**Objective:**

To perform journal entry analysis for **Engagement Name** for current period effective **Start\_Date through End\_Date**.

|  |  |
| --- | --- |
| **Client / Engagement Name:** | **Engagement Name** |
| **Client / Engagement Code:** | 8 digit code starting with 6 (mostly) / 8 digit code starting with 1(mostly) |
| **Client Contact:** | Coordinated through Financial Audit Team/  If there is a trail mail available, add up all the people who are in the loop in this field. |
| **Financial Audit Contact:** | The person to whom validation mail has been sent |
| **CAAT Preparer:** | **Preparer Name (In Bold)** |
| **CAAT Reviewer:** | Reviewer Name (Ashish Kakkar) |
| **Data Receipt Date:** | Date of receiving data, Date of Re-validations (If any) , Date of Proceed |
| **Period of Analysis:** | Starting Date – Ending Date |
| **JE Module Delivery Date:** | The day on which GAT is sent |
| **Reviewer Signoff Date:** |  |

**Purpose of Memorandum (Stays the same)**

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| This memorandum and supporting JE CAAT file were prepared by the EY GTH Team for use by the audit team. The memorandum documents the objectives of the work, planned procedures, procedures executed, and our assessment of the client data. This memorandum is intended to guide and assist the audit team in performing the journal entry analysis procedures and should not be considered a standalone work paper. We have provided this memorandum in softcopy so that the audit teams may copy those portions that are deemed relevant to their audit for inclusion in the final work papers. |

**Objective**

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| To evaluate the completeness of the Journal Entry data for **Engagement Name** for the period **starting** **Start\_Date and ending End\_Date**. This memo will accompany the ‘eyje’/’custom report’ file that must be imported into the Global Analytics Tool and reviewed by the Financial Audit team. |

**Data Completeness, Validation and Observations**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Any exclusion especially done for the validation.   * XXXX of XXXX account balances rolled to the Trial Balance and XXXX account balances did not roll. XXX of XXXX account balances that did not roll to the Trial Balance have significant rollforward differences and set off each other. There are XXXX accounts that have activity per the Journal Entry transaction and are not present in the Trial Balance file. Net Activity in XXX of these XXXX unmatched accounts summed to $0.00. Refer to the spreadsheet **“Engagement Name Start Date thru end Date TB Rollforward.xlsx”** for details of the Trial Balance Rollforward results.   The Financial Audit Team contact, ABC, investigated the rollforward results and instructed us to proceed further despite the above rollforward differences.    **INSERT ROLLFORWARD SPREADSHEET**  **(The section for JE file is to be kept together, without spaces in between lines, so that it is differentiable from GAT section)**   * The Journal Entry detail file amounts summed to $. * The beginning and ending Trial Balances summed to $Amount\_1 and $Amount\_2 respectively. * XXXX of XXXX unique journal entries summed to $0.00 and XX unique journal entries did not sum to $0.00. X of these XX unbalanced accounts have immaterial amounts.Refer to the attached spreadsheet **“Engagement Name Start Date thru end Date Unbalanced Journal Entries.xlsx”** for details of the unbalanced journal entries.   **INSERT UNBALANCED SPREADSHEET**  The Financial Audit team contact instructed us to proceed further despite the above unbalanced journal entries.   * There are XX of XXXXX line items with zero amounts. * There are XX line items with a blank Preparer ID. * There are XX line items with a blank JE Description. * Entry Date / Effective Date was not provided in the data and was hence not mapped. * Entry Date is as early as MM/DD/YYYY and as late as MM/DD/YYYY. * Effective Date is as early as MM/DD/YYYY and as late as MM/DD/YYYY. * Field\_1 and Field\_2 were not provided in the data. * We reset opening balances of Income Statement accounts to $0.00 and transferred Net Income to the Retained Earnings account “XXXXXX”. (In case of usage of Reset-Retained) * (Rarely Used)   We reconciled record counts and control totals provided by client for the Journal Entry data as follows:   | **Journal Entry Data Record Counts and Control Totals** | | | | --- | --- | --- | | **File Name** | **Record Count** | **Total Amount** | | Source\_File\_1 | XXXX | $0.00 | | Source\_File\_2 | XXXX | $0.00 | | Source\_File\_3 | XXXX | $0.00 | | Source\_File\_4 | XXXX | $0.00 | | Source\_File\_5 | XXXX | $0.00 | | **Totals** | **XXXXX** | **$0.00** |   OR   * No record counts or control totals were provided by the client for Trial Balance data. As such, the EY Global Analytics Tool will show a discrepancy in the reconciliation sections. However, we verified completeness through the Trial Balance Roll Forward Completeness Test. * We used (Effective Date/Period) to designate current period journal entries in the EY Global Analytics Tool. * We identified unmatched accounts as “Unmatched” and mapped to their respective Account Type e.g. “Unmatched Assets” for the unmatched Assets accounts. (If Unmatched Accounts are present) * There are XXXX (Pick from GAT or C10 Log) GL Accounts in the TB data without balances or JE activity. These accounts were excluded from further processing by the EY Global Analytics Tool. * We prepared the following custom reports:  1. SummaryStatistics 2. Unbalanced Summary 3. Preparer Summary 4. LargeRoundNumbers (Main) 5. LargeRoundNumbers (Supplement) 6. TBCompletenessValidation 7. Debit-Assets;Credit-Expenses 8. Debit-AccrLiab;Credit-Expenses 9. Entries after quarter cut off (Main)   Entries after quarter cut off (Supplement) |

