**Objective:**

Execute the substantive procedures to test the occurrence, measurement and completeness of the 7300007 Wages and Salaries expense account as of year-end.

**Time:** 45 minutes to complete the work

**Instructions:**

You will complete this exercise working on your own. However, you may discuss any questions you have with the senior assigned to your table.

**Your overall task:**

Audit the occurrence, measurement and completeness of the 7300007 Wages and Salaries expense account on the financial statements as of year-end for Summit Equipment.

Follow the instructions in this document. It references evidence and documentation you will need to complete this activity. All documentation to audit the assertion has been attached in Canvas by your senior. You should access these documents as needed. After you have completed your tasks, you should save your workpapers and support to your hard drive.

If you have questions throughout this activity, ask your senior or the facilitator.

# *Instructions*

* Assume today is 15 January 20X7
* You have 45 minutes to complete the exercise

### Steps:

1. Navigate to tasks in the EY Canvas and read through the substantive procedures allocated to you by the senior.

**\*\*\* Note: You have been assigned to perform the substantive analytic over 7300007 Wages and Salaries Expense. Your senior has designed procedures that you should follow. Be sure to read the procedures in your Canvas task screen.**

1. Your senior has attached the EY GL Analyzer Payroll Lead Schedule in Canvas, as well as all of the Payroll JEs exported from EY GL Analyzer and the beginnings of the analytic workpaper. She has also associated the ADP Reports for each month.
2. Set up the lead sheet as your workpaper for the assigned substantive procedures as noted in Canvas (as a reminder, you are only testing account 7300007). Index it as VB01. Set up the Journal Entry file on tab 2. Index it as VB02.
   1. Remember to set up the workpaper and agree and cross reference the balances between the journal entries, lead sheet and trial balance.
3. Obtain the monthly bank statements for the period ended 31 December 20X6.

***\*\*The June and October ADP Batch reports and Bank Statements have already been obtained from the client and are included in the evidence obtained during the walkthrough and tests of controls activities. You should always consider what you or another member of you team has obtained to avoid asking the client for the same documentation multiple times.***

1. Develop an expectation based on prior period information adjusted for expected changes. For the prior year information, use the ADP Batch reports to determine the headcount for each month and to calculate a weighted average pay rate per employee. Work with your senior to derive more precise expectations based on information obtained when performing our other inquiries and audit procedures.
2. Refer to the workstep in EY Canvas for the calculation of the variance that should be used as an expectation for your analytic. You can also discuss this step with your senior if you have any questions.
3. Obtain explanations corroborated with evidence for any deviations from our expectations greater than our stipulated variance threshold.