

Cash/Bank Balances

Cash/Bank balances				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording of Cash	Cash receipts: - Have been recorded (when there are non-existent cash receipts), or have been improperly recorded - Have not been recorded/applied - Are not accurately recorded.	- Existence; Rights and Obligations - Completeness - Valuation and Allocation	On a daily basis, cash receipts recorded to the general ledger are agreed to bank deposit slips by accounting personnel. Discrepancies are investigated and resolved. (Preventative)	Trade receivables [Completeness; Existence; Rights and Obligations; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Trade receivables [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Recording of Cash	Cash exists in bank accounts that have not been recorded in the general ledger.	Completeness	Accounts personnel record bank account transactions to the general ledger on a daily basis; Accounts Manager (Management) reviews recorded transactions and cash position regularly for unusual activity and investigates and resolves issues on a timely basis. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Recording of Cash	Not all bank accounts have been recorded in the general ledger.	Completeness	New bank accounts are only opened through the direction and approval of Board of Directors. When new bank accounts are approved and opened, finance personnel create the general ledger account and prepare the journal entry to record the initial balance in the account. Management reviews and approves the new general ledger account and journal entry, including supporting documentation, before the journal entry is recorded. (Preventative)	

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			AND/OR	
			Finance Manager with knowledge of existing and terminated bank accounts reviews the listing of bank accounts recorded in the general ledger and the related account transactions. Any unusual or omitted accounts are investigated and resolved on a timely basis. (Detective)	
Recording of Cash	Cash stated in the general ledger does not reconcile to the cash records/bank statement, and/or the reconciliation contains invalid items.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
			AND/OR	
			Finance personnel analyse amounts recorded to cash suspense accounts and prepare journal entries to correct any unusual items. Management reviews and approves the journal entries and supporting analysis before the journal entry is recorded. (Preventative)	
Cash Disbursements	Acquisitions of fixed assets are not recorded.	Existence	A 3-way match process is performed for fixed assets purchases that utilise the purchase order, receiving document, and vendor invoice. Once the 3-way match process is performed and the key terms of the purchase are agreed to supporting documentation, a transaction is posted in the fixed assets sub-ledger and general ledger to record the addition. (Preventative)	Fixed assets [Completeness] Trade payables [Completeness]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Fixed assets [Completeness] Trade payables [Completeness]
			AND/OR	

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			Periodic counts of fixed assets are performed. Selections are made from the floor and reconciled to the fixed assets register, and any differences are investigated and resolved. (Detective)	Fixed assets [Completeness] Trade payables [Completeness]
Cash Disbursements	Cash/Bank payments are: - Not recorded - Recorded in the general ledger when no cash disbursement has been made - Recorded at the incorrect amount.	- Existence; Rights and Obligations - Completeness - Valuation and Allocation	Cash/bank payments are generated through the ERP system. The ERP system automatically records the journal entry for cash/bank payments to the trade payables and cash/bank sub-ledgers. (Preventative)	Trade payables [Existence; Rights and Obligations; Completeness; Valuation and Allocation] Provision for expenses [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			All manually generated cheques, including supporting documentation and the related journal entry, are reviewed and approved by finance manager before the journal entry is recorded. (Preventative)	Trade payables [Existence; Rights and Obligations; Completeness; Valuation and Allocation] Provision for expenses [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Trade payables [Existence; Rights and Obligations; Completeness; Valuation and Allocation] Provision for

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				expenses [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Cash Disbursements	Loan re- payments have been: - Made but are not recorded - Recorded but have not been paid - Recorded at an amount that differs from the actual amount paid.	- Existence; Rights and Obligations - Completeness - Valuation and Allocation	Finance Manager with knowledge of loan obligation, payment schedules, and other terms and conditions, periodically reviews the transactions within the loan register. Discrepancies are investigated and resolved on a timely basis. (Detective)	Long-term/short-term borrowings [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Long-Term Debt [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Other Possible Risks and Controls				
Recording of Cash	Cash/bank balance denominated in foreign currencies is translated at the incorrect foreign exchange rate.	Valuation and Allocation	Cash/bank balance foreign currency translations are prepared by finance personnel and reviewed and approved by finance manager, who also reviews supporting documentation for the translation rate calculation. (Preventative)	
			AND/OR	
			ERP system calculates the cash/bank balance foreign currency translation rate, which is independently verified by finance manager. (Preventative)	
Recording of Cash	Non-existent cash on hand has been recorded.	Existence	Daily bank deposits are made for additional cash on hand (i.e., cash on hand that exceeds the pre-determined limit). (Preventative)	
			AND/OR	
			On a periodic basis (and without forewarning) an employee independent of the employee(s) who handle cash performs a	

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			count of cash on hand. (Detective)	
Recording of Cash	Cash on hand is not accurately recorded.	Valuation and Allocation	On a periodic basis (and without forewarning) an employee independent of the employee(s) who handle cash performs a count of cash on hand. (Detective)	
Cash Disbursements	Electronic fund transfers and bank charges incurred are not recorded in the general ledger.	Existence	Finance personnel record bank account transactions to the general ledger on a daily basis; finance manager reviews recorded entries and cash position regularly for unusual activity and investigates and resolves issues on a timely basis. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Cash Disbursements	Loan re- payments are auto-deducted from the entity's bank account (or otherwise made) and not recorded in the general ledger.	Existence; Rights and Obligations	Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Long-term/short-term borrowings [Valuation and Allocation]
			AND/OR	
			On a periodic basis, finance personnel perform a reconciliation of the loan register to the general ledger. Finance Manager reviews and approves the reconciliation and any reconciling items are reviewed and addressed on a timely basis. (Detective)	Long-term/short-term borrowings [Valuation and Allocation]

Prepaid Expenses

Prepaid Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Prepaid Expenses	Prepaid expenses are recorded for which no payment has been made.	Existence	Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entry and supporting documentation to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	
			AND/OR	
			Management with knowledge of prepaid expense activity reviews recorded prepaid expenses for proper recording, including verifying cash payment. Unusual items are investigated and corrected on a timely basis. (Detective)	
Recording Prepaid Expenses	Expenditures where no future benefit exists to the entity are recorded as prepayments and deferred on the balance sheet.	Existence	Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entries and supporting documentation to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	Other expenses [Completeness]
			AND/OR	
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Other expenses [Completeness]
Recording Prepaid Expenses	Prepaid expenses are recorded at the incorrect amount.	Valuation and Allocation	Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entries and supporting documentation to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	Other expenses [Completeness]
			AND/OR	

Prepaid Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Other expenses [Completeness]
Recording Prepaid Expenses	Expenditures where future benefits exist for the entity are incorrectly recorded as expenses instead of deferred.	Completeness	Invoices for goods or services received are authorised and accompanied by appropriate supporting documentation. Management reviews supporting documentation and journal entries to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	Other expenses [Occurrence]
			AND/OR	
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Other expenses [Occurrence]
			AND/OR	
			Finance personnel review the nature and type of expenses incurred, and code the expense to the appropriate account. Management reviews the coding, supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	Other expenses [Occurrence]
Recording Prepaid Expenses	Prepaid expenses are not removed from the general ledger when a prepaid asset no longer exists.	Existence; Rights and Obligations	Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	
Recording Prepaid Expenses	Prepaid expenses are incorrectly removed from the general ledger when a prepaid asset still exists.	Completeness	Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management.	Other expenses [Occurrence]

Prepaid Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			(Detective)	
			AND/OR	
			Management with knowledge of service providers' transaction terms reviews prepaid expense general ledger activity for unusual adjusting entries. Discrepancies are investigated and resolved on a timely basis. (Detective)	Other expenses [Occurrence]
Recording Prepaid Expenses	Prepaid expenses stated in the general ledger do not reconcile to the prepaid expense records, and/or the reconciliation contains invalid items.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	On a periodic basis, finance personnel reconcile prepaid expenses to the general ledger; management reviews the reconciliation, including supporting documentation. Unusual reconciling items are investigated and resolved on a timely basis. (Detective)	
Amortising Prepaid Expenses	Amortisation is recorded in advance of the time period associated with the prepaid expense.	Completeness	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal entries. (Preventative)	Other expenses [Completeness]
			AND/OR	
			Management with knowledge of service providers' transaction terms reviews recorded prepaid expenses for proper recording, classification, and amortisation, including review of supporting documentation and analyses. Discrepancies are investigated and resolved on a timely basis. (Detective)	Other expenses [Completeness]
Amortising Prepaid Expenses	Amortisation recorded does not include all prepaid items.	Existence; Rights and Obligations	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal	Other expenses [Occurrence]

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			entries. (Preventative)	
			AND/OR	
			Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entries and supporting documentation to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	
Amortising Prepaid Expenses	Amortisation recorded includes prepaid items that do not exist.	Completeness; Rights and Obligations	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal entries. (Preventative)	Other expenses [Completeness]
			AND/OR	
			Finance personnel review the nature and type of expenses incurred and code the expense to the appropriate account. Management reviews the coding, supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	
Amortising Prepaid Expenses	Useful life assigned or amortisation methodology applied is inappropriate.	Valuation and Allocation	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal entries. (Preventative)	Other expenses [Accuracy]
Other Possible Risks and Controls				
Amortising Prepaid Expenses	Amortisation of prepaid expenses is recorded in excess of the prepaid	Valuation and Allocation	Management with knowledge of prepaid expense activity reviews the activity within the prepaid	

Prepaid Expenses				
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	amount.		expense accounts. Discrepancies or unusual activity are investigated and resolved on a timely basis. (Detective)	
			AND/OR	
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	
Recording Prepaid Expenses	Insurance recoveries may be incorrect due to inappropriate recovery assumptions [specify assumptions] used by management.	Valuation and Allocation	On a periodic basis, management assesses the current insurance claims receivable based on the terms of the insurance contract and the current financial position of insurance companies in determining the insurance companies' creditworthiness and ability to pay on insurance claims. (Preventative)	

Trade receivables

Trade receivables				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording of Sales	Sales and trade receivables are recorded: - That do not relate to valid sales/shipments - At the incorrect amount - In the incorrect period.	- Existence - Valuation and Allocation - Existence; Completeness	Invoices are generated only upon matching the purchase order and shipping documents, completing a 3-way match. The 3-way match process is performed within an ERP system that identifies the purchase order and shipping document and generates an invoice within established limits. (Preventative)	Sales [Occurrence; Accuracy; Cutoff]
			AND/OR	
			Proof of delivery is provided by third-party shippers for all shipments made. The proof of delivery is required in order for the invoice to be generated. (Preventative)	Sales [Occurrence; Accuracy; Cutoff]
Recording of Sales	Side agreements or credit memos exist that are not known to accounting.	Existence	Representations are received on a quarterly basis from sales personnel and management regarding the existence of customer side agreements or credit memos not yet communicated to accounting. (Detective)	Sales [Occurrence]
			AND/OR	
			Credit notes issued after period-end are verified by finance manager for association with side agreements and proper accounting. (Detective)	Sales [Occurrence]
Recording of Sales	Sales are recorded prior to all necessary revenue recognition criteria being met.	Existence	Sales agreements are reviewed by personnel with requisite experience to determine if the revenue recognition criteria are met. (Preventative)	Sales [Occurrence]
Recording of Sales	Goods are shipped to customers and no invoice is generated and recorded.	Completeness	Shipments of goods to customers are logged. The log is used to determine that all shipments are invoiced and that all invoices are recorded. (Detective)	Sales [Completeness]
			AND/OR	
			Management reviews relevant sales, trade receivables, costs of sales, and inventory reports related to sales order entry, shipping/dispatch, and invoicing; significant, unusual relationships are monitored and acted upon. (Detective)	Sales [Completeness]

Trade receivables				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Recording of Sales	Trade receivables stated in the general ledger does not reconcile to the trade receivables records and/or the reconciliation contains invalid items.	Existence; Rights and Obligations; Valuation and Allocation; Completeness	Reconciliation is performed between trade receivables in the general ledger and trade receivables subsidiary ledger amounts, and is then reviewed by finance manager. Any reconciling items are reviewed and addressed on a timely basis. (Detective)	
Provision for doubtful trade receivables	Inappropriate methodology for calculating the provision for doubtful trade receivables could result in misstated net receivables and bad debt expense.	Valuation and Allocation	Management reviews the provision for doubtful trade receivables methodology, assumptions, and underlying calculation for appropriateness on a periodic basis. (Detective)	Other expenses [Accuracy]
Provision for doubtful trade receivables	Provision for doubtful trade receivables calculation is based on inaccurate receivables aging data.	Valuation and Allocation	The ERP system ages the trade receivables based on the parameters established within the ERP system and this computer-generated information is used in the calculation of the provision for doubtful trade receivables. (Preventative)	Other expenses [Accuracy]
Provision for doubtful trade receivables	Receivables included in the provision for doubtful trade receivables calculation: - Do not exist or the entity no longer has rights to such receivables - Do not include all receivables.	- Completeness; Rights and Obligations - Rights and Obligations; Existence	The ERP system ages the trade receivables based on the parameters established within the ERP system and this computer-generated information is used in the calculation of the provision for doubtful trade receivables. (Preventative)	
			AND/OR	
			Finance Manager reviews the provision for doubtful trade receivables methodology, assumptions, and underlying calculation for appropriateness on a periodic basis. (Detective)	
Sales Returns and Credit Memos	Credit notes are issued or committed to the customer but not recorded.	Existence	All sales returns are logged when goods received. Return details per the log are compared to credit notes issued and recorded to determine that credit notes are issued in accordance with company policy. (Detective)	Revenue from operations [Occurrence]
			AND/OR	
			Representations from operations and sales personnel are obtained indicating that no verbal or unrecorded credit memos exist that have not been reported to finance manager. (Detective)	Revenue from operations [Occurrence]

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Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Sales Returns and Credit Memos	Credit notes are not issued and recorded for goods returned by customers.	Existence; Rights and Obligations	All sales returns are logged when received. Sales return details per the log are compared to credit notes issued to determine that credit notes are issued in accordance with company policy. (Detective)	Revenue from operations [Occurrence]
Sales Returns and Credit Memos	Credit notes are issued to customers without the receipt of returned goods.	Completeness	All sales returns are logged when received and the returned goods log automatically generates the credit notes. (Preventative)	Revenue from operations [Completeness]
			AND/OR	
			All sales returns are logged when received. Credit notes issued are compared to the return log to determine that credits issued are for valid returns. (Detective)	Revenue from operations [Completeness]
Sales Returns and Credit Memos	Credit notes are issued for the incorrect amount.	Valuation and Allocation	Credit notes are generated by the ERP system. Credit pricing information is obtained from the original sales invoice. (Preventative)	Revenue from operations [Accuracy]
			AND/OR	
			ERP system validates the amount of the issued credit note against the original invoice. Credit notes issued in excess of the original invoice are flagged and must be reviewed and approved by finance manager. (Preventative)	Revenue from operations [Accuracy]
			AND/OR	
			Policy requires that credit notes are not issued in amounts in excess of the original invoice amount; compliance with this policy is monitored by finance manager. (Preventative)	Revenue from operations [Accuracy]
Sales Returns and Credit Memos	Sales returns reserves are not accurately estimated as a result of: - An inappropriate methodology - Significant assumptions [specify assumptions] being inappropriate, lacking sufficient basis, or lacking sufficient support.	- Valuation and - Valuation and Allocation	Sales return methodology, significant assumptions, and supporting documentation are reviewed by top management prior to recording the journal entry. (Preventative)	Revenue from operations [Accuracy]
			AND/OR	
			Management performs a retrospective review supporting the appropriateness of the methodology and significant assumptions. (Detective)	Revenue from operations [Accuracy]

Trade receivables				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
Sales Returns and Credit Memos	Sales return transactions occurring around period-end are not recorded in the correct period.	Existence; Completeness	AND/OR	
			Sales returns are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management and taken into consideration when estimating the sales return reserve. (Detective)	Revenue from operations [Accuracy]
			Returned goods received and credit memos issued at, before, or after the end of an accounting period are scrutinised by accounting personnel and/or reconciled to make certain the sales return is recorded in the appropriate accounting period. (Detective)	Revenue from operations [Cutoff; Completeness]
			AND/OR	
			Manual sales return entries made to the general ledger are reviewed and approved by management for proper inclusion in the correct accounting period. (Detective)	Revenue from operations [Cutoff]
Cash/bank Receipts	Cash/bank receipts: - Have been recorded (when there are non-existent cash receipts), or have improperly been recorded - Have not been recorded/applied - Are not accurately recorded.	- Completeness - Existence; Rights and Obligations - Valuation and Allocation	On a daily basis, cash/bank receipts recorded to the general ledger are agreed to bank deposit slips by accounting personnel. Discrepancies are investigated and resolved. (Preventative)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Other Possible Risks and Controls				
Recording of Sales	Invoices are issued and recorded for shipments to non-customer offsite locations.	Existence	The ERP system only permits invoices to be issued for shipments to valid customer locations based on information contained in the customer master file. (Preventative)	Sales [Occurrence]

Trade receivables				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Recording of Sales	Invoices are generated and sales recorded for shipments to fictitious customers.	Existence; Valuation and Allocation	AND/OR	
			The customer master file is reviewed for ongoing relevance. (Detective)	Revenue from operations [Occurrence]
			Invoices can only be generated for customers that exist in the customer master file. Access to add, change, or delete information in the customer master file is limited to approved personnel. (Preventative)	Revenue from operations [Occurrence]
			AND/OR	
			The customer master file generates an exception report listing new and deleted customers, shipping address changes, etc., and the report is reviewed by the credit manager and controller. (Detective)	Revenue from operations [Occurrence]
			AND/OR	
Recording of Sales	Invoices are generated and recorded for sales of consigned inventory based on incorrect data provided to the entity by the consignee.	Existence; Valuation and Allocation	Customer master file data is periodically reviewed by management for accuracy and ongoing pertinence. (Detective)	Revenue from operations [Occurrence]
			Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Revenue from operations [Occurrence; Accuracy]
			AND/OR	
Recording of Sales	Sales and trade receivables are inappropriately presented (either over- or understated) from the misapplication of GAAP when acting as a principal or agent in a	Valuation and Allocation	Customers who receive consigned goods are specifically identified as consignment customers in the ERP customer master file. The ERP system generates a report of invoices to consignment customers that is scrutinised by management for proper revenue recognition. (Detective)	Revenue from operations [Occurrence; Accuracy]
			Management prepares an analysis of the terms and conditions of significant sale transactions, including reference to the appropriate accounting framework and principles. This analysis is reviewed and approved by senior management. (Preventative)	Revenue from operations [Accuracy; Occurrence; Completeness]
			AND/OR	

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	revenue transaction.		Sales transactions, volumes, and values are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Revenue from operations [Accuracy; Occurrence; Completeness]
Recording of Sales	Foreign sales and trade receivables are restated at the incorrect foreign exchange rate.	Valuation and Allocation	Foreign sales and trade receivables restatement is prepared by staff personnel and reviewed/approved by finance manager. Analysis reviewed/approved by finance manager includes supporting documentation for the translation rate calculation. (Preventative)	Revenue from operations [Accuracy]
			AND/OR	
			ERP system calculates the foreign sales and trade receivables restatement rate, which is independently verified by finance manager. (Preventative)	Revenue from operations [Accuracy]
Recording of Sales	Inventory held on consignment and subsequently sold has not been invoiced and recorded as a sale and receivable.	Completeness	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Revenue from operations [Completeness] Inventory [Existence]
			AND/OR	
			Inventory consignee (third party) provides periodic reporting of consigned inventory held. These reports are reviewed and reconciled to internal records and differences are investigated. (Detective)	Revenue from operations [Completeness] Inventory [Existence]
Provision for Doubtful Trade receivables	Sales are made to customers with poor credit, which may affect revenue recognition criteria being met and the ultimate write-off of uncollectible trade receivables.	Valuation and Allocation	Credit limits are established by the credit manager based on the customer's ability to pay and past collection results, and are reviewed on a regular basis. (Preventative)	Revenue from operations [Occurrence]

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Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Provision for Doubtful Trade receivables	Invoices are generated in excess, individually or in the aggregate, of customer credit limits, which may affect revenue recognition criteria being met and the ultimate write-off of uncollectible trade receivables.	Valuation and Allocation	ERP system suspends purchase orders that individually or aggregately exceed customer credit limits. Approval by the credit manager is required prior to the ERP system recording the purchase order. (Preventative)	Revenue from operations [Occurrence]
Provision for Doubtful Trade receivables	Provision for doubtful trade receivables is insufficient in reserving for both unknown but historically predictable bad debt and specific known bad debt.	Valuation and Allocation	Management reviews the provision for doubtful trade receivables methodology, assumptions, and underlying calculation for appropriateness on a periodic basis. (Detective)	Other expenses [Accuracy]
Provision for Doubtful Trade receivables	Management does not appropriately consider economic, industry, or customer financial considerations in the calculation of provision for doubtful trade receivables.	Valuation and Allocation	Management reviews the assumptions utilised in calculating the provision to assess and conclude whether the assumptions take into consideration the current economic environment, specific customer financial conditions, regulatory changes, industry issues, etc. Based on their review, management approves the provision for doubtful trade receivables. (Preventative)	Other expenses [Accuracy]
Provision for Doubtful Trade receivables	Provision for doubtful trade receivables is overstated due to possible management bias concerning specific customer reserves.	Valuation and Allocation	Credit manager reviews aged trade receivables and documentation of collection activities performed by the credit personnel supporting the specific reserve and approves the recorded specific reserves. (Preventative)	Other expenses [Accuracy]
Write-off of Uncollectible trade receivables and adjustments to the Provision for Doubtful debts Account	Trade receivables are incorrectly written off.	Completeness; Rights and Obligations	Management reviews and approves write-offs of trade receivables.	Other expenses [Occurrence]

