

Thank you for Joining!

The Webinar will begin shortly.

Presented by:



 [#RockSolidTrialBalances](#)

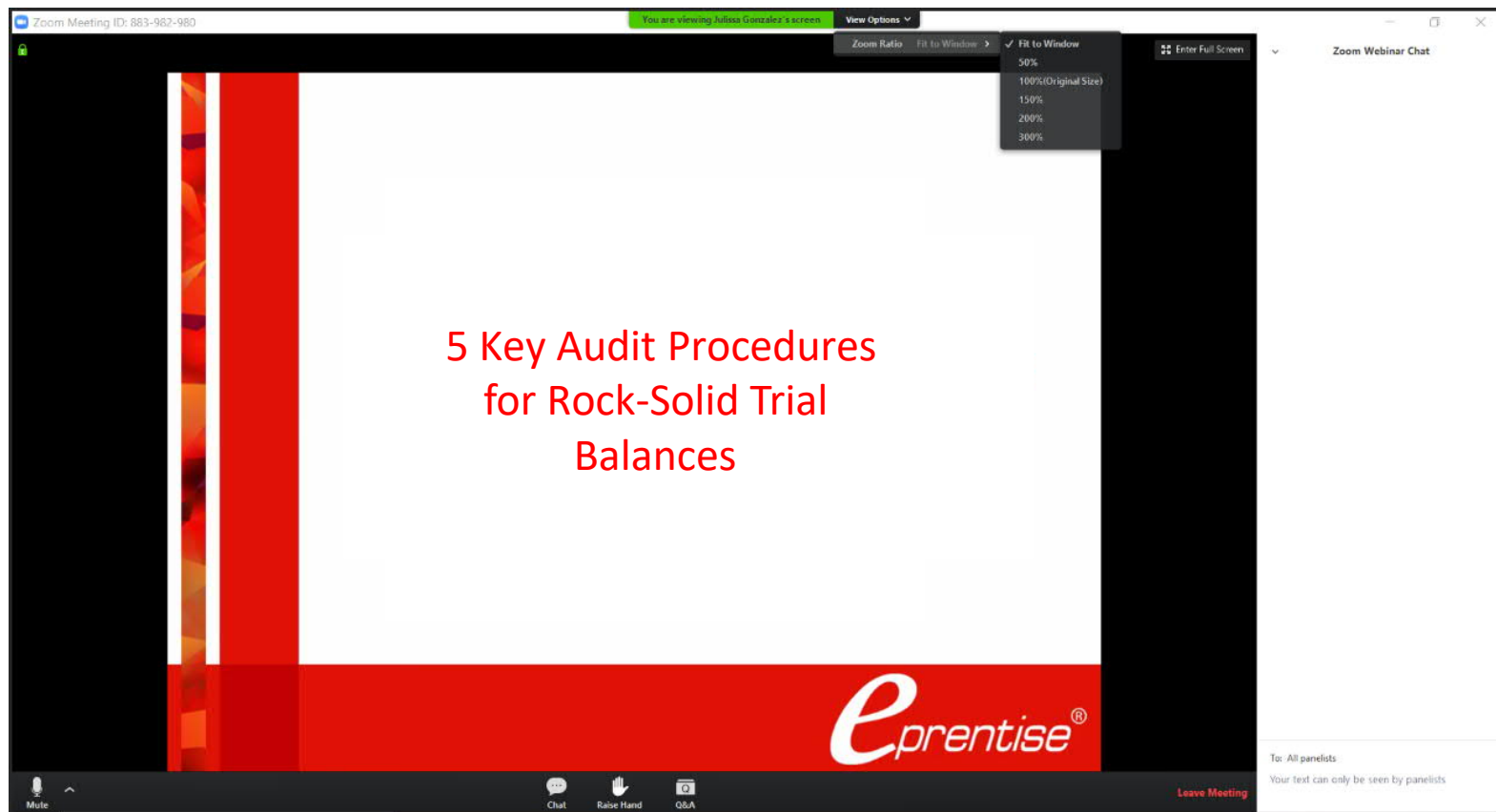
5 Key Audit Procedures for Rock-Solid Trial Balances

 [#RockSolidTrialBalances](https://twitter.com/RockSolidTrialBalances)

*e*prentise®

Webinar Mechanics

- Submit text questions.
- Q&A addressed at the end of the session and posted on LinkedIn.
- Everyone will receive an email with a link to view a recorded version of today's session.
- Polling questions will be presented during the session. If you want CPE credit for this webinar, you must answer all of the polling questions.



Who Is eprentise and Crystallize Analytics?

In 2007 eprentise was founded on its original product, FlexField

- Enables customers to make unprecedented changes to their financial chart of accounts while maintaining transactional history and data integrity.



In 2009 we introduced our Consolidation, Divestiture, and Reorganization products

- Transformational software which can copy, change, filter, or merge all elements of Oracle EBS financial systems to address ever-changing business needs, such as regulatory compliance and growth opportunities.