**Conclusion**

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| As per the procedures performed, we conclude that the journal entry data is valid and can be relied upon by the financial audit team. We were able to test 100% completeness of the data as all account balances rolled forward successfully. We recommend that the financial audit team independently review the reasonableness of any noted items in the Data Completeness, Validation and Observation sections and conclude on their reliance strategy for the journal entry data.  OR  Per the procedures performed, we conclude that the journal entry data is valid and can be relied upon by the Financial Audit team, but we were unable to test 100% completeness of the data as XXXX account balances did not roll forward successfully, out of which XX accounts have significant roll forward differences. We recommend that the Financial Audit team independently review the reasonableness of any noted items in the Data Completeness, Validation and Observation sections and conclude on their reliance strategy for the journal entry data. |

**Data Audit Trail**

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| The following sections relate to all client data manipulation performed throughout the JE CAAT by the Enterprise Intelligence and Data Analytics team. The items below serve as the audit trail of our procedures and are to be referenced in future runs to leverage the efficiencies gained through recurring execution. |

**Method of Analysis:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | EY/Global Analytics Module |  | ACL |  | MS Access |  | Other: \_\_\_\_\_\_\_\_\_\_\_\_ |

***NOTE:*** *Agreed upon per discussion with Financial Audit team.(Check according to the tools used)*

**Source Data Files:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Data File Name*** | ***Record Count*** | ***Control Total*** | ***Description*** | ***ACL Table Name*** |
| Source\_JE\_File\_1 | Count in EY JE table  (Count in source table) | $0.00 | JE Activity | * SRC\_JE\_1 |
| Source\_JE\_File\_2 | Count in EY JE table  (Count in source table) | $0.00 | JE Activity | * SRC\_JE\_2 |
| Source\_JE\_File\_3 | Count in EY JE table  (Count in source table) | $0.00 | JE Activity | * SRC\_JE\_3 |
| Source\_JE\_File\_4 | Count in EY JE table  (Count in source table) | $0.00 | JE Activity | * SRC\_JE\_4 |
| Source\_JE\_File\_5 | Count in EY JE table  (Count in source table) | $0.00 | JE Activity | * SRC\_JE\_5 |
| Source\_TB \_File\_1 | Count in EY TB table  (Count in source table) | $0.00 | Opening Trial Balance | * SRC\_TB\_Open |
| Source\_TB\_File\_2 | Count in EY TB table  (Count in source table) | $0.00 | Closing Trial Balance | * SRC\_TB\_Close |

***NOTE:*** *Record Counts and Control Totals were not provided by the client for Journal Entry and Trial Balance data. The Record Counts and Control Totals for the Journal Entry and Trial Balance data above reflect the record counts and control totals after import into ACL. The record count in the parenthesis is the original total count. After removing JE transactions for the accounts that were not in scope, the record count without the parenthesis is the final total count. Refer to the Exclusion section within Business Rules.* *(Mostly)*

OR

*Record counts and control totals were provided by the client for Journal Entry data. We reconciled record counts and control totals for Journal Entry data and noted no exceptions. No record counts or control totals were provided by the client for Trial Balance data. The record counts and control totals for Journal Entry and Trial Balance data above reflect the record counts and control totals after import into ACL*.

