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| **Alert: You have unresolved diagnostic items from the last refresh of Canvas data.** |

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| **Engagement information** | | |
| **Entity name:** | | Summit Equipment |
| **Date of financial statements:** | | 31 December 20X6 |
| **Engagement name:** | | Summit Equipment Year End Audit |
| **EY Canvas data fresh as of:** |  | 31/01/20X7 1:02:42PM |

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| **Obtain an understanding of the SCOT** **[SCOT name]:** |

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**None identified**

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| |  | | --- | | 🞧 | |  | | **SCOT characteristics and audit strategy** | | | | | | | |
| Preliminary audit strategy for this SCOT: | | | Controls | | | | |
| Type of SCOT: | | Routine | Related in-scope IT applications: | | SAP | | |
| Select all characteristics that apply to this SCOT. | | | | | | | |
| 🞎 | Controls over this SCOT are rotated and are NOT tested in this audit period | | | | |  | |
| 🞎 | Includes related party relationships or transactions | | |  | | | |
| 🞎 | Highly automated | | | | | | |
| 🞎 | Entity uses a service organization within this SCOT | | | | | | |
| Provide a brief summary of the entity's use of a service organization within this SCOT: | | | | | | |  |
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| **Related party relationships and transactions** |
| Document our high-level understanding of the controls, if any, that management has established to: |
| Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework: |
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| Authorize and approve significant transactions and arrangements with related parties: |
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| Authorize and approve significant transactions and arrangements outside the normal course of business: |
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Do not delete this bookmark!

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| **Initiation** | 🗶 |
| Summit Equipment holds several accounts at the Hilltop Bank and Capstone Bank. There are also several petty cash accounts that holds immaterial amounts of cash.  Greater than 80% of the cash receipts are wire transfers and less than 20% are checks.  **Online Bank Account Access**  Access to the online banking system is restricted to authorized individuals.  Users wanting access to online banking systems need to request approval from the Treasury Department. Access requests (Access Request Forms) are first reviewed and approved by the relevant Business Unit Financial Controller to ensure the user has a business need for requesting access.  **<SE CR Control 1: Access to online banking systems are limited to authorized personnel based on the approved authorization listing>.**  All checks are received by the Treasury Department. When checks are received, a copy of the check is made by the receptionist.  The Intermediate Accountant will check the online banking systems daily and will identify whether any cash receipts have been received. | |

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| **Recording** | 🗶 |
| The receptionist records received checks in the deposit book and the Treasury Analyst deposits the checks in the relevant company account.  The photocopy of the check is forwarded by the receptionist to the Intermediate Accountant along with any additional supporting information that may have been received. The deposit receipt is filed in the deposit book by the Treasury Analyst. | |

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| **Processing** | 🗶 |
| The Intermediate Accountant will check the online banking systems daily. If there is any doubt about what is being received, the Intermediate Accountant will follow up directly with the Operations Manager.  When the Intermediate Accountant identifies the receipt of a deposited check, they will ensure that the amount matches the amount recorded in the deposit book and deposit receipt from the bank. The Intermediate Accountant will follow up with the receptionist (via email) if there is any discrepancy. **<SE CR Control 2: The Intermediate Accountant will perform a three way match for all check receipts with the amount recorded in the deposit book and deposit receipt from the bank>.**  For both wire transfers and check receipts, the Intermediate Accountant will draft the journal to record the cash receipt to the appropriate cash and AR account as follows in SAP:  DR – Cash  CR – AR Trade Receivables  The journal entry is reviewed and authorized by the Finance Manager in accordance with the entity’s Managing Journal Entries Policy (SE-004) **<SE CR Control 3: Journal entries for cash receipts are prepared and recorded in the GL by the Intermediate Accountant and are reviewed and approved by the Finance Manager in accordance with the JE Policy (SE-003 Managing Journal Entries)>.**  Once approved in SAP, the journal entry is automatically posted by SAP. | |

