

SECTION 2
EXHIBIT 3
SPECIFIC CONTROL EVALUATION WORKSHEET

Specific Control Evaluation Worksheet (adapted from the GAO/PCIE Financial Audit Manual) (obtained from the Specific Control Evaluation Worksheet (SCE) from the GAO/PCIE Financial Audit Manual as described in the CFO Council Guide)

ENTITY: <i>XYZ Agency (XYZ)</i>		SPECIFIC CONTROL EVALUATION						
PREPARER: _____		DATE OF FINANCIAL STATEMENTS: <i>9/30/XX</i>				REGION:		
_____		FILE: _____				DATE:		
_____		LINE ITEM: <i>Accounts Receivable - Net</i>						
Page ____ of ____		ACCOUNTING APPLICATION: <i>CASH RECEIPTS</i>						
ACCOUNTING APPLICATION ASSERTION	RELEVANT ASSERTIONS IN RELATED GROUPS OF ACCOUNTS		POTENTIAL MISSTATEMENT IN ACCOUNTING APPLICATION ASSERTIONS	CONTROL OBJECTIVES	INTERNAL CONTROL ACTIVITIES	IS (Y/N)	EFFECTIVENESS OF CONTROL ACTIVITIES	W/P REF. & CONTROL TESTING PROGRAM STEP
	<i>Cash</i>	<i>Accts. Rec.</i>						

<i>Existence or Occurrence</i>	<i>Existence or Occurrence</i>	<i>Completeness</i>	<i>Validity:</i> <i>1. Receipt is recorded, but cash is not received.</i>	<i>1a. Recorded cash receipts and cash receipt processing procedures should be authorized by federal laws, regulations, and management's policy.</i> <i>1b. Recorded receipts should be approved by appropriate individuals in accordance with management's general or specific criteria.</i> <i>1c. Recorded receipts should represent amounts actually received by the entity and should be properly classified.</i>	<i>1a. Receipts processing is governed by documented procedures for accepting, obtaining, reviewing, and approving receipts.</i> <i>1b. Supervisory review is made of receipts processing to provide reasonable assurance that procedures are followed.</i> <i>1c1. Recorded cash receipts are matched with the appropriate supporting documentation.</i> <i>1c2. Entries to the accounting records are reviewed and approved by supervisory personnel.</i>	<i>N</i> <i>N</i> <i>N</i> <i>N</i>	<i>Effective</i>	[In this column, the manager would indicate, by cross-referencing, the procedures in the detailed control testing program that were designed to test each effective control determined to be relevant. Such tests will involve inquiry, observation, inspection, or a combination thereof.]
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Specific Control Evaluation Worksheet (cont.)

ENTITY: XYZ Agency (XYZ) PREPARER: _____ DATE OF FINANCIAL STATEMENTS: 9/30/XX _____ _____ LINE ITEM: Accounts Receivable - Net Page ____ of ____	SPECIFIC CONTROL EVALUATION FILE: _____	REGION: DATE:
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ACCOUNTING APPLICATION: CASH RECEIPTS

ACCOUNTING APPLICATION ASSERTION	RELEVANT ASSERTIONS IN RELATED GROUPS OF ACCOUNTS		POTENTIAL MISSTATEMENT IN ACCOUNTING APPLICATION ASSERTIONS	CONTROL OBJECTIVES	INTERNAL CONTROL ACTIVITIES	IS (Y/N)	EFFECTIVENESS OF CONTROL ACTIVITIES	W/P REF. & CONTROL TESTING PROGRAM STEP
	Cash	Accts. Rec.						
			<i>Cutoff:</i> 2. Receipt is recorded in this period, but the cash is received in a different period. <i>Summarization:</i> 3. Receipt transactions are overstated due to improper summarization.	2. Cash receipts recorded in the period should be actually received in the period. 3. The summarization of receipt transactions should not be overstated.	2. Recorded receipts are reconciled to cash receipts listings and bank deposits reports before posting. 3a. Receipt data in the general ledger is reconciled to subsidiary cash ledgers and records. 3b. Batch totals of input documents are reconciled to output registered, journals, reports, or file updates.	Y Y Y	Effective Effective	

Specific Control Evaluation Worksheet (cont.)