**ACL Scripts:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***#*** | ***Script*** | ***Purpose*** | ***Input Files Created (\*.FIL)*** | ***ACL Logs (\*.LOG)*** |
| 1 | A10\_JE\_PREP | Formats source JE data files and consolidates into individual table (if necessary).  ***NOTE:*** *A manual import of the JE data files must be performed prior to running this script*. | * EY\_JE * EY\_JE\_EXCLUDE * (Write name if any other file was created prior to preparing EY\_JE) | INSERT\_LOG after zipping |
| 2 | A20\_TB\_PREP | Formats source TB data files and consolidates into individual table (if necessary).  ***NOTE:*** *A manual import of the TB data files must be performed prior to running this script*. | * EY\_TB * EY\_TEMP\_TB * EY\_TB\_EXCLUDE | INSERT\_LOG after zipping |
| 3 | A30\_MAIN | Sets up the fields that will be utilized for the processing of the transaction data file. | See attached log file. | INSERT\_LOG after zipping |
| 4 | B10\_VALIDATION | Contains all the validation checks that must be performed on all EY GTH journal entry CAATs.  ***NOTE:*** *Any exceptions that arise from the validation results should be highlighted to the Sub-Area ITRA SPOC and resolved and documented in the memo for future reference.* | * EY\_JE \_GROUPING | INSERT\_LOG after zipping |
| 5 | C10\_ROLL | This script performs the rollforward test using the transaction and the trial balance data files.  ***NOTE:*** *All rollforward differences must be documented and resolved prior to proceeding with the CAAT.* | * Trial Balance Rollforward * UNMATCHED\_ROLL\_TRANS * Engagement Name Start Date thru End Date TB Rollforward.xlsx | INSERT\_LOG after zipping |
| 6 | D10\_GLOBAL\_JE\_MAPPING | This script prepares and exports the transaction and trial balance files for upload into the global analytics tool. | * EY\_JE.txt * EY\_TB.txt | INSERT\_LOG after zipping |
| 7 | E10\_UNBALNCED\_ENTRIES  (If present) | This script prepares and exports the unbalanced journal entries. | * Engagement Name Start Date thru End Date Unbalanced Journal Entries | INSERT\_LOG after zipping |
| ***ACL Files:*** | | | | |
| **ACL File: ACL Log File:**  INSERT\_LOG after zipping INSERT\_LOG after zipping | | | | |

**Global Tool Field Mapping:**

|  |  |  |
| --- | --- | --- |
| ***JE Transaction Files*** | | |
| ***EY/Global Analytics Field Name*** | ***ACL Field Name*** | ***Client Data Field Name*** |
| **Journal Entry Number** | EY\_JENum | Field\_1 |
| **General Ledger Account Number** | EY\_ACCT | Field\_2 |
| **Amount** | EY\_AMOUNT | Field\_3 |
| **Business Unit** | EY\_BU | Field\_4 |
| **Effective Date** | EY\_EFF\_DATE | Field\_5 |
| **Entry Date** | EY\_ENT\_DATE | Field\_6 |
| **Period** | EY\_PERIOD | Field\_7 |
| **Preparer ID** | EY\_PREPARER\_ID | Field\_8 |
| **Source** | EY\_SOURCE | Field\_9 |
| **Journal Entry /Transaction Description** | EY\_DESC | Field\_10  N/A- *Not Provided* |
| **User Defined Field 1** | EY\_UDF1\_ | Field\_11 |
| **User Defined Field 2** | EY\_UDF2\_ | *ACL computed field based on:* Field\_X.  Refer Data Preparation/ Modification below. |
| **User Defined Field 3** | EY\_UDF3\_RP\_IC\_PF\_ACCT  (To be created if there are many line items that fall under the category of RP, IC and PF accounts) | *ACL computed field based on:* Field\_X.  Refer Data Preparation/ Modification below. |

|  |  |  |
| --- | --- | --- |
| ***Trial Balance Files*** | | |
| ***EY/Global Analytics Field Name*** | ***ACL Field Name*** | ***Client Data Field Name*** |
| **General Ledger Account Number** | EY\_ACCT | Field\_1 (Open)/ Fld\_1 (Close) |
| **General Ledger Account Name** | EY\_ACCT\_NAME | Field\_2(Open) / Fld\_2 (Close) |
| **Account Type** | EY\_ACCT\_TYPE | *ACL computed field based on:* Field\_1 (Open)/ Fld\_1 (Close).  See Business Rules below. |
| **Account Class** | EY\_ACCT\_CLASS | N/A- *Not Provided*  Field\_3(Open) / Fld\_3 (Close) |
| **Beginning Balance** | EY\_BEGBAL | Begbal\_Field |
| **Ending Balance** | EY\_ENDBAL | Endbal\_Field |