Trade receivables				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Write-off of Uncollectible trade receivables and adjustments to the Provision for Doubtful debts Account	Receivables write-offs using the direct write-off method are not authorised in accordance with the established policy and, as a result, may be invalid.	Valuation and Allocation	Trade receivables write-offs are performed by accounting personnel in accordance with the write-off policy. Management reviews trade receivables write-offs for compliance with the established policy. (Detective)	Other expenses [Accuracy]
Recoveries of Trade receivable	Recoveries of trade receivables previously written off are improperly recorded in the Statement of Profit and Loss.	Classification	Management reviews recoveries of trade receivables previously written off. Journal entries made to record trade receivables recoveries are reviewed and approved by management prior to recording.	Other expenses [Classification]
Sales Returns and Credit Notes	Credit notes are issued at an amount in excess of the original invoice.	Valuation and Allocation; Completeness	Policy requires that credit notes are not issued in amounts in excess of the original invoice amount; compliance with this policy is monitored by management via review of credit notes prior to issuance. (Preventative)	Revenue from operations [Completeness; Accuracy]
			AND/OR	
			ERP system validates the amount of the issued credit note against the original invoice and creates an exception report for credit notes in excess of the original invoices. Management reviews, then approves or corrects, items on the exception report based on documentation and support provided. (Detective)	Revenue from operations [Completeness; Accuracy]
Sales Returns and Credit Notes	For sales transactions that trigger promotional allowances or volume rebates, the promotional allowance or volume rebate is not appropriately recorded.	Valuation and Allocation	For sales transactions that trigger promotional allowances or volume discounts, the calculation for promotional allowances and volume rebates and supporting documentation are reviewed by management prior to recording the journal entry. (Preventative)	Revenue from operations [Occurrence]
			AND/OR	
			For customers receiving promotional allowances or volume discounts, management periodically analyses goods returned that may indicate inappropriate recording of promotional allowances or volume discounts. (Detective)	Revenue from operations [Occurrence]

Trade receivables				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Sales Returns and Credit Memos	Provision for promotional allowances or volume discounts are not accurately estimated as a result of: - An inappropriate methodology - Significant assumptions [<i>specify assumptions</i>] being inappropriate, lacking sufficient basis, or lacking sufficient support	- Valuation and Allocation - Valuation and Allocation	AND/OR	
			Promotional allowances and volume discounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Revenue from operations [Occurrence]
			The methodology for accruing for promotional allowances/volume discounts, significant assumptions used, and supporting documentation are reviewed by management prior to recording the journal entry. (Preventative)	Revenue from operations [Accuracy]
			AND/OR	
			Management performs a retrospective review supporting the appropriateness of the methodology and significant assumptions. (Detective)	Revenue from operations [Accuracy]
			AND/OR	
Other Receivables	Receivables recorded for insurance recoveries are recorded: - When the entity does not have the right to the insurance proceeds or - At an inappropriate amount as the insurance company's creditworthiness was not appropriately considered.	- Rights and Obligations - Valuation and Allocation	Management periodically evaluates insurance receivable by obtaining the insurance contracts and determining whether the insurance receivable recorded is appropriate based on the terms of the insurance contract. Management evaluates the creditworthiness of the insurance company in determining the value of the insurance receivable recorded. (Preventative)	

Inventory

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Inventory	Inventory and trade payables are recorded prior to receipt and/or title transfer of the inventory.	Existence; Rights and Obligations	Inventory and trade payables entries are recorded automatically by the ERP system upon matching the purchase order and goods received note (GRN). (Preventative)	Trade payables [Existence; Rights and Obligations;]
			AND/OR	
			Management reviews and approves the journal entry and supporting documentation for inventory and trade payables recorded for goods not yet received, but title has transferred to the entity. (Preventative)	Trade payables [Existence; Rights and Obligations;]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Trade payables [Existence; Rights and Obligations]
			AND/OR	
			On a periodic basis, finance personnel review open purchase orders and record inventory and accrued payables for goods received or for goods not yet received where title has transferred to the entity. The journal entry and supporting documentation is reviewed and approved by management before the journal entry is recorded. (Preventative)	Trade payables [Existence; Rights and Obligations;]
Recording Inventory	Inventory and trade payables are recorded at the incorrect amount.	Valuation and Allocation	Inventory and trade payables entries are recorded automatically by the ERP system upon matching the purchase order and GRN. (Preventative)	Trade payables [Valuation and Allocation]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Recording Inventory	Inventory and trade payables are not recorded upon transfer of ownership prior to actual receipt.	Completeness	Management reviews and approves the journal entry and supporting documentation for inventory and trade payables recorded for goods not yet received, but title has transferred to the entity. (Preventative)	Trade payables [Completeness]
Recording Inventory	Inventory is received and not recorded in the inventory system.	Completeness	Inventory and trade payables entries are automatically recorded by the ERP system upon matching the purchase order and GRN. (Preventative)	Trade payables [Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Trade payables [Completeness]
			AND/OR	
			On a periodic basis, finance personnel review open purchase orders and record inventory and accrued payables for goods received or for goods not yet received where title has transferred to the entity. The journal entry and supporting documentation are reviewed and approved by management before the journal entry is recorded. (Preventative)	Trade payables [Completeness]
Recording Inventory	Inventory stated in the general ledger does not reconcile to the inventory records and/or the reconciliation contains invalid items.	Completeness; Existence; Rights and Obligations; Valuation and Allocation	Management reviews and approves the reconciliation of the inventory records to the general ledger and any reconciling items are reviewed and addressed on a timely basis. (Detective)	Cost of Sales [Occurrence; Completeness; Accuracy; Cutoff; Classification]
Recording of Inventory removal	Inventory may be removed from inventory records and recorded as a cost of sales when it has not actually been sold.	Completeness	Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Cost of Sales [Occurrence]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Cost of Sales [Occurrence]
Recording removal of Inventory	Inventory records include inventory that was sold to customers and not recorded as cost of sales.	Existence; Rights and Obligations	Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Cost of Sales [Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Cost of Sales [Completeness]
Recording removal of Inventory	Inventory may be removed from inventory records and recorded as a cost of sales upon shipment prior to transfer of ownership.	Completeness	Management reviews and approves the journal entry and supporting documentation for inventory and cost of goods sold for goods that have been dispatched prior to transfer of ownership. (Preventative)	Cost of Sales [Occurrence]
Recording removal of Inventory	Inventory that was sold to customers and recorded as cost of sales are recorded in the incorrect period.	Existence; Rights and Obligations; Completeness	Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Cost of Sales [Cutoff]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the	Cost of Sales [Cutoff]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	
Recording of removal of Inventory	Inventory has been sold that is removed from the accounts at incorrect amounts.	Valuation and Allocation	On a periodic basis, accounting personnel calculate the inventory cost under the costing method utilised by the entity. Prior to recording the journal entry, management reviews the calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper account classification. (Preventative)	Cost of Sales [Accuracy]
			AND/OR	
			Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Cost of Sales [Accuracy]
Physical Inventory	Physical inventory counts are not performed on a periodic basis, potentially resulting in inaccurate inventory records.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book to physical inventory adjustment. (Detective)	Cost of Sales [Occurrence; Completeness; Accuracy]
Physical Inventory	Physical inventory counts: - Count inventory that does not exist - Do not include counts of all inventory - Do not include consideration of movement of inventory during the physical inventory - Are not valued at the appropriate cost - Book to physical adjustments are not recorded or recorded at the incorrect	- Existence - Completeness - Existence; Completeness - Valuation and Allocation - Valuation and Allocation	Physical inventory is counted periodically, and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger, with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Cost of Sales [Occurrence; Completeness; Cutoff; Accuracy]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	amount.			
Inventory Held by Third Parties	Inventory held by a third party that has been sold to a final customer has not been removed from inventory or recorded as a cost of sales.	Existence; Rights and Obligations	On a periodic basis, the reports provided by the third party to the entity, either directly or by confirmation, are reviewed and reconciled to internal records and used by the entity to relieve inventory and record cost of sales.	Cost of Sales [Completeness]
Inventory Held by Third Parties	Inventory held by a third party and not yet sold is improperly removed from inventory and recorded as cost of sales.	Completeness	On a periodic basis, the reports provided by the third party to the entity, either directly or by confirmation, are reviewed and reconciled to internal records and used by the entity to relieve inventory and record cost of sales.	Cost of Sales [Occurrence]
Inventory Valuation	Inventory records include inventory that is not in a salable condition.	Valuation and Allocation	Physical inventory is counted periodically, and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger, with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Cost of Sales [Completeness]
Inventory Valuation	Inventory may be recorded at the incorrect cost under the entity's costing method.	Valuation and Allocation	On a periodic basis, accounting personnel calculate the inventory cost under the costing method utilised by the entity. Prior to recording the journal entry, management reviews the calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper account classification. (Preventative)	Cost of Sales [Accuracy]
			AND/OR	
			On a quarterly basis, accounting personnel compare the costs automatically calculated by the ERP system to manually calculated inventory costs using the selected costing method for a sample of inventory items. (Detective)	Cost of Sales [Accuracy]
			AND/OR	

Inventory				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Management meets monthly in product cost review meeting to discuss results of operations, specifically focused on production cost evaluation including a comparison of current-period productions cost to the current-year budget and prior-period benchmarks. (Detective)	Cost of Sales [Accuracy]
			AND/OR	
			Changes made to inventory costing methods are approved by management before becoming effective. (Preventative)	Cost of Sales [Accuracy]
Inventory Valuation	The entity uses inappropriate standard costs in valuing its inventory, including incorrectly calculating the allocation of labour and overhead.	Valuation and Allocation	Management reviews the new standard cost analysis and supporting documentation and approves changes to standard costs, including labour and overhead allocation assumptions, before the changes are made to the inventory ERP system. (Preventative)	Cost of Sales [Accuracy]
			AND/OR	
			Management compares the revised standard cost master file to the approved standard cost per the New Standard Cost Report. (Preventative)	Cost of Sales [Accuracy]
Inventory Valuation	Inventory costs are inaccurate due to the inaccurate calculation of product cost variances.	Valuation and Allocation	Periodically, management reviews and evaluates the process to account for and calculate product cost variances. (Preventative)	Cost of Sales [Accuracy; Classification]
			AND/OR	
			The report logic used to generate the Cost Variance Report is non-configurable by system users. (Preventative)	Cost of Sales [Accuracy; Classification]
			AND/OR	
			Any changes to the Cost Variance Report parameters or configuration can only be made by the System Administrator — Inventory and require approval by the Corporate Controller, evidenced by signoff on the Change Request Form before becoming effective.	Cost of Sales [Accuracy; Classification]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			(Preventative)	
Inventory Valuation	Product cost variances have been inaccurately allocated between period costs and period-end inventory.	Valuation and Allocation	Prior to recording the monthly journal entry to allocate product cost variances to period-end inventory, management reviews the product cost variance calculation, which includes an assessment of the methodology, significant assumptions used, supporting documentation, and mathematical accuracy. (Preventative)	Cost of Sales [Accuracy; Classification]
Inventory Valuation	Inventory may be recorded at an amount that exceeds the lower of cost or net realisable value (NRV) as the significant assumptions [specify assumptions] utilised in the lower of cost or NRV analysis are inappropriate, do not have a sufficient basis, or do not have sufficient support.	Valuation and Allocation	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Cost of Sales [Accuracy]
Inventory Valuation	The adjustment for lower of cost or NRV is recorded in the incorrect accounting period.	Valuation and Allocation	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Cost of Sales [Cutoff]
Inventory Valuation	The adjustment for lower of cost or NRV stated in the general ledger does not reconcile to the calculation and/or contains mathematical errors.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Cost of Sales [Occurrence; Accuracy; Completeness]
Inventory Valuation	In evaluating the adjustments for obsolete, slow moving, or excess inventory: • Management's method for determining the E&O (excess and obsolete) adjustments is inappropriate or has not been applied consistently. • The estimates are based on assumptions	• Valuation and Allocation • Valuation and Allocation	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Cost of Sales [Accuracy]

Inventory				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
	that are unreasonable, lack sufficient basis, or lack sufficient support. Assumptions used in estimating E&O adjustments include: <i>[specify assumptions]</i> .			
Inventory Valuation	Obsolete, slow moving, or excess inventory exists but no adjustment is recorded against inventory and as a component of cost of sales.	Completeness; Valuation and Allocation	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Cost of Sales [Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book to physical inventory adjustment. (Detective)	Cost of Sales [Completeness]
Inventory Valuation	Obsolete, slow moving, or excess inventory does not exist but an adjustment is recorded against inventory and as a component of cost of sales.	Existence; Valuation and Allocation	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Cost of Sales [Occurrence]
			AND/OR	
			Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	Cost of Sales [Occurrence]
Inventory Valuation	The calculations for obsolete, slow-moving, or excess inventory and related adjustments are based on inaccurate inventory usage/movement data.	Valuation and Allocation	The inventory management system generates the Inventory Usage/Movement Report based on parameters in the inventory management system. (Preventative)	Cost of Sales [Accuracy]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Inventory Valuation	The adjustment for obsolete, slow moving, or excess inventory is recorded at the incorrect amount, in the incorrect general ledger account, or in the incorrect accounting period	Valuation and Allocation; Completeness; Existence	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Cost of Sales [Accuracy; Cutoff; Classification]
Inventory Valuation	The adjustment for obsolete, slow-moving, or excess inventory stated in the general ledger does not reconcile to the calculation and/or contains mathematical errors.	Valuation and Allocation; Completeness; Existence	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Cost of Sales [Occurrence; Accuracy; Completeness; Cutoff; Classification]
Inventory Returns	Inventory returned to suppliers is: - Not removed from the inventory and trade payables records - Recorded at the incorrect amount	- Existence; Rights and Obligations - Valuation and Allocation	The ERP system automatically records entries to reduce inventory and trade payables as per the sub-ledgers upon matching the goods return order, shipping document, and debit note, completing a 3-way match. (Preventative)	Trade payables [Existence; Rights and Obligations; Valuation and Allocation]
			AND/OR	
			Inventory returned to suppliers is separately logged. On a periodic basis, the return log is utilised to verify inventory is relieved and trade payables is reduced for inventory returned to suppliers. (Detective)	Trade payables [Existence; Rights and Obligations; Valuation and Allocation]
Inventory Returns	Inventory recorded as returned to vendors (removed from the inventory and trade payables records) is not actually returned.	Completeness	Inventory returned to suppliers is separately logged. On a periodic basis, the return log is utilised to verify inventory is relieved and trade payables is reduced for inventory returned to suppliers. (Detective)	Trade payables [Completeness]
Sales Returns	Inventory returns from customers are recorded: - Prior to receipt - At the incorrect amount - In the incorrect period.	- Existence; Rights and Obligations - Valuation and Allocation - Existence; Completeness	Manual journal entries to record inventory purchases or returns and related accrued payable adjustments are prepared by finance personnel and supported by documentation that the inventory has been received or title has transferred to the entity prior to recording the entry. Management reviews and approves the journal entry and underlying supporting	Cost of Sales [Occurrence; Accuracy; Cutoff]

Inventory				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
			documentation. (Preventative)	
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Cost of Sales [Occurrence; Accuracy; Cutoff]
Sales Returns	Goods returned by customers are: • Not recorded • Recorded at the incorrect amount • Recorded in the incorrect period.	• Completeness • Valuation and Allocation • Existence; Completeness	Warehouse personnel enter all goods received into the ERP system on the date of receipt, and the ERP system automatically records an adjustment to the inventory subsidiary ledger and to cost of sales in the general ledger. (Preventative)	Cost of Sales [Completeness; Accuracy; Cutoff]
			AND/OR	
			All returned goods are logged when received. On a periodic basis, return details as per the log are compared to the inventory records to verify the returned inventory is properly recorded in the inventory sub-ledger, and to verify cost of sales has been reduced in the general ledger. (Detective)	Cost of Sales [Completeness; Accuracy; Cutoff]
Other Possible Risks and Controls				
Recording Inventory	Inventory issued on consignment and not yet sold is improperly removed from inventory and recorded as cost of sales.	Completeness	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. On a periodic basis, consigned inventory is physically verified by company personnel and reconciled to the inventory records. (Detective)	Cost of Sales [Occurrence]
			AND/OR	

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Inventory consignee provides periodic reporting of consigned inventory sold to third parties, and consigned inventory held. These reports are reviewed and reconciled to internal records, and used by the entity to record cost of sales and relieve inventory. (Detective)	Cost of Sales [Occurrence]
Recording Inventory	Inventory held on consignment and subsequently sold has not been invoiced and recorded as a sale and receivable.	Existence	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Cost of Sales [Completeness]
			AND/OR	
			Inventory consignee (third party) provides periodic reporting of consigned inventory held. These reports are reviewed and reconciled to internal records and differences are investigated. (Detective)	Cost of Sales [Completeness]
Recording Inventory	Inventory held at offsite locations is improperly removed from inventory and recorded as cost of sales.	Completeness	Physical inventory, including inventory held at offsite locations, is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records are reconciled to the general ledger. (Detective)	Cost of Sales [Occurrence]
Recording Inventory	Inventory records include inventory that does not exist due to shrinkage, which has not been recorded as a component of cost of sales.	Existence	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records are reconciled to the general ledger. (Detective)	Cost of Sales [Completeness]
Recording Inventory	Inventory previously issued on consignment that has been sold to a third party has not been removed from inventory or recorded as a cost of sale.	Existence; Rights & Obligations	On a periodic basis, consigned inventory is physically verified by company personnel and reconciled to the inventory records. (Detective)	Cost of Sales [Completeness]
			AND/OR	
			On a periodic basis, the inventory consignee provides the entity reporting of consigned inventory sold to third parties and consigned inventory still held, or the entity confirms consigned	Cost of Sales [Completeness]

Inventory				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			inventory with the consignee. These reports or confirmations are reviewed and reconciled to internal records, and used by the entity to record cost of sales and relieve inventory. (Detective)	
Inventory Valuation	Intercompany profits are: - Not eliminated from inventory - Eliminated at the incorrect amount.	- Existence - Valuation and Allocation	Intercompany sales are analysed at period-end to calculate the amount of intercompany profit in inventory to be eliminated. Finance personnel prepare the journal entry, supporting documentation, and account analysis for intercompany profit in inventory to be eliminated. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded.	Cost of Sales [Occurrence; Accuracy]
Inventory Valuation	Volume or purchase discounts from suppliers are recorded in improper accounts (e.g., cost of sales, inventory) or at incorrect amounts.	Valuation and Allocation	On a periodic basis, purchasing provides the accounting function with analysis of inventory purchases related to all supplier volume/rebate agreements. Accounting personnel calculate the estimated volume discount. Prior to recording the journal entry, management reviews the calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper classification. (Preventative)	Cost of Sales [Accuracy; Classification] Trade payables [Valuation and Allocation]
			AND/OR	
			Management subsequently compares volume discount cash received to the recorded volume discount estimate for accuracy. Discrepancies are investigated and corrected, as necessary. (Detective)	Cost of Sales [Accuracy; Classification] Trade payables [Valuation and Allocation]
			AND/OR	

Inventory				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records are reconciled to the general ledger. (Detective)	Cost of Sales [Accuracy; Classification]

Fixed Assets

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Disposal of Fixed Assets	The sale, disposal, or theft of fixed assets, including assets held for sale, has not been recorded.	Existence; Rights and Obligations	Periodic counts of fixed assets are performed. Selections made from the property, plant, and equipment register are verified for existence, and agreed to supporting documentation that legal title and rights to the asset are held. (Detective)	
			AND/OR	
			On a periodic basis, operations management reviews the fixed assets register to verify existence and rights to the assets, and communicates errors identified to accounting management for investigation and correction. (Detective)	
Acquisition of Fixed Assets	Additions are recorded: - For fixed assets that do not exist - When the entity does not have legal title to the fixed assets - At the incorrect amount.	- Existence - Rights and Obligations - Valuation and Allocation	A 3-way match process is performed for fixed assets purchases that utilise the purchase order, receiving document, and vendor invoice. Once the 3-way match process is performed and the key terms of the purchase are verified, a transaction is posted in the fixed assets sub-ledger and general ledger to record the addition. (Preventative)	
			AND/OR	
			Periodic counts of fixed assets are performed. Selections are reconciled to the fixed assets register, verified for existence and ownership, and agreed to supporting documentation that legal title is held. (Detective)	
			AND/OR	
			On a periodic basis, operational management reviews the fixed assets register to verify existence and ownership, and communicates errors identified to accounting management for investigation and correction. (Detective)	
Acquisition of	Expenditures of a non-	Existence	Expenditures of a non-capital	Other expenses