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| **Reporting** | 🗶 |
| Every month, a reconciliation is prepared by the Senior Accountant for each cash account. The Senior Accountant will perform the reconciliation in a template in Microsoft Excel. The template includes information such as GL account number, preparer details, GL Amount, bank statement amount, reconciling items and review and approval details.  As part of this process, the Senior Accountant will:   1. Access the relevant online banking system and input the closing balance for the month into the template. 2. Logon to SAP and input the closing GL balance for the month into the template.   If at this stage, there are no reconciling items, the Senior Accountant will physically sign off the reconciliation as prepared and submit it for review and approval.  If there are reconciling items, the Senior Accountant is required to investigate and resolve these until the difference is less than CHF 100. To do so, the Senior Accountant will identify the variances by:   1. Downloading a report from SAP containing the transactions for the month including a listing of uncleared checks and deposits. 2. Reviewing the deposit book for checks that were deposited on or near the month end date that were not receipted in SAP. 3. Reviewing the subsequent month’s bank statement for checks that had been receipted in SAP but cleared subsequent to the month end date. 4. Looking for the following items:  * Checks/Deposits recorded in the bank records at a different amount from what was recorded by the company. * Checks/Deposits recorded in the bank records that were not recorded by the company.   All reconciling items are included in a sub section in the template.  Each reconciliation is reviewed by the Finance Manager. As part of the review, the Finance Manager will check that the parameters of the reconciliation are correct by checking the opening and closing month end dates used, and performing a spot check between the closing balance in the bank reconciliation and SAP.  Any unreconciled differences greater than CHF 10,000 are investigated and resolved before the end of the following month.  If there are unreconciled items or items requiring further investigation, the Finance Manager will return the reconciliation to the Senior Accountant to address. Types of questions include the source of a reconciling item, business nature of the reconciling item or confirmation that the reconciling item will clear within the next 30 days. Once resolved it will be resubmitted to the Finance Manager to recommence their review.  Upon completion of their review, the Finance Manager physically signs off on the reconciliation to indicate their approval of the reconciliation **<SE CR Control 4: Monthly bank reconciliations are prepared by the Senior Accountant and reviewed by the Finance Manager to ensure reconciling items over 10,000 are reasonable and are properly investigated, that the balances agree to the underlying support and the reconciliations are prepared within seven days of month end>**.  Once reconciled and approved, the Senior Accountant will place a copy of the reconciliation in the monthly reconciliation file. | |

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| **Confirm our understanding of the SCOT** **[SCOT name]:** |

