**Objective:**

To perform Journal Entry analysis for **Panhandle Oil and Gas** for current period effective **10/01/2012 through 09/30/2013.**

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| **Client / Engagement Name:** | **Panhandle Oil and Gas** |
| **Client / Engagement Code:** | 60022994 / 15087016 |
| **Financial Audit Contact:** | Sam Roberts |
| **CAAT Preparer:** | **Pal Pandian N** |
| **CAAT Reviewer:** | **Satwika Raman** |
| **Data Receipt Date:** | 15/11/2013(Data received) |
| **Period of Analysis:** | 10/01/2012 – 09/30/2013 |
| **JE Module Delivery Date:** | 11/25/2013 |
| **Reviewer Signoff Date:** |  |

**Purpose of Memorandum**

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| This memorandum and supporting JE CAAT file were prepared by the EYGTH 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 **Panhandle Oil and Gas** for the period starting **10/01/2013** and ending **09/30/2013**. This memo will accompany the eyje file that must be imported into the Global Analytics Tool and reviewed by the Financial Audit team. |

**Data Completeness, Validation and Observations**

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| * All of 362 account balances rolled to the Trial Balance * Refer to the spreadsheet **"Panhandle Oil and Gas 10012012 thru 09302013 TB Rollforward.xlsx"** for details of the Trial Balance Rollforward results.      * The Journal Entry detail file amounts summed to $0.00. * The beginning and ending Trial Balances summed to $ 0.00 and $0.00 respectively. * 699 of 856 unique journal entries summed to $0.00 and 157 unique journal entries did not sum to $0.00 have immaterial amounts. * Effective Dates ranges from 10/31/2012 to 9/30/2013 * Entry dates ranges from 10/2/2013 to 11/12/2013 * Control totals for the Journal Entry data and Trial Balance were not provided by the client. 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. * There are 104 GL Accounts in the TB without balances or activity. These accounts were excluded from further processing by the EY Global Analytics Tool. |

**Conclusion**

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| Per the procedures performed, we conclude that the journal entry data is valid and can be relied upon by the Financial Audit team; 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 EYGTH 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:**

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

***NOTE:*** *Agreed upon per discussion with Financial Audit team.*

**Source Data Files:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Data File Name*** | ***Record Count*** | ***Control Total*** | ***Description*** | ***ACL Table Name***  ***(\*.fil)*** |
| October 12.xlsx | 103,697 | Activity: $0.00 | JE Activity | * SRC\_JE\_OCT12 |
| November 12.xlsx | 107,542 | Activity: $0.00 | JE Activity | * SRC\_JE\_NOV12 |
| December 12.xlsx | 149,599 | Activity: $0.00 | JE Activity | * SRC\_JE\_DEC12 |
| January 13.xlsx | 63,336 | Activity: $0.00 | JE Activity | * SRC\_JE\_JAN13 |
| February 13.xlsx | 104,970 | Activity: $0.00 | JE Activity | * SRC\_JE\_FEB13 |
| March 13.xlsx | 139,874 | Activity: $0.00 | JE Activity | * SRC\_JE\_MAR13 |
| April 13.xlsx | 90,556 | Activity: $0.00 | JE Activity | * SRC\_JE\_APR13 |
| May 13.xlsx | 88,598 | Activity: $0.00 | JE Activity | * SRC\_JE\_MAY13 |
| June 13.xlsx | 136,196 | Activity: $0.00 | JE Activity | * SRC\_JE\_JUN13 |
| July 13.xlsx | 131,569 | Activity: $0.00 | JE Activity | * SRC\_JE\_JUL13 |
| August 13.xlsx | 142,661 | Activity: $0.00 | JE Activity | * SRC\_JE\_AUG13 |
| September 13.xlsx | 150,806 | Activity: $0.00 | JE Activity | * SRC\_JE\_SEP13 |
| 9-30-13 GL - FY - after tax.xlsx | 531 | BegBal: $ 0.00  EndBal: $ 0.00 | Trial Balance Data | * SRC\_TB |

***NOTE: Control totals for the JE data and Trial Balance were not provided by the client. The totals for JE data and Trial Balance data above reflect the record counts and control totals after import into ACL.***

**ACL Scripts:**

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| --- | --- | --- | --- | --- |
| ***#*** | ***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 |  |
| 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\_TB\_TEMP * EY\_TB\_TEMP\_EXCLUDE |  |
| 3 | A30\_MAIN | Sets up the fields that will be utilized for the processing of the transaction data file. | See attached log file. |  |
| 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 * ID\_CURRGROUPING |  |
| 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 * PanHandle Oil and Gas 10012012 thru 09302013 TB Rollforward.XLS |  |
| 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 |  |
| ***ACL Files*:** | | | | |
| **ACL File ACL Log File** | | | | |

