

Index

A

- account reconciliation program
 - contact persons, 103
 - exhibit, 104
 - flow chart, 96
 - policy, 101
 - procedure, 97–99, 101–3
 - responsibility, control and areas of, 103
 - scope, 101
 - techniques, format and analysis, 99–100
- Accounting authority, 72
- accounts payable (disbursements)
 - checklist, readiness, 154
 - control objectives and activities, 154–57
 - flowchart, 153
 - key measures, 157
 - reference policies and procedures, 153
- accounts receivable and allowance for doubtful accounts
 - checklist, readiness, 159
 - control objectives and activities, 159–60
 - flowchart, 158
 - key measures, 160–61
 - reference policies and procedures, 158
- accounts receivable and cash applications
 - checklist, readiness, 163
 - control objectives and activities, 163–65
 - flowchart, 162
 - key measures, 165
 - reference policies and procedures, 162
- accounts receivable and collections
 - checklist, readiness, 167
 - control objectives and activities, 167–68
 - flowchart, 166
 - key measures, 168
 - reference policies and procedures, 166
- accounts receivable and credit information
 - checklist, readiness, 169–70
 - control objectives and activities, 170
 - flowchart, 169
 - key measures, 170–71
 - reference policies and procedures, 169
- acronyms, 263–64
- authority. *See also* responsibility, authority, support, counsel and inform (RASCI); subdelegation of authority
 - Accounting, 72
 - areas of worldwide, 72
 - Contracts, 72
 - delegation of, 69–70, 74–75
 - Information Services (IS), 72
 - matrix, subdelegation of, 71, 77–78
 - Planning, 72
 - Product and Services, 72
 - Real Estate, 72
 - special areas with worldwide, 74–75
 - Tax, 72
 - Treasury, 72
- authorization and approval program. *See also* subdelegation of authority
 - authority, areas of worldwide, 72
 - authority, delegation of, 69–70
 - authority, special areas with worldwide, 74–75
 - authority matrix, subdelegation of, 71
 - authorization matrix, 71
 - definitions, 71
 - planned spending, 75
 - RASCI, 70
 - rules and responsibilities, 71–72
 - terms, defining, 69

B

- board of directors (BOD), 38
- BOD. *See* board of directors (BOD)

C

- CAO. *See* chief administrative officer (CAO)
- cash and marketable securities
 - checklist, readiness, 173
 - control objectives and activities, 173–74
 - flowchart, 172
 - key measures, 174–75
 - reference policies and procedures, 172
- CEO. *See* chief executive officer (CEO)
- CFO. *See* chief financial officer (CFO)
- checklist of readiness
 - accounts payable (disbursements), 154
 - accounts receivable and allowance for doubtful accounts, 159
 - accounts receivable and cash applications, 163
 - accounts receivable and collections, 167