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| **SCOT walkthrough:** | |  | 🗶 |
| Transaction(s) selected: | Check Number - 30000479808 | | |
| Individuals with whom we confirmed our understanding: | Martin J Hayter (Finance Manager)  Eduardo Elizondo (Intermediate Accountant)  Suzanne Johnson (Receptionist) | | |
| Procedures performed to confirm our understanding: | | | |
| **Cash Receipts**  EY obtained and reviewed the cash receipt process narrative for Summit Equipment (refer to ***Summit Equipment Cash Receipts Process Narrative (PM8.2.1)*** attached in Canvas).  EY held inquiries with the appropriate process owners to confirm that our understanding of the process was current and accurate.  EY inquired about the process changes from the prior year and noted that there were none. This is consistent with the results of our walkthrough procedures documented below.  EY selected the following receipt from the current year to walkthrough the cash receipts process:   |  |  | | --- | --- | | Customer Name | ABA Tours | | Check Date | 25 June 20X6 | | Check Number | 30000479808 | | Deposit Receipt Number | 0087333339 | | Check Amount | CHF 200,315 |   **IT Overview**  The entity uses SAP as the Group’s IT system, which encompasses the cash module. There is restricted user access to SAP, which is granted based on job responsibilities **<SE Control 2: The list of authorized is users for SAP is reviewed annually by the CFO to ensure users authorization limits and access rights are appropriate in accordance with their job responsibilities>.**  The system generated reports were supported by effective ITGC’s as tested by EY FAIT and the basis for reliance for electronic audit evidence is documented in our substantive work papers (refer to ***FY1X Summit Equipment Information Produced by the Entity Form*** per Canvas. Note: not applicable for learning purposes).  **Initiation**  EY inquired of Suzanne Johnson (Receptionist) regarding the initiation process of this check receipt. Consistent with the cash receipt process narrative (refer to ***Summit Equipment Cash Receipts Process Narrative-PM8.2.1***), the process was initiated when the check was received in the mail.  EY obtained a copy of the check from ABA Tours (Check #30000479808) (refer to ***SR CR 1/*** of the of the cash receipt walkthrough on hard copy file).  **Recording**  Once the check was received, Suzanne Johnson (Receptionist) created a photocopy of the check and recorded the check in the deposit book. Details recorded include date, check number, currency, amount, and the receiver.  Once completed, Suzanne Johnson (Receptionist) then sent:   1. The original copy of the check to the Treasury Analyst who then deposited the check into the relevant company account, and 2. The photocopy of the check to the Intermediate Accountant.   EY obtained the June Deposit Book and agreed the date, customer and amount to the check from ABA Tours (Check #30000479808) noting no discrepancies (refer to ***SR CR 2/*** of the of the cash receipt walkthrough on hard copy file).  **Processing**  The Intermediate Accountant will check the online banking systems daily and will identify whether any cash receipts have been received.  EY obtained the bank statement showing the receipt of the check from ABA Tours (Check #30000479808) (refer to ***SR CR 6/*** of the of the cash receipt walkthrough on hard copy file).  We inquired with Martin (Finance Manager) that he reconciled the check receipt in the online banking system on the receipt date and compared it to the deposit book and deposit receipt. We verified the check reconciled with the deposit book and deposit receipt by agreeing the check number, check amount, and date noting no discrepancies. We confirmed through inquiry with Martin (Finance Manager) and supplemented through inquiry with Ms. Johnson, that this evidences his review. We also inquired how often he finds reconciling items. He notes that it is uncommon, however, if a reconciling item exists, he immediately contacts (via email) the receptionist that recorded the deposit for further follow up and resolution. Examples of errors found in the past include manual typos or unprepared reconciliations if the preparer is out of the office **<SE CR Control 2: The Intermediate Accountant will perform a three way match for all check receipts with the amount recorded in the deposit book and deposit receipt from the bank>**.  Eduardo Elizondo (Intermediate Accountant) showed us an email correspondence from another check transaction where there was adequate follow up for a reconciling item as part of this process. EY obtained and inspected the email to confirm each of the details described above (Note: not applicable for learning purposes). The reconciling item was due to human error and the incorrect input of a check amount in the deposit book by the receptionist, which did not agree to the bank statement or deposit receipt. The error was identified and communicated by Eduardo Elizondo (Intermediate Accountant) to the receptionist. The error was subsequently revised in the deposit book with the correct amount received. This follow up evidences the level of precision at which the control operates, as the reconciling item was for the amount of CHF 100.00 and the total account balance for cash and cash equivalents at the period end was CHF 64,253,776.  We noted that Eduardo Elizondo (Intermediate Accountant) has been in his current position for ten years and appears to have the necessary competence and authority to properly execute these tasks.  No reconciling items were noted in the check transaction selected for our walkthrough so Eduardo Elizondo then drafted the journal entry to record the cash receipt received from ABA Tours (Check #30000479808).  EY inspected the journal entry (refer to ***SR CR 4/*** of the cash receipt walkthrough on hard copy file). A summary is as follows:  **JE Document #:** 201X-4000-3200044362  **Date:** 25 June 20X6  **Preparer:** Eduardo Elizondo (Intermediate Accountant)  **Reviewer:** Martin J Hayter (Finance Manager)  **Entry:**  DR 0001301510 – Cash and Bank 200,315  CR 0001000050 – Accounts Receivable 200,315  The journal entry was reviewed and authorized by Martin J Hayter (Finance Manager) in accordance with the entity’s Managing Journal Entries Policy (SE-003) **<SE CR Control 3: Journal entries for cash receipts are prepared and recorded in the GL by the Intermediate Accountant and are reviewed and approved by the Finance Manager in accordance with the JE Policy (SE-003 Managing Journal Entries)>.**  As part of our inquiries with Martin J Hayter (Finance Manager), he confirmed that the following is performed as part of his review:   1. Reviews the proposed journal entry and ensures that it matches the support without exception. EY re-performed management's review of the journal entry by matching every line dollar for dollar to supporting evidence. EY also re-performed management's review by assessing the reasonability of the entry (whether the right amounts were booked to the appropriate GL accounts). 2. EY notes that Journal Number 3200044362 in the amount of CHF 200,315 matched the support without exception. 3. The Finance manager approved the journal entry by checking its parameters (GL coding, journal entry line items and agreeing the amounts) and sign off electronically on the journal entry upon completion in SAP.   EY inspected the journal entry voucher and observed that Eduardo Elizondo (Intermediate Accountant) had prepared the journal entry which was signed off by Martin J Hayter (Finance Manager) to indicate their review. EY concluded from the date of the sign-off the review was performed in a timely manner (Journal Number 201X-4000-3200044362– CHF 200,315 was approved by Martin on 25 June 20X6) (refer to ***SR CR 4/*** of the of the cash receipt walkthrough on hard copy file).  Once the journal entry was approved it was automatically posted by SAP.  **Reporting**  Every month, a reconciliation is prepared by the Senior Accountant for each cash account reconciling cash balances.  EY selected the monthly review Martin performed in FY1X June for GL Account 0001301510 as the sample to walkthrough.  The reconciliation was reviewed by the Finance Manager **<SE CR Control 4: Monthly bank reconciliations are prepared by the Senior Accountant and reviewed by the Finance Manager to ensure reconciling items over 10,000 are reasonable and are properly investigated, that the balances agree to the underlying support and the reconciliations are prepared within seven days of month end>** (refer to ***SR CR 7/*** of the of the cash receipt walkthrough on hard copy file). For the walkthrough of key control **SE Control 4**, please refer to the control attribute section below.  Upon completion of his review, the Finance Manager signed off on the account reconciliation(s) to indicate his approval. | | | |