Transformation to Optimization

One-time usage to subscription model

In 2020 we are expanding to new markets with our C Collection analytics suite, and our Audit Automation software

- C Collection analytics provides transparency and identifies potential problem areas with transactional data. This allows users to reduce costs, leverage opportunities across the enterprise, improve business processes, and increase the confidence level of the users in their data, processes, and operations.
- Automated Audit provides internal and external financial auditors with drill-down data from a balance sheet report into the transaction-level detail. The software covers hundreds of substantive procedures for the entire enterprise domain and builds in consistent audit processes and workflows across the organization.



CRYSTALLIZE
ANALYTICS®

Learning Objectives

Objective 1: Identify some of the most common errors and omissions in trial balances.

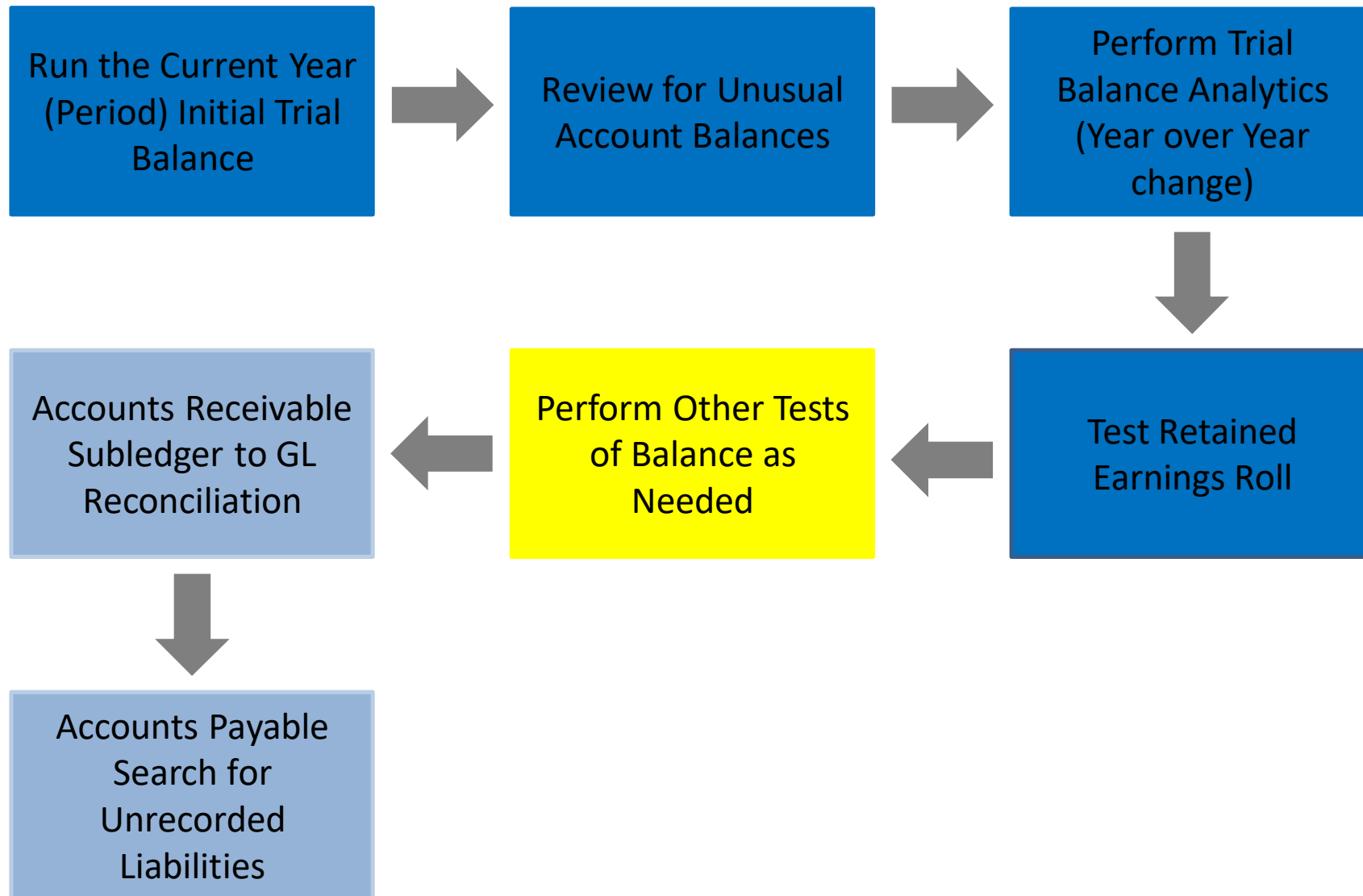
Objective 2: Understand how to perform five of the most common procedures auditors perform on period end trial balances and how to analyze and use the results to find and correct problems.

Objective 3: Customize and expand the audit procedures for your unique accounting environment.