- checklist of readiness (*Continued*)
 - accounts receivable and credit information, 169–70
 - cash and marketable securities, 173
 - control activity program, 138
 - financial planning and analysis, 177
 - fixed assets and long lived assets, 180
 - governance documentation, 24
 - income tax, 214
 - intercompany transactions (cross charges), 184
 - journal entries and non-routine transactions, 195
 - payroll, 198
 - procurement, 201–2
 - raw materials and inventory, 190
 - retail sales orders to business partners, 210
 - revenue recognition, 206
 - chief administrative officer (CAO), 74
 - chief executive officer (CEO), 38, 74, 105, 120
 - chief financial officer (CFO), 38, 74, 105, 120
 - chief operating officer (COO), 74
 - Committee of Sponsoring Organizations of the Treadway Commission (COSO), 7–8, 28, 31, 52, 55, 263
 - Contracts authority, 72
 - control activity program
 - checklist, readiness, 138
 - control activities, 137–38
 - control objectives, 137
 - evaluation, 139–40
 - internal control planning, testing and remediation worksheet, 144–46
 - internal controls reporting scorecard, instructions for, 142–44
 - key measures, 138
 - monitoring and tracking, 140–41
 - overview, 135
 - remediation, 141–42
 - reporting, 142
 - results, control activity, 148
 - scorecard, reporting, 151–52
 - template, control activity, 147
 - testing form, instruction for completing the, 138–40
 - testing guide, instruction for building your, 135–38
 - worksheet, planning, testing and remediation, 149–50
 - control objectives and activities
 - accounts payable (disbursements), 154–57
 - accounts receivable and cash applications, 163–65
 - accounts receivable and collections, 167–68
 - accounts receivable and credit information, 170
 - cash and marketable securities, 173–74
 - financial planning and analysis, 177–78
 - fixed assets and long lived assets, 180–82
 - income tax, 214–16
 - intercompany transactions (cross charges), 184–86
 - journal entries and non-routine transactions, 195–96
 - payroll, 198–99
 - procurement, 202–4
 - raw materials and inventory, 190–93
 - retail sales orders to business partners, 210–11
 - revenue recognition, 206–8
 - COO. *See* chief operating officer (COO)
 - COSO. *See* Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- D**
- delegation of authority. *See also* subdelegation of authority
 - authority, delegation of, 74–75
 - authority matrix, subdelegation of, 77–78
 - contact persons, 76
 - policy, 73–74
 - responsibilities, control and areas of, 76
 - roles and responsibilities, 75–76
 - scope and background, 73
 - documentation, 20–24
- E**
- end-user computing
 - contact persons, 96
 - policy, 95
 - procedure, 95–96
 - responsibility, control and area of, 96
 - scope, 95
 - spreadsheet control, 91–94
 - spreadsheet cover, 93
- F**
- FASB. *See* Financial Accounting Standards Board (FASB)
 - Financial Accounting Standards Board (FASB), 3
 - financial planning and analysis
 - checklist, readiness, 177
 - control objectives and activities, 177–78
 - flowchart, 176
 - key measures, 178
 - reference policies and procedures, 176
 - fixed assets and long lived assets
 - checklist, readiness, 180
 - control objectives and activities, 180–82

- flowchart, 179
- key measures, 182
- reference policies and procedures, 179
- flowchart
 - accounts payable (disbursements), 153
 - accounts receivable and allowance for doubtful accounts, 158
 - accounts receivable and cash applications, 162
 - accounts receivable and collections, 166
 - accounts receivable and credit information, 169
 - cash and marketable securities, 172
 - financial planning and analysis, 176
 - fixed assets and long lived assets, 179
 - governance, 5–6
 - income tax, 213
 - intercompany transactions (cross charges), 183
 - journal entries and non-routine transactions, 194
 - payroll, 197
 - procurement, 201
 - raw materials and inventory, 187–89
 - retail sales orders to business partners, 209
 - revenue recognition, 205
- 404 certification, 128–30
- 404 subcertification, 118
- G**
- GAAP. *See* generally accepted accounting principles (GAAP)
- generally accepted accounting principles (GAAP), 40
- governance. *See also* Public Company Accounting Oversight Board (PCAOB)
 - COSO framework, 7–8
 - documentation, about, 22
 - documentation, readiness checklist for, 24
 - documentation, source of, 20
 - documentation, what it is, 20–22
 - documentation, why now, 22–23
 - documentation difficulties, 23
 - flowchart of, 5–6
 - oversight, about, 16–17
 - oversight, source of, 16
 - oversight, what it is, 16
 - oversight, why now?, 17
 - oversight principles, 17–19
 - PCAOB, 9
 - risk, about, 10–11
 - risk, evaluating process, 13–15
 - risk, types of, 11–12
 - risk, what it is, 10
 - risk assessment, 10–12
 - risk management, 11–12
 - risk matrix, 13–14
 - Sarbanes-Oxley Act, 8–9
 - source of, 3–4
 - what it is, 3
 - what it is about, 3
 - why now?, 4–5
- I**
- IDEAL LLP's legal entities, subsidiaries, and business units
 - contact persons, 54
 - policy, 52
 - procedure, 52–54
 - responsibility, control/areas of, 54
 - risk thresholds, 53–54
 - scope of policy, 52
- IFAC. *See* International Federation of Accountants (IFAC)
- income tax
 - checklist, readiness, 214
 - control objectives and activities, 214–16
 - flowchart, 213
 - key measures, 216
 - references and procedures, 213
- Information Services (IS) authority, 72
- information technology program
 - end-user computing and spreadsheet control, 91–94
 - end-user computing spreadsheet cover, 93
 - procedure, 87–90
 - spreadsheet errors, preventing and detecting, 94
- intercompany transactions (cross charges)
 - checklist, readiness, 184
 - control objectives and activities, 184–86
 - flowchart, 183
 - key measures, 186
 - reference policies and procedures, 183
- internal control
 - plan, 83–85
 - planning, testing and remediation worksheet, 144–46
 - reasons for, 28–29
 - reporting scorecard, instructions for, 142–44
 - requirements for, 28
 - what it is about, 27–28
 - what they are, 27
- internal control process
 - about, 37
 - control activities, 44–46
 - control activity testing, 261–62
 - control environment, 38–39
 - controls, detective and preventive, 44–45
 - COSO control element, 50
 - financial reporting, internal controls over, 40
 - findings, classifying, 48–49