***Note: A detailed assessment of the design effectiveness of SE Control 2, SE CR Controls 1, 2 and 3 have been excluded for learning purposes.***

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| 🞧 | + | **Control name:** | SE Control 2: The list of authorized is users for SAP is reviewed annually by the CFO to ensure users authorization limits and access rights are appropriate in accordance with their job responsibilities. |

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| 🞧 | + | **Control name:** | SE CR Control 1: Access to online banking systems are limited to authorized personnel based on the approved authorization listing. |

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| 🞧 | + | **Control name:** | SE CR Control 2: The Intermediate Accountant will perform a three way match for all check receipts with the amount recorded in the deposit book and deposit receipt from the bank. |

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| 🞧 | + | **Control name:** | SE CR Control 3: Journal entries for cash receipts are prepared and recorded in the GL by the Intermediate Accountant and are reviewed and approved by the Finance Manager in accordance with the JE Policy (SE-003 Managing Journal Entries). |

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| 🞧 | + | **Control name:** | SE CR Control 4: Monthly bank reconciliations are prepared by the Senior Accountant and reviewed by the Finance Manager to ensure reconciling items over 10,000 are reasonable and are properly investigated, that the balances agree to the underlying support and the reconciliations are prepared within seven days of month end. |

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| Is our documentation of this control and related procedures contained in another SCOT? | ⭘ |  | 🞊 |  |
| WP reference: | Not applicable. | | | |

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| 🞧 |  | **Other WCGWs in this SCOT addressed by this control:** |  |