Agenda

- ❑ Discuss key trial balance audit procedures
- ❑ Learn how to perform a trial balance analysis to identify potential problem areas:
 - Perform trial balance analytics to:
 - Identify unusual balance
 - Identify significant balance changes from the prior year
 - Prove out net income based on the change in the balance sheet
- ❑ Perform trial balance test of details of balances for significant account balances
 - Accounts Receivable SLA to GL reconciliation
 - Accounts Payable search for unrecorded liabilities
- ❑ Review the keys to a Rock-Solid Trial Balance
- ❑ Watch a demonstration of how to automate your audits using software

Trial Balance Audit Procedures



Running the Trial Balance

The image shows two overlapping dialog boxes from a software application. The background dialog is titled "Submit Request" and contains the following fields:

- Run this Request... (with a "Copy..." button)
- Name: Trial Balance
- Operating Unit: (empty)
- Parameters: (empty)
- Language: American English

The foreground dialog is titled "Parameters" and contains the following fields:

- Ledger/Ledger Set: Vision Operations (USA) (Vision Operations (USA) Ledger)
- Ledger Currency: USD
- Currency Type: Total (Total)
- Entered Currency: N/A
- Pagebreak Segment: Company (Company Segment for Vision (
- Pagebreak Segment Low: 01
- Pagebreak Segment High: 01
- Period: Adj-08
- Amount Type: YTD (Year-to-Date)

Buttons at the bottom of the "Parameters" dialog include OK, Cancel, Clear, and Help.

Running the Trial Balance (continued)

| Vision Operations Corp. | | Trial Balance - Total Currency | | Report Date: 22-OCT-2020 10:05 | |
|---------------------------------|---------------------------------|--------------------------------|----------------|--------------------------------|------------------|
| Period: Dec-10 | | Page: 1 of 9 | | | |
| Currency: USD | | | | | |
| Balance Type: Year to Date | | | | | |
| Company Range: 01 to 99 | | | | | |
| Ledger: Vision Operations (USA) | | | | | |
| Company: 01 Operations | | | | | |
| | | | | | 12/31/2010 |
| Acct | Description | Beginning Balance | Debits | Credits | Ending Balance |
| 1110 | Cash | 1,395,715,236.01 | 199,842,525.63 | 876,738.98 | 1,594,681,022.66 |
| 1130 | Short Term Investments | 7,010,144.30 | - | - | 7,010,144.30 |
| 1210 | Accounts Receivable - Billed | 84,147,151.11 | 235,982,739.74 | 203,446,929.32 | 116,682,961.53 |
| 1212 | Notes Receivable | 11,000.00 | - | - | 11,000.00 |
| 1214 | Investor Receivable | 7,182.70 | - | - | 7,182.70 |
| 1216 | Loan Principal Receivable | 1,316,192.81 | - | - | 1,316,192.81 |
| 1217 | Loan Interest Receivable | | | | |
| 1220 | Other Receivables | (21,976.77) | 100.00 | - | (21,876.77) |
| 1222 | Autoaccounting Clearing | 1,401,556.19 | - | - | 1,401,556.19 |
| 1223 | AR/AP Clearing | | | | |
| 1230 | Deferred Receivables | (1,000.00) | - | - | (1,000.00) |
| 1232 | Unbilled Receivables | 11,602,378.40 | 221,449.56 | 191,449.56 | 11,632,378.40 |
| 1240 | Unapplied Cash | (1,077,141.79) | 675,923.87 | - | (401,217.92) |
| 1245 | Receivable Factoring/Remittance | 48,524,482.26 | - | - | 48,524,482.26 |
| 1247 | Proceeds of Sale Clearing | 177,710.00 | - | - | 177,710.00 |
| 1250 | Cash Clearing | (30,190,673.48) | - | 6,228,002.03 | (36,418,675.51) |
| 1260 | Allowance for Bad Debt | (1,434,541.99) | - | - | (1,434,541.99) |

Poll Question

Unusual Balance Analysis

- ❑ Identify accounts that have balance types other than their general natural balance type
 - Debit balances (shown as positive numbers on an EBS trial balance)
 - Assets
 - Expenses
 - Credit balances (shown as negative numbers)
 - Liabilities
 - Equity
 - Income
- ❑ Estimate the materiality that an auditor might use
 - 5% of Net Income*
- ❑ Identify the accounts with unusual balances that are greater than $\frac{1}{2}$ Materiality (2.5%)
- ❑ Investigate the detail underlying the unusual account balance
- ❑ If due to error or misclassification, make corrections or reclassifications
- ❑ If intentional record an explanation

There should be supporting explanations and documentation for each unusual balance on the trial balance $> \frac{1}{2}$ materiality.

