

# Global Audit Learning

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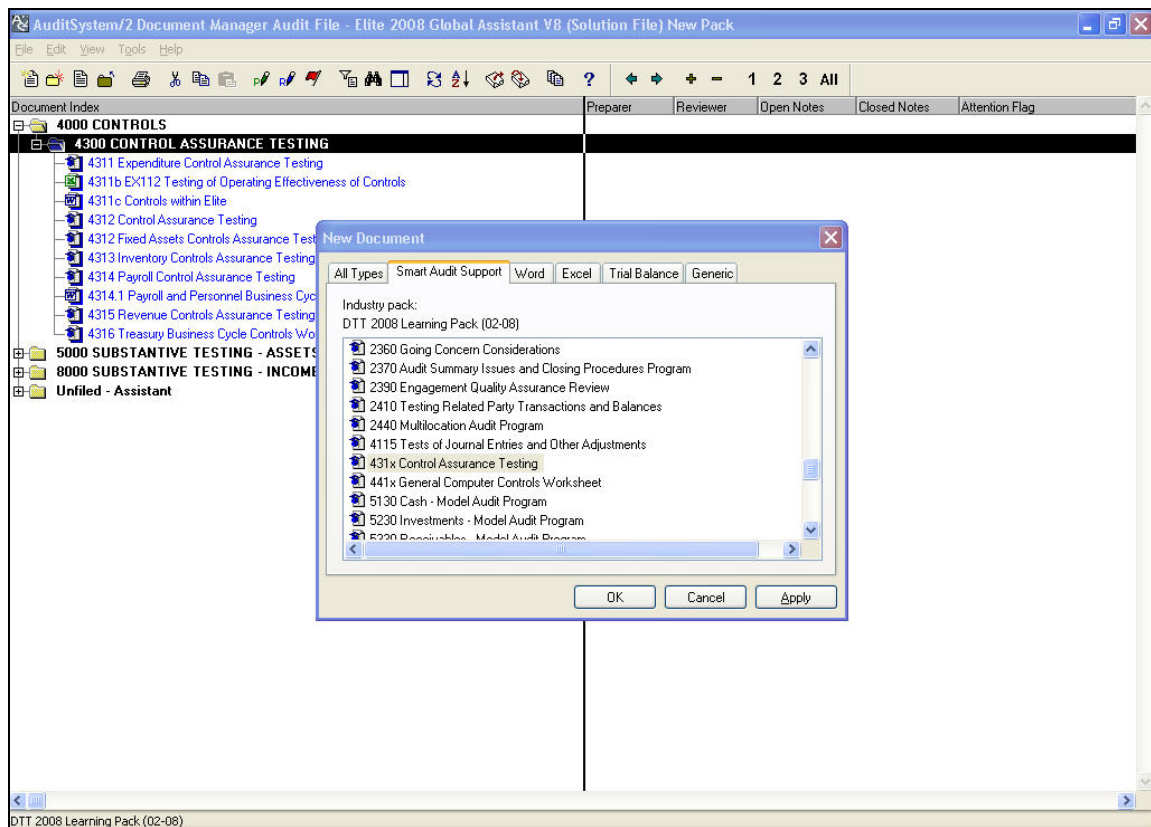
## A121 — Introduction to Testing Controls

### Activity — Populating SAS Documents

This activity has been designed to walk you through the basic steps that are necessary in order to populate a Smart Audit Support (SAS) document. For the purpose of this example, a SAS document in the 4300 section of the audit file, Control Assurance Testing Worksheet, will be used. Similar procedures can be applied to populate other SAS documents in the audit file.

### Requirements

1. In the Elite 2008 Assistant Working File, insert a new document by clicking on the File menu and selecting “New Document.”
2. In the New Document box that appears, click on the Smart Audit Support tab at the top and scroll down to “431x Controls Assurance Testing Worksheet.” Highlight this worksheet and click OK to insert this new document in the file. A pop-up box will appear. For this exercise, rename the working paper as “Revenue Control Assurance Testing” and reference as “4315” and click OK to insert the new document.



3. Double-click on the new file in the document index to open the file. Expand the window to fill the screen, if desired.