ENTITY: XYZ Agency (XYZ) PREPARER: _____ DATE OF FINANCIAL STATEMENTS: 9/30/XX _____ _____ LINE ITEM: Accounts Receivable - Net Page ____ of ____	SPECIFIC CONTROL EVALUATION FILE: _____	REGION: DATE:
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ACCOUNTING APPLICATION: CASH RECEIPTS

ACCOUNTING APPLICATION ASSERTION	RELEVANT ASSERTIONS IN RELATED GROUPS OF ACCOUNTS		POTENTIAL MISSTATEMENT IN ACCOUNTING APPLICATION ASSERTIONS	CONTROL OBJECTIVES	INTERNAL CONTROL ACTIVITIES	IS (Y/N)	EFFECTIVENESS OF CONTROL ACTIVITIES	W/P REF. & CONTROL TESTING PROGRAM STEP
	Cash	Accts. Rec.						
Completeness	Completeness	Existence or Occurrence	Transaction Completeness: 4. Cash is received, but receipt is not recorded. Cutoff: 5. Cash is received in this period, but receipt is recorded in a different period. Summarization: 6. Receipt transactions are understated as a result of improper summarization.	4. All receipts of cash should be promptly recorded and properly classified. 5. Cash receipts actually received in the period should be recorded in the period. 6. The summarization of cash receipt transactions should not be understated.	4a. Cash receipts are listed by the central mailroom staff and independently reconciled to deposits and accounting summaries, providing adequate segregation of duties. Collections and complaints are handled by others. 4b. Supervisory reviews of the processing of cash receipts. 5. Same as procedure 2 above. 6. Same as procedure 3a and 3b above.	N N Y Y	Effective Effective Effective	

Specific Control Evaluation Worksheet (cont.)

ENTITY: <i>XYZ Agency (XYZ)</i>	SPECIFIC CONTROL EVALUATION	
PREPARER: _____		REGION: _____
DATE OF FINANCIAL STATEMENTS: <i>9/30/XX</i>	FILE: _____	DATE: _____

LINE ITEM: <i>Accounts Receivable - Net</i>		
Page ____ of ____		

ACCOUNTING APPLICATION: CASH RECEIPTS

ACCOUNTING APPLICATION ASSERTION	RELEVANT ASSERTIONS IN RELATED GROUPS OF ACCOUNTS		POTENTIAL MISSTATEMENT IN ACCOUNTING APPLICATION ASSERTIONS	CONTROL OBJECTIVES	INTERNAL CONTROL ACTIVITIES	IS (Y/N)	EFFECTIVENESS OF CONTROL ACTIVITIES	W/P REF. & CONTROL TESTING PROGRAM STEP
	<i>Cash</i>	<i>Accts. Rec.</i>						
<i>Valuation</i>	<i>Valuation</i>	<i>Valuation</i>	<i>Accuracy: 7. Receipt transactions are recorded at incorrect amounts.</i>	<i>7. Receipt transactions should be recorded accurately</i>	<i>7a. Recorded receipts are compared with bank statements by persons who have no other receipts processing responsibilities. 7b. Supervisor reviews and approves reconciliations of recorded receipts to bank statements.</i>	 Y N	<i>Effective</i>	
<i>Segregation of Duties</i>	<i>Various</i>	<i>Various</i>	<i>Segregation: 8. The entity is exposed to loss of cash receipts and various misstatements as the result of inadequate segregation of duties.</i>	<i>8. Persons should be prevented from having uncontrolled access to both cash receipts and records.</i>	<i>8a. No individual has uncontrolled access (direct or indirect) to both cash receipts and records.</i>	N	<i>Effective</i>	

Preparation Notes:

1. The third column is for use where the effects of the accounting application on the line items are different. For example, misstatements in the existence or occurrence assertion for cash receipts typically result in misstatements in the existence or occurrence assertion for cash and in the completeness assertion for accounts receivable.
2. If there is inadequate segregation of duties, the manager should identify the specific affected account assertions in columns 2 and 3.