- internal control process (*Continued*)
 - flow chart, 37
 - information and communications
 - objectives, 48
 - integrity, 41
 - internal control objectives and principles, 39–42
 - internal control program, evaluating, 50
 - monitoring and testing, 46–48
 - narrative for the process, 38
 - planning, testing and remediation worksheet, 144–46
 - reporting scorecard, instructions for, 142–44
 - reviews, operational and financial, 40–41
 - risk assessment, 43–44
 - safeguarding assets, 41–42
 - segregation of duties, 41
 - submissions and attestations, 51
 - top-down approach, determining scope using, 42–44
 - internal control program
 - accounts receivable (A/R) collections
 - process, 30
 - control activities, 35
 - control environment, 34
 - financial reporting, internal control over, 31–32
 - information and communications, 35
 - internal controls, reasons for, 28–29
 - internal controls, requirements for, 28
 - internal controls, what it is about, 27–28
 - internal controls, what they are, 27
 - monitoring, evaluating and reporting, 35
 - note to reader, 36
 - program vs. process, 29–31
 - risk assessment, 34
 - risks, financial, 31
 - risks, operational, 31
 - risks, performance, 31
 - self-assessment questions and COSO, 33–36
 - Internal Control–Integrated Framework*, 28
 - internal controls program charter
 - meetings, 55
 - purpose, 55
 - responsibilities and authority, 56
 - scope, 55
 - International Federation of Accountants (IFAC), 3
 - IS. *See* Information Services (IS)
- J**
- journal entries and non-routine transactions
 - checklist, readiness, 195
 - control objectives and activities, 195–96
 - flowchart, 194
 - key measures, 196
 - reference policies and procedures, 194
- K**
- key measures
 - accounts payable (disbursements), 157
 - accounts receivable and allowance for doubtful accounts, 160–61
 - accounts receivable and cash applications, 165
 - accounts receivable and collections, 168
 - accounts receivable and credit information, 170–71
 - cash and marketable securities, 174–75
 - control activity program, 138
 - financial planning and analysis, 178
 - income tax, 216
 - intercompany transactions (cross charges), 186
 - journal entries and non-routine transactions, 196
 - payroll, 200
 - procurement, 204
 - raw materials and inventory, 193
 - retail sales orders to business partners, 211–12
 - revenue recognition, 208
- M**
- matrix
 - authority, subdelegation of, 71, 77–78
 - quarterly subcertification program, 106–9, 122–23
 - RASCI, 83, 85–86
 - risk, 13–14
 - subcertification, 126
- O**
- oversight. *See also* Public Company Accounting Oversight Board (PCAOB)
 - about, 16–17
 - principles, 17–19
 - source of, 16
 - what it is, 16
 - why now?, 17
- P**
- payroll
 - checklist, readiness, 198
 - control objectives and activities, 198–99
 - flowchart, 197
 - key measures, 200
 - reference policies and procedures, 197
 - safeguard assets, 199–200
 - PCAOB. *See* Public Company Accounting Oversight Board (PCAOB)