**Global Tool Field Mapping:**

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| --- | --- | --- |
| ***JE Transaction Files*** | | |
| ***EY/Global Analytics Field Name*** | ***ACL Field Name*** | ***Client Data Field Name*** |
| **Journal Entry Number** | EY\_JENum | Voucher |
| **General Ledger Account Number** | EY\_ACCT | Account\_No |
| **Amount** | EY\_AMOUNT | GL\_Amount |
| **Business Unit** | EY\_BU | *N/A - Not Provided* |
| **Effective Date** | EY\_EFF\_DATE | *Period\_End* |
| **Entry Date** | EY\_ENT\_DATE | Posting\_Date |
| **Period** | EY\_PERIOD | *ACL computed field based on:*  EY\_EFF\_DATE |
| **Preparer ID** | EY\_PREPARER\_ID | *N/A - Not Provided* |
| **Source** | EY\_SOURCE | *N/A - Not Provided* |
| **Journal Entry /Transaction Description** | EY\_DESC | *N/A - Not Provided* |
| **User Defined Field 1** | EY\_UDF1 | *N/A - Not Provided* |
| **User Defined Field 2** | EY\_UDF2\_Jrnl\_Code | Jrnl\_code. |
| **User Defined Field 3** | EY\_UDF3\_UTM\_ID | *UTM\_ID* |

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| --- | --- | --- |
| ***Trial Balance Files*** | | |
| ***EY/Global Analytics Field Name*** | ***ACL Field Name*** | ***Client Data Field Name*** |
| **General Ledger Account Number** | EY\_ACCT | ACCOUNT |
| **General Ledger Account Name** | EY\_ACCT\_NAME | DESCRIPTION |
| **Account Type** | EY\_ACCT\_TYPE | *ACL Computed Filed based on:*  EY\_ACCT  Refer to the Business Rules below. |
| **Account Class** | *N/A – Not Provided* | *N/A – Not Provided* |
| **Beginning Balance** | EY\_BEGBAL | OPEN\_BALANCE |
| **Ending Balance** | EY\_ENDBAL | CLOSE\_BALANCE |

**Business Rules:**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. **Identify and order journal entry fields to arrive at a unique journal entry**  * Journal Entry Number - EY\_JENum  1. **Account Type Definition**  * Panhandle JE data account number in the following format   **“X,YYY,ZZZ”**  **X -** This character is used to identify the company which posted JE  **YYY -** This set of character used to classify the type of Account  **ZZZ -**  This set of characters identifies individual accounts within the different account types   * The Account Type identifications are defined based on the second set of characters listed Account No field for each JE      | The Account Number beginning with | Account Type | | --- | --- | | 100,200,300 | Assets | | 400,500 | Liabilities | | 600 | Equity | | 700 | Revenue | | 800 | Expenses | | 900 | Others |  1. **System/Manual Identification**   Only System Entries   1. **Inter-Company Accounts**   *N/A – Not Provided*.   1. **Related Party Accounts**   *N/A – Not Provided*.   1. **Professional Fee Accounts**  * *N/A – Not Provided*.  1. **Report Thresholds and Other Parameters:**  * User Defined Criteria Report:   + 1. *Threshold:* $0.00     2. *Parameters:* Standard Parameters (No Defined Criteria) * 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) * Identified Phrases Report:  1. *Threshold:* $0.00 2. *Parameters*: Standard Parameters (No Defined Criteria)  * Account Pairings Report:  1. *Threshold:* $0.00 2. *Parameters:* Standard Parameters (Debit to ‘Assets’, Credit to ‘ Expenses)  * Inter-company/Related Party/Professional Fee Report:  1. *Threshold:* $0.00 2. *Parameters:* Standard Parameters  * Refer to Inter-Company, Related Party and Professional Fees Identifications above * Subsequent Period Report:  1. Not Applicable – No Subsequent Period Journal Entries |

**Statements of Fact:**

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| **Data Preparation / Modifications:**   * We received 12 Journal Entry file in spreadsheet format. We imported it into ACL after converting it into pipe delimited text file. * We received Trial Balance data file in Excel spreadsheet format. We imported them into ACL without any manual formatting. * Since we cannot create separate account type for “OTHERS” therefore it is sub classified in “EXPENSES” Account in Global Analytics Tool. |

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

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