

Limited Financial Review Audit Program

A. ADMINISTRATIVE / REPORTING	<i>Initials</i>	<i>Date</i>	<i>Link</i>
Program based on presumed or anticipated conditions			
OVERALL OBJECTIVES: To obtain reasonable assurances that reported financial information is accurate and timely / To determine if the subsidiary is experiencing any significant changes that warrants a more detailed review.			
1. At completion of the review prepare a memo to the President including the objectives, work performed and findings and conclusions. Management responses are not required for a limited financial review unless findings are significant.			
B. GENERAL	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Either prepare an overall memo of business operations or update the memo from the most recent audit review. Briefly describe major business processes, on an overall basis assess the controls surrounding the business processes, identify any major changes in accounting methodology. Include the most recent organizational charts.			
2. Complete the overall risk assessment questionnaire .			
3. Financial Statement Analysis OAD will limit its overall financial statement review to ratio analysis and flux review. For the subsidiary under review calculate the following ratios from the FS 60 or upload files for the current year and compare to prior year same period (either from prior year workpapers or calculate.) Obtain explanations for significant deviations. (Note: Read file: Ratio analysis for detailed explanations of each ratio)			
a. Working Capital Turnover Formula = Sales divided by Working Capital			
b. Inventory Utilization Or Inventory Turnover Ratio Formula = Annualized Cost of Sales divided by Average inventory			
c. Inventory Turnover In Days Formula = 365 days divided by annual inventory turn (I C 1 b.)			
d. Days Sales in Inventory Formula = Ending Inventory divided by (Annualized cost of goods sold divided by 365)			

e. Accounts Receivable Turnover Formula = Annualized Sales divided by Average Accounts Receivable			
f. Accounts Receivable Turnover In Days (also known as average collection period) Formula = 365 days divided by Annual Turnover Ratio (per above)			
g. Days Sales In Accounts Receivable Formula = Gross Ending Receivables divided by (Net Sales/365)			
h. Bad Debt Percentage Formula = Allowance for Doubtful Accounts divided by Gross Accounts Receivable			
i. Operating Or Trade Cycle Formula = Accounts receivable turnover in days PLUS inventory turnover in days.			
j. Gross Profit Margin Formula = Gross Profit (Net Sales / COGS) divided by Net Sales.			
k. Asset Turnover Formula = Annualized EBIT divided by Average total assets			
l. Return On Net Assets Formula = EBIT divided by Average Net Assets			
4. Fluctuation Review Utilizing the FS 60 or upload file Prepare a comparative balance sheet and P&L between the most recent month-end under review and the same time period for the previous year. Calculate variances in dollars and percent over prior year. Obtain explanations for significant or unusual fluctuations.			
5. Verification of FS 60 Obtain the FS-60 and supporting trial balance for the month under review. Recalculate trial balance groupings to agree to the FS 60. Verify that all trial balance accounts were included and take note of proper balance sheet classifications, i.e. overdrafts should be reported as a liability.			
6. Lead Sheets Based on trial balance groupings in 5. above prepare a lead sheet for each reported FS 60 line item. You should have one lead sheet for each of the major FS 60 balance sheet classifications, cash, AR, inventory, fixed assets, etc.			
7. Chart of Accounts Obtain the subsidiary's general ledger chart of accounts.			

C. ASSETS / CASH	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared in B.6. above agree each account balance to the general ledger.			
2. Using the chart of accounts as compared to the trial balance determine if any accounts have been closed during the period under review. Was closure authorized by WII Cash Management?			
3. Determine if any new accounts have been opened. Were they approved by WII Cash Management?			
4. Determine if any accounts have positive cash balances that are not being swept to Tampa; or if swept, should it be performed more frequently.			
5. Test of bank reconciliations - For each operating cash account test the most recent bank reconciliation as follows:			
a. Test mathematical accuracy			
b. Agree subsidiary book balance to the cash lead sheet and to the general ledger			
c. Agree bank balance to the bank statement			
d. Test reconciling items as follows:			
1. trace all outstanding items listed on the bank reconciliation to the subsequent month's bank statement. For those items not clearing agree the item to the cash receipts / cash disbursements journals for the period prior to the balance sheet date.			
2. Obtain explanations for large, unusual reconciling items and agree to supporting documentation.			
3. Investigate items such as long outstanding items, dishonored checks and significant adjustments in the subsequent month. Determine if adjustments are necessary as of the balance sheet date.			
4. Determine if reconciliation was appropriately approved.			
5. Determine if the reconciliation was prepared timely.			
6. If account balance is in overdraft determine if the account is properly classified in the balance sheet, e.g. accounts payable.			
6. Cash on Hand For all imprest or petty cash accounts			

