

Audit Program – Test of Controls and Transactions for Sales and Cash Receipts

General

- 1 Review journals for unusual transactions and amounts.
- 2 Observe whether accountant reconciles the bank account.
- 3 Observe whether restrictive endorsement is used on cash receipts.
- 4 Observer..
- 5 Observer..
- 6 Observer..
- 7 Observer..
- 8 Examine..
- 9 Examine..

Shipment of goods

- 10 Account for a sequence of shipping documents
- 11 Trace selected shipping documents to the sales journal.

Billing and recording sales

- 12 Account for a sequence of sales invoices in the sales journal
- 13 Trace selected sales invoice numbers from the sales journal to
 - a A/R master file and test for amount, date, and invoice number.
 - b sales invoices and check amount, date, name, footings.
 - c bill of lading and check name, product, quantity, date
 - d sales order and test name, product, quantity, date, internal verification
 - e customer order and test name, product, quantity, date, credit approval
- 14 Trace recorded sales from the sales journal to the file of supporting documents, which include a duplicate sales invoice, bill of lading, sales order, and customer order.

Direction

FROM invoices TO jour
FROM sales journal TO
a/r ledger
sales invoice
bill of lading
sales order
customer order
FROM sales journal TO

Cash receipts

- 15 Obtain prelisting of cash receipts and trace to cash receipts journal.
- 16 Compare...
- 17 Examine...
- 18 Prepare a proof of cash receipts.
- 19 Trace...
- 20 Trace...
- 21 Trace...

Attribute Definitions

Attribute	Exception Condition
12	sales invoice number missing from journal
13 a	amounts in master file and journal differ
b	customer info differs
b	no initials present
c	quantities in BOL and invoice differ
d	quantities in order and invoice differ
e	product info on order and invoice differs
e	no initials present
14	any documents missing

nal

file

Sampling Data Sheet

	EPER	TER	Sample Size	Number of Exceptions	Exception Rate	Error (TER-SER)
1 Account for a sequence of sales invoices in the sales journal (12).	0%	4%	75			
2 A/R master file: test amount, date, and invoice number (13a).	1%	5%	100			
3 Sales invoices: test amount, date, name (13b).	1%	5%	100			
4 Sales invoices: test footings (13b).	1%	5%	100			
5 Bill of lading: test name, product, quantity, date (13c).	1%	5%	100			
6 Sales order: test name, product, quantity, date, shipping approval (13d).	1%	7%	65			
7 Customer order: test name, product, quantity, date (13e).	2%	9%	50			
8 Customer order: test credit approval (13e).	2%	9%	50			
9 Trace recorded sales from the sales journal to the file of supporting documents, which include a duplicate sales invoice Trace recorded sales from the sales journal to the file of supporting	1%	7%	65			

Sales invoice sequence for test 12:

51324 to 51398

Invoice	Trace to journal
51324	x
51325	x
51326	x
51327	
51328	x
51329	x
51330	x
51331	x
51332	x
51333	x
51334	x
51335	x
51336	
51337	x
51338	x
51339	x
51340	x
51341	x
51342	x
51343	x
51344	x
51345	x
51346	x
51347	x
51348	x
51349	x
51350	x
51351	x
51352	x
51353	x
51354	x
51355	x
51356	x
51357	
51358	x
51359	
51360	x
51361	x
51362	x
51363	x
51364	x
51365	x
51366	x

Invoice	Trace to journal
51367	x
51368	x
51369	x
51370	x
51371	x
51372	x
51373	x
51374	x
51375	x
51376	x
51377	x
51378	x
51379	x
51380	x
51381	x
51382	x
51383	x
51384	
51385	x
51386	x
51387	x
51388	x
51389	x
51390	x
51391	x
51392	x
51393	x
51394	x
51395	x
51396	x
51397	x
51398	x

Sales Journal (13 a b c d e)

Invoice #	Date	Amount	Product	Quantity	Shipping #	Customer	Test
51207	15-Feb-14	\$ 980	a	4	Fe55	Cats	
51327	1-Mar-14	\$ 352	b	8	Ma23	Books	13
51335	24-Mar-14	\$ 1,255	c	251	Ma110	Steve	
51336	14-May-14	\$ 1,889	d	1889	My56	Cars	13
51340	27-May-14	\$ 35	e	7	My156	Joe	
51357	2-Jun-14	\$ 59	f	59	Jn7	Toys	13
51358	12-Jun-14	\$ 345	g	69	Jn55	Susan	
51359	12-Aug-14	\$ 422	h	211	Ag92	Cans	13
51366	3-Sep-14	\$ 2,405	i	481	Sp7	Matt	
51384	29-Oct-14	\$ 760	j	76	Oc344	Houses	13