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Fixed assets	capital nature (e.g., repairs and maintenance) have been incorrectly capitalised.		nature are reviewed and approved by finance personnel with knowledge of the entity's capitalisation policy. Journal entry and supporting documentation for expenditures of a non-capital nature are reviewed by management prior to the journal entry being posted. (Preventative)	[Completeness]
			AND/OR	
			Recorded capital expenditures and other expenses are compared to budget regularly; management investigates and resolves significant variances. (Detective)	Other expenses [Completeness]
Acquisition of Fixed assets	Acquisitions of fixed assets are not recorded.	Completeness	A 3-way match process is performed for fixed assets purchases that utilise the purchase order, receiving document, and vendor invoice. Once the 3-way match process is performed and the key terms of the purchase are agreed to supporting documentation, a transaction is posted in the fixed assets sub-ledger and general ledger to record the addition. (Preventative)	Cash [Existence] Trade payables [Completeness]
			AND/OR	
			Periodic counts of fixed assets are performed. Selections are made from the floor and reconciled to the fixed assets register, and any differences are investigated and resolved. (Detective)	Cash [Existence] Trade payables [Completeness]
Acquisition of Fixed assets	Subsequent improvements made to fixed assets (e.g., remodels, additions) are incorrectly expensed.	Completeness	Subsequent improvement project plans are reviewed by finance personnel with knowledge of the entity's capitalisation policy. The journal entry and supporting documentation for subsequent improvement expenditures are reviewed by management prior to the journal entry being posted. (Preventative)	Other expenses [Occurrence]
			AND/OR	

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Recorded other expenses are compared to budget regularly; management investigates and resolves significant variances. (Detective)	Other expenses [Occurrence]
Depreciating Fixed assets	Depreciation expense is: - Calculated using an inappropriate rate or using an inappropriate methodology - Recorded at the incorrect amount - Not calculated for all fixed assets.	- Valuation and Allocation - Valuation and Allocation - Existence	Management reviews fixed assets additions for appropriate assignment of depreciable lives and methodology, and performs a periodic review of depreciable lives and depreciation methodology for all fixed assets for ongoing appropriateness. (Detective)	Cost of Sales [Accuracy; Occurrence] Depreciation and amortisation expense [Accuracy; Occurrence]
			AND/OR	
			On a periodic basis, management performs a retrospective analysis of fixed assets disposals to challenge the depreciable lives and methodology being applied to fixed assets. (Detective)	Cost of Sales [Accuracy; Occurrence] Depreciation and amortisation expense [Accuracy; Occurrence]
Depreciating Fixed assets	Depreciation expense is recorded for assets of a non-capital nature or for assets that have been disposed.	Completeness	Expenditures of a non-capital nature are reviewed and approved by finance personnel with knowledge of the entity's capitalisation policy. Journal entry and supporting documentation for expenditures of a non-capital nature are reviewed by management prior to the journal entry being posted. (Preventative)	Cost of Sales [Occurrence] Depreciation and amortisation expense [Occurrence]
			AND/OR	
			Management reviews fixed assets additions for appropriate assignment of depreciable lives and methodology, and performs a periodic review of depreciable lives and depreciation methodology for all fixed assets for ongoing appropriateness. (Detective)	Cost of Sales [Occurrence] Depreciation and amortisation expense [Occurrence]

Fixed Assets				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
Fixed assets Valuation	Fixed assets stated in the general ledger does not reconcile to the subsidiary ledger and/or the reconciliation contains invalid items.	Existence; Completeness; Valuation and Allocation; Rights and Obligations	On a periodic basis, a roll-forward of fixed assets is performed by the ERP system or manually using computer-generated information and reconciled to the general ledger; differences are investigated and corrected. (Detective)	
Fixed assets Valuation	Impairment indicators may exist for fixed assets, but are not known to management.	Valuation and Allocation	On a periodic basis, accounting and operations management meet to assess internal or external factors that may be indicators of impairment. (Preventative)	Other expenses [Completeness]
			AND/OR	
			Management periodically reviews budgeted versus actual results for the entity, including its product lines and segments. The results of this review are utilised by management in assessing whether impairment indicators may be present. (Detective)	Other expenses [Completeness]
Other Possible Risks and Controls				
Acquisition of Fixed assets	Operating leases for fixed assets are incorrectly accounted for as finance leases.	Existence	New lease contracts and lease modifications are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	Long-term/short-term borrowings [Existence] Other expenses [Completeness]
			AND/OR	
			New lease contracts and lease modifications recorded in the lease register ¹ are periodically reviewed by management to verify that the lease has been properly accounted for as a finance or operating lease. (Detective)	Long-term/short-term borrowings [Existence] Other expenses [Completeness]

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Acquisition of Fixed assets	Finance leases for fixed assets are incorrectly accounted for as operating leases.	Completeness	New lease contracts and lease modification are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	Long-term/short-term borrowings [Completeness] Other expenses [Occurrence]
			AND/OR	
			New lease contracts and lease modifications recorded in the lease register are periodically reviewed by management to verify that the lease has been properly accounted for as a finance or operating lease. (Detective)	Long-term/short-term borrowings [Completeness] Other expenses [Occurrence]
Acquisition of Fixed assets	Capital Work in progress (CWIP) is not transferred to fixed assets when the asset is placed into service.	Valuation and Allocation	Operations management periodically reviews the listing of CWIP and communicates to accounting management any CWIP assets that have been put into service. (Detective)	
Acquisition of Fixed assets	Capitalised interest is: - Inappropriately recorded for assets directly purchased and put into service - Not recorded for assets constructed - Recorded at the incorrect amount.	- Existence - Completeness - Valuation and Allocation	CWIP is reviewed by finance personnel with knowledge of the entity's capitalisation policy. Finance personnel consider whether the assets constructed qualify for capitalised interest based on nature of the asset, and amount of interest incurred in the period, and calculate the amount of interest to be capitalised [As per Accounting Standard 16 – Borrowing Costs]. The journal entry and supporting documentation for capitalised interest are reviewed by management prior to the journal entry being posted. (Preventative)	Finance Cost [Occurrence; Completeness; Accuracy]
Fixed assets Valuation	Cash flow projections or significant assumptions used in the impairment test are inconsistent with cash flow projections or significant assumptions used for other purposes (e.g., going concern, deferred tax asset, fixed	Valuation and Allocation	Financial forecasts are prepared by finance personnel with an appropriate level of knowledge of accounting requirements. Management (1) reviews the financial forecast methodology for appropriateness and consistent application to other financial forecasts prepared and (2) reviews,	

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	asset impairment).		challenges, and approves the significant assumptions applied. (Preventative)	
Fixed assets Valuation	The valuation methodology used for impairment purposes is: - Inappropriate under the circumstances - Based on underlying significant assumptions [<i>specify assumptions</i>] that are inappropriate, lack sufficient basis, or lack sufficient support.	- Valuation and Allocation - Valuation and Allocation	A valuation analysis is performed by qualified personnel at the entity or by a qualified third-party appraiser. The valuation methodology, significant assumptions, and underlying data used are reviewed, evaluated, and approved by management with appropriate knowledge of valuation techniques. (Preventative)	Other expenses [Accuracy]
Disposal of Fixed assets	The entity incorrectly records the disposal of fixed assets for assets still owned by the entity.	Completeness	All fixed assets disposals and supporting documentation are reviewed and approved by management prior to the journal entry being recorded. (Preventative)	
			AND/OR	
			Periodic counts of fixed assets are performed. Selections made from the floor are reconciled to the fixed assets register, and differences are investigated and resolved. (Detective)	
Disposal of Fixed assets	Disposals of fixed assets are recorded in the general ledger at incorrect amounts.	Valuation and Allocation	Finance personnel obtain supporting documentation for all fixed assets disposals and prepare the related journal entry. Supporting documentation and the journal entry are reviewed and approved by management prior to the journal entry being recorded. (Preventative)	
			AND/OR	
			Management periodically compares actual fixed assets disposals to budget. Significant differences or discrepancies are investigated and resolved (Detective)	

Fixed Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Depreciating Fixed assets	CWIP is not transferred to fixed assets when the asset is placed into service and therefore is not depreciated.	Valuation and Allocation	Operations management periodically reviews the listing of CWIP assets and communicates to accounting management any CWIP assets that have been put into service. (Detective)	Depreciation and amortisation expense [Completeness; Accuracy; Classification]

Goodwill and Intangible Assets

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Intangible Assets	Intangibles for which no future economic benefit is expected: - Are recorded - Are recorded in excess of the asset amount rather than as an other expense.	- Existence and - Valuation and Allocation	Finance personnel periodically reconcile intangible asset balances to supporting documentation; management reviews and approves the reconciliations, including supporting documentation for account transactions. Unusual transactions or invalid reconciling items are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Other expenses [Completeness]
			AND/OR	
			Finance personnel maintain a listing of recorded goodwill and intangible assets. The listing is reviewed by operational management, including in-house legal counsel, as appropriate, for existence and completeness. Discrepancies are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Other expenses [Completeness]
Goodwill and Intangible Asset Valuation	Goodwill and intangible assets included in the valuation analysis: - Do not reconcile to the subsidiary ledger and/or the reconciliation contains invalid items. - Do not exist or the entity no longer has rights to such assets - Do not include all goodwill and intangible assets.	- Existence; Completeness; Rights and Obligations; Valuation and Allocation - Existence; Rights and Obligations - Completeness; Rights and Obligations	Finance personnel periodically reconcile intangible asset balances to supporting documentation; management reviews and approves the reconciliations, including supporting documentation for account transactions. Unusual transactions or invalid reconciling items are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	
			AND/OR	
			Finance personnel maintain a listing of recorded goodwill and intangible assets. The listing is reviewed by operational management,	

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			including in-house legal counsel, as appropriate, for existence and completeness. Discrepancies are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	
Goodwill Valuation	Reporting units are incorrectly identified or inappropriately aggregated for purposes of the goodwill impairment test.	Valuation and Allocation	Finance personnel prepare documentation with reference to the applicable accounting framework and principle addressing the identification of the entity's reporting units and the assets and liabilities underlying each reporting unit. The documentation is reviewed and approved by management before the entity performs the goodwill impairment test. (Preventative)	
Amortisation of Intangible Assets	Intangible assets are amortised using an inappropriate useful life or method that is inappropriate under the circumstances.	Valuation and Allocation	On a periodic basis, finance personnel analyse intangible assets for the best estimate of useful lives, and an amortisation method that reflects the pattern in which economic benefits of the intangible asset are consumed or otherwise used up. Management reviews and approves the analysis and supporting documentation. (Preventative)	Depreciation and amortisation expense [Accuracy]
			AND/OR	
			On a periodic basis, management performs a retrospective analysis of intangible assets that have been fully amortised in prior periods to challenge the useful lives and methodology being applied to intangible assets. (Detective)	Depreciation and amortisation expense [Accuracy]
Amortisation of Intangible Assets	Amortisation is not calculated for all recorded intangible assets.	Existence	Management reviews intangible asset additions for appropriate assignment of useful lives and methodology, and performs a periodic review of useful lives and amortisation methodology for all intangible assets for	Depreciation and amortisation expense [Completeness]

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			ongoing appropriateness. (Detective)	
Amortisation of Intangible Assets	Amortisation is recorded for intangible assets that have been disposed, fully amortised, or for which the entity does not have legal ownership.	Completeness; Rights and Obligations	Finance personnel periodically reconcile intangible asset balances, and related amortisation, to supporting documentation; management reviews and approves the reconciliations, including supporting documentation for account transactions. Unusual transactions or invalid reconciling items are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Depreciation and amortisation expense [Occurrence]
Goodwill and Intangible Asset Valuation	Management uses a valuation technique that is inappropriate under the circumstances or only utilises a single valuation technique for circumstances that indicate multiple valuation techniques are appropriate.	Valuation and Allocation	Management reviews the calculations performed and assumptions used within the goodwill impairment assessment for consistency with commonly accepted valuation practices, prior-year assumptions, and publicly available peer company and industry information. (Preventative)	Other expenses [Accuracy]
Goodwill and Intangible Asset Valuation	Management's impairment assessment uses business and valuation assumptions that are not based on its best and most supportable estimates.	Valuation and Allocation	Finance management reviews the business assumptions (including the reporting unit carrying amounts and assessment date) for appropriateness prior to being provided to management's valuation expert. (Preventative)	Other expenses [Accuracy]
			AND/OR	
			Management from different areas of the entity meet to review the forecast for appropriateness using historical performance, their knowledge of the entity's strategic plans, industry projections, and peer company data. (Preventative)	Other expenses [Accuracy]
			AND/OR	

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Management reviews the calculations performed and assumptions used within the goodwill impairment assessment for consistency with commonly accepted valuation practices, prior-year assumptions, and publicly available peer company and industry information. (Preventative)	Other expenses [Accuracy]
Other Possible Risks and Controls				
Recording Goodwill	Goodwill acquired in business acquisitions is: - Not appropriately recorded in the year of the acquisition - Recorded at the incorrect amount.	- Existence; Completeness - Valuation and Allocation	Controls will vary by entity.	
Recording Intangible Assets	The entity inappropriately capitalises costs related to internally developed intangible assets rather than expense such costs.	Existence	Finance personnel with the requisite expertise and knowledge of the applicable accounting framework, review costs incurred related to intangible assets. Supporting documentation and the journal entry are prepared by finance personnel, and reviewed and approved by management before the journal entry is recorded. (Preventative)	Other expenses [Completeness]
			AND/OR	
			Finance personnel reconcile intangible asset balances to supporting documentation. Management reviews and approves the reconciliations, including supporting documentation for account activity. Unusual activity or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	Other expenses [Completeness]
Recording Intangible Assets	Internally developed intangible assets (e.g., copyrights, trademarks, patents) are inappropriately recorded as expenses.	Completeness; Valuation and Allocation	Finance personnel with the requisite expertise and knowledge of the applicable accounting framework, review costs incurred related to intangible assets. Supporting	Other expenses [Occurrence]

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			documentation and the journal entry are prepared by finance personnel, and reviewed and approved by management before the journal entry is recorded. (Preventative)	
Recording Intangible Assets	Intangible assets acquired are: - Recorded for intangible assets not acquired - Not recorded - Not recorded at the correct amount - Not assigned an appropriate useful life	- Existence - Completeness - Valuation and Allocation - Valuation and Allocation	Controls will vary by entity.	
Recording Intangible Assets	Rights to intangible assets offered as security for debt no longer exist.	Existence; Rights and Obligations	On a periodic basis, finance personnel assess compliance with debt covenants and changes in rights to assets offered as security. This assessment, along with supporting documentation and the journal entry, if necessary, is reviewed by management before the journal entry is recorded. (Preventative)	
Goodwill and Intangible Asset Valuation	Management does not obtain an appropriate understanding or perform a review of the work of management's expert, thereby evidencing a lack of appropriate responsibility over the projections made and assumptions used.	Valuation and Allocation	Management reviews the data used and calculations performed by management's valuation expert for accuracy and consistency with cash flow information provided. (Preventative)	
			AND/OR	
			Management reviews the calculations performed and assumptions used within the goodwill impairment assessment for consistency with commonly accepted valuation practices, prior-year assumptions, and publicly available peer company and industry information. (Preventative)	
Disposing Goodwill and Intangible	Goodwill and intangible assets disposed in a sale transaction are not	Existence; Rights and Obligations	On a periodic basis, finance personnel obtain contracts and other documentation	

Goodwill and Intangible Assets				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Assets	removed from the general ledger.		related to business unit disposals and other sale/disposal transactions. Finance personnel prepare a journal entry, along with supporting documentation, to record the sale or disposal. The journal entry and supporting documentation are reviewed by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			On a periodic basis, finance personnel reconcile goodwill and intangible asset balances to supporting documentation. Management reviews and approves the reconciliations, including supporting documentation for account transactions. Unusual transactions or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	
Disposing Goodwill and Intangible Assets	The entity incorrectly records the disposal of goodwill or intangible assets when rights to those assets still exist.	Completeness; Rights and Obligations; Valuation and Allocation	All transactions involving goodwill and intangible asset disposals and supporting documentation are reviewed and approved by management prior to the journal entry being recorded. (Preventative)	
			AND/OR	
			On a periodic basis, finance personnel roll forward and reconcile goodwill and intangible asset balances to supporting documentation. Management reviews and approves the roll forward and reconciliation, including supporting documentation for account transactions. Unusual activity or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	

Trade payables

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Payables	Goods received by, or services rendered to, the entity are: - Not recorded in trade payables or other expenses - Recorded at the incorrect amount.	- Completeness - Valuation and Allocation	Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed vendor work order, or GRN. (Preventative)	Other expenses [Completeness; Accuracy]
			AND/OR	
			On a periodic basis, finance personnel review open purchase orders and record other expenses and accrued payables for goods received or services rendered for which a completed service order or vendor invoice has not been received. The journal entry and supporting documentation are reviewed and approved by management before the journal entry is recorded. (Preventative)	Other expenses [Completeness; Accuracy]
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Other expenses [Completeness; Accuracy]
Recording Payables	The reconciliation between the trade payables sub-ledger and the general ledger may contain invalid reconciling items, which may result in a misstatement of trade payables.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	On a periodic basis, finance personnel perform a reconciliation of the trade payables sub-ledger to the general ledger. Management reviews and approves the reconciliation and any reconciling items are reviewed and addressed on a timely basis. (Detective)	
Recording Payables	Amounts recorded to trade payables and other expenses do not relate to goods or services received.	Existence	Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed vendor work order, or GRN. (Preventative)	Other expenses [Occurrence]
			AND/OR	
			Manual journal entries to trade payables, inventory, or other expenses, including period-end payable accruals and supporting	Other expenses [Occurrence]

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			documentation, are reviewed and approved by management before the journal entry is recorded. (Preventative)	
Recording Payables	Inventory and trade payables are recorded prior to receipt and/or title transfer of the inventory.	Existence; Rights and Obligations	Inventory and trade payables entries are recorded automatically by the ERP system upon matching the purchase order and GRN. (Preventative)	Inventory [Existence; Rights and Obligations]
			AND/OR	
			Management reviews and approves the journal entry and supporting documentation for inventory and trade payables recorded for goods not yet received, but title has transferred to the entity. (Preventative)	Inventory [Existence; Rights and Obligations]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Existence; Rights and Obligations]
			AND/OR	
			On a periodic basis, finance personnel review open purchase orders and record inventory and accrued payables for goods received or for goods not yet received where title has transferred to the entity. The journal entry and supporting documentation is reviewed and approved by management before the journal entry is recorded. (Preventative)	Inventory [Existence; Rights and Obligations]
Recording Payables	Inventory and trade payables are recorded at the incorrect amount.	Valuation and Allocation	Inventory and trade payables entries are recorded automatically by the ERP system upon matching the purchase order and GRN. (Preventative)	Inventory [Valuation and Allocation]
Recording Payables	Acquisitions of fixed assets are not recorded.	Completeness	A 3-way match process is performed for fixed assets purchases that utilise the purchase order, GRN, and vendor invoice.	Cash [Existence] Fixed assets

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Once the 3-way match process is performed and the key terms of the purchase are agreed to supporting documentation, a transaction is posted in the fixed assets sub-ledger and general ledger to record the addition. (Preventative)	[Completeness]
			AND/OR	
			Periodic counts of fixed assets are performed. Selections are made from the floor and reconciled to the fixed assets register, and any differences are investigated and resolved. (Detective)	Cash [Existence] Fixed assets [Completeness]
Recording Payables	Inventory is received and not recorded in the inventory system.	Completeness	Inventory and trade payables entries are automatically recorded by the ERP system upon matching the purchase order and GRN. (Preventative)	Inventory [Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Completeness]
			AND/OR	
			On a periodic basis, finance personnel review open purchase orders and record inventory and accrued payables for goods received or for goods not yet received where title has transferred to the entity. The journal entry and supporting documentation are reviewed and approved by management before the journal entry is recorded. (Preventative)	Inventory [Completeness]
Recording Disbursements	Cash disbursements are: - Not recorded - Recorded in the general ledger	- Existence; Rights and Obligations - Completeness - Valuation and	Cash disbursements are generated through the ERP system. The ERP system automatically records the journal entry for cash disbursements to the trade payables and cash sub-ledgers.	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	when no cash disbursement has been made Recorded at the incorrect amount.	Allocation	(Preventative)	
			AND/OR	
			All manually generated cheques, including supporting documentation and the related journal entry, are reviewed and approved by management before the journal entry is recorded. (Preventative)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly, and differences are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Recording Debit Memos	Inventory returned to suppliers is: - Not removed from the inventory and trade payables records - Recorded at the incorrect amount.	- Existence; Rights and Obligations - Valuation and Allocation	The ERP system automatically records entries to reduce inventory and trade payables per the sub-ledgers upon matching the goods return order, shipping document, and debit memo, completing a 3-way match. (Preventative)	Inventory [Existence; Rights and Obligations; Valuation and Allocation]
			AND/OR	
			Inventory returned to suppliers is separately logged. On a periodic basis, the return log is utilised to verify inventory is removed and trade payables is reduced for inventory returned to suppliers. (Detective)	Inventory [Existence; Rights and Obligations; Valuation and Allocation]
Recording Debit Memos	Inventory recorded as returned to vendors (removed from the inventory and trade payables records) is not actually returned.	Completeness	Inventory returned to suppliers is separately logged. On a periodic basis, the return log is utilised to verify inventory is removed and trade payables is reduced for inventory returned to suppliers. (Detective)	Inventory [Completeness]
Recording Payables	Inventory and trade payables are not recorded upon transfer of ownership prior to actual receipt.	Completeness	Management reviews and approves the journal entry and supporting documentation for inventory and trade payables recorded for goods not yet received, but title has transferred to the entity. (Preventative)	Inventory [Completeness]
Other Possible Risks and Controls				