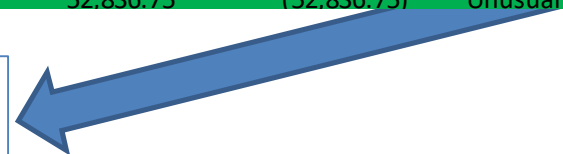
* <http://www.materialitytracker.net/standards/financial-thresholds/>

Unusual Balance Analysis

| Acct | Description | Beginning Balance | Debits | Credits | 12/31/2010 Ending Balance | Unusual Balance? |
|------|---------------------------------|-------------------|---------------|---------------|------------------------------|------------------|
| 1220 | Other Receivables | (21,976.77) | 100.00 | - | (21,876.77) | Unusual Balance |
| 1230 | Deferred Receivables | (1,000.00) | - | - | (1,000.00) | Unusual Balance |
| 1240 | Unapplied Cash | (1,077,141.79) | 675,923.87 | - | (401,217.92) | Unusual Balance |
| 1250 | Cash Clearing | (30,190,673.48) | - | 6,228,002.03 | (36,418,675.51) | Unusual Balance |
| 1260 | Allowance for Bad Debt | (1,434,541.99) | - | - | (1,434,541.99) | Unusual Balance |
| 1332 | Withholding Tax | (11,484.06) | - | - | (11,484.06) | Unusual Balance |
| 1411 | FS-Inventory Material Value | 1,549,420.73 | - | 9,743,000.00 | (8,193,579.27) | Unusual Balance |
| 1421 | FS-Inventory Material Overhead | (19,917.83) | - | - | (19,917.83) | Unusual Balance |
| 1431 | FS-Inventory Overhead Value | (11,622.89) | - | - | (11,622.89) | Unusual Balance |
| 1441 | FS-Inventory Resource Value | (31,506.49) | - | - | (31,506.49) | Unusual Balance |
| 1451 | FS-Inventory Outside Processing | (421.50) | - | - | (421.50) | Unusual Balance |
| 1570 | Asset Clearing | 475,297.24 | 916,075.40 | 1,769,479.00 | (378,106.36) | Unusual Balance |
| 1590 | CIP Clearing | (200,635.30) | - | - | (200,635.30) | Unusual Balance |
| 1961 | Insurance Receivable | (18,900.00) | - | - | (18,900.00) | Unusual Balance |
| 2110 | Payable to Bank - Current | (85,993,103.57) | - | - | (85,993,103.57) | Unusual Balance |
| 2225 | Accrued Expenses | 21,349.84 | 27,125.00 | 25,000.00 | 23,474.84 | Unusual Balance |
| 2924 | Rent in Advance | 48,587.50 | - | - | 48,587.50 | Unusual Balance |
| 2926 | Non Revenue - Lease Rent | 29,000.00 | - | - | 29,000.00 | Unusual Balance |
| 2990 | Suspense | 2,104,409.63 | 25,722,013.00 | 13,218,597.00 | 14,607,825.63 | Unusual Balance |
| 5210 | Purchase Price Variance | - | 4,673,243.13 | 5,992,193.27 | (1,318,950.14) | Unusual Balance |
| 5500 | Cost of Service - Support | - | 29,351.00 | 29,351.43 | (0.43) | Unusual Balance |
| 5810 | Resource Absorption | - | - | 147.30 | (147.30) | Unusual Balance |
| 6165 | Life Insurance Premium | - | - | 52,836.75 | (52,836.75) | Unusual Balance |

Formula:

=IF(F38<0,"Unusual Balance","")



Trial Balance Analytics

- ❑ Run the trial balance for the current audit period (year) and the prior audit period (year)
- ❑ Calculate the \$ and % change for each account
- ❑ Estimate the materiality that an auditor may use
 - 5% of Net Income*
- ❑ Identify the accounts that have changed by $\frac{1}{2}$ materiality (2.5%)
- ❑ Run account analysis and drill-down for Accounts
 - All months in the audit period
 - Drill down for periods with significant or unusual activity
- ❑ Document the cause for the significant change (e.g. an increase in constructions costs on a new facility caused a large increase in accounts payable at year-end)

There should be supporting explanations and documentation for each change on the trial balance $> \frac{1}{2}$ materiality.

* <http://www.materialitytracker.net/standards/financial-thresholds/>

Trial Balance Analysis (continued)