1) examine the most recent reimbursement and determine if items reimbursed appear reasonable and			
2) in the presence of the custodian examine non-reimbursed open receipts. If the imprest or petty cash accounts exceed \$1000 also perform the following:			
a. Observe the custodian count the cash on hand and reconcile the total cash to the account balance. Obtain explanations for large, unusual items.			
7. Test of Cash Cutoff			
a. Agree the cash receipts and cash disbursement journal totals to posting to the general ledger account before the month-end balance sheet date.			
b. Select a random sample of 10 entries from the cash receipts and cash disbursements journals during the week before month-end and the subsequent week after closing. Agree these items to the bank statements or reconciliation as appropriate noting proper cut off.			
D. ASSETS / ACCOUNTS RECEIVABLE	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each receivable balance to the general ledger.			
2. Trade Receivables			
Obtain a detailed listing of the receivable balance aged by customer if possible and perform the following:			
a. Agree total to lead sheet. If reconciling items are necessary between the detailed listing and the lead sheet, agree the reconciling items to appropriate supporting documentation.			
b. Test the mathematical accuracy of the detailed listing.			
c. Select a sample of customer accounts from the detailed listing for verification and perform the following:			
1. Determine subsequent receipts posted to the selected accounts and agree to evidence of receipt (e.g. deposit slips and bank reconciliation). Ascertain that the payments are posted to the proper account.			
2. For unpaid balances of the selected accounts substantiate the balance through examination of documentation such as shipping documents, sales invoices, customer sales order or other relevant documentation.			

3. Based on the results in a. and b. determine whether further substantiation of accounts is necessary.			
4. Recalculate the aging of the selected accounts and agree to the aged trial balance.			
d. Review the aged trial balance for reasonableness. Investigate unusual items or large credit balances that may need to be reclassified as customer prepayments or accounts payable in the case of overpayments.			
e. Based on the work performed above determine if account confirmations are necessary. Only under unusual circumstances are accounts confirmed for limited financial reviews. If confirms are deemed necessary see audit program master listing for appropriate steps.			
3. Allowance for Doubtful Accounts Assess the adequacy of the allowance for doubtful accounts by performing the following:			
a. Through discussion with management document methods and procedures for managing the allowance account and write offs.			
b. If provisions are based on specific accounts, obtain a list of accounts for which an allowance has been established. Determine reasonableness .			
c. If provisions are made via a formula (e.g. % of sales, or based on aging) recalculate the provision and determine if method is consistent with prior year.			
d. Discuss with management collectibility of long outstanding accounts per the aging			
e. Conclude on the adequacy of the allowance			
4. Bad Debt Write Offs Obtain from the Subsidiary a listing of all accounts written off since the beginning of the year including supporting documentation and perform the following:			
a. Agree total account write offs to the P&L expense			
b. Consider the reasonableness of the write offs as compared to prior years.			
c. Examine documentation of current year write offs and determine if properly authorized.			

5. Unfilled Sales Commitments Review open sales orders for potential losses for which a provision should be made.			
6. Consignment Sales Determine if any receivable have been recorded for consigned sales. If so determine management's procedures for accounting for consigned sales.			
E. ASSETS / PREPAID EXPENSES	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Utilizing the lead sheet prepared in B.6. above agreed account balances to the general ledger			
2. For significant accounts included on the lead sheet perform the following:			
a. Obtain from the subsidiary a detail supporting schedule of the prepaid account that includes: a description of the account			
1. a description of the account			
2. balance at the beginning of the period			
3. additions			
4. amounts expenses or written off during the period			
5. balance at the end of the period that agrees to the lead sheet at E.1.			
b. Test the prepaid accounts as follows:			
1. test mathematical accuracy			
2. Recompute the calculation of balances at the end of the period			
3. Examine documentation for additions (invoices, contracts, etc.)			
4. Agree amounts expensed or written off to the P&L.			
c. When performing other audit work be aware of any major expense items from which prepayments might occur. Obtain explanations for the omission, if any, of such items from the prepaid account.			
F. ASSETS / INVENTORY	<i>Initials</i>	<i>Date</i>	<i>Link</i>