60000	1-Dec-14	\$ 50	k				14
60010	3-Dec-14	\$ 60	l				14
60020	5-Dec-14	\$ 70	m				14
60030	7-Dec-14	\$ 80	n				14
60040	9-Dec-14	\$ 90	o				14

A/R Master File (13a)

Customer	Invoice	Date	Amount
Books	51327	1-Mar-12	\$ 352
Cars	51336	14-May-14	\$ 1,889
Toys	51337	2-Jun	\$ 59
Cans	51359	21-Aug	\$ 422
Houses	51384	29-Oct	\$ 760

Sales Invoice (13b and 14)

Invoice	Date	Bill of Lading	Customer	Product	Units	Price	Footings	
							Total	Complete
51207	15-Feb-14	Fe55	Cats	a	4	\$ 245.0	\$ 980	TD
51327	1-Mar-14	Ma23	Books	b	8	\$ 44.0	\$ 352	TD
51335	24-Mar-14	Ma110	Steve	c	251	\$ 5.0	\$ 1,255	TD
51336	14-May-14	My56	Cars	d	1889	\$ 1.0	\$ 1,889	
51340	27-May-14	My156	Joe	e	7	\$ 5.0	\$ 35	TD
51357	2-Jun-14	Jn7	Toys	f	59	\$ 1.0	\$ 59	
51358	12-Jun-14	Jn55	Susan	g	69	\$ 5.0	\$ 345	
51359	12-Aug-14	Ag92	Cans	h	211	\$ 2.0	\$ 422	TD
51366	3-Sep-14	Sp7	Matt	i	481	\$ 5.0	\$ 2,405	TD
51384	29-Oct-14	Oc344	Houses	j	76	\$ 10.0	\$ 760	TD
...								
...								
...								
60000	1-Dec-14	...	...	...	...	\$	50	TD
60010	3-Dec-14	...	...	...	...	\$	60	TD
60020	5-Dec-14	...	...	...	...	\$	70	TD
60030	7-Dec-14	...	...	...	...	\$	80	TD
60040	9-Dec-14	...	...	...	...	\$	90	TD

Bill of Lading (13c)

Name	Product	Quantity	Date
Cats	a	4	15-Feb-14
Books	b	8	1-Mar-14
Steve	c	251	24-Mar-14
Cars	d	1889	14-May-14
Moe	e	7	27-May-14
Boys	f	59	2-Jun-14
Susan	g	69	12-Jun-14
Cans	h	211	12-Aug-14
Matt	i	481	3-Sep-14
Houses	j	76	29-Oct-14

Sales Order (13d)

Invoice #	Date	Amount	Product	Quantity	Shipping #	Customer	Shipping Approval
51207	15-Feb-14	\$ 980	a	4	Fe55	Cats	TD
51327	1-Mar-14	\$ 352	b	8	Ma23	Books	TD
51335	24-Mar-14	\$ 1,255	c	251	Ma110	Steve	TD
51336	14-May-14	\$ 1,889	d	1,889	My56	Cars	TD
51340	27-May-14	\$ 35	e	7	My156	Joe	TD
51357	2-Jun-14	\$ 59	f	59	Jn7	Toys	TD
51358	12-Jun-14	\$ 345	g	69	Jn55	Susan	TD
51359	12-Aug-14	\$ 422	h	211	Ag92	Cans	TD
51366	3-Sep-14	\$ 2,405	i	481	Sp7	Matt	TD
51384	29-Oct-14	\$ 760	j	76	Oc344	Houses	

Customer Order (13e)

Invoice #	Date	Amount	Product	Quantity	Shipping #	Customer	Credit Approval
51207	15-Feb-14	\$ 980	a	4	Fe55	Cats	
51327	1-Mar-14	\$ 352	b	8	Ma23	Books	TD
51335	24-Mar-14	\$ 1,255	c	251	Ma110	Steve	TD
51336	14-May-14	\$ 1,889	d	1,889	My56	Cars	
51340	27-May-14	\$ 35	e	7	My156	Joe	TD
51357	2-Jun-14	\$ 59	f	59	Jn7	Toys	TD
51358	12-Jun-14	\$ 345	g	69	Jn55	Susan	TD
51359	12-Aug-14	\$ 422	h	211	Ag92	Cans	TD
51366	3-Sep-14	\$ 2,405	i	481	Sp7	Matt	
51384	29-Oct-14	\$ 760	j	76	Oc344	Houses	TD