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- Click in the box to the right of the Name of the Significant Flow of Transactions. A list of significant flows of transactions will appear. For the purposes of this activity, select "Revenue" as the significant flow of transaction, by placing your cursor over this word and clicking once.

These worksheets (i.e., 4300 series working papers) are tailored to a specific industry depending on the underlying AS/2 pack and the entity based on inputs in the planning section.

**Smart Audit Support - [4315 Revenue Controls Assurance Testing]**

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**SIGNIFICANT FLOW OF TRANSACTIONS CONTROL ASSURANCE TESTING**

This Form should be used to document our Tests of the Operating Effectiveness of Controls within the Significant Flow of Transactions. A Significant Flow of Transactions is analogous to a business cycle or a business process. One worksheet should be completed for each Significant Flow of Transactions included in our Control-Reliance Strategy.

To access guidance to the form right-click and select "Document Guidance", and for a specific section select "Section Guidance".

**Name of the Significant Flow of Transactions**

Summary of plan to rely on Tests of Operating Effectiveness of Controls performed in prior audits from Form 1510:

Evaluate Design and Implementation and Test Operating Effectiveness of Controls in current audit

**TIMING OF TESTS OF CONTROLS**

Indicate the period(s) covered by tests of Control Activities performed in the table below. When we test the Operating Effectiveness of Controls at an interim date, we also typically perform procedures at other times during the year, the nature and extent of which will depend on the purpose of the tests.

Period Covered by Tests of Operating Effectiveness of Control Activities
?

**TESTS OF CONTROLS TO BE RELIED ON**

Control Objectives relating to relevant principal business activities/sub-processes should be documented in the table below. Control Objectives should be selected from the available list drawn from the DTT Controls Database, and tailored as necessary for the Entity's circumstances.

Principal Business Activities/Sub-process	Control Objective	Related Account Balances and Potential Errors
MANAGING AND PROCESSING ORDERS	✓ RE3010 Orders are only processed within approved customer credit limits.	✓ Receivables: Valuation
	✓ RE3020 Orders are approved by management as to prices and terms of sale.	✓ Sales: Validity, Receivables: Validity
	✓ RE3030 Orders and cancellations of orders are input accurately.	✓ Sales: Recording, Receivables: Recording
	✓ RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	✓ Sales: Recording, Sales: Completeness, Receivables: Recording, Receivables: Completeness
	✓ RE3050 All orders received from customers	✓ Sales: Completeness

For Help, press F1

- For the question under Timing of Tests of Controls, click on the empty space below the box "Period Covered by Tests of Operating Effectiveness of Control Activities", and enter the period in months as well as numerically, *for example, for Testing Operating Effectiveness for the first nine months, write January to October 2008 (9 months)*. When we test the operating effectiveness of controls at an interim date, we also typically perform procedures at other times during the year, the nature and extent of which will depend on the purpose of the tests.

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6. Scroll down to the section Tests of Controls to be Relied On. The items in this box will need to be confirmed in order to properly populate this document. To confirm the entire table, click on the icon in the upper left hand corner of the table and then click on the confirmation button in the toolbar which appears as a green check symbol. If you prefer, items in this table can be individually confirmed by clicking on the question mark symbols within the table.

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TESTS OF CONTROLS TO BE RELIED ON

Control Objectives relating to relevant principal business activities/sub-processes should be documented in the table below. Control Objectives should be selected from the available list drawn from the DTT Controls Database, and tailored as necessary for the Entity's circumstances.

Principal Business Activities/Sub-process	Control Objective	Related Account Balances and Potential Errors
MANAGING AND PROCESSING ORDERS	✓ RE3010 Orders are only processed within approved customer credit limits.	✓ Receivables: Valuation
	✓ RE3020 Orders are approved by management as to prices and terms of sale.	✓ Sales: Validity; Receivables: Validity
	✓ RE3030 Orders and cancellations of orders are input accurately.	✓ Sales: Recording; Receivables: Recording
	✓ RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	✓ Sales: Recording; Sales: Completeness; Receivables: Recording; Receivables: Completeness
	✓ RE3060 All orders received from customers are input and processed.	✓ Sales: Completeness; Receivables: Completeness
INVOICING, SALES RETURNS AND ADJUSTMENTS	✓ RE3070 Only valid orders are input and processed.	✓ Sales: Validity; Receivables: Validity
	✓ RE5010 Invoices are generated using authorized terms and prices.	✓ Sales: Recording; Receivables: Recording
	✓ RE5020 Invoices are accurately calculated and recorded.	✓ Sales: Recording; Receivables: Recording
	✓ RE5030 Credit notes and adjustments to accounts receivable are accurately calculated and recorded.	✓ Sales: Recording; Receivables: Recording
	✓ RE5040 All goods shipped are invoiced.	✓ Sales: Completeness; Receivables: Completeness