1. Lead Sheet Utilizing the lead sheet prepared in B.6. above agreed account balances to the general ledger.			
2. Costing Methodology Document the Subsidiaries methods, procedures and journal entries for costing and recording inventory and evaluating obsolete/excess inventory. Determine if the methods are consistent with prior years.			
3. Inventory Detail Support Obtain the detailed inventory support for raw material, work in process and finished goods and perform the following:			
a. Agree balances per the lead sheet to the month-end detailed inventory records			
b. Investigate any significant reconciling items, if any.			
c. Scan the detailed inventory listing for significant or unusual items.			
d. Test mathematical accuracy of detailed listings. (cost X quantity and addition)			
4. Physical Inventory Results Obtain from the subsidiary the physical inventory results for all physical inventories performed during the current year. (Note: Some subsidiaries take 'unofficial / unbooked' physicals in addition to 'booked' physical inventories.			
a. Review for significant overages and shortages			
b. Determine whether or not overage or shortage was recorded and agree to the general ledger. If not booked document justification.			
c. Test mathematical accuracy of reconciliation			
5. Journal Entries Select two months and review general ledger inventory journal entries for significant adjustments. Investigate the reasons for significant adjustments and determine that the adjustments were properly approved.			
6. Limited Valuation Testing:			

(Note: Limited financial review inventory valuation is designed to obtain only reasonable assurance of accurate valuation. This tested is of a limited scope as compared to a full inventory observation and valuation.)			
a. Standard Cost System If the subsidiary is on a standard cost system perform the following:			
1. Per discussion with management briefly document the subsidiaries standard cost system including journal entries and focusing on how variances are recorded.			
2. Gain an understanding of the date and method of the last general updating of standards. Inquire as to whether all standards were adjusted (raw, labor and overhead).			
3. Determine if standards were subsequently adjusted and the subsidiaries justification.			
4. Inquire as to regular review of significant variances by a responsible official.			
5. Document period to date variances and perform the following			
a. Determine that the allocation of the variance accounts between inventory on hand and cost of sales is appropriate.			
b. Where significant variances are noted determine the underlying reasons, whether appropriate adjustments to inventory have been recorded, and whether management intends to adjust standards prior to year end.			
6. Conclude on reasonableness of inventory valuation based on limited testing.			
b. Average Cost System If the subsidiary is on an average cost system perform the following:			
1. Per discussion with management briefly document the subsidiaries cost system including journal entries and average cost methodology.			
2. Select a limited sample of raw material items and:			
a. recalculate the ending average cost			

b. determine the FIFO cost through review of most recent purchases sufficient to cover the ending quantity on hand. Compare average cost to FIFO for reasonableness.			
3. Select a limited sample of work in process and finished goods items and perform the following:			
a. Recalculate the ending valuation through a review of raw material issues, labor and overhead charges. Determine reasonableness of allocations, if any.			
4. Conclude on reasonableness of inventory valuation based on limited testing.			
c. Job Cost System If the subsidiary is on an average cost system perform the following:			
1. Per discussion with management briefly document the subsidiaries job cost system including journal entries and costing methodology.			
2. Select a limited sample of raw material items and:			
a. recalculate the ending cost			
b. determine the FIFO cost through review of most recent purchases sufficient to cover the ending quantity on hand. Compare ending cost to FIFO for reasonableness.			
3. Select a limited sample of work in process items and perform the following for the most recent month:			
a. Agree raw materials (cost and quantity) charged to the job to issues from raw materials.			
b. Agree labor charged to the job to payroll reports by job.			
c. Determine from management overhead allocations and recalculate. Where feasible verify through review of invoices or other supporting documentation overhead amounts.			
4. Conclude on reasonableness of inventory valuation based on limited testing.			
7. Obsolete / Slow Moving, Scrapped or Damaged items			