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| SE Cash Receipt WCGW 1: Cash receipts are not recorded to the appropriate account when received (e.g. G/L account, customer).  SE Cash Receipt WCGW 2: Cash receipts/transfers are recorded in the wrong period.  SE Cash Receipt WCGW 3: Fictitious/duplicate postings of cash receipts are made to the general ledger.  SE Cash Receipt WCGW 4: Cash receipts recorded in the GL differ from amounts actually received. |

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| 🞧 |  | **Control properties** | | |
| Control Description | | |  |
| Bank reconciliations between the bank statements and the general ledger are prepared and reviewed on a monthly basis by Summit Equipment management. Every month, a reconciliation is prepared by the Senior Accountant for each cash account within seven days of upcoming month. Each reconciliation is then reviewed by the Finance Manager to ensure reconciling items over 10,000 are reasonable and are properly investigated. As part of the review, the Finance Manager will check that the parameters of the reconciliation are correct by checking the opening and closing month end dates used, and performing a spot check between the closing balance in the bank reconciliation and SAP. Any unreconciled differences are investigated and resolved before the end of the following month. Upon completion of their review, the Finance Manager physically signs off on the reconciliation to indicate their approval of the reconciliation. | | | |
| The following significant risks are addressed by this control: | | | |
| No significant risks have been identified for this SCOT. | | | |

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| Design attributes (including precision and sensitivity): | | | | | |  | | | | | | | |
|  | | **A** | Bank reconciliations are reviewed by the Finance Manager and the final bank reconciliation is signed by the Finance Manager to evidence his review and authorization of the reconciliation.  EY obtained evidence that monthly reconciliations are prepared and reviewed on a timely basis by obtaining the bank reconciliations for the month of March and October from the Senior Accountant. EY inspected the reconciliation to verify that final evidence of the Finance Manager's review and authorization of the bank reconciliation was evidenced by his signature.  Refer to ***SR CR 7/*** of the Cash Receipt walkthrough on hard copy file for support obtained. | | | | | | | | | | |
|  | | **B** | The Finance Manager inspects the reconciliation for completeness and accuracy, verifying that the preparer has completed the reconciliation within 7 days after the month close, that the parameters of the reconciliation are appropriate per the bank reconciliation policy and consistent with the amounts and balances in the SAP system.  EY inquired of the control owner to understand how he ensures that reconciliations are complete and accurate, noting that their review include verifying that the book balance agrees to the GL and the bank balance agrees to the bank statement. This is evidenced by the use of tickmarks (GL and BS) which indicate that the balances agreed. EY reperformed management's control by obtaining the bank reconciliations for the month of March and October showing that these have been prepared by the senior accountant on a timely basis within 7 days of month closing and reviewed by the finance manager for completeness and clerical accuracy as evidenced by tickmarks and notations left on the reconciliation with the finance manager's initials. To reperfom the control procedures described by the finance manager, EY agreed to the bank statement and the GL account to the Cash GL extract and the bank statements for the respective periods, noting no differences.  Refer to SR CR 7/ of the Cash Receipt walkthrough on hard copy file for support obtained. | | | | | | | | | | |
|  | | **C** | The Finance Manager inspects the reconciliation during his review to verify that all reconciling items over 10,000 were properly identified, investigated, and appropriately explained and documented by the senior accountant who prepares the reconciliation.  EY inquired the Finance Manager to determine how he identifies and ensures all reconciling items are identified, substantiated and defined during his or her review as well as to understand the precision level used to identify items requiring further investigation during his review. He stated that if there are reconciling items, the Senior Accountant is required to investigate and resolve these until the difference is less than CHF 100. The Finance Manager examines the description and documentation to confirm that any explanations are reasonable, consistent with expectations, and as applicable are supported by underlying evidence maintained by the Senior Accountant. If there are unreconciled items or items requiring further investigation beyond what is originally documented in the reconciliation, the Finance Manager will return the reconciliation to the Senior Accountant to address with his comments. Once resolved it will be resubmitted to the Finance Manager to recommence his review. Upon completion of his review, the Finance Manager physically initials each reconciling item to signify his review and satisfaction for that item. EY corroborated these inquiries and reperformed the Finance Managers review by obtaining and inspecting the reconciliation to verify all reconciling items over 10,000 had been identified, explained (down to a remaining CHF 100 difference), and properly documented in the reconciliation and that supporting documents were available upon EY's request of the Senior Accountant to evidence the explanation. We also inspected the original draft reconciliation for comments and notations evidencing the Finance Managers review of each specific reconciling item was at the level of precision in which he described. EY inspected documentation of an email requesting follow up on a reconciling items and the updated reconciliation returned to the finance manager, evidencing the operation of this control. EY noted that the per inspection of the draft reconciliation the Finance Manager chose to follow up on items below the threshold, but that appeared unusual to him, evidencing that the control was operating at a level precise enough to detect a misstatement.  Refer to SR CR 7/ of the Cash Receipt walkthrough on hard copy file for support obtained. | | | | | | | | | | |
| Control Type: | | | | IT Dependent Manual Control | | | Frequency: | | Monthly | | | | | |
| Testing: | | | | Yes | Review or monitoring control? | | |  | | 🞊 |  | ⭘ |  | |
| Testing strategy (select all that apply): | | | | | | | | | | | | | | |
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| 🞧 |  | **Control owner information** |

