**Scenario for CSSC Company:**

Central States Siding Corporation (CSSC) is made up of three divisions. The first division, Illinois Siding Company, is the original company and makes aluminum siding. CSSC was incorporated 10 years ago when the second division, Missouri Siding Company, was acquired. Missouri Siding makes vinyl siding. The third division, Ohio Brick Veneer Company, was acquired by CSSC about 2 years ago and makes brick veneer siding. Each of these divisions supplies its manufactured siding products to construction wholesalers who supply building materials to a wide range of construction companies. Each of the three divisions has been very profitable in recent years.

You are in the auditing department at CSSC’s headquarters and are preparing for the year-end 2005 external audit scheduled for February, 2006. Management is concerned about the possibility of any misstatements of financial information provided by the three divisions. Management is also concerned about transactional controls in the procurement and payment cycle, the accounting for inventory, the capital acquisition and repayment cycle, and the sales and cash receipt cycle.

You are assigned to do the following:

* Assess financial statements for any indication of misstatements and assess the profitability of each division.
* Assess the control risk by determining the appropriate tests of controls and substantive tests of transactions relating to the procurement and payment cycle, the capital acquisition and repayment cycle, the sales and cash receipt cycle, and the accounting for inventory.
* Based on your assessment of control risk, perform a sample audit of the procurement and payment cycle, the capital acquisition and repayment cycle, the sales and cash receipt cycle, and the inventory accounting cycle.