a. Discuss with management their methods of identifying obsolete / slow moving, scrapped or damaged items.			
b. Review the most recent write off of inventory and note proper authorization and product disposal.			
c. Discuss with management their procedures for determining if such inventory is valued in excess of net realizable value.			
d. Discuss with management whether substantial inventory amounts may not be realizable because of major delays or disputes, defective work, marketing difficulties, etc.			
8. Inventory In Custody Of Third Parties Determine through discussions with management whether the subsidiary has any inventory in the custody of third parties (i.e. for storage, further processing, etc. If such inventory exists document the subsidiary's procedures for controlling this inventory including a review of the contractual arrangements.			
9. Inventory On-Hand Owned by Third Parties Determine through discussions with management whether the subsidiary has any inventory on hand that is owned by third parties (i.e. consignment). If such inventory exists document the subsidiary's procedures for controlling this inventory including a review of the contractual arrangements.			
G. ASSETS / NOTES AND OTHER RECEIVABLES	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each note/other receivable balance to the general ledger.			
2. For each significant note/other receivable balance obtain a detailed supporting analysis and perform the following:			
a. Agree beginning and ending balances to the lead sheet			
b. Test the mathematical accuracy.			
c. If there are any reconciling items between the lead sheet and detail examine supporting documentation, assess reasonableness and determine if the reconciling items have been reviewed and approved by a responsible official.			
d. Doubtful Accounts For each note / other receivable discuss with management the potential for doubtful accounts. In the case of any receivable identified as questionable determine if a reserve should be established. Examine documentation for significant write offs.			

e. Verify significant ending balances by performing the following:			
1. Compare subsequent receipts credited to the note / other receivable with supporting documentation (e.g. deposit slips and bank statements) and determine if the payment relates to the account balance credited.			
2. Examine other supporting documentation such as note / installment agreements.			
f. Some notes and other receivables are interest bearing. Test the calculation of accrued interest receivable as of the end of the period under review by performing the following:			
1. Recalculation based on note / installment terms			
2. Comparing subsequent receipts credited to the interest receivable account to supporting documentation.			
3. Agree total interest received for the period under review to the P&L.			
H. ASSETS / INTERCOMPANY ACCOUNTS	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each intercompany balance to the general ledger.			
2. For each intercompany account obtain the subsidiaries most recent intercompany account reconciliation and perform the following:			
a. Agree subsidiary balance to the lead sheet			
b. Assess reasonableness of reconciling items especially considering the age of items and dollar amounts. Significant reconciling items could indicate financial misstatements either by either subsidiary			
c. Ascertain that the intercompany account reconciliation was performed on a timely basis.			
I. ASSETS / PROPERTY PLANT AND EQUIPMENT	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each fixed asset, accumulated depreciation and construction in process account balance to the general ledger.			
2. Prepare or update an overall memo of the subsidiary's accounting policies, including depreciable lives, capitalization policy, methods of depreciation and evaluation of recoverability (i.e. unusable assets that have not been fully depreciated.).			

Determine if policies are in agreement with Corporate guidelines.			
3. Obtain from the subsidiary an analysis of each fixed asset classification and the associated accumulated depreciation that shows Balance at the Beginning of the Year + Additions - Disposals = Ending Balance and supporting detailed fixed asset register. To verify fixed assets perform the following:			
a. Test mathematical accuracy of the analysis			
b. Agree analysis ending balances to the lead sheet			
c. Agree the detailed fixed asset register ending balances to the analysis by classification. If there are reconciling items agree to supporting documentation and approval.			
d. Scan the detailed fixed asset register for items that should have been expensed, or items that may no longer be in use. Determine if adjustments are necessary.			
e. For significant fixed asset additions perform the following:			
1. Examine supporting documentation for capitalized amounts, invoices, purchase agreements, titles, construction contracts, etc.			
2. Agree capitalization to approved CAR.			
3. Note if actual capitalization exceeded approved CAR in excess of 10%. If so, determine if the required subsequent additional approvals were obtained.			
4. Make a determination that the item should have been capitalized versus expensed.			
f. For significant fixed asset disposals perform the following:			
1. Examine supporting documentation (bill of sale, cash receipt) for significant disposals and write-offs.			
2. test for accuracy the write-off of the associated accumulated depreciation.			
3. Recalculate gain or loss and agree to the P&L.			
4. Determine that disposals / write-offs were properly approved			