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| Name/title of control owner: | Martin J Hayter (Finance Manager) | | | | |
| Is the person performing the control objective and competent? | | 🞊 |  | ⭘ |  |
| Document the basis for our conclusion: | | | | | |
| Martin J Hayter is a Chartered Accountant with over 15 years of experience in corporate finance in the manufacturing industry. Martin commenced his career with Summit Equipment in 20X0 as the Assistant Finance Manager before progressing to Finance Manager in 20X2.  His experiences, familiarity with the company, and designation support his competence and ability to perform this control. | | | | | |
| Document any observations made regarding conflicting duties or authorization issues: | | | | | |
| EY did not observe any conflicting duties or authorization issues. | | | | | |

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| 🞧 |  | **Information produced by the entity (IPE)** |

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| What IPE is used in the execution of this control and how have the IPE risks been addressed? | | |  |
| The IPE used in the execution of this control are:  - June Account Reconciliation(s) in Microsoft Excel, and  - Cash Account sub-ledger.  Refer to ***FY1X Summit Equipment IPE Summary (265GL)*** for additional information on the testing performed on this report. Based on our procedures, we have concluded that we can rely on this report. (Note: this schedule is not applicable for learning purposes.) | | | |
| What is the source of this information? | Relevant application: | SAP | |
| GL Account Reconciliation(s) – Report is in excel template whereby all details (i.e. cash balance) are manually input by the Senior Accountant based on information retained in SAP.  SAP Cash sub-ledger – The report which includes details such as opening balance, document numbers, transactions during a period (i.e. month) and closing balance is generated from SAP. |  | | |

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| 🞧 |  | **Review control considerations:** |