**Business Rules:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. **Identify and order journal entry fields to arrive at a unique journal entry**  * Journal Entry Number - EY\_JENum - Field\_1 (Mostly) * Field\_Name - EY\_Field\_Name - Field\_X (Rarely)  1. **Account Type Definition**  * Account Type identifications are defined based on the following GL Account Number ranges:  |  |  | | --- | --- | | **GL Account Number beginning with** | **Account Type** | | 1 | Assets | | 2 | Liabilities | | 3 | Equity | | 4 | Revenue | | 5, 6, 7, 8 or 9 | Expenses |   **OR**   | **GL Account Number Range** | **Account Type** | | --- | --- | | 20000 | Assets | | >20000 and < 30000 | Liabilities | | 30000< and <40000 | Equity | | 40000< and <50000 | Revenues | | >50000 | Expenses |   **OR**  **(In cases where alpha-numeric Accounts are present)**   * The Account Type identifications for the following GL Accounts are mapped as under:  |  |  | | --- | --- | | **GL Account Number** | **Account Type** | | ZBALANCE\_0 | Equity | | ZCARGA\_AP | Liabilities | | ZCARGA\_AR | Assets | | ZCARGA\_GL | Equity |  1. **Exclusions (If present, then they will be at 3rd bullet point i.e. before Sys/Man Identification)** 2. **System/Manual Identification**  * Manual Entries: All entries where Source/Preparer ID/Field EQUALS “Phrase”/”Condition”. * System Entries: All other entries.   OR   * All entries were marked as “Manual”.  1. **Inter-Company Accounts (to be copied from PY Memo/ will be provided by client/ should use default value)**  * *N/A- Not Provided*   *OR*   * Journal Entry Description CONTAINS: * Phrase 1 * Phrase 2   *OR*   * GL Account Number EQUALS: * 3260 * 3265 * 3255  1. **Related Party Accounts (to be copied from PY Memo- Similar to Inter-Company)**  * *N/A- Not Provided*  1. **Professional Fee Accounts (to be copied from PY Memo- Similar to Inter-Company)**  * *N/A- Not Provided*  1. **Report Thresholds and Other Parameters: (to be copied from PY Memo)**  * User Defined Criteria Report:  1. *Threshold:* $0.00 2. *Parameters:* Standard Parameters (No Defined Criteria)   *OR*   * User Defined Criteria Report:   + 1. *Threshold:* $0.00     2. *Parameters:* Manual Entries   Preparer ID Details (Present In GAT)  JE’s Not Balancing to Zero (Present In GAT)  Line Items with Missing Fields (Present In GAT)   * Identified Number Pattern Report:  1. *Threshold:* $0.00 2. *Parameters:* Standard Parameters (Number Patterns = ‘000’ or ‘999’)  * JEs Near Period End Report:  1. *Threshold:* $0.00 2. *Parameters:* Standard Parameters (Days Prior To Period End = 10 Days)   *OR*   * JEs Near Period End Report:  1. *Threshold:* $0.00 2. *Parameters:* Only Manual Entries   Days Prior To Period End = 12 Days.   * Identified Phrases Report:  1. *Threshold:* $0.00 2. *Parameters*: Standard Parameters (No Defined Criteria)   OR   * Identified Phrases Report:  1. *Threshold:* $0.00 2. *Parameters:* System and Manual Entries   Phrase #1: Journal Entry Description CONTAINS “”  Phrase #2: Journal Entry Description CONTAINS “”  Phrase #3: GL Account Name CONTAINS “”  Phrase #4: Journal Entry Description CONTAINS “”  (***Note:*** *Journal Entry Description was not provided in the Journal Entry data therefore only the Phrase #3 criterion is reflected in the reports.*)   * Account Pairings Report:  1. *Threshold*: $0.00 2. *Parameters:* Standard Parameters (Debit to ‘Assets’, Credit to ‘ Expenses)   *OR*  Note: The Financial Audit Team provided criteria for 4 Account Pairing reports. As the EY Global Analytics Tool only allows for 3 Account Pairings at a time, only the first 3 Account Pairings are reflected in the final reports. The other Account Pairing must be added by the Financial Audit Team and the report must be rerun.   1. *Threshold:* $0.00 2. *Parameters:* Account Pairing #1: Debit to ‘Assets’, Credit to ‘ Expenses’   Account Pairing #2: Debit to ‘Liabilities’, Credit to ‘Revenue’  Account Pairing #3: Debit to ‘Liabilities’, Credit to ‘Expenses’  Account Pairing #4: Debit to ‘Intercompany’, Credit to ‘Revenue’   * Inter-Company/ Related Party/ Professional Fee Report: (Remains Same except for threshold)  1. *Threshold:* $0.00 2. *Parameters:* Refer to Inter-Company, Related Party and Professional Fees Identifications above.  * Subsequent Period Report:  1. *Not Applicable –* No Subsequent Period Journal Entries 2. **Custom Reports: (If generated)** 3. SummaryStatistics 4. Unbalanced Summary 5. Preparer Summary 6. LargeRoundNumbers (Main) 7. LargeRoundNumbers (Supplement) 8. TBCompletenessValidation 9. Debit-Assets;Credit-Expenses 10. Debit-AccrLiab;Credit-Expenses 11. Entries after quarter cut off (Main) 12. Entries after quarter cut off (Supplement) |