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Recording Payables	The trade payables balance includes amounts due to unauthorised vendors.	Existence	New vendors to be added to the vendor master file are submitted to the accounting function by purchasing personnel. New vendors are independently verified by the accounting function for appropriateness and approved by management before the vendor is added to the vendor master file. (Preventative)	
			AND/OR	
			Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed service order, and the invoice received, completing a 3-way match. Completed matches are only posted for those vendors included in the vendor master file. (Preventative)	
Recording Payables	Foreign trade payables are translated using an incorrect foreign exchange rate.	Valuation and Allocation	On a periodic basis, a schedule of all foreign trade payables is prepared by accounting personnel reflecting the foreign trade payables, the applicable foreign exchange rate at period-end, and the foreign currency adjustment to be recorded. The schedule, supporting documentation, and journal entry are reviewed and approved by management before the foreign exchange adjustment is recorded. (Preventative)	
			AND/OR	
			The ERP system automatically calculates the translation amounts for foreign trade payables and other expenses, which is independently verified by management. (Preventative)	
Recording Debit Memos	Volume or purchase discounts from suppliers are recorded in improper accounts (e.g., cost of sales, inventory) or at incorrect amounts.	Valuation and Allocation	On a periodic basis, purchasing provides the accounting function with analysis of inventory purchases related to all supplier volume/discount agreements. Accounting personnel calculate the estimated volume discounts. Prior to recording the journal entry, management reviews the	Inventory [Valuation and Allocation] Cost of Sales [Accuracy; Classification]

Trade payable				
Class of Transaction	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper classification. (Preventative)	
			AND/OR	
			Management subsequently compares volume discount cash received to the recorded volume rebate estimate for accuracy. Discrepancies are investigated and corrected, as necessary. (Detective)	Inventory [Valuation and Allocation] Cost of Sales [Accuracy; Classification]
Recording Debit Memos	Debit memos are incorrectly recorded resulting in amounts removed from trade payables when a liability still exists.	Completeness; Rights and Obligations	The ERP system automatically records entries to reduce inventory and trade payables per the sub-ledgers upon matching the goods return order, shipping document, and debit memo, completing a 3-way match. (Preventative)	

Provision for expenses

Provision for expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Provision for expenses	Provision for expenses exist but are not recorded.	Completeness	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	Other expenses [Completeness]
Recording Provision for expenses	The entity uses an inappropriate methodology or incorrect significant assumptions [specify assumptions] or underlying data [specify underlying data] to calculate and record provision for expenses.	Valuation and Allocation	On a periodic basis, provision for expenses are recorded based on an analysis performed by qualified personnel at the entity or by a qualified third-party specialist. The methodology, significant assumptions, and underlying data used, as well as the journal entry, are reviewed, evaluated, and approved by management with appropriate knowledge before the journal entry is recorded. (Preventative)	Other expenses [Accuracy]
			AND/OR	
			On a periodic basis, management retrospectively reviews prior-year provision for expenses; including the methodology used, significant assumptions utilised, and the underlying data relied upon in developing such estimates. Revisions are made to the methodology or significant assumptions and underlying data used in the current-period estimation process as necessary. (Detective)	Other expenses [Accuracy]
Recording Provision for expenses	Accruals and other expenses are initially recorded when no liability exists.	Existence; Rights and Obligations	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record provision for expenses. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	Other expenses [Occurrence]

Provision for expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			AND/OR On a periodic basis, finance personnel reconcile provision for expenses to supporting detail. Management reviews the reconciliation and supporting documentation, and unusual activity or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	Other expenses [Occurrence]
Adjusting Provision for expenses	Provision for expenses are not reversed when a liability no longer exists (e.g., settled).	Existence; Rights and Obligations	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			On a periodic basis, management analyses recorded provision for expenses for ongoing relevance. Inconsistencies or discrepancies are investigated and resolved on a timely basis. (Detective)	
Adjusting Provision for expenses	Previously recorded provision for expenses are incorrectly reversed when a liability still exists.	Completeness; Rights and Obligations	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel review the list of recorded provision for expenses, and prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Detective)	
Adjusting Provision for expenses	Adjustments to provision for expenses are recorded in the general ledger at	Valuation and Allocation	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to	

Provision for expenses				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
	incorrect amounts.		discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			On a periodic basis, management analyses recorded provision for expenses for ongoing relevance. Inconsistencies or discrepancies are investigated and resolved on a timely basis. (Detective)	
Recording Disbursements	Cash disbursements: • Are not recorded • Have not been relieved from provision for expenses • Are recorded in the general ledger when no cash disbursement has been made • Are recorded at the incorrect amount.	• Existence; Rights and Obligations • Completeness • Valuation and Allocation	Cash disbursements are generated through the ERP system. The ERP system automatically records the journal entry for cash disbursements to the provision for expenses and cash sub-ledgers. (Preventative)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			All manually generated cheques, including supporting documentation and the related journal entry, are reviewed and approved by management before the journal entry is recorded. (Preventative)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Other Possible Risks and Controls				
Recording Provision for expenses	Accrued bonuses are incorrectly calculated and recorded due to misapplication of the bonus criteria.	Valuation and Allocation	Finance personnel calculate accrued bonuses based on the provisions of the bonus program. Management reviews and approves the bonus calculation and journal entry before the journal entry is recorded. Management bonuses are reviewed and approved by the CEO and/or a board of governance (e.g., Board of Directors, Remuneration Committee	Other expenses [Accuracy]

Provision for expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			of the Board of Directors) before the management bonuses are recorded. (Preventative)	
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Other expenses [Accuracy]
Recording Provision for expenses	Accrued payroll, taxes, and other employee benefit costs are recorded at incorrect amounts.	Valuation and Allocation	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record provision for expenses. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	Cost of Sales [Accuracy] Other expenses [Accuracy]
			AND/OR	
			Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	Cost of Sales [Accuracy] Other expenses [Accuracy]
Recording Provision for expenses	Accrued compensated absences are incorrectly calculated and recorded (i.e., not consistent with the stated human resource policy).	Valuation and Allocation	On a periodic basis, finance personnel calculate accrued compensated absences and prepare the supporting documentation and related journal entry. Management, including human resource management, reviews the calculation and journal entry for consistency with the stated policy and approves the journal entry before it is recorded. (Preventative)	Other expenses [Accuracy]
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Other expenses [Accuracy]

Loans/Borrowings

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Borrowings	Loan agreements are entered into and not recorded in the general ledger.	Completeness	New loan agreements, including finance leases, or modifications to existing loan agreements, are analysed by finance personnel who prepare the journal entry and supporting analysis; management reviews and approves the journal entry and supporting analysis before recording the entry. (Preventative)	
			AND/OR	
			Management prepares cash flow analyses to monitor working capital. On a periodic basis, management compares forecasted cash position to actual; significant and/or unusual differences are investigated and resolved. (Detective)	
Recording Borrowings	Loan agreements are entered into and are recorded in the general ledger at the incorrect amount.	Valuation and Allocation	New loan agreements, including finance leases, or modifications to existing loan agreements, are analysed by finance personnel who prepare the journal entry and supporting analysis; management reviews and approves the journal entry and supporting analysis before recording the entry. (Preventative)	
Recording Borrowings	Loan is recorded when no borrowing agreement has been entered into or for loan that is not the loan of the entity.	Existence; Rights and Obligations	New loan agreements including finance leases, or modifications to existing loan arrangements, are analysed by finance personnel who prepare the journal entry and supporting analysis; management reviews and approves the journal entry and supporting analysis before recording the entry. (Preventative)	
			AND/OR	
			Management prepares cash flow analyses to monitor working	

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			capital. On a periodic basis, management compares forecasted cash position to actual; significant and/or unusual differences are investigated and resolved. (Detective)	
Recording Borrowings	Loan stated in the general ledger does not reconcile to the supporting loan records, and/or the reconciliation contains invalid items.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	On a periodic basis, finance personnel perform a reconciliation of the loan register to the general ledger. Management reviews and approves the reconciliation and any reconciling items are reviewed and addressed on a timely basis. (Detective)	
Recording Payments	Loan payments have been: - Made but are not recorded - Recorded, but have not been paid - Recorded at an amount that differs from the actual amount paid.	- Existence; Rights and Obligations - Completeness - Valuation and Allocation	Management with knowledge of loan agreements, payment schedules, and other debt terms, periodically reviews the transactions within the loan register. Discrepancies are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Recording Accrued Interest	Accrued interest and Finance cost are initially recorded when no loan exists.	Existence; Rights and Obligations	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record accrued finance cost. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			On a periodic basis, finance personnel reconcile accrued interest, to supporting detail. Management reviews the reconciliation and supporting documentation, and unusual transactions or invalid	

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
			reconciling items are investigated and resolved on a timely basis. (Detective)	
Recording Accrued Interest	Accrued interest and finance cost exist but are not recorded.	Completeness	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel, Treasury) to discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	
Recording Accrued Interest	Accrued interest and finance cost are recorded at incorrect amounts.	Valuation and Allocation	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record accrued finance cost. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Spreadsheets utilised to analyse and calculate significant accrued finance costs are locked from formula editing. On a test basis, finance personnel test the calculations within the spreadsheet for ongoing accuracy. (Detective)	
Other Possible Risks and Controls				
Recording Borrowings	Intercompany loan transactions occurred but are not recorded in one of the subsidiary general ledgers or are recorded at incorrect amounts.	Completeness; Valuation and Allocation	Finance personnel enter intercompany transactions into the ERP system identifying the affected entities by company code. The ERP system automatically records intercompany transactions to the corresponding entities’ general ledger. (Preventative)	

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			AND/OR	
			Finance personnel prepare the journal entry to record intercompany transactions along with supporting documentation. Management reviews and approves the journal entry and supporting documentation before the journal entry is recorded. (Preventative)	
			AND/OR	
			Management with knowledge of intercompany transactions reviews the activity within the various intercompany accounts. Discrepancies or unusual activity are investigated and resolved on a timely basis. (Detective)	
Recording Borrowings	Finance leases for fixed assets are incorrectly accounted for as operating leases.	Completeness	New lease contracts and lease modifications are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	Fixed assets [Completeness] Other expenses [Occurrence]
			AND/OR	
			New lease contracts and lease modifications recorded in the lease register are periodically reviewed by management to verify that the lease has been properly accounted for as a finance or operating lease. (Detective)	Fixed assets [Completeness] Other expenses [Occurrence]
Recording Borrowings	Operating leases for fixed assets are incorrectly accounted for as finance leases.	Existence	New lease contracts and lease modifications are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The	Fixed assets [Existence] Other expenses [Completeness]

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	
			AND/OR	
			New lease contracts and lease modifications recorded in the lease register are periodically reviewed by management to verify that the lease has been appropriately accounted for as a finance or operating lease. (Detective)	Fixed assets [Existence] Other expenses [Completeness]
Recording Borrowings	Finance lease obligations are valued and recorded using the incorrect interest rate.	Valuation and Allocation	Finance personnel prepare the journal entry and supporting analyses for new finance leases. Management with the requisite expertise and knowledge of the applicable accounting framework and principles reviews the journal entry and supporting analyses prior to the journal entry being recorded. (Preventative)	
Recording Payments	Loan re-payments are auto-deducted from the entity's bank account (or otherwise made) and not recorded in the general ledger.	Valuation and Allocation	Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	Cash [Existence; Rights and Obligations]
			AND/OR	
			On a periodic basis, finance personnel perform a reconciliation of the loan register to the general ledger. Management reviews and approves the reconciliation and any reconciling items are reviewed and addressed on a timely basis. (Detective)	Cash [Existence; Rights and Obligations]
Recording Payments	Recorded loan obligations are fully or partially waived and the waived amount is not recorded in the general ledger or is recorded at an	Rights and Obligations; Valuation and Allocation	Finance personnel prepare the journal to record loan waiver along with supporting documentation. Management reviews and approves the journal entry and supporting documentation before the journal entry is recorded. (Preventative)	

Loans/Borrowings				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
	incorrect amount.		AND/OR	
			Management with knowledge of loan agreements, payment schedules, and other terms, periodically reviews the activity within the loan register. Discrepancies are investigated and resolved on a timely basis. (Detective)	
Recording of Other Loan Related Transactions	Loan related account balances or transactions denominated in foreign currencies are valued and recorded using the incorrect exchange rate.	Valuation and Allocation	The ERP system automatically calculates the foreign currency translation adjustment for accounts denominated in foreign currencies. The proposed translation adjustment is independently reviewed and approved by management prior to recording. (Preventative)	
			AND/OR	
			Management with knowledge of loan agreements, payment schedules, and other terms, periodically reviews the activity within the loan register. Discrepancies are investigated and resolved on a timely basis. (Detective)	

Employee Benefits

Employee Benefits				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
<i>Core Risks and Controls</i>				
Measurement of Benefit Obligation	The entity modifies or terminates existing plans or creates new plans and the changes are unknown to management and the actuary.	Existence; Rights and Obligations; Completeness; Valuation and Allocation	On a periodic basis, finance and human resource personnel meet to evaluate changes to the entity's employee benefit plan structure. Changes made to existing plans or creations of new plans are provided to the actuary. Finance personnel evaluate that changes to the plan were contemplated by the actuary when preparing the actuarial report by reviewing the key plan information disclosed in the actuarial report and utilised by the actuary in making the actuarial calculations. (Preventative)	
			AND/OR	
			Management reviews minutes from executive, board, audit committee, and other operational meetings to identify actions that may affect the benefit plan structure or significant assumptions underlying actuarial analysis. Matters identified are reviewed and analysed on a timely basis as to the effect on the benefit obligation. (Detective)	
Measurement of Benefit Obligation	Payroll and employee demographic data provided to the third-party actuary is inaccurate, incomplete, or includes ineligible employees.	Existence; Completeness; Valuation and Allocation	On a periodic basis, finance personnel analyse the demographic data files and trace information back to source data on a test basis. Management reviews the analysis and testing results before the information is provided to the actuary. (Preventative)	
			AND/OR	
			Demographic data maintained in the ERP system is monitored for integrity through user access controls and change management procedures. Information technology management reviews and approves changes to user access. Changes to employee data are reviewed and approved by human resource personnel independent of those who processed the change. (Detective)	
Measurement	The third-party actuary	Existence;	Finance personnel review the final	

Employee Benefits				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
of Benefit Obligation	does not utilise the employee and other data provided by the entity or inappropriately makes changes to the employee and other data when performing the actuarial measurement.	Completeness; Valuation and Allocation	actuarial report and reconcile the key data listed in the report to the data relating to employees and others provided to the actuary. Unusual items or errors are investigated and corrected on a timely basis. (Detective)	
			AND/OR	
			Recorded employee benefit obligation adjustments are regularly compared to budget, current-year trends, and historical amounts for unusual relationships; management investigates and resolves significant variances. (Detective)	
Measurement of Benefit Obligation	In determining the employee benefit obligation: - The methodology used to calculate the employee benefit obligation is inappropriate under the circumstances. - The underlying significant assumptions [<i>specify assumptions</i>] are inappropriate, lack sufficient basis, or lack sufficient support.	- Valuation and Allocation - Valuation and Allocation	The calculation of the employee benefit obligation is performed by a qualified actuary. The methodology, significant assumptions, and underlying data used are reviewed, evaluated, and approved by management with appropriate knowledge of benefit plan accounting and the actuarial calculation. (Preventative)	
			AND/OR	
			Finance management reviews the results of the actuarial analysis with the actuary and investigates unusual items or relationships. Management approves the analysis before the journal entry is recorded. (Preventative)	
Measurement of Benefit Obligation	The entity inappropriately relies upon the findings of the third-party actuary who is not adequately competent or objective.	Valuation and Allocation	On a periodic basis, finance personnel obtain credentials, references, external data, etc., and assess and conclude upon the professional competency and objectivity of the actuary. Management reviews this assessment and supporting documentation and approves the engagement of the actuary before services are performed. (Preventative)	
			AND/OR	
			Finance personnel analyse the actuary's professional service	

Employee Benefits				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
			engagements in process and pending (i.e., open proposals) with the entity. Management reviews the analysis and concludes on the independence and/or objectivity of the actuary before services are performed. (Preventative)	
Recording Benefit Cost	Employee Benefit obligation adjustments, including unrecognised service cost or actuarial gains and losses, are: - Inaccurately recorded - Not recorded for all benefit plans - Recorded for benefit plans that are not the obligation of the entity.	- Valuation and Allocation - Completeness; Rights and Obligations - Existence; Rights and Obligations	Finance personnel prepare journal entries to record benefit obligation adjustments, including obtaining supporting documentation (e.g., the actuarial report). Management reviews and approves the journal entry and supporting documentation before the entry is recorded. (Preventative)	Salaries & Wages [Valuation and Allocation; Completeness; Existence; Rights and Obligations]
			AND/OR	
			Management with knowledge of benefit obligation adjustments reviews the transactions in the benefit obligation-related general ledger accounts for unusual transactions. Unusual transactions or errors are investigated and resolved on a timely basis. (Detective)	Salaries & wages [Valuation and Allocation; Completeness; Existence; Rights and Obligations]
Transactions of Plan Assets	Contributions, benefit payments, and other transactions (as applicable) are made but are not recorded through the benefit obligation account.	Existence; Rights and Obligations; Valuation and Allocation	Cash disbursements are generated through the ERP system. The ERP system automatically records the journal entry for cash disbursements to the benefit obligation account and cash sub-ledgers. (Preventative)	
			AND/OR	
			All manually generated cheques, including the related journal entry and supporting documentation, are reviewed and approved by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Activity of Plan Assets	Contributions, benefit payments, and other transactions (as applicable) are recorded through the benefit	Completeness; Valuation and Allocation; Rights and Obligations	Cash disbursements are generated through the ERP system. The ERP system automatically records the journal entry for cash disbursements to the benefit obligation account and	

Employee Benefits				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Accounts
	obligation account that did not occur.		cash sub-ledgers. (Preventative)	
			AND/OR	
			All manually generated cheques, including the related journal entry and supporting documentation, are reviewed and approved by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Activity of Plan Assets	Contributions, benefit payments and other transactions (as applicable) made to the benefit plan are recorded at an amount that differs from the actual amount paid.	Valuation and Allocation	Cash disbursements are generated through the ERP system. The ERP system automatically records the journal entry for cash disbursements to the benefit obligation account and cash sub-ledgers. (Preventative)	
			AND/OR	
			All manually generated cheques, including the related journal entry and supporting documentation, are reviewed and approved by management before the journal entry is recorded. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Other Possible Risks and Controls				
Termination benefits	For benefits given to employees that qualify as special termination benefits, the entity does not record an expense/liability as per the requirements of AS 15.	Completeness	Operational changes (e.g., plant closures, voluntary lay-offs, terminations) and plan amendments are reviewed by finance personnel with the requisite expertise and knowledge of the applicable accounting framework and principles. Finance personnel assess the effect of the operational changes or amendments on the entity’s financial statements, including reference to the appropriate accounting framework and	

Employee Benefits				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
			principles. The assessment and supporting documentation are reviewed and approved by management before the journal entry is recorded. (Preventative)	
Measurement of Benefit Obligation	An event occurs that significantly reduces the number of years of expected future service, or eliminates the accrual of benefits for a significant number of employees, but the event is not known to management or the actuary and the effect on the benefit obligation is not analysed.	Existence; Rights and Obligations; Valuation and Allocation	Management (1) reviews minutes from executive, board, audit committee, and other operational meetings to identify operational changes or events that may have an effect on existing benefit plans and the entity's financial statements and (2) communicates the changes or events to the actuary. (Preventative)	
Activity of Plan Assets	The entity makes lump sum payments to plan participants in exchange for their rights to receive future benefits and the effect on the benefit obligation is not recognised or accounted for by management.	Existence; Rights and Obligations; Valuation and Allocation	On a periodic basis, finance personnel review minutes from executive, board, audit committee, and other operational meetings to identify actions and initiatives that may affect the benefit obligation, benefit plan structure, or significant assumptions underlying actuarial analyses, etc. Matters identified are reviewed and analysed on a timely basis as to the effect on the benefit obligation. (Preventative)	