Planning authority, 72
 procurement
 checklist, readiness, 201–2
 control objectives and activities, 202–4
 flowchart, 201
 key measures, 204
 reference policies and procedures, 201
 Product and Services authority, 72
 program support contact, 263
 Public Company Accounting Oversight Board (PCAOB), 9, 16, 23, 31, 263

Q

quarterly financial subcertification training for
 first-time subcertifiers
 agenda, 124
 business practices, 128
 certification summary, 125
 financial data, representation of, 128
 404 certification, 128–29
 framework and process, 127–28
 letter of representation, 128
 management's role and responsibility, 129–30
 objectives, program, 124–25
 subcertification, assigning ownership for, 126
 subcertification matrix, 126
 subcertification process flow, 127
 302 certification, 128
 302 subcertifier responsibilities, 128
 quarterly subcertification program
 business practices, 116–17
 certification, 130
 certification, next steps, 130
 contact persons, 121
 exhibits, 115–16
 financial data, representation of, 116–17
 financial statement subcertifiers, 117
 404 certification, 130
 404 subcertification, 118
 letter, 110
 matrix, 106–8
 matrix, instructions for, 122–23
 matrix, steps to customize the, 108–9
 overview, 105–6
 policy, 120
 procedure, 120–21
 references, 131
 responsibility, control and areas of, 121
 schedule, 110–14
 scope, 120
 subcertification, quarterly, 118–19, 130
 subcertification questionnaire, quarterly, 119
 302 disclosure subcertification, 117

R

RASCI. *See* responsibility, authority, support, counsel and inform (RASCI)
 raw materials and inventory
 checklist, readiness, 190
 control objectives and activities, 190–93
 flowcharts, 187–89
 key measures, 193
 reference policies and procedures, 187
 Real Estate authority, 72
 reference policies and procedures
 accounts payable (disbursements), 153
 accounts receivable and allowance for doubtful accounts, 158
 accounts receivable and cash applications, 162
 accounts receivable and collections, 166
 accounts receivable and credit information, 169
 cash and marketable securities, 172
 financial planning and analysis, 176
 fixed assets and long lived assets, 179
 intercompany transactions (cross charges), 183
 journal entries and non-routine transactions, 194
 payroll, 197
 procurement, 201
 raw materials and inventory, 187
 retail sales orders to business partners, 209
 references, 263
 responsibility, authority, support, counsel and inform (RASCI), 70, 83–85
 matrix, 83, 85–86
 retail sales orders to business partners
 checklist, readiness, 210
 control objectives and activities, 210–11
 flowchart, 209
 key measures, 211–12
 reference policies and procedures, 209
 revenue recognition
 checklist, readiness, 206
 control objectives and activities, 206–8
 flowchart, 205
 key measures, 208
 references and procedures, 205
 risk
 about, 10–11
 assessment, 10–12, 34, 43–44
 evaluating process, 13–15
 financial, 31
 management, 11–12
 matrix, 13–14
 operational, 31

risk (*Continued*)
performance, 31
thresholds, 53–54
types of, 11–12
what it is, 10
roll-forward analysis, 99

S

Sarbanes-Oxley Act (SOX), 8–9, 16, 20, 31, 73, 105, 263
SEC. *See* Securities and Exchange Commission (SEC)
Securities and Exchange Commission (SEC), 3, 16, 22, 263
SOX. *See* Sarbanes-Oxley Act (SOX)
subdelegation of authority. *See also* delegation of authority; responsibility, authority, support, counsel and inform (RASCI)
acquisition, 81
divestitures, 81
human resources, 79
intercompany matters, 82
joint ventures and alliances, 81

legal, 80
matrix, 71, 79–81
procurement, 81
sales, 81
treasury, 82
U.S. dollars, 79–80, 82

T

Tax authority, 72
302 disclosure subcertification, 117
302 certification, 128
302 subcertifier responsibilities, 128
Treasury authority, 72

U

U.S. Foreign Corrupt Practices Act, 73

W

worksheet
internal control, testing and remediation, 217–60
internal control planning, testing and remediation, 144–46, 149–50