| Acct | Description | 12/31/2008 Ending Balance | 12/31/2007 Ending Balance | \$ Change | % Change | > 2.5% of Net Income? |
|------|---------------------------------|------------------------------|------------------------------|-----------------|----------|-----------------------|
| 1959 | Residual Value | 1,302,456.00 | 1,302,456.00 | 0.00 | 0% | No |
| 1960 | Loan Principal | 608,193.89 | 608,193.89 | 0.00 | 0% | No |
| 1961 | Insurance Receivable | -18,900.00 | -18,900.00 | 0.00 | 0% | No |
| 2110 | Payable to Bank - Current | -85,993,103.57 | -85,993,103.57 | 0.00 | 0% | No |
| 2210 | Accounts Payable | -651,597,514.33 | -401,996,415.89 | -249,601,098.44 | 62% | Yes |
| 2215 | Accrued Receipts | -775,460.97 | -775,460.97 | 0.00 | 0% | No |
| 2220 | Accounts Payable Clearing | -28,738,546.45 | -47,069,142.40 | 18,330,595.95 | -39% | Yes |
| 2225 | Accrued Expenses | 21,349.84 | 21,349.84 | 0.00 | 0% | No |
| 2240 | Cost of Removal Clearing | -25 | -25.00 | 0.00 | 0% | No |
| 2370 | Intercompany Payables | -545,366.57 | -511,591.78 | -33,774.79 | 7% | No |
| 2373 | I/C Payables - Distribution | -18,030.00 | -18,030.00 | 0.00 | 0% | No |
| 2374 | I/C Payables - Services | -13,200.00 | -13,200.00 | 0.00 | 0% | No |
| 2381 | I/C Payables - Thailand | -49,000.00 | -49,000.00 | 0.00 | 0% | No |
| 2410 | Accrued Payroll | -1,345,050.33 | -1,166,803.83 | -178,246.50 | 15% | Yes |
| 2420 | Payroll Clearing | -256,913,808.64 | -218,488,242.09 | -38,425,566.55 | 18% | Yes |
| 2510 | Federal Pay Income Tax Withheld | -6,012.68 | -6,012.68 | 0.00 | 0% | No |
| 2512 | FICA Withheld-Employee | -1,951.73 | -1,951.73 | 0.00 | 0% | No |
| 2520 | State Sales and Use Tax Payable | -251,221,204.94 | -240,132,207.14 | -11,088,997.80 | 5% | Yes |
| 2530 | Interest Payable | -24,757,940.92 | -24,757,940.92 | 0.00 | 0% | No |

Net Income = \$43,526,805

5% of Net Income = \$2,176,340 (1/2 of which is \$1,088,070)

Trial Balance Analysis- Account Analysis & Drill-down

EPRDEV

Account Analysis and Drilldown

Navigator Favorites

Account Balances

* Indicates required field

Inquiry Type

Search

Note that the search is case insensitive

* Ledger/Ledger Set

Ledger Currency **USD**

* Account From
Company-Department-Account-Sub-Account-Product

* Account To
Company-Department-Account-Sub-Account-Product

Balance Type

Currency Type

* Period From

* Period To

Display Summary Accounts

Display Accounts With No Activity

TIP For explanation of currency codes used in this page, see the [currency key](#).

| Ledger | Account | Period | Currency | PTD | PTD Converted | YTD |
|-------------------------|----------------------|--------|----------|-----------------|---------------|------------------|
| Vision Operations (USA) | 01-000-2210-0000-000 | Jan-08 | USD | <28,236,515.03> | | <430,232,930.92> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Feb-08 | USD | <19,818,578.69> | | <450,051,509.61> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Mar-08 | USD | <23,292,958.12> | | <473,344,467.73> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Apr-08 | USD | <17,668,380.58> | | <491,012,848.31> |
| Vision Operations (USA) | 01-000-2210-0000-000 | May-08 | USD | <35,501,448.35> | | <526,514,296.66> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Jun-08 | USD | <16,848,468.63> | | <543,362,765.29> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Jul-08 | USD | <17,256,686.40> | | <560,619,451.69> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Aug-08 | USD | <17,491,603.22> | | <578,111,054.91> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Sep-08 | USD | <12,014,465.79> | | <590,125,520.70> |
| Vision Operations (USA) | 01-000-2210-0000-000 | Oct-08 | USD | <22,978,892.68> | | <613,104,413.38> |

The payables balance has increased each month significantly during the year. Why are these payables not being paid down at a similar rate? Most likely the invoice is being accrued but then the payment is expensed instead of reducing accounts payable.

Trial Balance Retained Earnings Recalculation

- Net income is typically the most scrutinized and impactful metric for a business. A good net income generally mean that a company is healthy and generating increased assets for its owners.
- Because net income is revenue less expenses it can be very difficult to gain assurance over thousands if not millions of transactions. It makes you wonder how auditors do just that.
- The key idea that makes audits work is a less generally known accounting truism- **you can prove net income using only the balance sheet accounts**

Trial Balance Retained Earnings Recalculation (cont.)

Key Concept:

Net income is not only the revenue less expenses. It can also be accurately calculated as the net change in the balance sheet reflected in adjusted retained earnings.

If you are confident in your balance sheet you can trust net income.