Income Taxes

Deferred Taxes

Deferred Taxes				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
<i>Core Risks and Controls</i>				
Calculate and Record Deferred Income Tax Assets and Liabilities	Permanent differences are: - Incorrectly classified as timing differences, and vice versa - Recorded at the incorrect amount.	- Existence; Completeness - Valuation and Allocation	Deferred tax calculation and journal entry to record deferred taxes are (1) prepared by personnel with sufficient training and experience and (2) independently reviewed by management. (Preventative)	Income Tax Expense (Benefit) [Occurrence; Completeness; Accuracy]
			AND/OR	
			Tax function obtains supporting documentation and analyses for permanent and timing differences in the general ledger accounts and independently evaluates and tests the data for proper inclusion and completeness. (Preventative)	Income Tax Expense (Benefit) [Occurrence; Completeness; Accuracy]
Calculate and Record Deferred Income Tax Assets and Liabilities	Transactions with a deferred income tax impact are not considered when calculating deferred tax balances.	Completeness	A listing of all types of transactions or events affecting the income tax provision and related deferred income tax accounts is utilised to compare captured data and information for completeness. (Preventative)	Income Tax Expense (Benefit) [Completeness]
			AND/OR	
			The tax department and finance department meet on a regular basis to discuss changes in the business. Changes that may have an effect on deferred income taxes and income tax expense are analysed and the conclusions are documented. (Detective)	Income Tax Expense (Benefit) [Completeness]
Calculate and Record Deferred Income Tax Assets and Liabilities	Provision to return adjustments are not recorded.	Valuation and Allocation	Tax department of the entity compares amounts in the tax return to the amounts included in the prior-year income tax provision and records adjustments to the deferred tax accounts, income taxes payable/refund receivable, and income tax expense as applicable. (Preventative)	Income Taxes Payable/Receivable [Valuation and Allocation] Income Tax Expense (Benefit) [Accuracy]

Deferred Taxes				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
Calculate and Record Deferred Income Tax Assets and Liabilities	Tax rate applied in taxable income and deferred tax calculation is incorrect.	Valuation and Allocation	Deferred taxes calculation and journal entry to record deferred taxes are (1) prepared by personnel with sufficient training and experience and (2) independently reviewed by management. (Preventative)	Income Tax Expense (Benefit) [Accuracy]
			AND/OR	
			Deferred taxes are processed using a software program. Program's algorithms, calculations, etc., are tested by the entity for accuracy. New releases or updates to the software are separately tested and incorporated on a timely basis. (Preventative)	Income Tax Expense (Benefit) [Accuracy]
Calculate and Record Deferred Income Tax Assets and Liabilities	Recent amendments to the income tax code are not reflected in the determination of income tax expense and deferred taxes.	Valuation and Allocation	Income taxes are processed using a software program that draws financial and tax data from the ERP system. Program's algorithms, calculations, etc., are tested for accuracy. New releases or updates to the software are tested prior to implementation and are implemented on a timely basis. (Preventative)	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence] Income Taxes Payable/ Receivable [Valuation and Allocation; Completeness; Existence]
			AND/OR	
			The tax department of the entity agrees the tax rate utilised in determining income tax expense to the enacted rate as per the Income Tax Act, 1961 and considers whether there are substantively enacted tax rates that will affect the balance of deferred taxes. (Preventative)	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence] Income Taxes Payable/ Receivable [Valuation and Allocation; Completeness; Existence]

Deferred Taxes				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
Calculate and Record Deferred Income Tax Assets and Liabilities	Tax journal entries are posted at incorrect amounts to the general ledger.	Valuation and Allocation	Journal entries to record the adjustments to the income tax accounts have adequate supporting documentation and are independently reviewed and approved prior to recording. (Preventative)	
Calculate and Record Deferred Income Tax Assets and Liabilities	The entity's assessment that there is reasonable/virtual certainty that sufficient future taxable income will be available against which the deferred tax assets can be realised is not appropriate.	Valuation and Allocation	Processes exist whereby accounting and tax personnel jointly identify and assess available sources of taxable income, including assessing and weighing all positive and negative evidences. The analysis and conclusion are reviewed and approved by management prior to the journal entry being recorded. (Preventative)	Income Tax Expense (Benefit) [Accuracy]
			AND/OR	
			Financial forecasts are prepared by accounting personnel with an appropriate level of knowledge of accounting requirements. Management (1) reviews the financial forecast methodology for appropriateness and consistent application to other financial forecasts prepared and (2) reviews, challenges, and approves the significant assumptions applied. (Preventative)	Income Tax Expense (Benefit) [Accuracy]
Calculate and Record Deferred Income Tax Assets and Liabilities	Deferred income tax amounts recorded in the general ledger contains invalid items.	Existence; Completeness; Rights and Obligations; Valuation and Allocation	Deferred taxes calculation and journal entry to record deferred taxes are (1) prepared by personnel with sufficient training and experience and (2) independently reviewed by management. (Preventative)	Income Tax Expense (Benefit) [Occurrence; Completeness; Accuracy; Classification]
			AND/OR	
			Deferred taxes are processed using a software program. Program's algorithms, calculations, etc., are tested by the entity for accuracy. New releases or updates to the software are separately tested and incorporated on a timely basis. (Preventative)	Income Tax Expense (Benefit) [Occurrence; Completeness; Accuracy; Classification]

Provision for Income taxes/ Advance Income taxes

Provision for Income taxes/ Advance Income taxes				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
<i>Core Risks and Controls</i>				
Calculate and Record Provision for income taxes or Advance Taxes.	Estimated Advance income tax payments made are: - Not recorded - Recorded at incorrect amounts.	- Existence - Valuation and Allocation	Tax department of the entity prepares estimated tax payment calculations on a quarterly basis and maintains an income tax payment schedule. Payments as per the payment schedule are compared to the actual payment recorded in the general ledger and investigated for proper recording. (Detective)	
			AND/OR	
			Bank statements are reconciled periodically, and reconciling items are investigated for proper recording in the general ledger. (Detective)	
Calculate and Record Provision for income taxes or Advance Taxes	Income tax/deduction/exemption is incorrectly calculated due to: - Exclusion of valid tax deductions or exemptions or under-recorded tax deductions or exemptions - Inclusion of invalid tax deductions or exemptions or over-recorded deductions or exemptions.	- Valuation and Allocation; Completeness - Existence	The calculation is prepared by staff with sufficient training and experience. Calculations and supporting analyses are independently reviewed by management. (Preventative)	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence]
			AND/OR	
			Deductions taken on the prior-year tax return are reconciled to the current-year income tax calculation and significant differences are investigated. (Detective)	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence]
Calculate and Record Provision for income taxes or Advance Taxes	Calculation of income tax expense/deductions/exemptions does not include all jurisdictions.	Completeness	Tax department of the Company reviews the list of countries where the company has business operations with the marketing department and also with other relevant department in order to identify foreign jurisdictions where obligation to pay income tax may arise. (Preventative)	Income Tax Expense (Benefit) [Completeness]
			AND/OR	

Provision for Income taxes/ Advance Income taxes				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Accounts
			Listing of all taxable subsidiaries and other legal entities affecting income tax is compared to the income tax calculation for completeness. (Detective)	Income Tax Expense (Benefit) [Completeness]
			AND/OR	
			The tax department and finance department meet on a regular basis to discuss changes in the business. Changes that may have an effect on deferred income taxes and income tax expense are analysed and the conclusions are documented. (Detective)	Income Tax Expense (Benefit) [Completeness]
Calculate and Record Provision for income taxes or Advance Taxes	Tax adjustments, penalties, or interest resulting from income tax assessment orders/appellate orders are: - Not recorded - Inaccurately recorded.	- Completeness - Valuation and Allocation	Journal entries to record tax and related penalties and interest as a result of income tax assessment orders/appellate orders are prepared by tax personnel on a timely basis. Entries are reviewed and approved by management prior to the journal entry being recorded. (Preventative)	Income Tax Expense (Benefit) [Completeness; Accuracy]
			AND/OR	
			On a periodic basis, tax department of the entity provides status updates to finance management on income tax assessments/appellate orders and inquiries with respect to Income tax assessment years open, for proper accounting treatment. (Detective)	Income Tax Expense (Benefit) [Completeness; Accuracy]
Calculate and Record Provision for income taxes or Advance Taxes	Provision for income tax to Income tax return adjustments is not recorded.	Valuation and Allocation	Tax department of the entity compares amounts in the tax return to the amounts included in the previous financial year income tax provision and records adjustments to the deferred tax accounts, income taxes. (Preventative)	Deferred Taxes [Valuation and Allocation] Income Tax Expense (Benefit) [Accuracy]
Calculate and Record Provision for income taxes or Advance Taxes	Recent amendments to the income tax (domestic or international) are not reflected in the determination of	Completeness; Existence; Valuation and Allocation	Income taxes are processed using a software program which draws financial and tax data from the ERP system. Program's algorithms, calculations, etc., are tested for accuracy. New releases or updates to	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence]

Provision for Income taxes/ Advance Income taxes				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Accounts
	income tax and deferred taxes.		the software are tested prior to implementation and are implemented on a timely basis. (Preventative)	Deferred Taxes [Valuation and Allocation]
			AND/OR	
			The tax department of the entity agrees the tax rate utilised in determining income tax to the enacted rate as per the Income Tax Act, 1961 and considers whether there are substantively enacted tax rates that will affect the balance of deferred taxes. (Preventative)	Income Tax Expense (Benefit) [Accuracy; Completeness; Occurrence] Deferred Taxes [Valuation and Allocation]
Other Possible Risks and Controls				
Calculate and Record Provision for income taxes or Advance Taxes	Sales, purchases, and other transactions with Associated enterprises are not at arm’s length, resulting in concern regarding transfer pricing matters.	Existence; Completeness; Rights and Obligations	Management establishes policies for transactions to associated enterprises. This policy covers all terms and conditions, including the price to be charged. The policy is reviewed and monitored by the tax department of the entity in order to identify potential transfer pricing considerations. Transactions between associated enterprises entities strictly adhere to this policy. (Preventative)	Income Tax Expense (Benefit) [Occurrence; Completeness]

Share Capital and Reserves and Surplus

Share Capital				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
Core Risks and Controls				
Issue of Share Capital	Subscribed and fully paid up share capital are: - Recorded for transactions that did not occur - Not recorded for transactions that did occur - Recorded at the incorrect amount.	- Existence - Completeness - Valuation and Allocation	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record subscribed and paid up share capital. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Management with knowledge of the entity's share capital transactions and share capital account activity reviews the share capital accounts for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	
Other Possible Risks and Controls				
Issue of Share Capital	Options/Rights exercised and purchases of shares of are recorded in the Share capital accounts for transactions that did not occur.	Existence	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record subscribed and paid up share capital. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Issue of Share Capital	Options/Rights to purchase shares are exercised, or shares are purchased through an employee stock option plan, but are: Not recorded in the equity accounts	- Completeness - Valuation and Allocation	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record subscribed and paid up share capital. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded	

Share Capital				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	Recorded at the incorrect amount.		(Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
Buyback of Shares	Buyback of shares are not recorded.	Existence; Rights and Obligations	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record subscribed and paid up share capital including buy back of shares. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded (Preventative)	
			AND/OR	
			Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
			AND/OR	
			Management with knowledge of the entity's share capital transactions and share capital account activity reviews the share capital accounts for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	
Buyback of Shares	Buyback of shares are recorded for transactions that did not occur.	Completeness	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record subscribed and paid up share capital including buy back of shares. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded (Preventative)	
			AND/OR	

Share Capital				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Management with knowledge of the entity's share capital transactions and share capital account activity reviews the share capital accounts for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	
Distribution of Dividends	Dividends are declared but not recorded.	Existence; Rights and Obligations	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record dividends. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
Distribution of Dividends	Dividends are distributed but not recorded.	Existence; Rights and Obligations	Bank statements are reconciled to the general ledger regularly and differences are investigated and resolved on a timely basis. (Detective)	
			AND/OR	
			Management with knowledge of the entity's share capital transactions and share capital account activity reviews the share capital accounts for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	
Distribution of Dividends	Dividends are recorded even though no dividends have been declared or distributed.	Completeness	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record dividends. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Management with knowledge of the entity's equity transactions and share capital account transactions reviews the accounts for unrecorded or inaccurately recorded transactions. Unusual transactions or errors are	

Share Capital				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			investigated and resolved on a timely basis. (Detective)	
Distribution of Dividends	Dividends are inaccurately calculated and recorded.	Valuation and Allocation	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record dividends. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Management with knowledge of the entity's share capital and dividend transactions reviews such accounts for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	
Foreign Currency Translation Adjustments	Foreign currency translation adjustments are not recorded in the general ledger.	Existence	The ERP system automatically calculates the foreign currency translation adjustment for accounts denominated in foreign currencies. The proposed translation adjustment is independently reviewed and approved by management prior to recording. (Preventative)	
			AND/OR	
			Management with knowledge of the entity's share capital transactions reviews the share capital for unrecorded or inaccurately recorded transactions. Unusual activity or errors are investigated and resolved on a timely basis. (Detective)	

Revenue from Operations

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording of Sales	Sales and trade receivables are recorded: - That do not relate to valid sales/dispatches - At the incorrect amount - In the incorrect period.	- Occurrence - Accuracy - Cutoff	Invoices are generated only upon matching the purchase order and shipping documents, completing a 3-way match. The 3-way match process is performed within an ERP system that identifies the purchase order and dispatch note and generates an invoice within established tolerances. (Preventative)	Trade receivable [Existence; Valuation and Allocation; Completeness]
			AND/OR	
			Proof of delivery is provided by third-party carriers for all dispatches/deliveries made. The proof of delivery is required in order for the invoice to be generated. (Preventative)	Trade receivables [Existence; Valuation and Allocation; Completeness]
Recording of Sales	Supplementary agreements or credit memos exist that are not known to accounting.	Occurrence	Representations are received on a quarterly basis from sales personnel and management regarding the existence of customer side agreements or credit memos not yet communicated to accounting. (Detective)	Trade receivables [Existence]
			AND/OR	
			Credit notes issued after period-end are scrutinised by management for association with supplementary agreements and proper accounting. (Detective)	Trade receivables [Existence]
Recording of Sales	Sales are recorded prior to all necessary revenue recognition criteria being met.	Occurrence	Sales agreements are reviewed by personnel with requisite experience to determine if the revenue recognition criteria are met.	Trade receivable [Existence]
Recording of Sales	Goods are dispatched to customers and no invoice is generated and recorded.	Completeness	Dispatches of goods to customers are logged. The log is used to determine that all shipments dispatches are invoiced and that all invoices are recorded. (Detective)	Trade receivables [Completeness]
			AND/OR	
			Management reviews relevant sales, trade receivables, costs of sales, and inventory reports related to order entry, dispatch, and invoicing; significant, unusual relationships are monitored and acted upon. (Detective)	Trade receivables [Completeness]
			AND/OR	

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Invoices are generated only upon matching the purchase order and dispatch documents, completing a 3-way match. The 3-way match process is performed within an ERP system that identifies the purchase order and dispatch note and generates an invoice within established tolerances. (Preventative)	
Recording of Sales	Sales are not classified appropriately as per Schedule III to the Companies Act, 2013	Classification	Finance personnel review the nature and type of sale transaction and appropriate account. Management reviews the supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	
Sales Returns and Credit Memos	Credit notes are not issued and recorded for goods returned by customers.	Occurrence	All returned goods are logged when received. Return details per the log are compared to credit notes issued to determine that credit notes are issued in accordance with company policy. (Detective)	Trade receivables [Existence; Rights and Obligations]
			AND/OR	
			All returned goods are logged when received and the returned goods log automatically generates the credit notes. (Preventative)	
Sales Returns and Credit Memos	Credit notes are issued or committed to the customer but not recorded.	Occurrence	All returned goods are logged when received. Return details per the log are compared to credit notes issued and recorded to determine that credit notes are issued in accordance with company policy. (Detective)	Trade receivables [Existence]
			AND/OR	
			Representations from operations and sales personnel are obtained indicating that no verbal or unrecorded credit memos exist that have not been reported to finance management. (Detective)	Trade receivables [Existence]
Sales Returns and Credit Memos	Credit notes are issued to customers without the receipt of returned goods.	Completeness	All returned goods are logged when received and the returned goods log automatically generates the credit notes. (Preventative)	Trade receivables [Completeness]
			AND/OR	
			All returned goods are logged when received. Credit notes issued are compared to the return log to determine that credits issued are for valid returns. (Detective)	Trade receivables [Completeness]

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Sales Returns and Credit Memos	Credit notes are issued for the incorrect amount.	Accuracy	Credit notes are generated by the ERP system. Credit pricing information is obtained from the original sales invoice. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			ERP system validates the amount of the issued credit note against the original invoice. Credit memos issued in excess of the original invoice are flagged and must be reviewed and approved by management. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			Policy requires that credit notes are not issued in amounts in excess of the original invoice amount; compliance with this policy is monitored by management. (Preventative)	Trade receivables [Valuation and Allocation]
Sales Returns and Credit Memos	Sales returns reserves are not accurately estimated as a result of: - An inappropriate methodology - Significant assumptions [<i>specify assumptions</i>] being inappropriate, lacking sufficient basis, or lacking sufficient support.	- Accuracy - Accuracy	Sales return methodology, significant assumptions, and supporting documentation are reviewed by management prior to recording the journal entry. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			Management performs a retrospective review supporting the appropriateness of the methodology and significant assumptions. (Detective)	Trade receivables [Valuation and Allocation]
			AND/OR	
Sales Returns and Credit Memos	Sales return transactions occurring around period-end are not recorded in the correct period.	Cutoff Completeness	Returned goods received and credit memos issued at, before, or after the end of an accounting period are scrutinised and/or reconciled to make certain the sales return is recorded in the appropriate accounting period. (Detective)	Trade receivables [Existence; Completeness]
			AND/OR	

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Manual sales return entries made to the general ledger are reviewed and approved by management for proper inclusion in the correct accounting period. (Detective)	Trade receivables [Existence; Completeness]
Other Possible Risks and Controls				
Recording of Sales	Invoices are generated and sales recorded for dispatches to fictitious customers.	Occurrence	Invoices can only be generated for customers that exist in the customer master file. Access to add, change, or delete information in the customer master file is limited to approved personnel. (Preventative)	Trade receivables [Existence; Valuation and Allocation]
			AND/OR	
			The customer master file generates an exception report listing new and deleted customers, shipping address changes, etc., and the report is reviewed by the credit manager and controller. (Detective)	Trade receivables [Existence; Valuation and Allocation]
			AND/OR	
			Customer master file data is periodically reviewed by management for accuracy and ongoing pertinence. (Detective)	Trade receivables [Existence; Valuation and Allocation]
Recording of Sales	Invoices are issued and recorded for dispatches to non-customer offsite locations.	Occurrence	The ERP system only permits invoices to be issued for dispatches to valid customer locations based on information contained in the customer master file. (Preventative)	Trade receivables [Existence]
			AND/OR	
			The customer master file is reviewed for ongoing relevance. (Detective)	Trade receivables [Existence]
Recording of Sales	Invoices are generated and recorded for sales of consigned inventory based on incorrect data provided to the entity by the consignee.	Occurrence; Accuracy	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Trade receivables [Existence; Valuation and Allocation]
			AND/OR	
			Customers who receive consigned goods are specifically identified as consignment customers in the ERP	Trade receivables [Existence;

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			customer master file. The ERP system generates a report of invoices to consignment customers that are scrutinised by management for proper revenue recognition. (Detective)	Valuation and Allocation]
Recording of Sales	Inventory held on consignment and subsequently sold has not been invoiced and recorded as a sale and receivable.	Completeness	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Trade receivables [Completeness]
			AND/OR	
			Inventory consignee (third party) provides periodic reporting of consigned inventory held. These reports are reviewed and reconciled to internal records, and differences are investigated. (Detective)	Trade receivables [Completeness]
Recording of Sales	Sales transactions are recorded without being appropriately adjusted for unearned (or deferred) revenue, or they are adjusted at the incorrect amount.	Accuracy; Occurrence	Management (1) analyses significant sales contracts for revenue recognition considerations such as customer approval, delivery terms (e.g., FOB destination), and (2) references the applicable accounting framework and principles to support the amount recorded as revenue and unearned revenue for significant sales transactions. (Preventative)	
			AND/OR	
			Sales transactions, volumes, and values are analysed on a monthly basis and compared to budget. Explanations are obtained for any variances above X% and differences are analysed. The analysis is reviewed by senior management. (Detective)	
Recording of Sales	Sales are made to customers with poor credit, which may affect revenue recognition criteria being met and the ultimate write-off of uncollectible accounts.	Occurrence	Credit limits are established by the credit manager based on the customer's ability to pay and past collection results, and are reviewed on a regular basis. (Preventative)	Trade receivables [Valuation and Allocation]
Recording of Sales	Invoices are generated in excess, individually or in the aggregate, of customer credit limits, which may affect revenue recognition criteria being met and	Occurrence	ERP system suspends purchase orders that individually or aggregately exceed customer credit limits. Approval by the credit manager is required prior to the ERP system recording the purchase order. (Preventative)	Trade receivables [Valuation and Allocation]