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| Describe the precision and sensitivity of the review and the procedures we performed to conclude the review is sufficiently precise: |
| EY inquired of Martin J Hayter how he performs his review of the month end reconciliations:   1. The reviewer will perform a clerical accuracy check on the entire schedule to ensure that all of the Microsoft Excel formulas were correctly inputted and the ending balance accurately calculated.   EY re-performed management's clerical accuracy check and observed that all the formulas were reasonable noting no errors.   1. The reviewer will ensure there are no unexplained differences above CHF 10,000. Prior to checking the comparison, the reviewer will check to ensure that the cash reconciliation balances reconcile back to the SAP screenshot and bank statement with immaterial differences. |
| Describe the results of the review and follow-up and the procedures we performed to corroborate actions taken and results: |
| EY inquired of Martin J Hayter regarding the follow-up process:   1. If there are unexplained differences above CHF 10,000, the reviewer obtains the GL details for the cash account and ensures that all transactions in the period were captured appropriately. For any transactions that were missed, the reviewer will ask the preparer to make the necessary changes. Once updated, the relevant account reconciliation will then recommence the review and approval process. 2. If he has any questions or review comments, he will communicate his queries by email to the Intermediate Accountant that prepared the account reconciliation. At times, the responsible personal can resolve these immediately though the queries are usually resolved within the next business 1-2 days. EY inquired of Eduardo Elizondo regarding this process and Eduardo corroborated the information provided by Martin. 3. Upon completion of their review, management signs off on each account reconciliation to indicate their approval of the schedule(s).   EY inspected a signed hardcopy of the June Cash Reconciliation (GL Account: 0001301510) and observed that it was signed off by the Finance Manager to indicate their timely review. The June Cash Reconciliation (GL Account: 0001301510) was signed by Martin J Hayter on 7 July 20X6.  Refer to ***SR CR 7/*** of the Cash Receipt walkthrough on hard copy file for support obtained.  **Corroborative Actions**  EY inquired of Martin J Hayter whether there were any points of follow-up that came up during his review of the June Cash Reconciliation (GL Account: 0001301510).  According to Martin, he didn't notice any issues; therefore, no follow-up was required.    EY concluded that it is reasonable that Martin doesn’t have any review comments as when the Cash Reconciliation (GL Account: 0001301510), they will update the schedule accordingly (i.e. closing balance per SAP and bank statement) and ensure there are no reconciling items greater than CHF 100 before submitting it for review and approval.  To ensure nothing is missed, the Senior Accountant will ensure the total per the reconciliation ties to the total per SAP and bank statement. If it doesn’t balance, they will resolve the difference by figuring out what entry was missed or double counted or a result of clerical inaccuracy. As such, by the time it is ready and submitted for review, the checks to see if everything reconciles should already have been performed.  As such, the risk of error is low and it is reasonable that the reviewer didn’t have any follow-up points. |

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| 🞧 |  | **Confirm our understanding** |