g. Test depreciation expense as follows:			
1. Select a sample of items from throughout the detailed fixed asset register and test depreciation calculations for the current period.			
2. Per the fixed asset and accumulated depreciation analysis obtained above agree total additions to accumulated depreciation to the P&L or charges to inventory production.			
h. Review fluctuations in total maintenance and repairs and significant repair and maintenance charges to determine if items should have been capitalized.			
i. Review the detailed fixed asset register for fully depreciated items and obtain assurance that these assets are still utilized (e.g. through physical inspection) Determine if adjustments are necessary.			
j. Inquire of management as to whether any assets are pledged or leased to others. Examine supporting documentation and appropriate Corporate approval.			
k. Review lease agreements, including operating leases, to determine whether the lease has been appropriately capitalized or expensed.			
l. Construction in Process – review additions by performing the following:			
1. review contracts for construction and when feasible examine the physical site			
2. examine supporting documents for significant additions			
3. determine if completed projects were properly and timely capitalized. Agree to fixed asset analysis additions.			
4. if applicable, determine if interest has been appropriately capitalized			
m. Inquire as to whether there have been any intercompany fixed assets transfers. If so, determine if internal profits have been eliminated.			
J. ASSETS / DEFERRED CHARGES	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each deferred charge account balance to the general ledger.			
2. Obtain an understanding of the deferred charge accounting			

polices and an analysis of those accounts including:			
a. description of the account balance			
b. unamortized balance at the beginning of the period			
c. additions			
d. amounts amortized or written off during the period, and			
e. unamortized balance at the end of the period.			
3. Evaluate the carrying basis of the deferred charges and determine whether additional write-offs are required to account for unrecoverable amounts.			
4. Test the deferred charge analysis as follows:			
a. Test the mathematical accuracy			
b. Examine supporting documentation to support additions and evaluate whether capitalization was appropriate.			
c. Recalculate amounts amortized or written off during the period			
d. Agree amounts amortized or written off with the P&L			
5. Review for large or unusual journal entries in the deferred charges general ledger accounts and examine supporting detail. (Note: This account can be used to manipulate the P&L)			
K. LIABILITIES / ACCOUNTS PAYABLE	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each accounts payable and accrued receipts account balance to the general ledger.			
2. Obtain the detailed accounts payable listing (aged by vendor, if possible) and perform the following:			
a. Agree the detailed accounts payable total to the totals per the lead sheet			
b. Test the mathematical accuracy			
c. Agree significant reconciling items to supporting documentation			
d. Where there are significant reconciling items determine if the reconciliation has been reviewed and approved by a responsible official			

e. Scan the detailed accounts payable listing and investigate significant or unusual items such as debit balances, large balances, and old unpaid invoices.			
3. To verify accounts payable balances, select at random vendor accounts payable balances and perform the following:			
a. For those subsequently paid after month end, agree the liabilities recorded in the detailed accounts payable listing to the subsidiary's disbursement records and check copies. Verify that the payment relates to the detail account by agreeing to invoice amounts and numbers.			
b. For those accounts payable liabilities not subsequently paid agree the vendor account balance to supporting documentation (i.e. invoices, receiving reports, purchase orders, etc.)			
4. To verify the completeness of the accounts payable balances, test for unrecorded liabilities. Determine a scope \$ limit and review each of the following files for items that were a liability as of month end. Agree the amount to the detailed listing of accounts payable and unrecorded receipts.			
a. Cash disbursements after month end			
b. Open receiving reports			
c. Open invoice files (pending to be paid)			
d. Open credits for returns files			
5. Through discussion with management determine if there are any unfilled purchase commitment (open PO's) that involve potential losses for which a reserve may be required.			
L. LIABILITIES / ACCRUALS, PROVISIONS AND OTHER LIABILITIES	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet prepared at B.6. agree each accrual / provision account balance to the general ledger. (Note: Pay close attention to the reasonableness of miscellaneous accruals.)			
2. Obtain a detailed listing of each accrual / provision account and perform the following:			
a. Test mathematical accuracy			
b. Agree to lead sheet			
c. Agree reconciling items, if any, to supporting documentation			