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	the ultimate write-off of uncollectible accounts.			
Sales Returns and Credit Memos	Credit notes are issued at an amount in excess of the original invoice.	Completeness; Accuracy	Policy requires that credit notes are not issued in amounts in excess of the original invoice amount; compliance with this policy is monitored by management via review of credit memos prior to issuance. (Preventative)	Trade receivables [Valuation and Allocation; Completeness]
			AND/OR	
			ERP system validates the amount of the issued credit note against the original invoice and creates an exception report for credit notes in excess of the original invoices. Management reviews, then approves or corrects, items on the exception report based on documentation and support provided. (Detective)	Trade receivables [Valuation and Allocation; Completeness]
Sales Returns and Credit Memos	For sales transactions that trigger promotional allowances or volume discounts, the promotional allowance or volume discount is not appropriately recorded.	Occurrence	For sales transactions that trigger promotional allowances or volume discounts, the calculation for promotional allowances and volume discounts and supporting documentation are reviewed by management prior to recording the journal entry. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			For customers receiving promotional allowances or volume discounts, management periodically analyses goods returned that may indicate inappropriate recording of promotional allowances or volume discounts. (Detective)	Trade receivables [Valuation and Allocation]
			AND/OR	
			Promotional allowances and volume discounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Trade receivables [Valuation and Allocation]

Revenue from Operations				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Sales Returns and Credit Memos	Provisions for promotional allowances or volume discounts are not accurately estimated as a result of: - An inappropriate methodology - Significant assumptions [<i>specify assumptions</i>] being inappropriate, lacking sufficient basis, or lacking sufficient support.	- Accuracy - Accuracy	The methodology for accruing for promotional allowances/volume discounts, significant assumptions used, and supporting documentation are reviewed by management prior to recording the journal entry. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			Management performs a retrospective review supporting the appropriateness of the methodology and significant assumptions. (Detective)	Trade receivables [Valuation and Allocation]
			AND/OR	
			Promotional allowances and volume discounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management and taken into consideration when estimating the reserve for promotional allowances and rebates. (Detective)	Trade receivables [Valuation and Allocation]
Recording of Sales	Foreign sales and trade receivables are translated at the incorrect foreign exchange rate.	Accuracy	Foreign sales and trade receivables translation is prepared by staff personnel and reviewed/approved by management. Analysis reviewed/approved by management includes supporting documentation for the translation rate calculation. (Preventative)	Trade receivables [Valuation and Allocation]
			AND/OR	
			ERP system calculates the foreign sales and trade receivables translation, which is independently verified by management. (Preventative)	Trade receivables [Valuation and Allocation]

Cost of Sales

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Cost of Sales	Costs of sales are: - Recorded when no sale exists - Not recorded when sales exist - Recorded at the incorrect amount - Recorded in the incorrect period - Incorrectly classified.	- Occurrence - Completeness - Accuracy - Cutoff - Classification	Finance personnel review the nature and type of costs incurred, and code the cost to the appropriate account. Management reviews the coding, supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	
			AND/OR	
			Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	
Recording Cost of Sales	Inventory may be removed from inventory records and recorded as a cost of sales when it has not actually been sold.	Occurrence	Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Inventory [Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Completeness]
Recording Cost of Sales	Inventory records include inventory that was sold to customers and not recorded as a component of cost of sales.	Completeness	Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Inventory [Existence; Rights and Obligations]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being	Inventory [Existence; Rights and Obligations]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			recorded as a book-to-physical inventory adjustment. (Detective)	
Recording Cost of Sales	Inventory has been sold that is removed from the accounts at incorrect amounts.	Accuracy	On a periodic basis, accounting personnel calculate the inventory cost under the costing method utilised by the entity. Prior to recording the journal entry, management reviews the calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper account classification. (Preventative)	Inventory [Valuation and Allocation]
			AND/OR Cost of sales is recorded and inventory is relieved automatically by the ERP system upon matching the customer sales order, dispatch documents, and the invoice generated, completing a 3-way match. (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	The entity uses inappropriate standard costs in valuing its inventory, including incorrectly calculating the allocation of labor and overhead.	Accuracy	Management reviews the new standard cost analysis and supporting documentation and approves changes to standard costs, including labor and overhead allocation assumptions, before the changes are made to the inventory ERP system. (Preventative)	Inventory [Valuation and Allocation]
			AND/OR Management compares the revised standard cost master file to the approved standard cost per the New Standard Cost Report. (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	Inventory may be recorded at the incorrect cost under the entity's costing method.	Accuracy	On a periodic basis, accounting personnel calculate the inventory cost under the costing method utilised by the entity. Prior to recording the journal entry, management reviews the calculation, methodology, significant assumptions used, supporting documentation, and the journal entry for accuracy and proper account classification. (Preventative)	Inventory [Valuation and Allocation]
			AND/OR On a quarterly basis, accounting personnel compare the costs automatically calculated by the ERP system to manually calculated inventory costs using the selected costing method for a sample of inventory items. (Detective)	Inventory [Valuation and Allocation]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			AND/OR	
			Management meets monthly in product cost review meeting to discuss results of operations, specifically focused on production cost evaluation including a comparison of current-period productions cost to the current-year budget and prior-period benchmarks. (Detective)	Inventory [Valuation and Allocation]
			AND/OR	
			Changes made to inventory costing methods are approved by management before becoming effective (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	Inventory that was sold to customers and recorded as cost of sales are recorded in the incorrect period.	Cutoff	Cost of sales is recorded and inventory is reduced automatically by the ERP system upon matching the customer sales order, shipping documents, and the invoice generated, completing a 3-way match. (Preventative)	Inventory [Completeness; Existence; Rights and Obligations]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Completeness; Existence; Rights and Obligations]
Recording Cost of Sales	Inventory stated in the general ledger does not reconcile to the inventory records and/or the reconciliation contains invalid items.	Occurrence; Completeness; Accuracy; Cutoff; Classification;	Management reviews and approves the reconciliation of the inventory records to the general ledger and any reconciling items are reviewed and addressed on a timely basis. (Detective)	Inventory [Completeness; Existence; Rights and Obligations; Valuation and Allocation]
Recording Cost of Sales	Inventory may be recorded at an amount that exceeds the lower of cost or NRV as the significant assumptions [specify assumptions] utilised in the lower of cost or NRV analysis are inappropriate, do not	Accuracy	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Inventory [Valuation and Allocation]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	have a sufficient basis, or do not have sufficient support.			
Recording Cost of Sales	The grouping of inventory for purposes of applying the COST V/S NSR evaluation is inappropriate for one or more of the following reasons: • The grouping does not reflect the nature of inventory • The grouping does not reflect how income and losses impact the Statement of Profit and Loss in the normal course of business, and • The grouping is not applied consistently from one period to the next.	Accuracy	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	The adjustment for lower of cost or NRV is recorded in the incorrect accounting period.	Cutoff	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	The adjustment for lower of cost or NRV stated in the general ledger does not reconcile to the calculation and/or contains mathematical errors.	Occurrence; Accuracy; Completeness	Management reviews and approves the cost v/s NSR evaluation prepared by finance personnel and the resulting journal entry. (Preventative)	Inventory [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Recording Cost of Sales	Obsolete, slow moving, or excess inventory does not exist but an adjustment is	Occurrence	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Inventory [Existence; Valuation and Allocation]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	recorded against inventory and as a component of cost of sales.		AND/OR Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	Inventory [Existence; Valuation and Allocation]
Recording Cost of Sales	Obsolete, slow moving, or excess inventory exists but no adjustment is recorded against inventory and as a component of cost of sales.	Completeness	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Inventory [Completeness; Valuation and Allocation]
			AND/OR Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book to physical inventory adjustment. (Detective)	Inventory [Completeness; Valuation and Allocation]
Recording Cost of Sales	In evaluating the adjustments for obsolete, slow moving, or excess inventory: - Management's method for determining the E&O adjustments is inappropriate or has not been applied consistently. - The estimates are based on assumptions that are unreasonable, lack sufficient basis, or lack sufficient support. Assumptions	- Accuracy - Accuracy	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Inventory [Valuation and Allocation]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	used in estimating E&O adjustments include: <i>[specify assumptions]</i>			
Recording Cost of Sales	The calculations for obsolete, slow-moving, or excess inventory and related adjustments are based on inaccurate inventory usage/movement data.	Accuracy	The inventory management system generates the Inventory Usage/Movement Report based on parameters in the inventory management system. (Preventative)	Inventory [Valuation and Allocation]
Recording Cost of Sales	The adjustment for obsolete, slow moving, or excess inventory is recorded at the incorrect amount, in the incorrect general ledger account, or in the incorrect accounting period.	Accuracy; Cutoff; Classification	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Inventory [Existence; Completeness; Valuation and Allocation]
Recording Cost of Sales	The adjustment for obsolete, slow-moving, or excess inventory stated in the general ledger does not reconcile to the calculation and/or contains mathematical errors.	Occurrence; Accuracy; Completeness; Cutoff; Classification	Management reviews and approves the excess and obsolete adjustment calculation prepared by finance personnel and resulting journal entry. (Preventative)	Inventory [Existence; Completeness; Valuation and Allocation]
Recording Cost of Sales	Physical inventory counts are not performed on a periodic basis, potentially resulting in inaccurate inventory records.	Occurrence; Completeness; Accuracy	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Existence; Rights and Obligations; Completeness; Valuation and Allocation]
Recording Cost of Sales	Physical inventory counts: - Count inventory that does not exist - Do not include counts of all inventory - Do not include	- Occurrence - Completeness - Cutoff - Accuracy - Accuracy	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Existence; Completeness; Valuation and Allocation]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	consideration of movement of inventory during the physical inventory - Are not valued at the appropriate cost - Book to physical adjustments that are not recorded or recorded at the incorrect amount.			
Sales Returns	Inventory returns from customers are recorded: - Prior to receipt - At the incorrect amount - In the incorrect period.	- Occurrence - Accuracy - Cutoff	Manual journal entries to record inventory purchases or returns and related payable adjustments are prepared by finance personnel and supported by documentation that the inventory has been received or title has transferred to the entity prior to recording the entry. Management reviews and approves the journal entry and underlying supporting documentation. (Preventative)	Inventory [Existence; Rights and Obligations; Valuation and Allocation; Completeness]
			AND/OR	
			Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Existence; Rights and Obligations; Valuation and Allocation; Completeness]
Sales Returns	Goods returned by customers are: - Not recorded - Recorded at the incorrect amount - Recorded in the incorrect period.	- Completeness - Accuracy - Cutoff	Warehouse personnel enter all goods received into the ERP system on the date of receipt, and the ERP system automatically records an adjustment to the inventory subsidiary ledger and to cost of sales in the general ledger. (Preventative)	Inventory [Completeness; Valuation and Allocation; Existence]
			AND/OR	
			All returned goods are logged when received. On a periodic basis, return details per the log are compared to the inventory records to verify the returned inventory is properly recorded in the inventory sub-ledger, and to verify cost of sales has been reduced in the general	Inventory [Completeness; Valuation and Allocation; Existence]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			ledger. (Detective)	
Recording Cost of Sales	Inventory may be removed from inventory records and recorded as a cost of sales upon dispatch prior to transfer of ownership.	Occurrence	Management reviews and approves the journal entry and supporting documentation for inventory and cost of goods sold for goods that have been dispatched prior to transfer of ownership. (Preventative)	Inventory [Completeness]
Recording Cost of Sales	Inventory held by a third party that has been sold to a final customer has not been reduced from inventory or recorded as a cost of sales.	Completeness	On a periodic basis, the reports provided by the third party to the entity, either directly or by confirmation, are reviewed and reconciled to internal records and used by the entity to reduce inventory and record cost of sales.	Inventory [Existence; Rights and Obligations]
Recording Cost of Sales	Inventory held by a third party and not yet sold is improperly reduced from inventory and recorded as cost of sales.	Occurrence	On a periodic basis, the reports provided by the third party to the entity, either directly or by confirmation, are reviewed and reconciled to internal records and used by the entity to reduce inventory and record cost of sales.	Inventory [Completeness]
Recording Cost of Sales	Inventory records include inventory that is not in a saleable condition.	Completeness	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records based on the physical inventory are reconciled to the general ledger with any differences being recorded as a book-to-physical inventory adjustment. (Detective)	Inventory [Valuation and Allocation]
Other Possible Risks and Controls				
Recording Cost of Sales	Intercompany profits are: - Not eliminated from inventory - Eliminated at the incorrect amount.	- Occurrence - Accuracy	Intercompany sales are analysed at period-end to calculate the amount of intercompany profit in inventory to be eliminated. Finance personnel prepare the journal entry, supporting documentation, and account analysis for intercompany profit in inventory to be eliminated. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded.	Inventory [Existence; Valuation and Allocation]
Recording Cost of Sales	Inventory issued on consignment and not yet sold is improperly reduced from inventory and	Occurrence	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. On a periodic basis, consigned inventory is physically verified by company personnel	Inventory [Completeness]

Cost of Sales				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	recorded as cost of sales.		and reconciled to the inventory records. (Detective)	
			AND/OR	
			Inventory consignee provides periodic reporting of consigned inventory sold to third parties, and consigned inventory held. These reports are reviewed and reconciled to internal records, and used by the entity to record cost of sales and relieve inventory. (Detective)	Inventory [Completeness]
Recording Cost of Sales	Inventory held on consignment and subsequently sold has not been invoiced and recorded as a sale and receivable.	Completeness	Consigned inventory is confirmed and confirmations are reconciled to inventory records and the general ledger. Randomly, consigned inventory is physically verified by company personnel. (Detective)	Inventory [Existence]
			AND/OR	
			Inventory consignee (third party) provides periodic reporting of consigned inventory held. These reports are reviewed and reconciled to internal records and differences are investigated. (Detective)	Inventory [Existence]
Recording Cost of Sales	Inventory held at offsite locations is improperly reduced from inventory and recorded as cost of sales.	Occurrence	Physical inventory, including inventory held at offsite locations, is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records are reconciled to the general ledger. (Detective)	Inventory [Completeness]
Recording Cost of Sales	Inventory records include inventory that does not exist due to shrinkage, which has not been recorded as a component of cost of sales.	Completeness	Physical inventory is counted periodically and discrepancies are investigated and corrected within the inventory records. Inventory records are reconciled to the general ledger. (Detective)	Inventory [Existence]
Recording Cost of Sales	Inventory previously issued on consignment that has been sold to a third party has not been relieved from inventory or recorded as a cost of sale.	Completeness	On a periodic basis, consigned inventory is physically verified by company personnel and reconciled to the inventory records. (Detective)	Inventory [Existence; Rights and Obligations]
			AND/OR	
			On a periodic basis, the inventory consignee provides the entity reporting of consigned inventory sold to third	Inventory [Existence; Rights and

Cost of Sales				
Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
			parties and consigned inventory still held, or the entity confirms consigned inventory with the consignee. These reports or confirmations are reviewed and reconciled to internal records, and used by the entity to record cost of sales and relieve inventory. (Detective)	Obligations]

Depreciation/Amortisation and Other Expenses

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
<i>Core Risks and Controls</i>				
Recording Other Expenses	Other Expenses are: - Recorded for transactions that did not occur - Not recorded for transactions that did occur - Recorded at incorrect amounts.	- Occurrence - Completeness - Accuracy	Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed service order, and the invoice received, completing a 3-way match. (Preventative)	
			AND/OR	
			Manual journal entries to trade payables, inventory, or Other Expenses, including period-end payable accruals, and supporting documentation, are reviewed and approved by management before the journal entry is recorded. (Detective)	
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	
Recording Other Expenses	Other Expenses are recorded in the incorrect accounting period.	Cutoff	Other Expenses at, or after, period-end are reviewed and scrutinised by management for proper accounting in the proper period prior to recording. (Preventative)	
			AND/OR	
			Management compares monthly financial statements, including financial metrics, to budget and prior-year amounts; significant unusual relationships are monitored, investigated, and resolved. (Detective)	
Recording Other Expenses	Other Expenses are recorded in the incorrect general ledger account.	Classification	Manual journal entries are prepared by accounting personnel, and management, who examines the supporting documentation, makes certain the journal entry has been recorded correctly by the preparer. (Preventative)	
			AND/OR	

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Management compares monthly financial statements, including financial metrics, to budget and prior year amounts; significant unusual relationships are monitored, investigated, and resolved. (Detective)	
Recording Other Expenses	Amounts recorded to trade payables and other expenses do not relate to goods or services received.	Occurrence	Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed vendor work order, or GRN. (Preventative)	Trade payable [Existence]
			AND/OR	
			Manual journal entries to trade payables, inventory, or other expenses, including period-end payable accruals, and supporting documentation, are reviewed and approved by management before the journal entry is recorded. (Preventative)	Trade payable [Existence]
Recording Other Expenses	Prepaid expenses are incorrectly removed from the general ledger when a prepaid asset still exists.	Occurrence	Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Prepaid Expenses [Completeness]
			AND/OR	
			Management with knowledge of service providers' transaction terms reviews prepaid expense general ledger activity for unusual adjusting entries. Discrepancies are investigated and resolved on a timely basis. (Detective)	Prepaid Expenses [Completeness]
Recording Other Expenses	Prepaid expenses are recorded at the incorrect amount.	Accuracy	Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entries and supporting documentation to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	Prepaid Expenses [Valuation and Allocation]
			AND/OR	

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Prepaid Expenses [Valuation and Allocation]
Recording Other Expenses	Expenditures where future benefits exist for the entity are incorrectly recorded as expenses instead of prepaid.	Occurrence	Invoices for goods or services received are authorised and accompanied by appropriate supporting documentation. Management reviews supporting documentation and journal entries to record prepayments prior to accounting personnel recording to the general ledger. (Preventative)	Prepaid Expenses [Completeness]
			AND/OR	
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and differences. The analysis is reviewed by senior management. (Detective)	Prepaid Expenses [Completeness]
			AND/OR	
			Finance personnel review the nature and type of expenses incurred, and code the expense to the appropriate account. Management reviews the coding, supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	Prepaid Expenses [Completeness]
Recording Other Expenses	Expenditures where no future benefit exists to the entity are recorded as prepaid expenses and deferred on the balance sheet.	Completeness	Finance personnel prepare journal entries to record prepaid expenses, including supporting documentation. Management reviews the journal entries and supporting documentation to record prepaid expenses prior to accounting personnel recording to the general ledger. (Preventative)	Prepaid Expenses [Existence]
			AND/OR	
			Prepaid expenses and related other expense accounts are analysed on a monthly basis and compared to budget. Explanations are obtained for any significant variances and	Prepaid Expenses [Existence]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			differences. The analysis is reviewed by senior management. (Detective)	
Recording Other Expenses	Amortisation of prepaid is recorded in advance of the time period associated with the prepaid expense.	Completeness	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules and supporting documentation before recording amortisation journal entries. (Preventative)	Prepaid Expenses [Completeness]
			AND/OR	
			Management with knowledge of service providers' transaction terms reviews recorded prepaid expenses for proper recording, classification, and amortisation, including review of supporting documentation and analyses. Discrepancies are investigated and resolved on a timely basis. (Detective)	Prepaid Expenses [Completeness]
Recording Other Expenses	Amortisation recorded does not include all prepaid items.	Occurrence	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal entries. (Preventative)	Prepaid Expenses [Existence; Rights and Obligations]
Recording Other Expenses	Amortisation recorded includes prepaid items that do not exist.	Completeness	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules for completeness and accuracy and supporting documentation before recording amortisation journal entries. (Preventative)	Prepaid Expenses [Completeness; Rights and Obligations]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Recording Other Expenses	Period assigned or amortisation methodology applied is inappropriate.	Accuracy	Finance personnel prepare amortisation schedules for all recorded prepaid expenses, including preparing supporting documentation for the amortisation period and methodology. Management reviews and approves amortisation schedules and supporting documentation before recording amortisation journal entries. (Preventative)	Prepaid Expenses [Valuation and Allocation]
Recording Other Expenses	Inappropriate methodology for calculating the provision for doubtful trade receivables could result in misstated trade receivables and bad debt expense.	Accuracy	Management reviews the provision for doubtful trade receivables methodology, assumptions, and underlying calculation for appropriateness on a periodic basis. (Detective)	Trade receivables [Valuation and Allocation]
Recording Other Expenses	Provision for doubtful trade receivables calculation is based on inaccurate receivables aging data.	Accuracy	The ERP system ages the trade receivables based on the parameters established within the ERP system and this computer-generated information is used in the calculation of the Provision for doubtful trade receivables. (Preventative)	Trade receivable [Valuation and Allocation]
Recording Other Expenses	Improvements made to fixed assets (e.g., remodels, additions) are incorrectly expensed.	Occurrence	Improvement project plans are reviewed by finance personnel with knowledge of the entity's capitalisation policy. The journal entry and supporting documentation for capital improvement expenditures are reviewed by management prior to the journal entry being posted. (Preventative)	Fixed assets [Completeness]
			AND/OR	
			Recorded Other Expenses are compared to budget regularly; management investigates and resolves significant variances. (Detective)	Fixed assets [Completeness]
Recording Other Expenses	Expenditures of a non-capital nature (e.g., repairs and maintenance) have been incorrectly capitalised.	Completeness	Expenditures of a non-capital nature are reviewed and approved by finance personnel with knowledge of the entity's capitalisation policy. Journal entry and supporting documentation for expenditures of a non-capital nature are reviewed by management prior	Fixed assets [Existence]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			to the journal entry being posted. (Preventative)	
			AND/OR	
			Recorded capital expenditures and other expenses are compared to budget regularly; management investigates and resolves significant variances. (Detective)	Fixed assets [Existence]
Recording Other Expenses	Depreciation expense is: - Calculated using an inappropriate rate or using an inappropriate methodology - Recorded at the incorrect amount - Not calculated for all fixed assets.	- Accuracy - Occurrence	Management reviews fixed assets additions for appropriate assignment of depreciable lives and methodology, and performs a periodic review of useful lives and depreciation methodology for all fixed assets for ongoing appropriateness. (Preventative)	Fixed assets [Valuation and Allocation; Existence]
			AND/OR	
			On a periodic basis, management performs a retrospective analysis of fixed assets disposals to challenge the depreciable lives and methodology being applied to fixed assets. (Detective)	Fixed assets [Valuation and Allocation Existence]
Recording Other Expenses	Depreciation expense is recorded for assets of a non-capital nature or for assets that have been disposed.	Occurrence	Expenditures of a non-capital nature are reviewed and approved by finance personnel with knowledge of the entity's capitalisation policy. Journal entry and supporting documentation for expenditures of a non-capital nature are reviewed by management prior to the journal entry being posted. (Preventative)	Fixed assets [Completeness] Cost of Sales [Occurrence] Other Expenses [Occurrence]
			AND/OR	
			Management reviews fixed assets additions for appropriate assignment of useful lives and methodology, and performs a periodic review of useful lives and depreciation methodology for all fixed assets for ongoing appropriateness. (Detective)	Fixed assets [Completeness] Cost of Sales [Occurrence] Other Expenses [Occurrence]
			AND/OR	