**Statements of Fact:**

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| --- |
| **Data Preparation/ Modifications: (Insert any other changes that are made)**   * We received X Journal Entry detail files in text/spreadsheet format and imported it/them into ACL without any manual formatting. * We received X Trial Balance data files in text/spreadsheet format and imported it/them into ACL without any manual formatting. * We reset opening balances of the Income Statement accounts to $0.00 and transferred Net Income to the Retained Earnings account "XXXXX". (If resetting is done) * We used prior year Journal Entry data field mapping. * We formatted period field from “MMM-YY” to “NN”, for eg. “JUN-12” to “01”. * We computed JE\_Activity by subtracting Debit from Credit, i.e. (Credit-Debit) * Amount is defined as -1\*Amount if TYPE field is “CREDITS”. * We used the field “Field\_Name” for amount and the field “Field\_Name” for Debit/ Credit indicator. If indicator is “S”, then amount was taken as “Debit”. If indicator is “H”, amount was taken as “Credit”. * The beginning and ending balance was taken in the field Balance when the corresponding value was equal to “Beginning” and “Ending” in the field “Credit\_Activities” respectively. * Account number (EY\_ACCT: Field\_2 (Journal Entry) / Field\_1- First 6/7 characters (Trial Balance)) is calculated as combination of Account Number and Business Unit. * The 2nd segment in the “Account” field has been taken as EY\_Acct. * Account name is calculated on Posting\_Date- 7 character onwards. * Business Unit field mapping was not available in the documents provided. Hence, we mapped entity name from the source files (EY\_SRC\_FILE: Data File Name) as Business Unit. * We identified and defined Account Type and Account class mapping based on Chart of Accounts file "GL Account Classification.xls". * We identified unmatched accounts as “Unmatched” and mapped to their respective Account Type e.g. “Unmatched Assets” for the unmatched Assets accounts. * We defined and mapped 3 User Defined fields i.e. “EY\_UDF1\_”, “EY\_UDF2\_” and “EY\_UDF3\_” into the EY Global Analytics Tool. * We computed EY\_UDF1\_ for on the basis of EY\_Field\_Name where. * We computed EY\_UDF2\_ for on the basis of EY\_Field\_Name where. * We computed EY\_UDF3\_ for on the basis of EY\_Field\_Name where. |

**Sign-off and Data Retention Letter:**

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**Appendix A: Custom Reports Analysis (Incase Custom Reports are generated using ACL)**

See the associated zip file “**Engagement Name Period of Analysis Custom Reports.zip**” for the details that are summarized in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Section: Outlier Analysis** | | | | |
| **Report Number** | **Report Title** | **Purpose** | **Findings** | **Evidence Obtained/Conclusions Reached** |
| 1 | Manually posted Journal Line Items with a Revenue Account impact greater than $125,000 or less than $(125,000) | To identify unusual or significant journal entries processed in a normal course of business.  Searches for Journal Entries entered manually with a Revenue impact | 1,355 line items were identified | See the associated spreadsheet “R1\_Manual\_Revenue” in zip file |
| 2 | Debit Journal entries to Revenue greater than $125,000 | Searches for Debit Journal Entries entered manually with a Revenue impact greater than $125,000 | 2 line items were identified | See the associated spreadsheet “R2\_Revenue\_Debit” in zip file |
| 3 | Manual reversals/Reclasses |  | Processed Onshore | N/A |
| 4 | Journal entries posted by specific users greater than $125,000 or less than ($125,000) | Searches for Debit Journal Entries entered by the list of given users greater than $125,000 or less than ($125,000) | 230 line items were identified | See the associated spreadsheet “R4\_Operator\_Entries” in zip file |
| 5 | Manually posted Journal Line Items greater than $3,400,000 or less than $(3,400,000) | To identify unusual or significant journal entries processed in a normal course of business.  Searches for Journal Entries entered manually. | 196,424 line items were identified. | See the associated spreadsheet “R5\_Manual\_Threshold” in zip file |
| 6 |  |  |  |  |
| 7 |  |  |  |  |