7. With all items in the table confirmed, you can now select control activities in place at the entity. Scroll down to the next table which shows four columns for Control Objectives, Control Activities, Work Performed/Ref to work performed and Conclusion.

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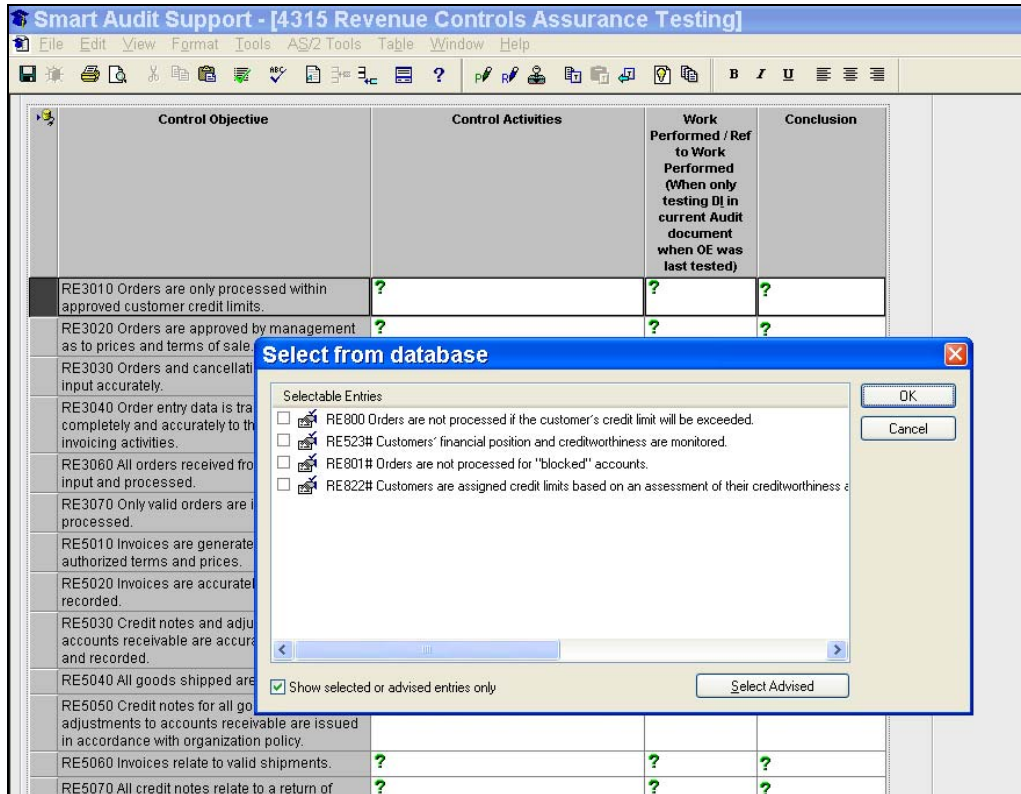
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Control Objective	Control Activities	Work Performed / Ref to Work Performed (When only testing DI in current Audit document when OE was last tested)	Conclusion
RE3010 Orders are only processed within approved customer credit limits.	?	?	?
RE3020 Orders are approved by management as to prices and terms of sale.	?	?	?
RE3030 Orders and cancellations of orders are input accurately.	?	?	?
RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	?	?	?
RE3060 All orders received from customers are input and processed.	?	?	?
RE3070 Only valid orders are input and processed.	?	?	?
RE5010 Invoices are generated using authorized terms and prices.	?	?	?
RE5020 Invoices are accurately calculated and recorded.	?	?	?
RE5030 Credit notes and adjustments to accounts receivable are accurately calculated and recorded.	?	?	?
RE5040 All goods shipped are invoiced.	?	?	?
RE5050 Credit notes for all goods returned and adjustments to accounts receivable are issued in accordance with organization policy.	?	?	?
RE5060 Invoices relate to valid shipments.	?	?	?
RE5070 All credit notes relate to a return of goods or other valid adjustments.	?	?	?
RE5080 All invoices issued are recorded.	?	?	?
RE5085 All credit notes issued are recorded.	?	?	?
RE50110 Invoices are recorded in the appropriate period.	?	?	?
RE50120 Credit notes issued are recorded in the appropriate period.	?	?	?
RE50130 Accounts Receivable reflect the existing business circumstances and economic	?	?	?