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			On a periodic basis, management performs a retrospective analysis of fixed assets disposals to challenge the depreciable lives and methodology being applied to fixed assets. (Detective)	Fixed assets [Completeness] Cost of Sales [Occurrence] Other Expenses [Occurrence]
Recording Other Expenses	Intangibles where no future economic benefit is expected are recorded or are recorded in excess of the asset amount rather than as an other expense.	Completeness	Finance personnel periodically reconcile intangible asset balances to supporting documentation; management reviews and approves the reconciliations, including supporting documentation for account activity. Unusual activity or invalid reconciling items are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Intangible Assets [Existence; Valuation and Allocation]
			AND/OR	
			Finance personnel maintain a listing of recorded intangible assets. The listing is reviewed by operational management, including in-house legal counsel, as appropriate, for completeness. Discrepancies are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Intangible Assets [Existence; Valuation and Allocation]
Recording Other Expenses	Impairment indicators may exist for recorded fixed assets, but are not known to or identified by management.	Completeness	On a periodic basis, accounting and operations management meet to assess internal or external factors that may be indicators of impairment. (Preventative)	Fixed assets [Valuation and Allocation]
			AND/OR	
			Management periodically reviews budgeted versus actual results for the entity, including its product lines and segments. The results of this review are utilised by management in assessing whether impairment indicators may be present. (Detective)	Fixed assets [Valuation and Allocation]
Recording Other Expenses	Management's impairment assessment uses business and valuation assumptions that are not based on its best and most	Accuracy	Finance management reviews the business assumptions (including the reporting unit carrying amounts and assessment date) for appropriateness prior to being provided to management's	Intangible Assets [Valuation and Allocation]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	supportable estimates.		valuation expert. (Preventative)	
			AND/OR	
			Management from different areas of the entity meet to review the forecast for appropriateness using historical performance, their knowledge of the entity's strategic plans, industry projections, and peer company data. (Preventative)	Intangible Assets [Valuation and Allocation]
			AND/OR	
			Management reviews the calculations performed and assumptions used within the goodwill impairment assessment for consistency with commonly accepted valuation practices, prior-year assumptions, and publicly available peer company and industry information. (Preventative)	Intangible Assets [Valuation and Allocation]
Recording Other Expenses	Amortisation is not calculated for all recorded intangible assets.	Completeness	Management reviews intangible asset additions for appropriate assignment of useful lives and methodology, and performs a periodic review of useful lives and amortisation methodology for all intangible assets for ongoing appropriateness. (Detective)	Intangible Assets [Existence]
Recording Other Expenses	Amortisation is recorded for intangible assets that have been disposed, fully amortised, or for which the entity does not have legal ownership.	Occurrence	Finance personnel periodically reconcile intangible asset balances, and related amortisation, to supporting documentation; management reviews and approves the reconciliations, including supporting documentation for account activity. Unusual transactions or invalid reconciling items are investigated and resolved on a timely basis and adjusted to other expense. (Detective)	Intangible Assets [Completeness; Rights and Obligations]
Recording Other Expenses	Intangible assets are amortised using an inappropriate useful life or method that is inappropriate under the circumstances.	Accuracy	On a periodic basis, finance personnel analyse intangible assets for the best estimate of useful lives, and an amortisation method that reflects the pattern in which economic benefits of the intangible asset are consumed or otherwise used up. Management reviews and approves the analysis and supporting documentation. (Preventative)	Intangible Assets [Valuation and Allocation]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			AND/OR On a periodic basis, management performs a retrospective analysis of intangible assets that have been fully amortised in prior periods to challenge the useful lives and methodology being applied to intangible assets. (Detective)	Intangible Assets [Valuation and Allocation]
Recording Other Expenses	Goods received by, or services rendered to, the entity are: - Not recorded in trade payables or Other Expenses - Recorded at the incorrect amount.	- Completeness - Accuracy	Trade payables and other expenses are recorded automatically by the ERP system upon matching the purchase order, completed vendor work order, or GRN. (Preventative)	Trade payable [Completeness; Valuation and Allocation]
			AND/OR On a periodic basis, finance personnel review open purchase orders and record Other Expenses and accrued payables for goods or services rendered for which a completed service order or vendor invoice has not been received. The journal entry and supporting documentation are reviewed and approved by management before the journal entry is recorded. (Preventative)	Trade payable [Completeness; Valuation and Allocation]
			AND/OR On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Trade payable [Completeness; Valuation and Allocation]
Recording Other Expenses	Accruals and other expenses are initially recorded when no liability exists.	Occurrence	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record provision for expenses. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	Provision for expenses [Existence; Rights and Obligations]
			AND/OR On a periodic basis, finance personnel reconcile provision for expenses to supporting detail. Management reviews the reconciliation and supporting documentation, and unusual activity	Provision for expenses [Existence; Rights and Obligations]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	
Recording Other Expenses	Provision for expenses exist but are not recorded.	Completeness	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to discuss developments and/or changes in the business that may affect recorded provision for expenses, or may affect the need to record an provision for expense. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	Provision for expenses [Completeness]
Recording Other Expenses	The entity uses an inappropriate methodology or incorrect significant assumptions or underlying data to calculate and record provision for expenses.	Accuracy	On a periodic basis, provision for expenses are recorded based on an analysis performed by qualified personnel at the entity or by a qualified third-party specialist. The methodology, significant assumptions, and underlying data used, as well as the journal entry, are reviewed, evaluated, and approved by management with appropriate knowledge before the journal entry is recorded. (Preventative)	Provision for expenses [Valuation and Allocation]
			AND/OR	
			On a periodic basis, management retrospectively reviews prior-year provision for expenses; including the methodology used, significant assumptions utilised, and the underlying data relied upon in developing such estimates. Revisions are made to the methodology or significant assumptions and underlying data used in the current-period estimation process, as necessary. (Detective)	Provision for expenses [Valuation and Allocation]
Recording Other Expenses	Costs are incorrectly classified (e.g., costs of an other expense nature are incorrectly classified as inventory costs, costs of an inventory nature are incorrectly classified	Accuracy; Classification	Finance personnel review the nature and type of costs incurred, and code the cost to the appropriate account. Management reviews the coding, supporting documentation, and journal entry before the journal entry is recorded. (Preventative)	Cost of Sales [Accuracy; Classification]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	as an other expense).		AND/OR Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	Cost of Sales [Accuracy; Classification]
Other Possible Risks and Controls				
Recording Other Expenses	Operating leases for fixed assets are incorrectly accounted for as finance leases.	Completeness	New lease contracts and lease modifications are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	Long-term/short-term borrowings [Existence] Fixed assets [Existence]
			AND/OR	
			New lease contracts and lease modifications recorded in the lease register are periodically reviewed by management to verify that the lease has been properly accounted for as a finance or operating lease. (Detective)	Long-term/short-term borrowings [Existence] Fixed assets [Existence]
Recording Other Expenses	Finance leases for fixed assets are incorrectly accounted for as operating leases.	Occurrence	New lease contracts and lease modifications are reviewed by finance personnel to determine whether they meet the criteria for finance or operating lease treatment, including reference to the appropriate accounting framework and principle. The journal entry and supporting documentation are reviewed by management prior to the journal entry being posted. (Preventative)	Long-term/short-term borrowings [Completeness] Fixed assets [Completeness]
			AND/OR	

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			New lease contracts and lease modifications recorded in the lease register are periodically reviewed by management to verify that the lease has been properly accounted for as a finance or operating lease. (Detective)	Long-term/short-term borrowings [Completeness] Fixed assets [Completeness]
Recording Other Expenses	Provision for doubtful trade receivables is insufficient in reserving for both unknown but historically predictable bad debt and specific known bad debt.	Accuracy	Management reviews the Provision for doubtful trade receivables methodology, assumptions, and underlying calculation for appropriateness on a periodic basis. (Detective)	Trade receivables [Valuation and Allocation]
Recording Other Expenses	Management does not appropriately consider economic, industry, or customer financial considerations in the calculation of Provision for doubtful trade receivables.	Accuracy	Management reviews the assumptions utilised in calculating the provision to assess and conclude whether the assumptions take into consideration the current economic environment, specific customer financial conditions, regulatory changes, industry issues, etc. Based on their review, management approves the Provision for doubtful trade receivables. (Preventative)	Trade receivables [Valuation and Allocation]
Recording Other Expenses	Provision for doubtful trade receivables is overstated due to possible management bias concerning specific customer reserves.	Accuracy	Credit manager reviews aged trade receivables and documentation of collection activities performed by the credit personnel supporting the specific reserve and approves the recorded specific reserves. (Preventative)	Trade receivables [Valuation and Allocation]
Recording Other Expenses	Receivables write-offs using the direct write-off method are not authorised in accordance with the established policy and, as a result, may be invalid.	Accuracy	Trade receivables write-offs are performed by accounting personnel in accordance with the write-off policy. Management reviews trade receivables write-offs for compliance with the established policy. (Detective)	Trade receivables [Valuation and Allocation]
Recoveries of Other Expenses	Customer-specific reserves do not take into consideration information regarding pending losses or recoveries.	Accuracy	Management responsible for developing the provision for doubtful trade receivables obtains and reviews credit department documentation regarding collection efforts on aged receivables for information indicating a pending loss or recovery. (Preventative)	Trade receivables [Valuation and Allocation]
Recording Other Expenses	Trade receivable are incorrectly written off.	Occurrence	Management reviews and approves write-offs of trade receivables.	Trade receivables

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s) (Detective)	Other Affected Account(s) [Completeness; Rights and Obligations]
Recording Other Expenses	Recoveries of trade receivables previously written off are improperly recorded in the Statement of Profit and Loss.	Classification	Management reviews recoveries of trade receivables previously written off. Journal entries made to record trade receivables recoveries are reviewed and approved by management prior to recording. (Detective)	Trade receivables [Classification]
Recording Other Expenses	Capital work-in-progress (CWIP) is not transferred to fixed assets when the asset is placed into service and therefore not depreciated.	Completeness; Accuracy; Classification	Operations management periodically reviews the listing of CWIP assets and communicates to accounting management any CWIP assets that have been put into service. (Detective)	Fixed assets [Valuation and Allocation]
Recording Other Expenses	Internally developed intangible assets (e.g., copyrights, trademarks, patents) are inappropriately recorded as expenses.	Occurrence	Finance personnel with the requisite expertise and knowledge of the applicable accounting framework, review costs incurred related to intangible assets. Supporting documentation and the journal entry are prepared by finance personnel, and reviewed and approved by management before the journal entry is recorded. (Preventative)	Intangible Assets [Completeness; Valuation and Allocation]
Recording Other Expenses	The entity inappropriately capitalises costs related to internally developed intangible assets rather than expense such costs.	Completeness	Finance personnel with the requisite expertise and knowledge of the applicable accounting framework, review costs incurred related to intangible assets. Supporting documentation and the journal entry are prepared by finance personnel and reviewed and approved by management before the journal entry is recorded. (Preventative)	Goodwill and Intangible Assets [Existence]
			AND/OR	
			Finance personnel periodically reconcile intangible asset balances to supporting documentation. Management reviews and approves the reconciliations, including supporting documentation for account activity. Unusual activity or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	Goodwill and Intangible Assets [Existence]
Recording Other Expenses	Provision for payroll, taxes, and other costs are recorded at incorrect amounts.	Accuracy	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record provision for	Provision for expenses [Valuation and Allocation]

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			expenses. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	Cost of Sales [Accuracy]
			AND/OR	
			Management periodically reviews actual inventory, cost of sales, gross profit, and other expense amounts in comparison to budget, historical amounts, or current-year trends, and investigates and resolves any significant variances. This review is performed at a sufficient level of detail and disaggregation (e.g., by type of product line, type of services). (Detective)	Provision for expenses [Valuation and Allocation] Cost of Sales [Accuracy]
			AND/OR	
			Spreadsheets utilised to analyse and calculate significant provision for expenses are locked from formula editing. On a test basis, finance personnel test the calculations within the spreadsheet for ongoing accuracy. (Detective)	
Recording Other Expenses	Provision for bonuses are incorrectly calculated and recorded due to misapplication of the bonus criteria.	Accuracy	Finance personnel calculate accrued bonuses based on the provisions of the bonus program. Management reviews and approves the bonus calculation and journal entry before the journal entry is recorded. Management bonuses are reviewed and approved by the CEO and/or a board of governance (e.g., Board of Directors, Remuneration Committee of the Board of Directors) before the management bonuses are recorded. (Preventative)	Provision for expenses [Valuation and Allocation]
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Provision for expenses [Valuation and Allocation]
Recording Other Expenses	Compensated absences are incorrectly calculated	Accuracy	On a periodic basis, finance personnel calculate compensated	Provision for expenses

Depreciation/Amortisation and Other Expenses				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	and recorded (i.e., not consistent with the stated human resource policy).		absence and prepare the supporting documentation and related journal entry. Management, including human resource management, reviews the calculation and journal entry for consistency with the stated policy and approves the journal entry before it is recorded. (Preventative)	[Valuation and Allocation]
			AND/OR	
			On a periodic basis, management compares actual results with budgeted and prior-year amounts; significant and/or unusual differences are investigated and resolved. (Detective)	Provision for expenses [Valuation and Allocation]

Finance Cost

Finance Cost				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Account(s) Affected
<i>Core Risks and Controls</i>				
Recording Finance Cost	Finance cost is recorded but does not exist.	Occurrence	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record finance cost. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			On a periodic basis, finance personnel reconcile accrued interest to supporting detail. Management reviews the reconciliation and supporting documentation, and unusual activity or invalid reconciling items are investigated and resolved on a timely basis. (Detective)	
Recording Finance Cost	Finance Cost exists but is not recorded.	Completeness	On a periodic basis, finance personnel meet with members of management (e.g., sales, operational, human resources, legal counsel) to discuss developments and/or changes in the business that may affect recorded finance cost, or may affect the need to record additional finance cost. Finance personnel prepare a journal entry and supporting documentation, which are reviewed by management before the journal entry is recorded. (Preventative)	
Recording Finance Cost	Finance Cost is recorded at incorrect amounts.	Accuracy	Finance personnel prepare the journal entry, supporting documentation, and account analysis to record	

Finance Cost				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			accrued finance cost. Management reviews and approves the journal entry, supporting documentation, and account analysis before the journal entry is recorded. (Preventative)	
			AND/OR	
			Spreadsheets utilised to analyse and calculate significant accrued finance costs are locked from formula editing. On a test basis, finance personnel test the calculations within the spreadsheet for ongoing accuracy. (Detective)	
Recording Finance Cost	Finance Costs are recorded in the incorrect accounting period.	Cutoff	Finance Costs at, or after, period-end are reviewed and scrutinised by management for proper accounting in the proper period prior to recording. (Preventative)	
			AND/OR	
			Management compares monthly financial statements, including financial metrics, to budget and prior-year amounts; significant unusual relationships are monitored, investigated, and resolved. (Detective)	
Recording Finance Cost	Finance Costs are recorded in the incorrect general ledger account.	Classification	Manual journal entries are prepared by accounting personnel, and management, who examines the supporting documentation, makes certain the journal entry has been recorded correctly by the preparer. (Preventative)	
			AND/OR	

Finance Cost				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			Management compares monthly financial statements, including financial metrics, to budget and prior-year amounts; significant unusual relationships are monitored, investigated, and resolved. (Detective)	
Other Possible Risks and Controls				
Recording Finance Cost	Capitalised interest is: - Inappropriately recorded for assets directly purchased and put into service - Not recorded for assets constructed - Recorded at the incorrect amount.	- Occurrence - Completeness - Accuracy	CWIP is reviewed by finance personnel with knowledge of the entity's capitalisation policy. Finance personnel consider whether the assets constructed qualify for capitalised interest based on the nature of the asset and the amount of interest incurred in the period, and calculate the amount of interest to be capitalised. The journal entry and supporting documentation for capitalised interest are reviewed by management prior to the journal entry being posted. (Preventative)	Fixed assets [Existence; Completeness; Valuation and Allocation]

Journal Entries

Journal Entries				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Capturing and processing routine information	There is a mismatch between sub- ledger and General Ledger	<i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understand-ability, Accuracy and Valuation	Sub-ledgers are reconciled to the general ledger on a regular basis. All reconciling items are identified, investigated, and cleared on a timely basis. Management reviews reconciliations and follows up on unusual matters on a timely basis. (Detective)	
Capturing and processing non-routine information	The appropriate accounting treatment is not specified for each non-routine event, transaction, and account balance.	<i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understand-ability, Accuracy and Valuation	Accounting treatment for significant non-routine events and transactions (including those requiring the use of accounting estimates and judgment in the selection and application of accounting principles) is researched, analysed, documented, updated, and communicated to responsible parties on a regular basis. Such communication also includes the timeframes and appropriate methods for computing estimates and the framework for judgments involved.	
Capturing and processing non-	There is no evaluation of each non-routine event	<i>Balance Sheet:</i> Existence,	Accounting policies and procedures specify correct treatment for major	

Journal Entries				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
routine information	or transaction.	Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	types of non-routine events and transactions. Proper application to facts and circumstances is monitored independently across business units and across accounting periods.	
Capturing and processing non-routine information	There is no relevant, sufficient, and reliable data to record, process, and report each non-routine event.	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	Data and other information used in preparing the analysis for each non-routine event or transaction are relevant. Appropriate controls or procedures are in place and operating effectively to ensure the validity, accuracy, and completeness of the data and other information used in preparing the analysis. This includes controls over any process used to extract, summarise, and accumulate data and information that is obtained directly from the general ledger (e.g., the data is reconciled to the underlying supporting documentation).	
Capturing and processing non-routine information	Application of the entity's accounting policies to each non-routine event or transaction is not performed on a timely	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations,	Accounting policies and procedures specify correct treatment for major types of non-routine events and transactions. Proper application to facts and circumstances is	

Journal Entries				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	basis and appropriately documented.	Valuation and Allocation • <i>Statement of Profit and Loss</i>: Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement</i>: Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	monitored independently across business units and across accounting periods.	
Capturing and processing non-routine information	Application of the entity's accounting policies to each non-routine event or transaction is not performed on a timely basis and appropriately documented.	• <i>Balance Sheet</i>: Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss</i>: Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement</i>: Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	For each non-routine event or transaction, a supporting analysis is prepared and documented by knowledgeable personnel in accordance with relevant generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting policies. An entity-specific checklist of the entity's policies and procedures, a generally accepted accounting principles checklist, or other suitable mechanism is used to ensure each non-routine event or transaction is valid, complete, and appropriately recorded in the appropriate accounting period.	
Capturing and processing non-routine information	There is no independent review of application of the entity's accounting policies to each non-routine event or transaction for appropriateness and absence of bias by an	• <i>Balance Sheet</i>: Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of</i>	Management reviews details of significant non-routine events and transactions for completeness and validity on a regular basis. Information about each significant non-routine event and transaction is analysed and documented in a timely manner. Management	

Journal Entries				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	individual with the appropriate level of authority and experience.	<i>Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	reviews all documentation and analysis supporting significant non-routine transactions prior to recording amounts in the general ledger.	
Capturing and processing non-routine information	Application of the entity's accounting policies to each non-routine event or transaction is not performed on a timely basis and appropriately documented.	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	An independent review of significant judgments and estimates included in the financial records is performed at the end of every accounting period by knowledgeable personnel. The independent review includes a comparison with subsequent outcomes and an evaluation to determine degree of accuracy, fairness of information, and evidence of bias.	
Capturing and processing non-routine information	Journal entries for non-routine event or transaction are not approved by management.	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness,	Journal entries have adequate supporting documentation and are reviewed and approved independently prior to posting.	

