Rights and Obligations |
| Credits Issued | Credits issued are authorized and properly recorded | Occurrence, Valuation |
| Credits Recorded | Credits (to accounts receivable) are accurately calculated | Valuation |
| Credits Complete | All credit notes and proper adjustments to accounts receivable are recorded | Completeness |
| Physical Safeguards | Physical controls over cash limit the risk of misappropriation | Occurrence, Rights, and Obligations |
| Financial Reporting | Posting on the general ledger are timely and accurate. Cash, receivables, and related information is properly disclosed in the financial statements. | Completeness, Valuation, and Disclosure |
| Data Files | Access to data files is restricted to authorized personnel | All |
| Data Files | Approved changes to data files are recorded accurately and timely. Standing data are complete and accurate. | All |

## **Expenditure Cycle**

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| **Area** | **Control Objective** | **Assertions** |
| Segregation of duties | Functions with potential conflicts such as vendor approval, purchasing, and payment processing are segregated. | All |
| Purchasing | Purchase orders and service requests are authorized, complete, timely, and accurate. | Occurrence, Valuation |
| Receiving | All goods and services received were ordered and processed accurately and recorded timely. | Occurrence, Valuation |
| Returns and Allowances | All returns are authorized, and were processed accurately and recorded timely. | Occurrence, Valuation |
| Invoice Processing | All invoices are promptly and accurately processed.  Duplicate processing is prevented. | Occurrence, Valuation, Existence |
| Cash Disbursements | Payments were authorized, and associated goods or services were received and recorded in the proper period. Foreign currencies are properly recorded.  Duplicate payments are prevented. Long outstanding payments (uncashed checks) are investigated. | Rights and Obligations  Valuation  Completeness |
| Electronic Funds Transfer | EFT authorized in advance as to amount and payee and controlled. | Valuation  Existence  Completeness |
| Physical Controls | Physical controls over cash limit the risk of misappropriation.  Physical access to unsigned checks and check signature stamps or machine is controlled. | Completeness  Valuation  Rights and Obligations |
| Financial Reporting | Posting to the general ledger are timely and accurate. | Valuation  Presentation/Disclosure |
| Data Files | Access to data files is restricted to authorized personnel. | All |
| Data Files | Approved changes to data files are recorded timely and accurately and timely. | All |