Newham, Inc.

Test of Controls Results - Revenue

December 31, 2015

Of the 213 sales transactions examined, 82 “deviations” were identified:

* No credit approval was found on 42 sample items
* The wrong quantity billed was identified on five sample items
* There was a mathematical error on 10 sample items
* No shipping document could be located for 25 sample items

Following are the procedures used:

1. We randomly chose the sample of 216 transactions across the year with 18 from each calendar month.
2. All of the invoices in the sample were found. None were missing.
3. All of the invoices were properly posted to the general ledger sales and accounts receivable control accounts, and each was posted to the right customer’s individual account.