Journal Entries				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
		Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation		
Capturing and processing non-routine information	There are no appropriate basis for non-routine transactions involving significant estimates and judgements	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification • <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understandability, Accuracy and Valuation	Significant estimates and judgments and changes thereto are reported to the audit committee on a regular basis.	
Capturing and processing non-routine information	There are no appropriate basis for non-routine transactions involving significant estimates and judgements	• <i>Balance Sheet:</i> Existence, Completeness, Rights and Obligations, Valuation and Allocation • <i>Statement of Profit and Loss:</i> Occurrence, Completeness, Accuracy Cut-off, Classification	An independent review of significant judgments and estimates included in the financial records is performed at the end of every accounting period by knowledgeable personnel. The independent review includes a comparison with subsequent outcomes and an evaluation to determine degree of accuracy, fairness of information, and evidence of bias.	

Journal Entries

Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
		• <i>Cash Flow Statement:</i> Completeness, Cut-off, Classification and Understand-ability, Accuracy and Valuation		

Financial Reporting

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Defining the Financial Closing and Reporting Process	There is no appropriate documented process with respect to financial closing and reporting, including the identification and updating of internal and external financial reporting requirements and deadlines.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Management establishes a well-defined process for financial reporting based on the specific characteristics of the entity. The process and its overall timing, methodology, format and frequency of analysis are formally documented, approved, and reviewed on a regular basis. (Preventative)	
Defining the Financial Closing and Reporting Process	There is no appropriate documented process with respect to financial closing and reporting, including the identification and updating of internal and external financial reporting requirements and deadlines.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Corporate accounting policies and procedures, standard charts of accounts and related guidance are appropriately created and updated on a regular basis and distributed to subsidiaries. Knowledgeable personnel monitor changes in authoritative guidance and regulations (e.g.: Companies Act, Accounting Standards, Income Tax Act etc.) that affect the entity and make the appropriate changes to the entity's corporate accounting policies and procedures on a timely basis. Management and personnel involved in the financial closing identify all applicable generally accepted accounting principles affecting the entity and ensure that entity's accounting policies reflect the most recent, applicable authoritative guidance (e.g.: Companies Act, Accounting Standards, Income Tax Act etc.) which are properly documented and communicated to achieve consistency across business units and accounting periods. (Preventative)	
Defining the Financial Closing and Reporting Process	There are no procedures and timetables for communicating relevant information affecting the financial closing and reporting process within the entity and these are	- Completeness - Occurrence and rights and obligations - Classification and understandability	Processes and policies are established and documented regarding the requirements for entity personnel to timely communicate to the financial reporting department, information related to events and transactions	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	not sufficiently documented, and updated on a timely basis.	• Accuracy and valuation	affecting financial reporting, including significant contracts and agreements. The compliance with communication processes and policies is monitored on a regular basis. (Preventative)	
Defining the Financial Closing and Reporting Process	Changes made to the financial closing and reporting process are not valid and properly authorised.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Changes to the entity's financial closing and reporting process (e.g., changes to the chart of accounts, including addition and deletion of general ledger accounts) are monitored; any significant change is independently reviewed and approved. (Detective)	
Defining the Financial Closing and Reporting Process	Roles and responsibilities in the financial closing and reporting process are not clearly defined, documented, updated, and not communicated to appropriate departments and individuals on a timely basis. Individuals in financial reporting roles do not have the necessary understanding of the organisation's operations and appropriate accounting knowledge to properly perform their assigned responsibilities.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Management defines, documents, communicates and periodically reviews roles and responsibilities in the financial closing and reporting process in order to have adequate personnel with the appropriate skills and experience managing all accounting aspects. Knowledgeable personnel are hired into financial reporting roles and provided with adequate training, in line with Corporate guidelines. (Preventative)	
Defining the Financial Closing and Reporting Process	When alternative accounting treatments are available for a significant event or transaction, the decisions on which treatments to select are not documented, approved by management, and are not communicated to the audit committee.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Evaluations of alternative accounting treatments for significant events and transactions are documented and approved by management. Alternative accounting treatments selected (including those related to critical accounting policies) for significant events and transactions are communicated to the Audit Committee on a timely basis in accordance with applicable laws and regulations.	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			(Detective)	
Defining the Financial Closing and Reporting Process	General policies are not established and documented regarding permissible overrides of existing policies and procedures for the financial closing and reporting process.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	All overrides require proper authorisation and are documented for subsequent independent review and monitoring. (Detective)	
Defining the Financial Closing and Reporting Process	User profiles (on G/L system) are not monitored/maintained to ensure that appropriate individuals have access to financial reporting process.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	System-access profiles are set up by management. A form establishing the specific access to be granted is completed by the manager. (Preventative)	
Capturing and processing NON routine information	The appropriate accounting treatment is not specified for each non-routine event, transaction, and account balance, including those requiring the use of accounting estimates and judgment in the selection and application of accounting principles.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Accounting policies and procedures specify correct treatment for major types of non-routine events and transactions. Proper application to facts and circumstances is monitored independently across business units and across accounting periods. (Detective)	
Capturing and processing NON routine information	Relevant, sufficient, and reliable data necessary to record, process, and report each non-routine event or transaction is not captured.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Data and other information used in preparing the analysis for each non-routine event or transaction are relevant. Appropriate controls or procedures are in place and operating effectively to ensure the validity, accuracy, and completeness of the data and other information used in preparing the analysis. This includes controls over any process used to extract, summarise, and accumulate data and information that is obtained directly from the general ledger (e.g., the data is reconciled to the underlying supporting documentation). (Preventative)	
Capturing and	There are no procedures	Completeness	When using computerised systems,	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
processing NON routine information	to ensure all postings have occurred in the correct period.	• Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	the access rights to open and close financial periods is adequately restricted to prevent late entries from posting without appropriate management review after the books are closed. (Preventative)	
Capturing and processing NON routine information	Significant estimates and judgments are not well determined and have sufficient supporting documentation.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Formulas used for accruals, write-offs and reserves are periodically reviewed by the appropriate responsible and consistently followed. Appropriate management approves changes to formulas. (Detective)	
Capturing and processing NON routine information	The application of the entity's accounting policies to each non-routine event or transaction is not performed on a timely basis and appropriately documented by knowledgeable and qualified personnel using approved methods and formats.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	For each non-routine event or transaction, a supporting analysis is prepared and documented by knowledgeable personnel in accordance with relevant generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting policies. An entity-specific checklist of the entity's policies and procedures, a generally accepted accounting principles checklist, or other suitable mechanism is used to ensure each non-routine event or transaction is valid, complete, and appropriately recorded in the appropriate accounting period. (Detective)	
Capturing and processing NON routine information	There is no independent review of application of the entity's accounting policies to each non-routine event or transaction for appropriateness and absence of bias by an individual with the appropriate level of authority and experience. All non-routine events	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation • Validity, Recording, Cutoff	Management reviews details of significant non-routine events and transactions for completeness and validity on a regular basis. Information about each significant non-routine event and transaction is analysed and documented in a timely manner. Management reviews all documentation and analysis supporting significant non-routine transactions prior to recording amounts in the general ledger. (Detective)	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
	and transactions are not accurately processed in the appropriate accounting period. Non-routine events and transactions are not valid and properly recorded in the appropriate accounting period.			
Performing the Accounting Period Close	There is no independent review of application of the entity's accounting policies to each non-routine event or transaction for appropriateness and absence of bias by an individual with the appropriate level of authority and experience. There is no basis for significant estimates and judgments associated with each non-routine event or transaction.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	An independent review of significant judgments and estimates included in the financial records is performed at the end of every accounting period by knowledgeable personnel. The independent review includes a comparison with subsequent outcomes and an evaluation to determine degree of accuracy, fairness of information, and evidence of bias. Significant estimates and judgments and changes thereto are reported to the audit committee on a regular basis. (Detective)	
Performing the Accounting Period Close	No analysis is prepared accurately and consistently in accordance with the entity's defined financial closing process and in the appropriate accounting period.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Required analysis (including the format, timeline, preparers, and reviewers) are prepared, updated, and distributed on a regular basis. Management has processes in place at the end of the accounting period to ensure that all analysis are appropriately performed and independently reviewed. (Detective)	
Performing the Accounting Period Close	All sources of information for routine and non-routine events and transactions are not identified and analysed.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Routine and non-routine events and transactions occurring near the period-end are analysed and reviewed to determine whether they are accounted for in the appropriate accounting period. (Detective)	
Performing the Accounting	There are no reconciliations for all	- Completeness - Occurrence	All significant analysis and reconciliations are independently	

Financial Reporting

Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Period Close	significant accounts and no independent review of such reconciliation. All required analysis are not prepared accurately and consistently in accordance with the entity's defined financial closing process.	and rights and obligations • Classification and understandability • Accuracy and valuation	reviewed in comparison with established guidelines by knowledgeable personnel. All issues identified through the analysis and reconciliations are resolved. (Detective)	
Performing the Accounting Period Close	There are no reconciliations for all significant accounts and no independent review of such reconciliation. All required analysis are not prepared accurately and consistently in accordance with the entity's defined financial closing process.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Unusual items and exceptions in analysis and reconciliations are documented upon identification. Resolution and treatment of unusual items identified are documented and reviewed independently for appropriateness on a timely basis. Management reviews resolution of items on a regular basis. (Detective)	
Performing the Accounting Period Close	All intercompany transactions and balances are not identified, reconciled, and appropriately eliminated in consolidation in the appropriate accounting period.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Knowledgeable personnel prepares and updates a list of recurring journal entries, including adjusting, self-reversing, consolidating, and eliminating journal entries, and compare journal entries proposed during the closing process to such list to determine completeness and validity. (Preventative)	
Performing the Accounting Period Close	All required analysis are not prepared accurately and consistently in accordance with the entity's defined financial closing process.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Monthly exception and aging reports are generated highlighting unusual items. Significant items are investigated and resolved on a timely basis and in the appropriate accounting period. (Detective)	
Performing the Accounting Period Close	All suspense accounts are not identified and monitored.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and	All suspense accounts are identified and significant accounts / items are reviewed by management or other supervisory personnel on a timely basis. Appropriate journal entries to reclassify amounts into the appropriate general ledger account are prepared and reviewed as part of this process.	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
		valuation	(Detective)	
Performing the Accounting Period Close	All suspense accounts are not identified and monitored.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	The underlying cause for significant suspense items is investigated, assessed, and appropriately resolved. Appropriate changes to the financial-reporting process are made to address the underlying cause for significant suspense items. (Detective)	
Performing the Accounting Period Close	The trial balance(s) used to prepare the financial statements are not generated from the final general ledger(s).	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Management has a process in place to ensure that the trial balance(s) used in the financial-statement-preparation process are final, contain all valid journal entries made, and net to zero. (Preventative)	
Performing the Accounting Period Close	All trial-balance accounts are not appropriately and consistently grouped for presentation in the financial statements for accounting periods presented.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	A financial statement accounts grouping schedule is prepared, updated, and used in the drafting of the financial statements. (Preventative)	
Performing the Accounting Period Close	All trial-balance accounts are not appropriately and consistently grouped for presentation in the financial statements for accounting periods presented.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	Financial statement account groupings are independently reviewed for (1) compliance with presentation in conformity with the entity's accounting policies and generally accepted accounting principles, (2) accuracy and consistency, and (3) comparability between the current and previous accounting period(s). (Detective)	
Performing the Accounting Period Close	There are no restrictions to access and to run transactions in the automated consolidation software which may compromise the integrity of financial data	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and	Only employees involved in the reporting package process have access to such automated applications, with specific user-profiles. (Preventative)	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
Performing the Accounting Period Close	All related-party events and transactions are not identified and authorised, appropriately accounted for, and disclosed in the appropriate accounting period.	• valuation • Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	All related-party events and transactions are identified and a schedule of such related-party events and transactions is prepared. For purposes of financial-statement presentation and disclosure, an independent review of such schedule is performed by the disclosure committee (or other suitably qualified personnel) and the legal department. Any issues identified are addressed on a timely basis. (Detective)	
Performing the Accounting Period Close	There are no procedures to ensure all postings have occurred in the correct period.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	When using computerised systems, the access rights to open and close financial periods is adequately restricted to prevent late entries posting without appropriate management review after the books are closed. (Preventative)	
Performing the Accounting Period Close	All related-party events and transactions are not identified and authorised, appropriately accounted for, and disclosed in the appropriate accounting period.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Audit committees must approve all related-party transactions Board approval is required for specified types of related-party transactions and this approval is appropriately documented. (Detective)	
Performing the Accounting Period Close - Consolidation & Reporting	All subsidiaries and other entities are not identified and appropriately included in the consolidation process.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Management reviews the consolidation for the proper inclusion of the results of all subsidiaries and other entities for which consolidation is appropriate. A list of subsidiaries and other entities is prepared, updated for new acquisitions and stake disposals. Newly promulgated generally accepted accounting principles, if any should also be evaluated for any inclusions/exclusions to be made to the subsidiary listing Subsidiaries and other entities included in the consolidation during the	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			consolidation process are compared to this master list of subsidiaries. (Detective)	
Performing the Accounting Period Close - Consolidation & Reporting	Consolidation packages received from subsidiaries do not accurately reflect the underlying financial records at each subsidiary.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Internal audit (or other suitably qualified individuals) on a test basis, verifies the accuracy of financial reporting package contents by comparing reporting package amounts with the subsidiary records. (Detective)	
Performing the Accounting Period Close - Consolidation & Reporting	Consolidation packages received from subsidiaries do not accurately reflect the underlying financial records at each subsidiary.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Subsidiary's reporting package is reconciled with the trial balance (prepared directly from the subsidiary's GL). Supporting information for significant items included in the package is tested for reasonableness. (Preventative)	
Performing the Accounting Period Close - Consolidation & Reporting	All trial-balance accounts are not appropriately and consistently grouped for presentation in the financial statements for all accounting periods presented. Entries recorded directly to the financial statements are not valid.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Internal financial statement packages are reconciled to the trial balance and the general ledger. Any post-close adjusting journal entries are posted to the final financial package. (Detective)	
Performing the Accounting Period Close - Consolidation & Reporting	Entries recorded directly to the financial statements are not valid.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Entries recorded directly to the financial statements require direct approval of the entity's principal accounting officer and such recording and approval follow a predetermined process. Entries recorded directly to the financial statements are (1) tracked and recorded in the general ledger on a timely basis and (2) properly included in subsequent accounting periods. (Detective)	
Preparing and	All necessary	• Completeness	The entity uses up-to-date	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
reviewing financial-statement disclosures	disclosures in draft financial-statement are not made.	• Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	disclosure checklists (or other suitable mechanisms) to ensure that all relevant financial information is disclosed (1) appropriately in accordance with generally accepted accounting principles and the entity's accounting and disclosure policies and (2) in the appropriate accounting period. Management ensures that all personnel preparing and reviewing disclosures receive the relevant checklists and instructions to perform their assigned duties in accordance with the entity's disclosure policies. (Preventative)	
Preparing and reviewing financial-statement disclosures	All necessary disclosures in draft financial-statement are not made.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	An independent review of the financial statements and all related disclosures using a generally accepted accounting principles financial statement presentation and disclosure checklist (or other suitable mechanisms) is performed by management, the disclosure committee, or other suitably qualified personnel to review the draft financial statements and related disclosures as a whole for completeness, consistency across accounting periods, and compliance with generally accepted accounting principles and the entity's accounting and disclosure policies. (Detective)	
Preparing and reviewing financial-statement disclosures	All necessary disclosures in draft financial-statement are not made.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Management establishes processes to ensure that all required disclosure analysis are prepared and reviewed on a timely basis. Such review consists of whether disclosures are prepared using the appropriate assumptions and methodology, and whether disclosures are properly presented in accordance with generally accepted accounting principles and the entity's accounting and disclosure policies. Management receives the appropriate reporting packages, sign-offs, and representations from business units to ensure all relevant information	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
			has been disclosed. (Detective)	
Preparing and reviewing financial-statement disclosures	All necessary disclosures in draft financial-statement are not made.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	A list of all sources of event and transaction information or other suitable mechanism is used and communicated to appropriate personnel to ensure the completeness of disclosed information. Management, the disclosure committee, or other suitably qualified personnel are involved, as considered necessary, in analysing the effect of event and transaction information on the financial-statement disclosures. (Preventative)	
Preparing and reviewing financial-statement disclosures	Each financial-statement disclosure is not prepared in accordance with generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	For each financial-statement disclosure, a supporting analysis is prepared and documented by knowledgeable personnel in accordance with relevant generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies. An entity-specific checklist, a generally accepted accounting principles disclosure checklist, or other suitable mechanism is used to ensure each disclosure is valid, complete, and appropriately presented in the appropriate accounting period. (Preventative)	
Preparing and reviewing financial-statement disclosures	Each financial-statement disclosure is not prepared in accordance with generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies.	- Completeness - Occurrence and rights and obligations - Classification and understandability - Accuracy and valuation	If third parties assist in the preparation of financial-statement disclosure information, knowledgeable personnel reviews the information prepared by the third party for reasonableness and consistency with the entity's business and prior-period information. All issues identified through the review are resolved prior to the disclosure information being included in the reports released to the public and filed with regulatory agencies. (Detective)	
Reviewing and approving the financial	Each financial-statement disclosure is not prepared in accordance	- Completeness - Occurrence	Management and those responsible for oversight of the financial closing and reporting process review the	

Financial Reporting				
Transaction Type	Risks of Material Misstatement ("What Could Go Wrong")	Assertion(s)	Example Control(s)	Other Affected Account(s)
statements	with generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies.	- and rights and obligations • Classification and understandability • Accuracy and valuation	draft financial statements and related disclosures to be included in external reports prior to their release to the public. The review consists of analysing the draft financial statements and related disclosures and raising challenging questions. After any issues or questions raised have been resolved, the financial statements and related disclosures are approved by the board of directors or audit committee; such approval is documented. (Detective)	
Reviewing and approving the financial statements	Each financial-statement disclosure is not prepared in accordance with generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Management and the audit committee or board of directors are briefed by senior financial reporting personnel on a regular basis and at each period end for which financial statements are released to the public. Such briefing includes a discussion of key estimates and judgments, significant non-routine events and transactions, selection and application of critical accounting policies, areas with unusual fluctuations, and other relevant significant issues. (Detective)	
Reviewing and approving the financial statements	Each financial-statement disclosure is not prepared in accordance with generally accepted accounting principles (including relevant regulatory rules) and the entity's accounting and disclosure policies.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Management accumulates and tracks issues and concerns identified as part of the review of the external reports for each period-end financial closing and reporting process and follows up on a timely basis to verify that items have been properly resolved in the appropriate accounting period and prior to the release of the reports to the public. (Detective)	
Reviewing and approving the financial statements	The published financial statements (in print and electronic form) are not free from publishing, printing, or electronic-conversion errors.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	The financial statements and related disclosures, in print and electronic form, are reconciled to the approved financial statements, trial balance, and supporting information prior to final publishing, printing, or electronic submission. (Detective)	

Financial Reporting

Transaction Type	Risks of Material Misstatement (“What Could Go Wrong”)	Assertion(s)	Example Control(s)	Other Affected Account(s)
Reviewing and approving the financial statements	All related party transactions and balances are not identified and appropriately disclosed in consolidation in the appropriate accounting period.	• Completeness • Occurrence and rights and obligations • Classification and understandability • Accuracy and valuation	Knowledgeable personnel prepare and update a listing of all related-party transactions and review appropriate disclosures in the financial statements for completeness and accuracy. (Detective)	
