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**ICFR Deficiency Form**

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**Control number:** OTC\_01

**Control owner:** Stephanie Triquart, Senior Director, Global Accounting

**Type of deficiency:** Design effectiveness

**Date of control failure:** January 2020

**Testing period identified:** Interim

**Deficiency identified by:** Internal Audit

**Control language**

**OTC\_01:** Accounts receivable, and unapplied cash key account reconciliations are prepared and reviewed with appropriate supporting documentation prior to the issuance of the financial statements.

**Risk(s) of material misstatement**

**OTCR07:** Accounts receivable that have been recorded in the general ledger do not reconcile to the underlying subledger/POS records (value) and/or contains invalid items that do not exist.

**OTCR08:** Other (unbilled) receivables that have been recorded in the general ledger do not reconcile to the underlying subledger/POS records (value) and/or contains invalid items that do not exist. (assumes that other receivables are unbilled)

**OTCR13:** Revenue recognized and accounts receivable recorded do not agree to amounts invoiced.

**Deficiency summary**

For periods prior to the implementation of Power BI in January 2020, the general ledger team reconciled Oracle to each POS AR aging at least quarterly. However, the general ledger team discontinued reconciling Oracle to each POS when Power BI was implemented. Internal Audit confirmed that there were no GITCs implemented, functioning nor tested in FY 2020 for Power BI, nor were there completeness and accuracy data reconciliations performed over the monthly transfer of information from the POS application to Power BI. Therefore, Internal Audit could not validate the completeness and accuracy of the information used in the consolidated accounts receivable balance sheet reconciliation for the periods ended January 2020 through December 2020.

**Controls that mitigate the risk(s) of material misstatement**

**OTC\_90:** Billing invoice loader files are provided to the Corporate AR team for loading into Oracle via the auto import loader. Once loaded, transaction reports are reviewed to ensure completeness and accuracy of revenue and accounts receivable for MSP, RPO, OWM, and SIMOS.

**FCR\_02:** (period of efficacy August close to December 27, 2020) A review of the TrueBlue, Inc. consolidated balance sheet is performed by accounting leadership prior to financial statement closing. Key elements of the consolidated balance sheet review include: a) Verifying the comparative balance sheet is for the correct period and the report is complete and accurate (IUC validation). b) Comparing balances to the prior month to identify unusual trends or variances. Accounts excluded from the analysis are cash, intercompany and equity. c) Investigating variances greater than the thresholds providing explanation for fluctuation. Thresholds are reviewed and approved no less than annually or as economic conditions require. d) Completing Control Performance Checklist.

A review of the TrueBlue, Inc. Corporate statement of operations (i.e., P&L) is performed by accounting leadership prior to financial statement closing. Key elements of the P&L review include: a) Comparing current month's actual results to prior year's same period actuals to identify unusual trends or variances. b) Investigating variances greater than the thresholds

providing explanation for fluctuation. Thresholds are reviewed and approved no less than annually or as economic conditions require. c) Completing Control Performance Checklist.

**FCR\_38:** (period of efficacy August close to December 27, 2020) A review of the PeopleReady statement of operations (i.e., P&L) is performed by accounting leadership prior to financial statement closing. Key elements of the P&L review include: a) Comparing current month's actual results to prior year's same period actuals to identify unusual trends or variances. b) Investigating variances greater than the thresholds providing explanation for fluctuation. Thresholds are reviewed and approved no less than annually or as economic conditions require. c) Completing Control Performance Checklist.

#### **Management's Remediation Plan**

Remediation period: **Q1 2021**

**Date** remediation documentation will be available: **Q1 2021**

**Man**agement to develop a process that reconciles PRISM, PRDS, Power BI and Oracle within a reasonable precision threshold as of each period end date. In addition, Management to consider the implementation of **GITCs** over the Power BI tool and possible automation of the reconciliation.

#### **Management's Lookback Procedures**

Lookback period: **January 2020 to December 2020**

**Date** lookback documentation will be available: **February 5, 2021**

**Man**agement will prepare a quarterly Accounts Receivable Rollforward to substantiate each **quarter**-end AR balance for PeopleReady (CO102 and CO105).