# Solution

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash & Cash Equivalents** | **Procedures** | | | |
| **Assertions** | **Inspection** of bank  reconciliations and  bank statements | **Confirm** balances  with bank | **Recalculate** bank  reconciliations | **Inspection** of bank statements  and disbursements/receipts  register and perform cash cutoff procedures |
| Existence | X | X | X |  |
| Completeness | X |  | X | X |
| Rights & Obligations |  | X |  |  |
| Valuation | X | X |  |  |
| Presentation & Disclosure |  | X |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Trade Payables** | **Procedures** | | | |
| **Assertions** | **Inquire** about unusual  items in the trade payables  subledger. Obtain supporting documentation to support  the inquiry. | Design a **substantive analytical procedure** based on our expectations of the level of trade payables at the cutoff date. | Perform a search for unrecorded trade payables at period end by selecting subsequent disbursements and unmatched invoices and receiving reports and **inspecting** supporting documentation to ensure they were recorded in the proper period. | **Recalculate** subledger and agree to general ledger |
| Existence | X | X |  | X |
| Completeness | X | X | X | X |
| Rights & Obligations | X | X |  |  |
| Valuation | X |  | X |  |
| Presentation & Disclosure | X |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sales** | **Procedures** | | | |
| **Assertions** | Design **analytical procedures** using disaggregated data (e.g., by month, by product line, by geographical area, by segment) | Analyze and investigate the relationship between revenue, receivables and cash by running the **Correlation** (3-way) report in GL Analyzer for the selected revenue, accounts receivable and cash accounts. | **Inquiry** of sales and marketing personnel for any unusual transactions or similar items | If substantive analytical procedures did not satisfy our risk assessment, perform tests of transactions based on the combined risk assessment, when required, through **inspection** of sales agreements and the recognition of revenue for selections. |
| Occurrence | X | X | X | X |
| Completeness | X | X | X | X |
| Measurement | X | X | X | X |
| Presentation & Disclosure |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **PPE** | **Procedures** | | | | | |
| **Assertions** | **Correlate** PPE activity and Income statement account activity | **Analyze** gross cost of PPE as a percentage of depreciation expense | **Inspect** and **recalculate** the company's reconciliation of PPE Subledger accounts and the GL | **Inspect** source documentation evidencing the authorization and purchase of the asset | **Inspect** the Repairs & Maintenance Accounts for items that were expensed but should have been capitalized | Physical **Observation** of assets |
| Existence |  | X | X | X |  | X |
| Completeness | X | X | X |  | X |  |
| Rights & Obligations |  |  |  | X |  |  |
| Valuation | X | X | X | X |  |  |
| Presentation & Disclosure | X |  |  |  |  |  |