and proper approval			
d. Determine a scope \$ limit and verify the accrual / provision by examining supporting documentation (i.e. payroll records, check advises for subsequent payments, invoices, contracts, etc.			
e. Recalculate amounts			
f. Assess reasonableness			
M. LIABILITIES / PENSION, POST RETIREMENT, MEDICAL AND OTHER BENEFITS	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet(s) prepared at B.6. agree each accrual / provision for pensions, post retirement benefits and medical to the general ledger			
2. For each accrual / provision agree balances to supporting documentation and recalculate where appropriate. Note: For pensions and post retirement, Tampa provides the monthly accrual amounts and medical is a preset formula based on historical payments.			
3. Where possible, agree accrual / provision expense to the P&L.			
N. LIABILITIES / CONTINGENCIES AND OTHER COMMITMENTS	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Using the lead sheet(s) prepared at B.6. agree each accrual / provision for contingencies and other commitments to the general ledger			
2. Inquire of management as to any matters or situations that may expose the subsidiary to possible material loss contingencies and/or commitments. If any, include an descriptive explanation, the assets that may be impaired or liability incurred, the estimated amount, the current status of each situation, and the subsidiary's assessment of the potential outcome of the contingency or commitment.			
O. PROFIT AND LOSS / SALES	<i>Initials</i>	<i>Date</i>	<i>Link</i>
Note: While performing the following review items be aware of the proper timing of revenue recognition.			
1. Sales Discounts Select a limited sample of sales discounts (some of which should be in the month end under review) and perform the following:			

a. Determine if the discount was authorized			
b. If the discount related to defective goods or services, inspect evidence to verify the facts.			
c. If the discount is based on a predetermined schedule verify that the discounts allowed are in accordance with the schedule			
d. Based on the evidence reviewed determine that the discount was recorded in the proper period.			
2. Sales Returns Select a limited sample of sales returns credits (some of which should be in the month end under review) and perform the following.			
a. Test mathematical accuracy of sales return credit invoice			
b. Agree pricing of credit invoice to the original sales invoice			
c. Determine if credit invoice was approved by a responsible official (particularly outside of accounts receivable.)			
d. Agree sales return credit invoice to documentation of the goods being returned.			
3. Sales Transactions Select a limited sample of sales invoices (some of which should be in the month end under review) and perform the following.			
a. determined that the sales invoice was issued and the sale accurately posted to the correct customer's account in the sales journal and accounts receivable.			
b. test the mathematical accuracy of the invoice			
c. Agree invoice pricing to an authorized price list/catalog			
d. Agree the sales invoice to supporting bills of lading /shipping documentation noting that the sale was recorded in the proper period.			
e. Determine whether the delivery terms (FOB shipment or delivery) were correctly applied in the timing of recording the sale.			

P. PROFIT AND LOSS / NON-OPERATING INCOME AND EXPENSE	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Prepare a lead sheet supporting FS 60 non-operating income and expense and agree to the general ledger			
2. Obtain explanations for each significant item of non-operating income and expense			
3. Agree significant item of non-operating income and expense to appropriate supporting documentation, contracts, lease agreements, etc.			
Q. OTHER AUDIT PROCEDURES / LITIGATION, CLAIMS AND ASSESSMENTS	<i>Initials</i>	<i>Date</i>	<i>Link</i>
1. Inquire of subsidiary management as to any open litigation, claims, or assessments. Document a brief description.			
2. Inquire of the subsidiary's inside legal counsel as to any open litigation, claims, or assessments. Document a brief description.			
3. Based on this limited review determine if any trends are identified that warrant further review.			