Trial Balance Retained Earnings Recalculation (cont.)

| Acct | Description | Beginning Balance 12/31/2009 | Ending Balance 12/31/2010 | |
|------|--|---------------------------------|------------------------------|---|
| ---- | ----- | ----- | ----- | |
| 1100 | Cash | 139,571,523.00 | 153,528,675.00 | Bank Reconciliations |
| 1200 | Short Term Investments | 7,010,144.00 | 7,503,432.00 | Investment Statement Reconciliation |
| 1300 | Accounts Receivable | 84,147,151.00 | 147,257,513.00 | SLA to GL Reconciliation |
| 1400 | Fixed Assets | 85,000,000.00 | 85,000,000.00 | |
| 1405 | Accumulated Depreciation | (74,500,324.00) | (84,296,034.00) | Depreciation and Disposals |
| 2100 | Accounts Payable | (26,347,370.00) | (28,567,594.00) | Unpaid Bills |
| 2200 | Accrued Liabilities | (5,234,579.00) | (5,758,036.00) | Accrual Worksheet |
| 2300 | Loans Payable | (42,500,000.00) | (40,754,000.00) | Bank Loan Statement |
| 3100 | Equity-Retained Earnings | (167,146,545.00) | (164,800,866.00) | Dividends ledger or owner investments record |
| 4100 | Product Revenue | | (225,467,854.00) | Closes out to Retained Earnings |
| 5100 | Costs of Goods Sold | | 94,065,193.00 | Closes out to Retained Earnings |
| 5200 | Selling Expenses | | 55,831,657.00 | Closes out to Retained Earnings |
| 5300 | General and Administrative Expenses | | 6,457,914.00 | Closes out to Retained Earnings |
| | Total | - | - | |
| | Retained Earnings after Close out 12/31/2010 | | (233,913,956.00) | |
| | Beginning Balance Retained Earnings | | (167,146,545.00) | |
| | Net Change | | (66,767,411.00) | |
| | Net Income | | (69,113,090.00) | |
| | Other Retained Earnings Changes | | 2,345,679.00 | These other equity changes must be investigated |

Poll Question

Other Trial Balance Tests of Details of Balances- Common Audit Procedures

- Bank confirmation
- Accounts receivable subledger to GL reconciliation
- Inquire of management regarding the collectability of customer accounts
- Match customer orders to invoices billed
- Match collected funds to invoices billed
- Observe a physical inventory count
- Confirm inventories not on-site
- Match receiving/shipping records to inventory on hand or sold
- Confirm the calculations on an inventory valuation report
- Observe fixed assets
- Match purchase orders and supplier invoices to fixed asset records
- Accounts payable- search for unrecorded liabilities
- Examine accounts payable supporting documents
- Confirm debt
- Analytical analysis of assets, liabilities, revenue, and expenses

<https://www.accountingtools.com/articles/what-are-substantive-procedures.html>

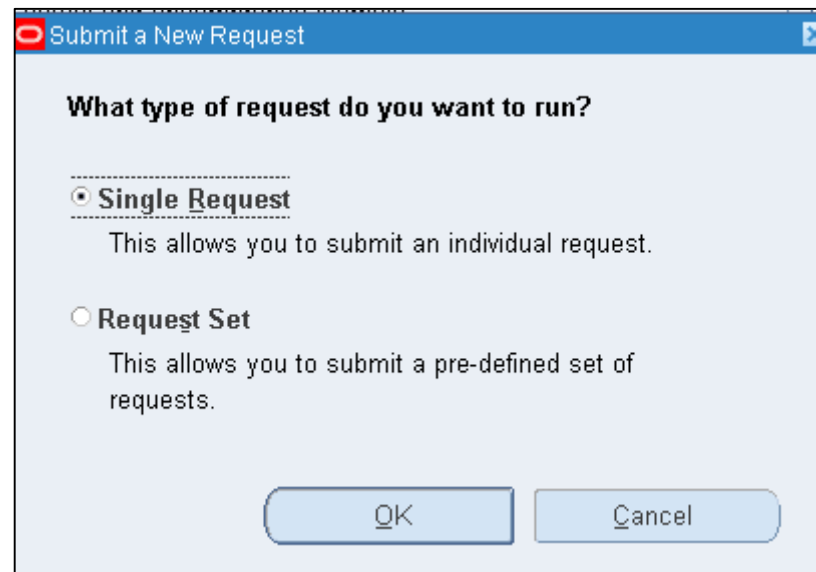
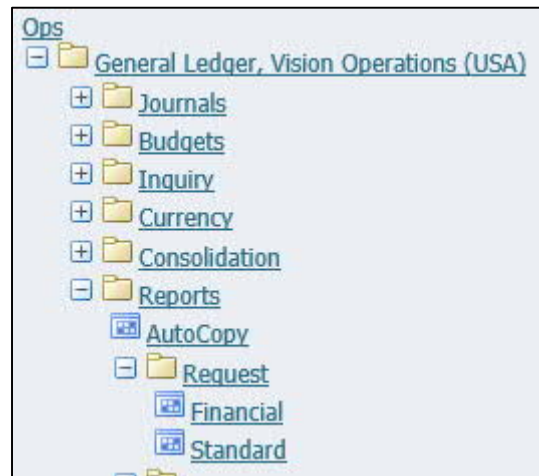
Trial Balance- Accounts Receivable SLA to GL Reconciliation

