

# Engagement Deliverables

Risk Assessment Cycle	Control Plan	Inherent Risk	Financial Statement	Overall	Location of Controls to be Documented
Inventory Reporting and Reconciliation	85.0	100.0	100.0	83.3	X
Revenue Recognition	85.0	100.0	100.0	83.3	X
Management Information Systems	75.0	80.0	80.0	78.3	X
Cost of Revenue / Inventory	80.0	70.0	70.0	76.7	X
Close Process / Consolidation / Financial Analysis	80.0	70.0	80.0	80.0	X
Accrued Liabilities	80.0	80.0	80.0	80.0	X
Purchasing / Accounts Payable	80.0	80.0	80.0	80.0	X
General Controls	80.0	70.0	80.0	80.0	X
Other Current and Long Term Assets (incl. Intangible)	80.0	80.0	80.0	80.0	X
Equity	80.0	80.0	80.0	80.0	X
Payroll	80.0	80.0	80.0	80.0	X
Statistical	80.0	80.0	80.0	80.0	X

## 1. Risk Rating Summary

## 2. Cycle Flowchart & Narrative

1. Purchasing and Payables (excerpt)				
Control Objectives	CAVE	Risks	Controls in Place	Tests of Key Controls
Make purchases only for authorized transactions.	V	Purchase orders issued and goods/services acquired without valid authorization.	Proper authorization (per Corporate Authorization matrix) required on Purchase Requisition form prior to processing a purchase order. See Purchasing Policy and Procedure manual.	Selected a judgmental sample of twenty completed POs and ensured properly authorized Purchase Requisition forms supported the PO. See Control Weakness 1.

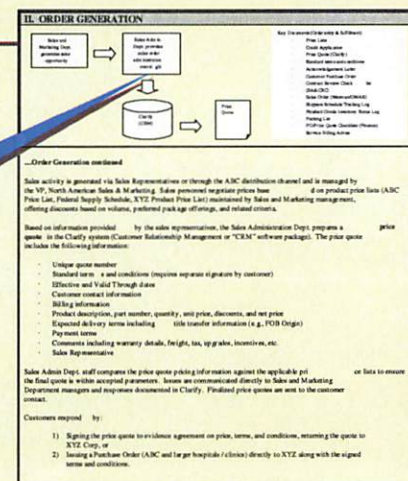
## 3. Controls Matrix

## 4. Test Program

Control Weakness Note - Purchasing and Payables				
#	Observation	Risk / Implication	Further Details	Action Plan / Responsible Party
1.	Three Purchase Requisition forms did not evidence the approval signature of the appropriate manager.	Unauthorized purchases.	Upon enquiry of the Business Analyst that prepared the PO, approvals were received from out-of-office managers to authorize the payments.	Revise procedure to ensure supporting documents (e.g., email) evidencing approval are attached to purchase requisition forms.

## 5. Control Weakness Action Plan

## 6. Documentation & Workpapers



Revenue & Receivables Cycle-ABC Corp. (US) Testing Program		
Program Step	Observations	
1.1	Revenue & Receivables Cycle tested control design with Controller.	
1.2	Selected a sample of sales transactions from the OMAR Detailed Pricing by GL Account Report to test the following attributes:	
1.2.1	NOTE: ensure the sample includes losses, discounts, incentives, service request, inventory, conditions, and new customers.	
1.2.1.1	1.2.1.1 Price Quote issued	
1.2.1.2	1.2.1.2 Price Quote signed as PO issued, Terms & Conditions received prior to Sales Order	
1.2.1.3	1.2.1.3 Sales Order issued	
1.2.1.4	1.2.1.4 Sales Order & Acknowledgment Letter sent to customer	
1.2.1.5	1.2.1.5 Sales Order Review Check list	
1.2.1.6	1.2.1.6 Payment Dept. Control Review Check list	
1.2.1.7	1.2.1.7 Sales Order Review Check list	
1.2.1.8	1.2.1.8 Sales Order Review Check list	
1.2.1.9	1.2.1.9 Sales Order Review Check list	
1.2.1.10	1.2.1.10 Sales Order Review Check list	
1.2.1.11	1.2.1.11 Sales Order Review Check list	
1.2.1.12	1.2.1.12 Sales Order Review Check list	
1.2.1.13	1.2.1.13 Sales Order Review Check list	