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| Person(s) we made inquiries of: | |
| Martin J Hayter (Finance Manager) | |
| Transaction or control instance used to confirm our understanding: | |
| GL Account 0001301510 Reconciliation – June.  Refer to ***SR CR 7/*** of the Cash Receipt walkthrough on hard copy file for support obtained. | |
| Describe the procedures we performed to confirm our understanding of the design of this relevant control and that it has been implemented: |  |
| Please see documentation in attributes section above for this control. | |
| For review controls, document here our specific inquiries of the control owner. Our testing of design of controls (in particular management review controls) includes performing probing inquiries and documenting the specific inquiries made and the responses to those inquiries. The bullets below highlight some of the more critical inquiries to appropriately test the design of the control:  • How does the reviewer set expectations to critically challenge assumptions, methodologies,  results and other relevant items before performing the review?  • What procedures are performed as part of the review? Are there specific items that receive  additional attention?  • What quantitative or qualitative threshold is used to perform the review? (“Reviewed for  significant and unusual items” should be defined through additional probing questions.)  • What triggers the reviewer to request the preparer to perform additional follow-up procedures?  • What is the nature of questions resulting from the review, the subsequent follow-up and the types of adjustments or changes that result from the review? Were the adjustments or changes made timely? (If no errors have been detected by the control, consider whether this indicates that the control is not designed at a sufficient level of precision.)  • What evidence exists reflecting the nature of questions resulting from the review and follow-up  actions performed? (Does the documentation of questions from the review and follow-up actions taken support a conclusion that the review would prevent or detect a material misstatement?)  • If prospective financial information (PFI) is used, what procedures are performed by the control  owner to challenge the PFI and the related key assumptions?  Refer to CONTROLS Appendix 2 for additional inquiries that can be made. | |
| 1. How does the reviewer set expectations to critically challenge assumptions, methodologies, results and other relevant items before performing the review?   ***The Finance Manager attends a bi-weekly management meeting with personnel from the Treasury, Corporate, and other Accounting Departments to find out regarding the upcoming forecast of Summit’s cash balances and other business changes (if any). As such, the reviewer is up to date with current and future projects and is able to set expectations for the movement of cash balances.***   1. What procedures are performed as part of the review? Are there specific items that receive additional attention?   ***Please refer to the specific responses in the attributes section and review control considerations* *section above for procedures as part of managements review.***   1. What quantitative or qualitative threshold is used to perform the review? (“Reviewed for significant and unusual items” should be defined through additional probing questions.   ***Please refer to the specific responses in the attributes section and review control considerations* *section above for procedures as part of managements review.***   1. What triggers the reviewer to request the preparer to perform additional follow-up procedures?   ***Any reconciling difference greater than CHF 10,000.***   1. What is the nature of questions resulting from the review, the subsequent follow-up and the types of adjustments or changes that result from the review? Were the adjustments or changes made timely? (If no errors have been detected by the control, consider whether this indicates that the control is not designed at a sufficient level of precision.)   ***If there are unreconciled items or items requiring further investigation, Martin J Hayter (Finance Manager) will return the reconciliation to the Senior Accountant to address. Types of questions include the source of a reconciling item or confirmation that the reconciling item will clear within the next 30 days. Once corrected it will be resubmitted to Martin to recommence his review.***  ***Please refer to the specific responses in the attributes section and review control considerations* *section above for procedures as part of managements review.***   1. What evidence exists reflecting the nature of questions resulting from the review and follow-up actions performed? (Does the documentation of questions from the review and follow-up actions taken support a conclusion that the review would prevent or detect a material misstatement?)   ***EY selected the monthly review Martin performed in FY1X April for GL Account 0001500900*** ***as the sample to walkthrough.***  ***We obtained the email Martin had sent to the Senior Accountant which detailed his queries relating to a large reconciling balance for GL Account 0001301510 – Hilltop Bank - current account following his initial review of the cash GL and the reconciliation. The large reconciling balance was a result of the deposit made in the account of CHF 250,000 at the end of the month which was reflected in the bank statement subsequent to the month end. EY obtained a copy of the initial and subsequent version of the monthly reconciliation and bank statement and sighted that this was resolved in the subsequent month.***  ***Please refer to the specific responses in the attributes section and review control considerations* *section above for procedures as part of managements review.***  ***The actions taken support a conclusion that the review would prevent or detect a material misstatement.***   1. If prospective financial information (PFI) is used, what procedures are performed by the control owner to challenge the PFI and the related key assumptions?   ***Not applicable for this control.*** | |

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| 🞧 |  | **Control conclusion** |

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| Has the control been designed effectively to mitigate the WCGWs identified and has it been implemented? | 🞊 |  | ⭘ |  |

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| |  |  |  | | --- | --- | --- | | 🞧 | | | |  | | **Other considerations:** | | |
| **Considerations for the use of the internal audit function** | |  |
| Who performed the walkthrough? | | |
| **x** | EY | |
| ⭘ | Internal auditors | |
| ⭘ | Others | |
| Document how we supervised and reviewed their work, including the method used to select the transaction(s) to walkthrough if we did not make the selection ourselves. | | |
|  | | |

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| --- | --- |
| **Other considerations** | |
| Observations that would indicate issues related to authorization or segregation of duties: |  |
| We have not identified any issues related to authorization or segregation of duties. | |
| Observations that would indicate the potential for management override of controls or other risks of material misstatement due to fraud in the SCOT: |  |
| None noted. | |

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| |  |  |  | | --- | --- | --- | | 🞧 | | | |  | | **Conclusions:** | |
| ⭘ | Our documentation accurately describes the operation of the SCOT and we have identified appropriate WCGWs. |
| ⭘ | Other (document additional observations) |
| Additional observations: | |
|  | |

**\*\*\*** **Do not edit or delete anything below this point in the document! \*\*\***

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Control Summary v1.21

English

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