| Vision Operations Corp. | | Trial Balance - Total Currency | | | Report Date: 22-OCT-2020 10:05 |
|---------------------------------|------------------------------|--------------------------------|----------------|----------------|--------------------------------|
| Period: Dec-10 | | Page: 1 of 9 | | | |
| Currency: USD | | | | | |
| Balance Type: Year to Date | | | | | |
| Company Range: 01 to 99 | | | | | |
| Ledger: Vision Operations (USA) | | | | | |
| Company: 01 Operations | | | | | |
| | | | | | 12/31/2010 |
| Acct | Description | Beginning Balance | Debits | Credits | Ending Balance |
| 1110 | Cash | 1,395,715,236.01 | 199,842,525.63 | 876,738.98 | 1,594,681,022.66 |
| 1130 | Short Term Investments | 7,010,144.30 | - | - | 7,010,144.30 |
| 1210 | Accounts Receivable - Billed | 84,147,151.11 | 235,982,739.74 | 203,446,929.32 | 116,682,961.53 |
| 1212 | Notes Receivable | 11,000.00 | - | - | 11,000.00 |
| 1214 | Investor Receivable | 7,182.70 | - | - | 7,182.70 |
| 1216 | Loan Principal Receivable | 1,316,192.81 | - | - | 1,316,192.81 |
| 1217 | Loan Interest Receivable | | | | |
| 1220 | Other Receivables | (21,976.77) | 100.00 | - | (21,876.77) |

<https://www.accountingtools.com/articles/what-are-substantive-procedures.html>

Trial Balance- Accounts Receivable SLA to GL Reconciliation, cont.

Run the Account Analysis Report for your AR account.



Trial Balance- Trial Balance- Accounts Receivable SLA to GL Reconciliation, cont.

The image shows two overlapping dialog boxes from an Oracle application. The background dialog is titled 'Submit Request' and contains fields for 'Name' (Account Analysis - (180 Char)), 'Operating Unit', 'Parameters', and 'Language'. The foreground dialog is titled 'Parameters' and contains the following fields:

| | | |
|----------------------------|-------------------------|-------------------------|
| Ledger/Ledger Set | Vision Operations (USA) | Vision Operations (USA) |
| Ledger Currency | USD | |
| Currency Type | Total | Total |
| Entered Currency | N/A | |
| Type | Source Item | |
| Balance Type | A | Actual |
| Budget or Encumbrance Name | N/A | |
| Starting Period | Jan-10 | |
| Ending Period | Dec-10 | |
| Flexfield From | 01-000-1210-0000-000 | |
| Flexfield To | 01-000-1210-0000-000 | |
| Order By | Source | |

Buttons at the bottom of the 'Parameters' dialog include OK, Cancel, Clear, and Help.

Trial Balance- Trial Balance- Accounts Receivable SLA to GL Reconciliation- Account Analysis Report

| Vision Operations Corp. | | Account Analysis Report | | | Report Date: 23-OCT-2020 11:21 | | |
|-------------------------------------|------------|-------------------------|-----------|---------------|--------------------------------|----------------|----------------|
| Source Item | | | | Page: 1 of 20 | | | |
| Period: Jan-10 To Adj-10 | | | | | | | |
| Accounts From: 01-000-1210-0000-000 | | | | | | | |
| To: 01-000-1210-0000-000 | | | | | | | |
| Balance Type: Actual | | | | | | | |
| Ledger: Vision Operations (USA) | | | | | | | |
| Period: Jan-10 | | | | | | | |
| Source | Category | Batch Name | JE Name | Account | Description | Debits (USD) | Credits (USD) |
| Receivable | Sales Invo | Receivable | Sep-10 Sa | 01-000-1210-0 | Journal Imp | 90,015.72 | |
| Receivable | Sales Invo | Receivable | Sep-10 Sa | 01-000-1210-0 | Journal Imp | 1,637,472.39 | |
| Receivable | Sales Invo | Receivable | Sep-10 Sa | 01-000-1210-0 | Journal Imp | 428,200.00 | |
| Receivable | Sales Invo | Receivable | Sep-10 Sa | 01-000-1210-0 | Journal Imp | 2,388,566.76 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 218,880.85 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 19,582.62 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 4,864,802.13 | |
| Manual | Adjustment | Reverses " | Reverses | 01-000-1210-0 | Sales invo | 2,897,917.84 | |
| Manual | Adjustment | Sales Invo | Revenue r | 01-000-1210-0 | Sales invo | | 2,897,917.84 |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 62,893.08 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 581,166.83 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 656,005.73 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 836,897.87 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 50,163.29 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 2,350,422.78 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 101,208.60 | |
| Receivable | Sales Invo | Receivable | Oct-10 Sa | 01-000-1210-0 | Journal Imp | 1,307,197.05 | |
| Grand Total | for report | from Jan-1 | 0 through | Adj-10 | | 235,982,739.74 | 203,446,929.32 |