- Select the applicable control activity for the first control objective, RE3010. To do this right-click on the first box under the control activity column, scroll down to "Insert from Database" and click on this option. A pop-up box will appear. Ensure that the check box marked "Show selected or

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advised entries only” in the lower left-hand corner is selected. The activities in this box list the relevant activities that address the selected control objective, RE3010.



9. For the purposes of this activity, select the first check box for RE800 and click OK. This will populate the control activity column with your selection and appear as follows:

Control Objective	Control Activities	Work Performed / Ref to Work Performed (When only testing DI in current Audit document when OE was last tested)	Conclusion
RE3010 Orders are only processed within approved customer credit limits.	✓ RE800 Orders are not processed if the customer's credit limit will be exceeded.	?	?
RE3020 Orders are approved by management as to prices and terms of sale.	?	?	?
RE3030 Orders and cancellations of orders are input accurately.	?	?	?
RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	?	?	?

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Note: When populating this table on an actual audit, you would select the control activity(ies) from the list that your entity performs to satisfy the control objective. Alternatively, if the entity performs a different control activity (from what is listed), you can tailor the control activity directly in the box under the Control Activities column. If you select a control activity followed by a # symbol, you may need to select at least one additional control activity (potentially more) in order to obtain the proper coverage for the relevant control objective.

10. Confirm that you have made the correct selection by clicking on the question mark to the left of RE800.
11. In order to populate the control activities for the remaining control objectives, you would repeat Steps 8-10 for each remaining control objective in the previous table.
12. Congratulations! The blank white columns are now available for you to document the work you perform, your conclusion, and the control assurance achieved while testing the control activity for the respective control objective. To obtain further guidance on the procedures to perform to confirm that the identified Control Activity operated effectively and consistently throughout the period of intended reliance, you should right click and select "Browse Database".

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address the Account Balances and Potential Errors for which we plan to obtain Control Assurance.				
	Control Objective	Control Activities	Work Performed / Ref to Work Performed (When only testing DI in current Audit document when OE was last tested)	Conclusion
	RE3010 Orders are only processed within approved customer credit limits.	✓ RE800 Orders are not processed if the customer's credit limit will be exceeded.	?	?
	RE3020 Orders are approved by management as to prices and terms of sale.	?	?	?
	RE3030 Orders and cancellations of orders are input accurately.	?	?	?
	RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	?	?	?
	RE3060 All orders received from customers are input and processed.	?	?	?
	RE3070 Only valid orders are input and processed.	?	?	?
	RE5010 Invoices are generated using authorized terms and prices.	?	?	?
	RE5020 Invoices are accurately calculated and recorded.	?	?	?
	RE5030 Credit notes and adjustments to accounts receivable are accurately calculated and recorded.	?	?	?
	RE5040 All goods shipped are invoiced.	?	?	?
	RE5050 Credit notes for all goods returned and adjustments to accounts receivable are issued in accordance with organization policy.	?	?	?
	RE5060 Invoices relate to valid shipments.	?	?	?
	RE5070 All credit notes relate to a return of goods or other valid adjustments.	?	?	?

13. This will take you to the DTT Controls Database, where you can find the information you need to know with respect to testing control activity RE800. You may use this database as a guide to assist you in testing the control.
14. After you have completed this table, do not forget to scroll down further. A few more answers need to be provided in order to complete this document.

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15. Remember to save this document often while working in SAS documents! You can perform this by clicking on “Save All” under the File menu, clicking on the disk icon in the tool bar, or choosing “Save Now” when auto-prompted by the system.