Trial Balance- Accounts Receivable Account Analysis Report- Journal Drill down

Journals (Vision Operations Corp.) - Sales Invoices reversed for Order Number 68541,685

| | | | |
|------------------|---|----------------|--------------|
| Journal | Revenue reversal for Mar-10 | | |
| Description | Sales invoice for Order number 68541,68542 & 68543 reversed | | |
| Ledger | Vision Operations (L | Category | Adjustment |
| Period | Mar-10 | Effective Date | 18-MAR-2010 |
| Balance Type | Actual | Budget | |
| Clearing Company | | Tax | Not Required |
| Journal Type | Standard | Control Total | |

| | | | |
|------------|-------------|---------|--------------|
| Conversion | | Reverse | |
| Currency | USD | Date | |
| Date | 18-MAR-2010 | Period | Mar-10 |
| Type | User | Method | Switch Dr/Cr |
| Rate | 1 | Status | Reversed |

Lines Other Information

| Line | Account | Debit (USD) | Credit (USD) | UOM | Qty | Description |
|------|----------------------|--------------|--------------|-----|-----|-----------------------------|
| 1 | 01-430-4110-0000-000 | 530,312.57 | | | | Sales invoice for Order nur |
| 2 | 01-420-4110-0000-000 | 2,367,605.27 | | | | Sales invoice for Order nur |
| 3 | 01-000-1210-0000-000 | | 2,897,917.84 | | | Sales invoice for Order nur |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | 2,897,917.84 | 2,897,917.84 | | | |

Acct Desc Operations-Sales South-Hardware-No Sub Account-No Product

Poll Question

Accounts Payable- Search for Unrecorded Liabilities

“A search for unrecorded liabilities is a fundamental, almost universally applied <substantive> procedure in all audits. The scope of such a search frequently includes a sampling of subsequent cash disbursements, which is an example of testing one population for understatement by sampling through a “reciprocal” population where unrecorded or otherwise missing balances or transactions are likely to reside.”

<https://www.cpajournal.com/2017/11/21/proper-risk-based-approach-search-unrecorded-liabilities/>

Accounts Payable- Search for Unrecorded Liabilities

A list of payments subsequent to the audit period (year) are reviewed identifying significant payments that may indicate amounts that should have been accrued as a liability (payable) at year-end. Typically this procedure uses a threshold of ¼ or less of materiality (e.g. If materiality is \$2,000,000 then \geq \$500,000 (¼ of materiality)).

| Trading Partner | Supplier Number | Supplier Site | Payment Date | Payment Amount | Trading Partner Address | Bank Account | Paye |
|--------------------------|-----------------|---------------|--------------|----------------|--|------------------|------|
| United Parcel Service | 1003 | UPS - HQ | 06-JAN-2009 | 57,461.60 | 55 Glenlake Parkway NE Atlanta GA 30328 | Operating Accour | Unit |
| Allied Manufacturing | 2007 | SAN JOSE-ERS | 06-JAN-2009 | 503,309.63 | 1145 Brokaw Road San Jose CA 95034 | Operating Accour | Unit |
| Consolidated Supplies | 1014 | SPRINGFIELD | 13-JAN-2009 | 4,489.80 | 21004 Norcroft Road Springfield TX 75853 | Operating Accour | Unit |
| Advanced Network Devices | 1013 | FRESNO | 13-JAN-2009 | 105,692.03 | 5600 Independence Ave Fresno CA 95602 | Operating Accour | Unit |
| Building Management Inc. | 2012 | HQ - NYC | 13-JAN-2009 | 144,467.76 | 345 Industrial Way New York NY 10234 | Operating Accour | Unit |
| United Parcel Service | 1003 | UPS - HQ | 13-JAN-2009 | 57,461.60 | 55 Glenlake Parkway NE Atlanta GA 30328 | Operating Accour | Unit |

| Number | Date | Amount | GL Date | Payment Amount |
|------------------|-------------|------------|-------------|----------------|
| ERS-12256-180329 | 21-NOV-2008 | 503,309.63 | 06-JAN-2009 | 503,309.63 |

Invoice Overview (Payables, Vision Operations (USA))

| | | | |
|-----------------|----------------------|-----------------|-------------------|
| Trading Partner | Allied Manufacturing | Site | SAN JOSE-ERS |
| Supplier Num | 2007 | Operating Unit | Vision Operations |
| Invoice Num | ERS-12256-180329 | Type | Standard |
| Batch Name | | Currency | USD |
| Voucher | | Amount | 503,309.63 |
| PO Number | 6083 | Unpaid | 0.00 |
| Receipt Num | 12256 | Unapplied | |
| | | Settlement Date | |

Date: 21-NOV-2008

Description: Receipt Invoice automatically created on

Per the EBS AP invoice detail, this amount was properly included in AP at year end (invoice date of November 21, 2008)

Keys to a Rock-Solid Trial Balance

- ❑ Perform trial balance analytics to:
 - Identify unusual balance
 - Identify significant balance changes from the prior year
 - Prove out net income based on the change in the balance sheet
- ❑ Perform test of details of balances for significant account balances
 - Accounts Receivable SLA to GL reconciliation
 - Accounts Payable search for unrecorded liabilities

Automated Audit Software for Oracle EBS

Demonstration

Questions?

Thank You!

Contact

 #RockSolidTrialBalances

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